

Chapter 83

Branding and CSR in Indian Agribusiness

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ABSTRACT

Indian agribusiness firms are facing increased challenges to manage their corporate brand because many negative implications of agribusiness activities on society are now under public scrutiny. Agribusiness firms are being blamed for environmental degradation, use of excess fertilizers and pesticides, and for promoting unhealthy foods. Such issues pose challenges to corporate brand building efforts of agribusiness firms. In recent years, the Indian agribusiness sector is witnessing a growing trend of using CSR activities to attenuate such negative impacts of agribusiness activities on the corporate brand building efforts of agribusiness firms. This chapter, through theoretical and empirical literature, explores the emerging brand-CSR relationship and uses of CSR as corporate branding strategies in the context of Indian agribusiness firms. The chapter highlights that instead of the traditional community-oriented CSR activities, key beneficiaries-oriented strategic CSR initiatives could be the way forward for sustainable corporate branding strategies in agribusiness.

INTRODUCTION

Branding and corporate social responsibility (CSR) in agribusiness is gaining increased attention of agribusiness practitioners and management researchers across the globe. Agribusiness has a great impact on the society. However, relations between agribusiness and society are not always harmonious (Heyder and Theuvsen, 2008). For agribusiness firms, there exist a conflict with the society which could be due to general discontent regarding environmental or health related issues which has put agribusiness and the food industry at the core of societal debates. This has implications for corporate branding strategy of agribusiness firms because the perception of stakeholders regarding agribusiness is increasingly becoming critical. Moreover, the influence of stakeholders on agribusiness firm is also growing.

CSR is an important emerging social trend in India. In the case of agribusiness, CSR is considered as a necessary or mandatory activity by firms. The business case of CSR considers it as firm's 'license to

operate'. Hence agribusiness firms cannot afford to ignore CSR. This chapter is intended to provide the reader a perspective of brand-CSR relationship and role of CSR being played in brand building with the help of two successful Indian agribusiness cases. In the process, it also outlines some key characteristics of Indian agribusiness which should help the reader to relate the concepts with the context.

DEFINING AGRICULTURE AND AGRIBUSINESS

The word "agriculture" indicates ploughing a field, planting seed, harvesting a crop, milking cows, or feeding livestock. Traditionally, the goal of agriculture activity has been-food production. Over the years, agriculture has evolved into agribusiness and has become a vast and complex system that reaches far beyond the farm to include all those who are involved in bringing food and fibre to consumers. The seminal definition of agribusiness was given by Davis and Goldberg (1956) as "the sum total of all operations involved in the manufacture and distribution of farm supplies, production operations of the farm, and the storage, processing, and distribution of the resulting farm commodities and items". This definition of agribusiness included all the activities concerned with agriculture including farming, management, financing, processing, marketing, growing of seeds and nursery stock, manufacture of fertilizers, chemicals, implements, processing machinery, transportation equipment and the process of transportation itself. Similar definitions have been offered by others, such as Downey and Erickson (1987): "agribusiness includes all those business and management activities performed by firms that provide inputs to the farm sector, produce farm products, and/or process, transport, finance, handle or market farm products". Thus agribusiness include not only those that farm the land but also the people and firms that provide the inputs (for ex. seed, chemicals, credit etc.), process the output (for ex. grain, milk, meat etc.) manufacture the food products (for ex. bread, biscuits, ice cream, breakfast cereals etc.) and transport and sell the food products to consumers (for, ex. retail chain, supermarkets etc.).

In earlier times, Indian agriculture primarily operated at the subsistence level. All functional operations were carried out by the growers themselves. But now Indian agribusiness is no longer only farm centric. It has gone a rapid transformation as new industries have evolved and traditional farming operations have grown larger and more specialized. In India, with the growth of agriculture sector, each operation related to agriculture has become specialized and has the potential for business. This has led to establishment of numerous firms that cater to various needs of the agribusiness sector. In India, the agribusiness sector encompasses four distinct sub-sectors, viz. agricultural inputs, agricultural production, agro-processing, and agri-marketing and trade.

CHARACTERISTICS OF INDIAN AGRICULTURE

Some of the key characteristics of Indian agriculture are briefly described in Table 1.

While some of these characteristics present their own set of challenges to agribusiness firms, the description of which is outside the scope of this chapter. In spite of these challenges, India has made immense progress, towards food production after Independence in 1947. However its share in country's GDP has fallen over years (Refer Figure 1).

It can be seen that that while food production has increased more than ten times over last nine decades, the share in GDP has decreased over more than four times. Between year 1970 and 2011, the GDP share

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