

## Chapter 92

# Large Retailers' Responsible Initiatives in Support of Local Communities

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### **ABSTRACT**

*In the aftermath of the financial and economic crisis, and as a result of consumer pressure, enterprises are increasingly expected to evolve strategies of corporate social responsibility (CSR) into sustainable business practices to create and sustain shared values. In such, large food retailers are intensifying their efforts to develop CSR initiatives that are able to achieve economic, environmental and social goals simultaneously, both upstream and downstream, in their supply chain. Recently, they have focused on managing closer relationships with customers by supporting the local communities to which their customers belong. Two case studies, Tesco PLC and Carrefour, are used to show how new local initiatives, fair miles/local buying and “social stores,” respectively, can be introduced as part of an emerging sustainable strategic view of large retailers. The descriptive study reveals an increasing interest of some large retailers in promoting sustainable projects that aim to entrench sustainability into their operations.*

### **INTRODUCTION**

Firms are implementing various responsible strategies to address the growing consumer demand for the responsible behavior of economic actors. In particular, large retailers are engaged in the development of responsible policies at two levels: 1) on the upstream level of the supply chain, through improved relationships with producers; and 2) on

the downstream level of the supply chain, through improved relationships with the communities in which retailers' stores are located.

The literature contains many studies that investigate the retailers' CSR strategies on the upstream level. Few studies have examined the strategies and activities of the large retailers on the downstream level to foster the development of the local communities of their customers. Indeed, large retailers are only recently increasing

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strategic community investments and launching local CSR initiatives to improve their reputation and customer satisfaction.

The aim of this paper is to investigate the emerging behaviors of large retailers, especially those within the food industry, in building a socially responsible relationship with customers' communities, considering the social, environmental and economic aspects of their activities simultaneously.

In such, included is a descriptive research of two cases analyzed through desk research and data available on websites and CSR reports. The paper begins with an overview on socially responsible activities of large retailers on the downstream level of the supply chain, analyzing the development of strategies for the customers' communities. Then, the phenomenon of fair miles and social stores are considered. Two case studies are presented: the local buying of Tesco in the UK and the social stores in France that are supported by Carrefour. Finally, some conclusions and future research are proposed.

## **LARGE RETAILERS' ATTITUDE TOWARDS CSR**

Recent economic and financial crises, as well as environmental degradation and serious social imbalances in human society, have increased consumer demand for more ethical and responsible behaviours for the enterprises they support with their purchases.

Nowadays, aware and educated consumers are not only interested in new products, but they also require more information about manufacturers, labour conditions, and how production systems impact the environment and the economic growth of the local communities along the entire supply chain (Strong, 1996; Shaw & Clarke, 1998, Harrison, Newholm, & Shaw, 2005). As consumers are becoming more responsive to ethical behaviours, they are also more aware of product evaluations

(Macchiette & Roy, 1994; Hemingway & Maclagan, 2004) and their motivations are increasingly related to the need of personal and social benefits (Freestone & McGoldrick, 2008). Consequently, companies are developing methodologies and tools linked to Corporate Social Responsibility (CSR) initiatives, which are rapidly evolving over time.

The importance of CSR has increased in all economic sectors, including retailing, where large international retailers are investing relevant resources to cope with consumers' ethical needs (Whysall, 2000; Pepe, 2003; Jones, Comfort, & Eastwood, 2005). Key international retailers have begun to offer ethical products and service, consolidating their approach to CSR through activities related to sustainable development, fairness, and a balanced distribution of value among all subjects within their activity. In such, they are implementing CSR initiatives towards both the upstream (suppliers) and downstream (customers) levels of their supply chains.

Several authors focus on CSR initiatives for upstream supply chains, mainly focusing on the strategies and activities of industrial, multinational corporations (Carter, 2000; Park & Stoel, 2005; Mamic, 2005; Maloni & Brown, 2006; Amaeshi, Osuji & Nnodim, 2008) and large retailers (Jenkins, Pearson, & Seyfang, 2002; Pepe, 2003; Jones et al., 2005; Musso & Risso, 2006; Lim & Phillips, 2008; Andersen & Skjoett-Larsen, 2009; Ganesan, George, Jap, Palmatier, & Weitz, 2009; Lee & Kim, 2009; Spence & Bourlakis, 2009; Risso, 2012), which are increasingly involved in producing and selling "ethical" products.

On the downstream side, and although retailers are interested in a more detailed focus on their consumers, in literature, few contributions are focused on retailers' CSR policies related to the support of local customers' communities. Consumers are key stakeholders for retailers and, to a large extent, consumers and employees play a prominent role in the corporate social responsibility of the retailers (Jones, Comfort, & Hillier,

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