

Diversity of private sustainability standards in food retailing and its implications for enabling sustainable marketplace

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Food retailers are often ascribed the role of ‘green multipliers’ due to their strategic positioning at the interface between consumers and producers, and their bargaining power. While the idea of a mighty buyer working as a ‘green multiplier’ is attractive, recent studies show that sustainability impacts that arise upstream in the food supply chain are often insufficiently addressed in practice (European Commission 2011, Chkanikova and Mont 2012).

Standardization schemes play important role in enabling and facilitating retailers to exercise influence and control over environmental and social issues associated with the life cycle of supplied products (Henson and Humphrey 2010, Pagell et al. 2010, Hatanaka et al. 2005). However, often literature on standards does not analyze the corporate role but rather evaluates how well standards succeed in altering consumer purchasing choices towards more sustainable products (Amstel et al. 2008). Other studies discuss the influence of standards on free trade provisions, on small-scale farmer’s access to market, and legitimacy of standard setting procedures (Fuchs et al. 2011). While these are all important research topics, the prevailing analysis of standards fails to address one important dimension, namely the role of standards in decreasing corporate challenges to implement sustainability improvements upstream in the product chains (Seuring 2011).

In particular, literature on standards does not pay sufficient attention to the diversity of the certification schemes in terms of their institutional forms, i.e. who develops and adopts them, for what purposes, and what issues related to sustainable product chain governance they address (Henson and Humphrey 2010). In some product categories there is a tendency towards proliferation of private (unilateral) standards, while in others - towards harmonization and convergence. The reasons for this dynamics and its implications for delivering sustainability performance in product chains and up-scaling sustainable trade are yet unclear (Smith and Fischlein 2010).

Against this background, this study aims to analyze the role that diversity of private sustainability standards and associated certification schemes play in the context of food retailers’ practices to manage environmental quality in food supply chains and to develop markets for ‘green’ products. The following *research questions* are addressed:

- What factors do influence the retail decision to engage with development of unilateral vs. collective standards in collaboration with other retailers and broader range of stakeholders?
- In what way does diversity of sustainability standards enable and motivate retailers' engagement with managing product sustainability issues?
- What impacts does promulgation of various standards have for volumes, ranges, affordability and level of sustainability performance of 'green' products?

The research design is based on the *case-study methodology*. Proliferation of retail sustainability standards is analyzed in two product groups: fresh fruits and vegetable, and coffee. Both groups are selected due to interesting but varying dynamics of promulgation of private sustainability certification schemes. In case of fresh fruits and vegetables, there is a standards 'layering' trend where retailers, such as Tesco and Marks & Spencer, have developed and kept unilateral standards (e.g. 'Tesco Nurture' and 'Field to Fork') in addition to a collective and 'de-facto mandatory' retail standard for good agricultural practices GlobalGAP. In the coffee product group a parallel 'UTZ Certified' scheme was launched by food retailers and coffee roasters as an alternative to Fair-Trade certification. This development represents the dynamics towards establishment of rival sustainability standards that compete for business adoption and market penetration.

Case-study methodology builds on the meta-analysis of literature (e.g. corporate and third-party reports, academic literature), data retrieved from the information database 'Standards Map' by International Trade Center, and interviews with retailers, NGOs and certification organizations engaged into design and implementation of the aforementioned standards. The interviews aim to unveil the corporate interests and rationale to engage with development of unilateral and collective standards, but also to reconstruct the historical process of the origin, development and implementation of private voluntary standards and corporate challenges in this process.

Theoretical explanation for diversity of institutional forms of standards can be found in two different conceptions of institutional emergence, namely market-based and political-institutional logic (Knight 1992, Bartley 2007). Market-based logic assumes that there is a clear profit and cost minimization rationale behind the corporate decision to develop either collective or unilateral standards. Different insights about emergence of particular institutional form of private sustainability standards can be provided by viewing standardization initiates as the process of political contestation, where wide array of stakeholders engage with institutional entrepreneurship projects as they struggle for power, resources and control over relevant aspects in the institutional field (Bartley 2007, Oliver 1991). Market-based logic is often engaged to explain emergence of certification schemes overlooking important dynamics inherent to the process of 'political construction' of market institutions (Bartley 2007, Bain et al. 2013). In this research paper we aim to consider both approaches to gain the comprehensive understanding of the complex landscape of voluntary sustainability standards in the food retail industry.

The research outcomes will contribute to better understanding of factors that explain the diversity of certification schemes and their co-development dynamics for each product group,

major difference and similarities in architecture of different certification schemes and in what way certification schemes increase corporate propensity to engage in managing product sustainability issues. In addition, the article will contribute to debate on whether diversity of private standards erodes sustainable trade or, on the opposite, has positive implications for mainstreaming the market for 'green' products.