Responsibility and Sustainability Choices in the Animal Feed Industry: Evidence From an Italian Family SME

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EXECUTIVE SUMMARY

The conventional discourse on corporate social responsibility (CSR) focuses on big companies and tends to neglect small, medium, and family firms. However, scholars state that simply scaling down CSR theories does not capture the variations in CSR choices across companies and contexts. The authors remedy this state of affairs by investigating an Italian family firm in the animal feed industry in light of an integrative framework that combines institutional- and company-level factors explaining the variations in CSR choices. The findings highlight how the company under investigation is committed to ensuring animal welfare by offering healthy and safe animal feed through innovation and certification. In addition, the company is well embedded in the local community and represents a point of reference for the inhabitants. Initiatives ranging from scholarships to university exchange programs to running races contribute to mobilizing human resources and to improving the company's brand awareness.

INTRODUCTION

Corporate Social Responsibility (heretofore also CSR) is a prominent topic in management practice, education, and research. Scholars have studied firms' social concerns for many decades (Bowen, 1953; Davis, 1973; Cochran & Woods, 1984) but only recently the interest in corporate social responsibility has become common (Carroll, 1999; Crane & Matten, 2004). To date, the majority of CSR research is concerned with large companies with lower attention placed on small- and medium- sized enterprises (heretofore also SMEs) or family firms. Two possible reasons seem to justify this focus: that only large companies can afford being socially responsible and that they are the heart of the global economy (Jenkins, 2004). The assumption is that CSR theories could be simply scaled down to fit (Morsing & Perrini, 2004).

Over time, scholars have raised criticism and outlined that this logic is flawed (Davies & Crane, 2010). First, while large companies dominate the attention of academic and practitioners' discourse for their contribution to the Gross National Products, it has been increasingly recognized that SMEs and among those, family companies, constitute the fabric of the economic system in several countries (Family Firm Institute, 2017). Second, and more importantly, scholars acknowledge that SMEs and family companies pursue idiosyncratic paths toward the development of CSR program, which is often a means to achieve a sustainable competitive advantage (Jenkins, 2009). Size and family values deeply influence the CSR choices and this means that findings about large companies are not generalizable to small and medium family ones (Davies & Crane, 2010). This makes timely to investigate CSR in family SMEs. We contribute to remedy this state of affairs by offering insights from a case study of a small family company located in Southern Italy. The company manufactures animal feed products and contributes to make the food we buy at stores safe and healthy by providing safe and healthy animal food products, an important concern for consumers after recent several crises, such as the Bovine Spongiform Encephalopathy (BSE).

The chapter is organized as follows. Next we discuss CSR choices for SMEs in different institutional settings. Then we propose a conceptual framework that draws on and elaborates upon Baumgartner's (2014) work. Next. we describe the protocol for the case study, present findings and identify research and managerial implications.

LITERATURE REVIEW

The concept of corporate social responsibility has steadily evolved since it was first introduced a century ago. Lee (2008) argues that the first instance of a CSR attitude appeared in 1917 in Henry Ford's conception of business as a service. At that time, society was unprepared for such a conception of business. However, from then until the present date, the concept of CSR has undergone a process of progressive rationalization that has moved the discussion from the societal to the organizational level of analysis. Despite its prominence in the management discourse, there is still no agreed upon definition, and CSR remains a contested concept (Okoye, 2009). The debate is polarized between the position of Milton Friedman (1962), who perceived CSR as a burden on shareholders and companies, and the perspective of Edward Freeman (1984), who underscored the benefits of corporate responsibilities toward all stakeholders (Baden & Harwood, 2013).

Proponents of CSR claim that companies should be responsible toward a broad range of stakeholders for outcomes extending beyond purely economic and financial results (Matten & Crane, 2005). This total set of responsibilities has sometimes been referred to as the triple bottom line of people, planet and profits (Senge et al., 2007). Issues of CSR are also in the political agenda of the European Union (European Commission, 2017) and the United Nations Global Compact (2015), both active at promoting the culture of corporate citizenship and responsibility. Today CSR represents a growing market segment for mainstream strategy consulting and auditing firms (e.g. Deloitte, KPMG, McKinsey) all suggesting the importance of engaging stakeholders and creating shared value (Porter & Kramer, 2011).

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