Improving working conditions at farm level

– The role for food retailer Ahold Delhaize

Förbättra arbetsförhållande på gårdsnivå
- Rollen för dagligvaruhandelsaktör, Ahold Delhaize

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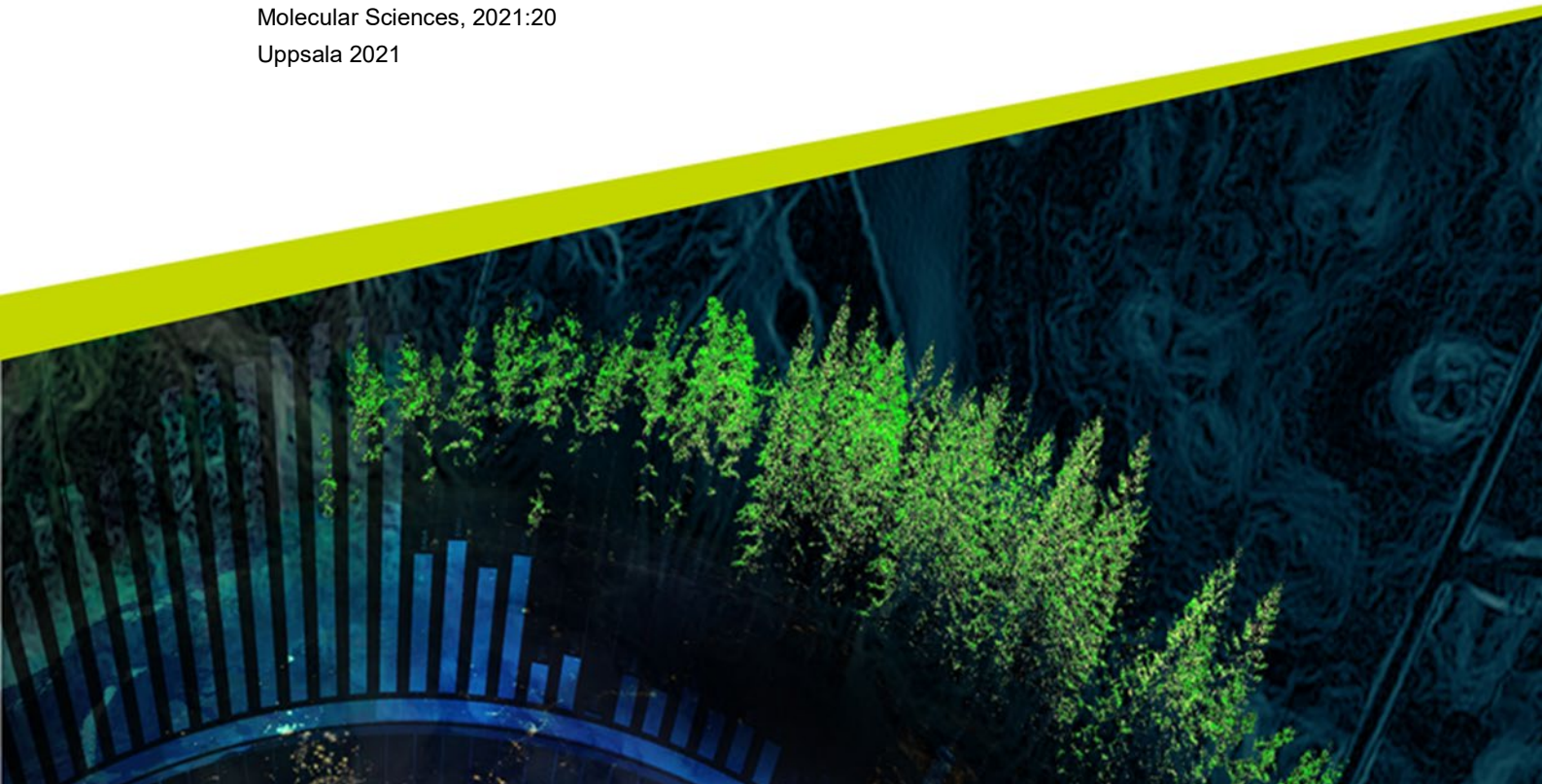

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Abstract

Food retailers are increasingly held responsible for the impact they have in and on societies. Unfortunately, many social and environmental challenges occur beyond their direct sphere of influence, at distanced sites in multiple-layered production chains. So far, the literature in the field of sustainable production has mainly considered the improvement of environmental conditions and the social conditions are given less attention. Therefore, this study focuses on the social dimension of sustainable development. This project aims to explain what retailers can do to improve working conditions at upstream agricultural production levels. Through the lens of the Social Practice Theory, this case study shows how the context of a retailer's sourcing practices, influences the degree of sustainable development in the chain, and thus the working conditions of farmworkers. Previous research has pointed to different factors that enable positive impact, such as strategic relationships, long-term perspectives in the achievement of both financial and social value-adding, insight into chain-specific conditions and tools that stimulate collaboration. The results in this study highlight how conventional commercial beliefs and mainstream sourcing strategies seem to constrain these factors. For instance, buyers of commodity products usually aim for the highest-short term profit by putting price pressure on suppliers. Hence, the findings indicate how retailers need to optimize their procurement context to support buying associates in achieving sustainable development.

Keywords: corporate social responsibility; food value chains; ethical/sustainable/responsible sourcing; social sustainability; human rights; working conditions; multi-tier sustainable supply chain management; (sub-) supplier-buyer relations; certifications; social practice theory

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Abbreviations

SD (p. 1)	Sustainable Development
TBL (p. 1)	Triple Bottom Line
SDGs (p.1)	Sustainable Development Goals
CSR (p. 1)	Corporate Social Responsibility
FVC (p. 2)	Food Value Chain
AD (p. 4)	Ahold Delhaize
ILO (p. 5)	International Labour Organization
NGOs (p. 6)	Non-governmental Organizations
GSO (p. 7)	Global Support Office
OECD (p. 7)	Organization for Economic Cooperation and Development
BSCI (p. 9)	Business Social Compliance Initiative
R (p. 12)	Respondent
SPT (p. 17)	Social Practice Theory
HRDD (p. 18)	Human Rights Due Diligence
CoC (p. 18)	Code of Conduct
MSCs (p. 20)	Multi Stakeholder Collaborations
SSCM (p. 21)	Sustainable Supply Chain Management
SRS (p. 21)	Socially Responsible Sourcing
IBGs (p. 26)	International Buying Groups
CoE (p. 32)	Code of Ethics
SoE (p. 32)	Standards of Engagement

1 Introduction

This chapter presents the problem in its context and accounts for the central aim and research question of this study. Besides, the commission party and the report outline are presented.

1.1 Background

Until the twentieth century, businesses and governments were mainly aiming for improved financial performance (Belz & Peattie 2012). With this focus we took a foolish path into the future, looking back from what we know now. Despite increased wealth, many complex sustainability problems related to environmental and social conditions arose (Belz & Peattie 2012; Bitsch 2016). Surprisingly, sustainability is not a new concept but for over 300 years it has been understood as: '*being able to last or continue for a long time'* (Bitsch 2016, p. 3). However, the concept was not taken seriously until environmental degradation had grown too big to simply be ignored.

As a reaction the well-known report 'Our Common Future' was written by Gro Harlem Brundtland (1987). The United Nations requested this sustainable development (**SD**) plan from the World Commission on Environment and Development. The widely embraced definition "*Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs.*" (Brundtland 1987, p. 41), has since then been elaborated in several other concepts. So has Elkington (1997) developed the key theory of the triple bottom line **(TBL)**. The TBL emphasizes how the economic, environmental, and social dimensions of sustainability are highly intertwined and should be in balance to achieve a stable future (Elkington 1997). In 2015, the application of sustainability has been made even more concrete when 196 countries agreed on achieving 17 Sustainable Development Goals (**SDGs**) towards 2030 (United Nations 2015).

The food system is connected to all the SDGs. It contributes to global warming by emitting a significant part of the total released global greenhouse gases, and it can also be blamed for decreasing biodiversity by stimulating deforestation and polluting ecosystems (FAO 2014). Furthermore, the highest rate of people is working in the food and agricultural sector, especially in developing countries, which makes the impact on the socio-cultural context substantial as well (Townsend *et al.* 2017). Everyone is a food consumer, and therefore we are all carrying the responsibility to take care of the food system in a healthy manner. However, Middlemiss (2018) extensively explains why the role of individual customers has been unreasonably over-emphasized in seeking solutions. Individual choice is highly limited by incomplete knowledge and several cultural and psychological factors (Middlemiss 2018). The parties with the biggest influence regarding sustainability issues would rather be the government and the industry (Rundgren 2016; Boström & Klintman 2019).

Fortunately, businesses and governments are increasingly being held responsible. In reaction, most organizations have undertaken Corporate Social Responsibility (**CSR**) actions and through this, they try to contribute more positively to human societies, beyond economic senses (Porter & Kramer 2011; Belz & Peattie 2012). Grocery retailers are in particular attacked concerning sustainability. They are the party of the production chain that is the most

visible to the public eye and fulfilling a key role by mediating between consumers and producers. If these dominant giants do not actively contribute to solutions, they are seen as significant causes of sustainability issues related to food production (Zorzini *et al.* 2015).

1.2 Problem

The following paragraphs give some further background to the food system in the light of sustainability and help to frame the core phenomenon this study contributes to.

1.2.1 The food value chain

Grocery retailers form the last acting layer of the food production chain as they sell the final products to consumers. Seen from their position, they are supplied with products by direct suppliers, also called the first-tier suppliers, and the suppliers of these direct suppliers are known as indirect suppliers or sub-suppliers. A clarifying overview can be found in *Appendix 1*.

Though specific food chains vary between geographies, products and industries, a general order of chain elements can be distinguished (FAO 2014; FCRN 2015). The flow from raw agricultural materials to final food products usually follows these core phases: production, aggregation, processing, distribution and retail. In the context of SD, the phases of preparation, waste and disposal are often considered as well, and the flow is then ideally presented as a circular model to illustrate that all resources should be captured and kept in the system without wasting anything (FAO 2014). Other professionals prefer talking about food networks or systems, and think a chain is a too simplistic conceptualization that does not reflect the rising complexness sufficiently (Springmann *et al.* 2018; Yiannas 2018).

Despite acknowledging system characteristics, this research project uses a linear approach. A chain shows most clearly the distance between the downstream retailers and the upstream production phases. This chain order from consumption to production is known under different names, and according to Airike *et al.* (2016) the three most often used concepts are ‘demand chain’, ‘supply chain’ and ‘value chain’. Although the terms are often used for the same purpose, they have slightly different meanings. The term ‘demand chain’ is the oldest of the three and was initially focusing on mass markets and the stimulation of consumer demand. It resulted in businesses pushing products through the chain towards the consumer, which should be ethically questioned. ‘Supply chain’ elaborated on this and is mainly about improving the efficiency of the product flow to reduce logistic costs (Airike *et al.* 2016). Finally, Porter (1985) introduced the ‘value chain’ to emphasize that economic, social and environmental features can all add significant value to products in modern competitive markets.

According to the FAO (2014), the term ‘value chain’ is the one most comprehensively recognizing the crucial elements for SD. It acknowledges the chain as the motor of growth while simultaneously considering the impact on the wider society. Besides being the best fit towards SD in general, it also matches the social dimension focus this research takes, because social gain can be best understood from a holistic value-adding perspective for it contributes to economic performance in a less direct way (Porter & Kramer 2011). All in all, the term food value chain (**FVC**) is chosen to offer the best fitting description in this project.

1.2.2 Unbalanced sustainable development

According to the TBL concept, the economic, environmental, and social dimensions need to be in balance to achieve SD (Elkington 1997). While the environmental dimension increasingly received attention in the last decades, besides the consistently overvalued economic dimension, the social dimension has been left behind (Vallance *et al.* 2011; Lebaron & Lister 2015; Bitsch 2016; Luthra *et al* 2016; Badri *et al.* 2017; Yawar & Seuring 2017). This is reasonable because social values are harder to quantify than environmental and financial values (Lebaron & Lister 2015; Wilhelm *et al.* 2016 a; Allaoui *et al.* 2019). The social dimension has to do with individuals' health and wellbeing, which are highly cultural and socially defined (Middlemiss 2018).

Furthermore, environmental and economic actions result more directly in improved efficiency and financial performances. Even when social upgrades lead to visible rewards in the long term, those are hardly ever equally distributed and visible to all stakeholders.

Finally, the three dimensions can compete with each other and the improvement of the economic dimension often goes at the cost of social conditions (Plank *et al.* 2009). Despite the Brundtland report already including the social dimension, by emphasizing the need to help poor countries and to adequately meet everyone's basic needs (Brundtland 1987, p. 37), over three decades later it is still an area rich in unsolved complex problems (Vallance *et al.* 2011).

1.2.3 Distanced primary production

Social issues have everything to do with the increased distance from farm to fork, which is a result of the intertwined macro trends of globalization, industrialization and financialization (Clapp 2014).

Financialization is about the increased involvement of financial parties, like banks, trading firms and investment funds, in business decision making and global economies (Clapp 2014). This leads to a more challenging political food context and an increased lack of knowledge about the social and environmental conditions that are related to the primary production. Because additional actors who have little to do with the physical production of the end product, are more and more involved in the food system as well.

Internationalization has changed power divisions, which also negatively influenced sustainable conditions (Clapp 2018). It has pushed international trading practices and has increased the length of value chains (Plank *et al.* 2009). In particular the food system is recognized for being one of the most geographically expanded industries (Burt *et al.* 2008). This has resulted in a growing gap between the upper and lower stages of the value chain. For instance, it took supermarket Walmart a week to track back a mango to the root source (Yiannas 2018). let alone how hard it would be to get insight into detailed conditions related to these production phases.

The value addition in the food system has been radically changed by industrialization. Since it raised mass markets, food products are increasingly commercialized (Belz & Peattie 2012; European Union 2019). The business departments Marketing, Sales and Research and Development gained importance at the cost of that of primary production processes in particular. Agricultural production no longer defines the main added value of an end-product, but often the degree to which a product is perceived as distinctive by the consumer,

influenced by a certain selling method at the retail level (Plank *et al.* 2009; Belz & Peattie 2012).

1.2.4 Unequal power distribution

Retail captures increasingly the highest additional value at the cost of that of the farmers in FVCs (Plank *et al.* 2009; Burch *et al.* 2013; Oxfam 2019). In 1995 farmers received about sixteen percent of the food price, and in 2011 their proportion has dropped down to fourteen percent. In some contexts, the farmers' proportion is even as low as five percent of the price paid by the consumer (Willoughby & Gore 2018). *Figure 1* gives an overview of the general value distribution in the global food system and the related trend figures since 1995.

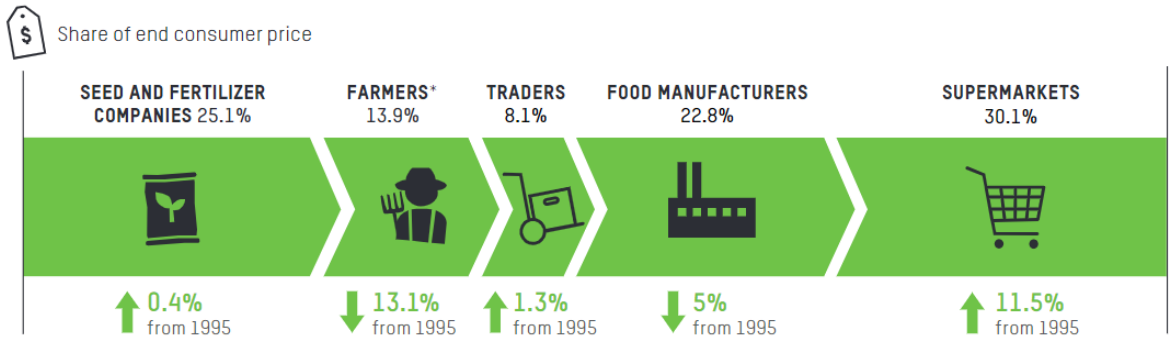

Figure 1. *The general added value distribution in global food chains. Based on data from 1995 and 2011. Originally from the Oxfam Report 'Ripe For Change' written by Willoughby and Gore* (2018, p. 15). *(This illustration is allowed to be used for the purpose of research)*

However, this figure about value distribution should not be used as a direct indicator for power divisions. The share of the end consumer price each stakeholder group captures, does not reflect the costs the parties are investing to realize these (added) values. If one would like to say something about which stakeholder group earns the most from a product, the profit margin distributions should be considered, which is the total added value reduced by the total costs. Specific profit figures are being kept secret, though they are expected to present a completely different picture about power distribution. For instance, the average operating margin for Ahold Delhaize (**AD**) in 2020 was 4.8% (Ahold Delhaize 2021). Margins around 3.5% are already validated as incredibly high, considering the fact that a retailer has a lot of costs for providing a broad range of services, like the distribution, storage and other processes that lead to a convenient shopping experience (Personal communication A, September 2020). Therefore it is no surprise that it are also the trading parties in major commodities, like soy, cotton, coffee and palm oil who have achieved monopoly positions by smartly interplaying to the financialization developments (Clapp 2014). They capture high profits without making considerable costs regarding the production of the end product.

The different macro trends have contributed to the asymmetric power division in global production systems. Actors upstream production chains, on the raw-material side, increasingly find themselves in difficult positions (Willoughby & Gore 2018). The powerful players downstream, more towards the final consumers, with direct control on intangible value-adding activities like research and development, marketing and sales, make the tangible value-addition at the initial stage almost negligible. Primary producer's competitiveness is more and more exclusively derived from offering the lowest prices (Belz & Peattie 2012). This stimulates leaner production methods and the outsourcing of production processes to lower-

wage countries. This focus on cost-efficiency tends to decrease social sustainability, as highly flexible lean production methods often result in low working conditions (Plank *et al.* 2009; Neirotti 2018). In comparison to the other dimensions of sustainability, the social dimension is especially disadvantaged by the increased length and complexity in supply chains (Wilhelm *et al.* 2016 a). The increased distance and correlated lower transparency levels, make the issues with an already invisible character even harder to track down.

1.2.5 Risk exposure for agricultural workers

The social dimension of sustainability is often at risk in labor-intense areas and especially in the agricultural context where many farmworkers are being more or less exploited. The World Business Council for Sustainable Development emphasizes this tragedy of the vulnerability of agricultural workers by writing "*Some produce and process food all day but go home hungry*" (WBCSD 2019).

First of all, the habit of farmers to outsource the recruitment and management of the workforce to special agents increases the risk of bad working conditions, for it increases the gap between the farmer and its workers. The one directly giving orders to the employees is in these cases not formally responsible for any working conditions (Van der Wal 2018). The highly uncertain character of yield is another factor that creates an unstable position for the workers. The financial success of agriculture is highly dependent on erratic ecosystem services (European Commission 2020). Many crops require a peak in labor during the seasons of planting and harvest and these periods become increasingly hard to plan due to the climate crisis and related extreme weather events. Farm work is at its core vulnerable to numerous physical risks, because of the heavy work and dangerous machinery. According to the International Labour Organization (**ILO**), globally most workplace accidents occur in the agricultural sector (ILO 2003).

The outbreak of the Covid-19 pandemic, which effected the total world, is likely to even increase the vulnerable position of agricultural workers because the virus has introduced new risks into our daily lives. To exemplify, workers have been forced to work without protection measurements or the ability to keep a social distance. This already resulted in some Spanish fruit and vegetable farms becoming hotspots for new infections (Teeven 2020). Besides, in case workers getting sick, they often lack a safety net that would provide them with wages during the days they cannot work (Prapha *et al.* 2020). Taking a longer-term perspective, the corona crisis negatively impacts economic growth, and this is expected to put even more price pressure on primary production actors (Hobbs 2020). Improving social conditions is therefore increasingly crucial for establishing liveable environments among workers in vulnerable positions.

1.2.6 The responsibility of retailers

The increased complexity and length of global FVCs, combined with a large number of suppliers a grocery retailer deals with considering the thousands of products a supermarket sells, make lacking detailed insight about unquantifiable social conditions upstream chains quite understandable (Poynton 2015). It is documented that not even one of the biggest supermarkets is sufficiently managing its impacts on human rights (WBCSD 2019; Polaschek 2020). The issues of exploited agricultural employees are remote and often unknown for food retailers since they occur at the sub-supplier level. Besides, because they do not have direct contractual relationships with these chain parties, they are limited in having positive influence

(Grimm *et al.* 2014). Despite the circumstances leaving employers no other choice than to illegally manage their workforce, exploitation is never tolerable (Palumbo 2016).

Referring to Rundgren (2016), our food system is shaped by governments and businesses, and globalization is increasingly giving businesses more powerful positions at the cost of that of governments. Companies have gained cross-border power while governments are still mainly national border limited (Rundgren 2016). In the past, national governments created stable regulatory frameworks around corporations, whereas contemporary perspectives on corporate roles reveal political influential power where corporations are creating the frameworks themselves (Schrempf-Stirling & Palazzo 2016). Because of this increased power position of multinational retailers, the interest and critics from stakeholders like public institutions and non-governmental organizations (**NGOs**) to their practices rises. Food retailers are increasingly seen as the actors that should drive SD within FVCs (Laudal 2011; Grimm *et al.* 2014; Schrempf-Stirling & Palazzo 2016; Ten Kate & Van der Wal 2017; Harness *et al.* 2018).

Though according to Aßländer *et al.* (2016), there is a major underlying factor that keeps retailers from effectively achieving SD. In modern economics most businesses base their decisionmaking on the underlying agency principles. This agency theory is based on the idea that all parties in a relationship apply opportunistic decision-making and that, in case interests differ between parties, controlling by negative governance is necessary if one of the parties wants to ensure the other party acts in line with its own aims. Though several studies show that applying negative power is not helping to improve the three dimensions of the TBL (Aßländer *et al.,* 2016; Wilhelm *et al.* 2016). It would be way more effective if parties achieve common goals in collaboration, which follow the opposite stewardship theory. By engaging parties in a positive manner, they can serve as stewards towards their own parties (Aßländer *et al.,* 2016).

As major actors, it is therefore crucial that food retailers review the way they handle the immature social dimension of SD. In 'SDG-terms' this means 'Take immediate and effective measures to eradicate forced labor' (SDG 8.7) and 'Protect labor rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment' (SDG 8.8) (United Nations 2015).

1.3 Aim and research question

The power- and responsibility division within the food system have changed radically due to globalization, financialization, and industrialization. The distance between the up- and downstream stakeholders has increased, and so has the public pressure on the supermarket as the most visible actor of the chain enhanced. This pressure has made grocery retailers finally paying serious attention to their impact on the social dimension of sustainability, including the problematic area of labor conditions at agricultural production sites.

Overall, this project contributes to the social dimension of SD by gaining insights into the role retailers play regarding the agricultural production phases of FVCs. The aim of this research is, to explain ways in which retailers can strengthen the position of workers upstream food value chains. The following research question captures the project ambition:

How can retailers improve the labor conditions of agricultural workers upstream own value chains?

A relevant question for many multinational retail companies, which are increasingly questioned about taking responsibility regarding social conditions in value chains.

1.4 Commission

The research project was commissioned by the food retailer Ahold Delhaize that has put the topic of labor exploitation high on its CSR agenda. The retailer Ahold from the Netherlands and the Belgian retailer Delhaize merged in July 2016 and together they currently form one of the world's biggest leading grocery retailers (National Retail Federation 2020). From its headquarters in Zaandam (the Netherlands), the parent company AD manages several grocery retail brands, active on local markets in Europe, Indonesia and the United States. Altogether, they serve globally more than 20 million online- and more than 50 million offline shoppers weekly (Ahold Delhaize n.d.).

Access to empirical data was provided through an internship at the Product Integrity Department of AD's Global Support Office (**GSO**), which enabled conversations with various key stakeholders. The department plays a consultancy role towards the local semi-independent grocery retailers, and supports them on topics in the areas of food safety and the sustainable treatment of people, animals and the environment. The priority of the department lies in achieving sustainable practices in FVCs of the retailer's private brand products, where they have the most influence (Personal communication A, June 2020).

AD is a partner of the business association Amfori, which requires all engaged businesses to act on improving working conditions in production chains, in line with the UN Guiding Principles for Business and Human Rights (Amfori 2017). Furthermore, AD's brands are operating in countries that are a member of the Organization for Economic Co-operation and Development (**OECD)**, an international organization that stimulates businesses to act responsibly. AD is expected to meet the new OECD guidelines by 2023 which among other things, require all large international cooperations to take a deep dive in their operations and act on the highest risks related to human rights (OECD n.d.). Especially the subject of forced labor has therefore gained a high priority status to the product integrity department.

This research contributed to the primary stages of the due diligence process, which is about reviewing potential issues and determining the position AD could take in providing solutions (Ahold Delhaize 2020a). The role AD has played as part of the case in this study is further justified in the method chapter.

1.5 Outline

The structure of the project report is illustrated in Figure 2.

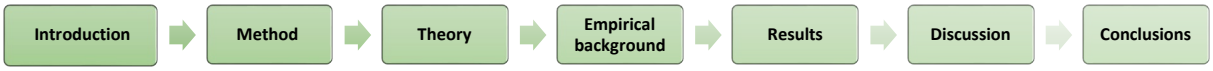

Figure 2. *Outline of the report where boxes represent a chapter.*

The first chapter introduces the problem and describes the question this research is seeking answers to. After the general introduction, chapter two accounts for the applied method that helped to gather the primary and secondary data. Chapter three provides a framework of existing theories concerning the phenomenon which together build up to a conceptual model that has guided the analysis. The fourth chapter gives a background to the empiric results by sharing more information about the phenomenon in its specific geographical context. Five represents the empirical core of this research and chapter six puts the results in a broader scientific context and tries to answer the research question. Finally, chapter seven wraps this study up with some concluding remarks, limitations and suggestions for future research.

2 Method

This chapter accounts for the approach the researcher has taken in this study and the methodological choices that are made with regard to the primary and secondary data gathering. The chapter ends with the delimitations that defined the scope of this research.

2.1 Case study

In this first paragraph the overall study perspective is presented. It accounts for the choice of an explorative, qualitative and flexible approach, the case: Ahold Delhaize's food value chains, and the phenomenon: labor exploitation in the geographical context of Southern Italy.

2.1.1 Research design

This research had an exploratory purpose, it sought new qualitative insights about a certain phenomenon. The recommendation of Robson (2002) is followed, about that when a phenomenon is based in a highly societal influenceable real-life context, one should take a flexible research design that allows adaptation to the lively subject (Robson 2002). This should prevent a researcher to overlook valuable unexpected data. Therefore, this research process iterated between existing theories and new empirics, which is known as an abductive approach (Kovács & Spens 2005). The flexible style allowed the design to unfold during the research process. This is controversial to fixed inductive and deductive designs, in which either the problem or the theory forms the static base of the investigating process (Robson 2002; Kovács & Spens 2005). Consequently, the researcher was free to change the research questions and method when newly obtained insights made the original proposals turn out to be less suitable after all (Bhattacherjee 2012). This led to the reduction of three to one research question, and the decision to not perform earlier intended observations. The overall research design is visualized in *Figure 3*.

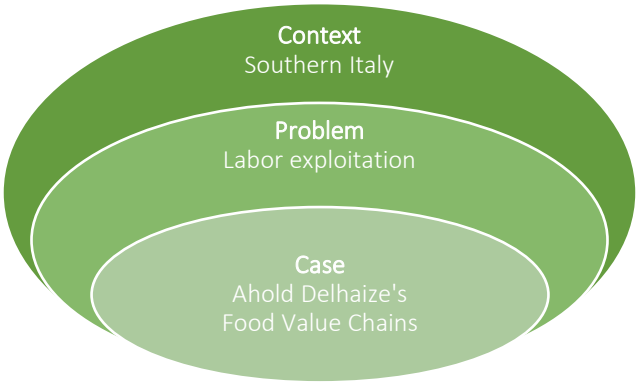

Figure 3. *The rough research design. A single case and its position to the problem, embedded in a context. Adapted from Yin (2018 p. 47).*

The choices that created the individual levels of *Figure 3* are further explained in the next paragraphs.

2.1.2 Choice of case

The investigation of a case is applied, which is according to Bhattacherjee (2012) an appropriate method considering the highly complex character of the problem. Complex, because the boundaries between the problem and its context were unclear. The goal of a

single case study is to gain a deep and rich understanding of a problem in a specific context (Robson 2002). Conclusions will account for this specific case but simultaneously can set a great example for other contexts as well, since different industries are dealing with the same kind of social issues in value chains (IDH n.d.). The cultural, geographical, economical and other dimensions of the context play a significant role in issues regarding labor exploitation (Mani *et al.* 2015). Case studies are of special interest in areas where theoretical frameworks are not yet completely set and where further development or testing is of interest. This single case study took a holistic approach, which means that entire FVCs were subjected and the data collection was not limited to a single party or sub-unit level. Robson (2002) and Bhattacherjee (2012) explain that this is advantageous when it is not clear at the start which sub-units have a relation to the problem.

This study was conducted on the single case of the FVCs of the retailer AD. To repeat this study, one should apply the following criteria to choose a similar case company:

A business that belongs to one of the ten most internationally oriented food retailers, estimated in terms of the biggest revenues worldwide, the highest participation in franchising and alliances outside of their local region and ability to sell via online marketplaces (National retail federation, 2020). Because multinationals play a significant role in SD and are increasingly held responsible for the impact of their business on society and the planet (Johannessen & Wilhite 2010; FAO 2014; Lebaron & Lister 2015; Badri *et al.* 2017) Furthermore, this retailer should …

… own multiple long complex international FVCs;
… be willing to share sensitive data about their food value chains and other practices;
… be lacking detailed insight on FVCs conditions, from direct contractor to raw materials;
… be willing to work pro-actively with CSR and labor exploitation issues in particular.

2.1.3 Geographical focus

It is recommended to focus SD efforts first on value chains where the most impact can be made, where the gap between actual and potential performance is the biggest (Van der Wal 2018; OECD n.d.). Understandably, most research and initiatives on improving working conditions focus on high-risk areas. The Business Social Compliance Initiative (**BSCI**) which is part of the business association Amfori, has developed a list with high-risk countries, based on the Worldwide Governance Indicators from the World Bank, which indicate governance-based risks in sourcing countries. Generally speaking, high-risk countries are according to this list mainly located in Asia, Africa, South- and Central America (The World Bank n.d.; Amfori BSCI 2020).

Italy is validated as a low-risk country (Amfori BSCI 2020), even though the social aspects of sustainability seem to be highly underperforming in the South-Italian agricultural industry. The Global Slavery Index reveals that Italy has one of the highest levels of vulnerability towards modern slavery in Western Europe (Walk Free Foundation 2018; International Labour Organization 2020), and about 145.000 people in the Italian agricultural sector are estimated to be a victim of labor exploitation (Walk Free Foundation 2018, p. 94). The UN confirms Italy's low social standards in their Human Development report. They regularly assess human development and use this as a benchmark for social sustainability. In a recent report, they valued Italy with a relatively low Human Development Index in comparison to

other European countries (UNDP 2019). Another survey from 2017, among 42 farmers and workers in Italian fruit and vegetable value chains, revealed that only 5% of the respondents were food secure and 50% stated to be severely food insecure. About 75% of the women workers said that they had to cut back on food consumption in the past month because their household had no money to buy adequate amounts of food (Willoughby & Gore, p.11; p.12).

The Southern regions are particularly mentioned as hotspots in several recently published media posts that paid attention to vulnerable migrants being exploited for cheap agricultural labor. The public shares frustrations about these things happening in Europe, within a developed western society (Tondo 2016; Walk Free Foundation 2018; Van Aalderen 2019; Jones & Awokoyo 2019; Broeders 2020; International Labour Organization 2020; Van der Ploeg 2020; Keuringsdienst van Waarde 2020). As machines that can carefully pick fruits and vegetables are costly, the work in the poor Southern part of Italy is still mostly done manually, which demands peaks of workers at specific times. The seasonality and work intensity makes the participation rate of vulnerable workers the highest in Southern-Italian agriculture (Baldoni *et al.* 2017).

Due to public attention, AD had become aware of the fact that Southern Italy would be a high-risk area concerning working conditions. Besides the press, the BSCI also has recommended AD to apply additional actions to ensure decent working conditions in the agricultural industry in regions on the Northern shore of the Mediterranean Sea (Personal communication A, September 2020).

All in all, Southern Italy can be valued as a hotspot regarding bad working conditions, and therefore this research is focusing on the FVCs that originate from this region.

2.2 Literature review

Literature from secondary sources in the form of scientific books, academic articles, NGO reports, webpages, newspaper articles and case-specific documents were reviewed. The following key terms, including other variations, played a major role by searching in databases: corporate social responsibility; global FVCs; ethical sourcing; social sustainability; labor/human rights; multi-tier sustainable supply chain management; (sub-) supplier-buyer relations. The so-called snowball technique is applied as well, which means that the references in a relevant source were used to find other relevant literature (Baarda 2014).

This data from secondary sources was used throughout the entire study. It formed the base from the problem description to the discussion and supported the empirical study in two ways. Firstly, the primary data collection was based and analyzed through the use of a conceptual model developed out of existing theories. Besides, it enabled triangulation to the newly derived empirical insights. According to Zorzini *et al.* (2015) this form of 'theory matching' increases the external validity, as it connects new findings with pre-existing theories.

2.3 Empirical study

The coming paragraphs account for how the primary data was collected, and why this fits the central research aim and approach.

2.3.1 Choice for interview method

According to Brand (2009), a positivist paradigm dominates most research in the area of business ethics. This means that the main data collection methods are often quantitative and when qualitative methods are applied, the ruling questions are about finding out what a respondent would do in a specific situation. Though eventually, insight in the way people understand a certain phenomenon is essential to achieve effective behavioral change. Therefore, there is a strong need for research in this field that takes a more non-positivism approach, studies that question the underlying perceptions of participants (Brand 2009). This research contributes to this under-emphasized non-positivist field and focuses on building contextual understanding. Therefore, the primary data was collected through semi-structured interviews. This means that some of the questions were prepared in advance based on the theoretical framework, see *Appendix 2,* but that the specific direction of the conversations was kept open. This method served the explorative, flexible and qualitative research approach, because the open character of the interviews allowed to dive deeper into certain subjects and to reveal the underlying attitudes and beliefs.

2.3.2 Choice of interviewees

The choice of the interviewees was done in coordination with the commissioning department from AD. They had contact details of direct stakeholders and their experienced insight helped to reach the most suitable persons in relation to the research context. First of all the inclusion of people from multiple retail brands was recommended to enhance the objectiveness of the results, for every brand has been perceived to behave differently with regard to CSR. They suggested to focus specifically on the FVCs of the brands Albert Heijn and Belgium Delhaize, for these supermarkets sell products with ingredients originating from Southern Italy, like tomatoes and olives. Together these brands have considerable leverage on these chains, for they also source products for other European brands, like the Czech supermarket Albert and the Romanian supermarket Mega Image (Personal Communication A, D, July 2020).

Besides this general business unit focus, the specific interviewees were selected based on some additional requirements. Candidates needed to be directly involved in the production chains of Albert Heijn's and Delhaize Belgium's own-brand products whereof the raw materials originated from Southern Italy. This direct involvement was validated as essential to build relevant understanding with regard to the research aim. Besides, the total sample had to represent employees in different power positions, from both managerial and operational layers. Because this would help to develop a comprehensive understanding, covering both the strategic intentions and actual practices in the case context.

2.3.3 Interview context

The potential interviewees had been asked for attendance by e-mail. In the cover mail a one-pager was included, see *Appendix 3,* to explain the purpose of the interview. When the participants were open for an interview, the researcher and the interviewee made a specific appointment.

It was difficult to get in touch with some of the potential candidates. Especially the ones in buying roles were not keen to join this project, mainly because they felt unable to share meaningful knowledge regarding the topic. Eventually, nine respondents (**R**) were interviewed, presented in *Table 1* (see next page).

The interviews were conducted via online calls by using the software Microsoft Teams, where the interviewee and interviewer were able to communicate via both video and audio. As Robson (2002) points out, non-verbal communication is highly valuable, and therefore this form was preferred above offline or voice-only platforms. Due to local lockdown situations as a result of the outbreak of the Covid-19 virus, all the respondents joined from their home offices which were located in the United States, Belgium or the Netherlands.

Some of the respondents were interviewed in the Dutch language to enhance the fluency of the conversations, for this was the mother tongue of the researcher and some respondents. Not all quotations in *Chapter 5* are therefore completely literal, as the originally Dutch speaking was translated into English text.

Table 1. *Overview of the interviewees*

R	Official role (Organization)	Relevance	Date of interview	Date of confirmation transcription
1	Director Product Safety & Social Compliance (AD – GSO)	Translates top-down CSR policies into more operational strategies and targets, supports local brands in the application of these	12-10-2020	01-02-2021
2	Vice President of Global Compliance & Ethics (AD – GSO)	Develops ethical policies at a strategic level	12-10-2020	21-10-2020
3	Director Ethical Engagement & Human Rights (AD – GSO)	Develops Human Rights focused policies at a strategic level	12-10-2020	21-10-2020
4	Private Brand Sourcing Manager (AD – Delhaize Belgium)	Sources diverse processed products with raw materials from Southern Italy	16-11-2020	04-12-2020
5	Quality Manager (AD - Albert Heijn)	Controls the quality aspects of diverse processed products with raw materials from Southern Italy	24-11-2020	02-12-2020
6	Quality and Food Safety Coordinator (AD - Delhaize Belgium)	Controls the quality aspects of diverse processed products with raw materials from Southern Italy	25-11-2020	30-11-2020
7	Category and Sourcing Manager (AD - Delhaize Belgium)	Sources- and controls the quality aspects of wine from Southern Italy	01-12-2020	10-12-2020
8	Trade-, E-Auction and Supplier Development Manager (AMS Sourcing BV)	Controls- and facilitates in the first stage of the sourcing process of diverse processed products from Southern Italy	03-12-2020	04-1-2021
9	Quality Manager (AD – Albert Heijn)	Controls the quality aspects of the Nocellara olive from Southern Italy	16-12-2020	22-12-2020

The exact number of interviewees was not predetermined, which allowed the researcher to keep an open mind about whether new interviews were still adding empirical understanding. When new interviewees do not add new nuances to the understandings of a problem, a level of empirical saturation is reached, as suggested by Robson (2002). Though this level was not reached, the sample was closed to protect the feasibility of this research project. The conducted interviews already provided extensive and valuable information that was acknowledged to be enough to provide a comprehensive answer to the research question.

2.3.4 Thematic analysis

As recommended by Robson (2002) and Baarda (2014), a qualitative thematic analysis is used that is reminding about the grounded theory, to analyze the results of the primary data collection systematically. It is a specific form of a qualitative thematic analyzing method,

which seeks similarities and relationships between data parts. In this study, an adaptation to the guiding steps from Baarda (2014 p. 156) was used in the research procedures. This resulted in the following steps:

1. Data collection: the interviews were conducted and recorded;
2. Transcribing: the recordings were transferred into written transcripts;
3. Accuracy check: the transcriptions were checked by the interviewees;
4. Relevance determination: the transcriptions were cut into smaller text fragments and irrelevant fragments were eliminated;
5. Data organizing: the fragments were processed in an Excel workbook to keep oversight;
6. Summarization: the fragments were reduced to summarizing sentences;
7. Several rounds of coding: the sentences were repeatedly coded to create consistency within and across interviews;
8. Theme allocation: the individual codes were categorized under central themes;
9. Results writing: the themes are transferred into individual paragraphs of the results chapter, in constant interaction with the related codes.

This analysis method serves research with an explorative character, as explained by Robson (2002), for the themes are not predetermined but defined based on the results.

2.4 Quality assurance

All scientific work has to deal with certain quality risks. Hence, multiple measures had been adopted to maximize the validity and reliability of this research.

First of all, the researcher was personally involved in the case company through an internship. According to Robson (2002) the objectivity is at risk when a researcher is personally invested in a research topic. Also Bhattacherjee (2012) states the cruciality to make sure any researcher can conduct the same kind of study in retrospect. The fact that the researcher was an intern should therefore be protected from having influenced the results. At first it is important to understand that the interviewees were no direct colleagues. The consultancy role product integrity fulfills towards the brands supports the fact that the researcher was free to critically review their practices, as the department is aimed to do this. Besides, transparent data collection and analysis is achieved and more information can be shared on request. Finally, according to Riege (2003) and Bhattacherjee (2012) it is always important to validate empirical data to enhance credibility. Therefore all the interviews were recorded, transcribed and the transcriptions were checked by the interviewees on accuracy (See *Table 1* for the transcription confirmation dates).

Another risk regarding quality assurance in this study was that the results are based on a single case study with a limited number of respondents. This could make one doubt the representativity of the results, because if the results are based on the thoughts of a few people, what is their worth? However, the results of a single case study are according to Robson (2002) valuable for providing understanding, despite the fact that they cannot be generalized. Furthermore, thanks to the abductive approach, triangulation could be applied from beginning to end. This has increased the credibility of all data because it allowed to continuously check if the accuracy of new derived insights, either from primary or secondary sources, matched with findings of other authors.

To ensure the quality of secondary data, Robson (2002) and Baarda (2014) emphasize that it is important to consider the original purpose of a source. Underlying meanings can create conflicts of interest which lower the credibility of the information. In this study, this had been carefully prevented, especially while analyzing documents from- or recommended by the case company. Therefore all sources were validated and divided over the categories ‘low’, ‘medium’, and ‘high’. Mostly high validated sources, peer-reviewed academic articles, are applied and crucial arguments or key facts are supported by multiple authors.

2.5 Ethical considerations

Bryman and Bell (2007) have identified multiple ethical principles that should be considered in a research project in a business context. These mainly have to do with the protection of participants through open and clear communication about the research and its purpose, applying anonymous processing of personal data, and giving them the consent to draw away from the research if preferred at a sudden moment (Bryman and Bell 2007). Before the meeting, the researcher sent the interviewee some formal documents which informed the interviewees more comprehensively about the purpose of the study, about how personal data would be used, and about their rights to withdraw from the project at any time. This was mandatory regarding the European law called the General Data Protection Regulation, which protects personal privacy (SLU 2019). In line with this legislation, the participants are presented in an anonymous manner and no personal contact information is shared. One is only allowed to collect data that is necessary for the purpose of a study, and therefore it was validated as enough to share the interviewees' function and connection to the research. In this project, only the researcher has had access to the identifiable data, so none of the interviewees could be tracked down based on this report.

2.6 Delimitations

This paragraph accounts for what is not covered in this study out of practical, interest and relativity reasons. These boundaries enhanced the doability and focus of the project.

2.6.1 Theoretical delimitations

This research focused on the social dimension of sustainability to develop the understanding of this immature dimension of SD (Zorzini *et al.* 2015). At the same time, the intertwinement with the economic and environmental dimensions, emphasized by Elkington (1997), was acknowledged.

Issues with violated labor conditions are often embedded in a broader underperforming human rights context. Therefore Schrempf-Stirling & Palazzo (2016) argue that companies should broaden their CSR scope and start covering human rights holistically when trying to tackle labor issues. NGOs are requesting this higher level of responsibility more and more (Schremp-Stirling & Palazzo 2016). Though this research acknowledges this, a narrower scope had been chosen that keeps the focus on the specific phenomenon. In the context of this research, the focus area of the social dimension of SD will be on exploitative working conditions. This includes, according to the ILO the violation of labor legislation, contracts and other agreements, non- or under-payment, harassed health and safety and unreasonable working hours (ILO 2020).

Due to practical reasons, the analysis was done through a single conceptual model centered on the Social Practice Theory (**SPT**) (*this theory is further described in Chapter 3*). The model is just one way to investigate the issue and analyze the data, hence this highly influences the shape of the results, which is one of the subjective choices made in this research project. Fortunately, an in-depth understanding of limited theory can already make a significant academic contribution (Gimenez *et al.* 2012). Furthermore, SPT represents a dimension of novelty for this field of research, considering the systematic literature review of Govindan *et al.* (2021) in the field of sustainable multi-tier supply chain management.

2.6.2 Empirical delimitations

This study focused on the phenomenon of exploited agricultural workers in the context of the FVCs that start in Southern Italy, and this way geographical limitations were applied to the research scope. The regions that belong to this geographical area are further explained in *Appendix 4.* This geographical focus was necessary because agricultural workers are often moving from one farm to the other (Jones & Awokoyo 2019). Focusing on one particular FVC could therefore potentially result in incompleteness (IDH n.d.; Personal communication A, June 2020). There is chosen for one specific region in a single country, rather than for example the entire European continent, because the local regulations and governance are likely to play an important role (Plank *et al.* 2009; IDH 2020). The context-bound nature of cultural dimensions also plays an important role in understanding social issues (Mani *et al.* 2015; Zorzini *et al.* 2015).

Finally, the main focus had been on the private brand value chains of the company AD. As a retailer holding, AD has no direct control over the value chains of premium branded products, but they have the highest direct influence on their own brands. Retailers believe they first need to improve their own value chains before they are in a reasonable position to require certain conditions from external brands. The definition of own brands applied by AD covers all products that are private labels, fancy brands, exclusive brands, store prepared products and non-branded products (e.g. fruit and vegetables) (Personal communication A, June 2020).

3 Theory

This chapter explains the evolution of the CSR scope and the effect this has on sourcing practices. Based on some key theories a conceptual model is presented.

3.1 Broadening responsibility

CSR is originally about a single company voluntarily contributing to society, the environment and politics, beyond maximizing profits (Airike *et al.* 2016). From a retailer's perspective, CSR can be applied in two directions. Downstream CSR deals with a company's responsibility towards end-consumers, and vice versa, upstream CSR takes care of potential side effects associated with production processes (Schrempf-Stirling & Palazzo 2016). Until recently, actors were exclusively expected to take responsibility up to one step up- and downstream the chain (Yiannas, 2018). The CSR landscape from McElhaney (2008), see *Figure 4*, shows the different influence levels a company has with regard to sustainability and the green arrow visualizes how the CSR scope has expanded over the last three decades.

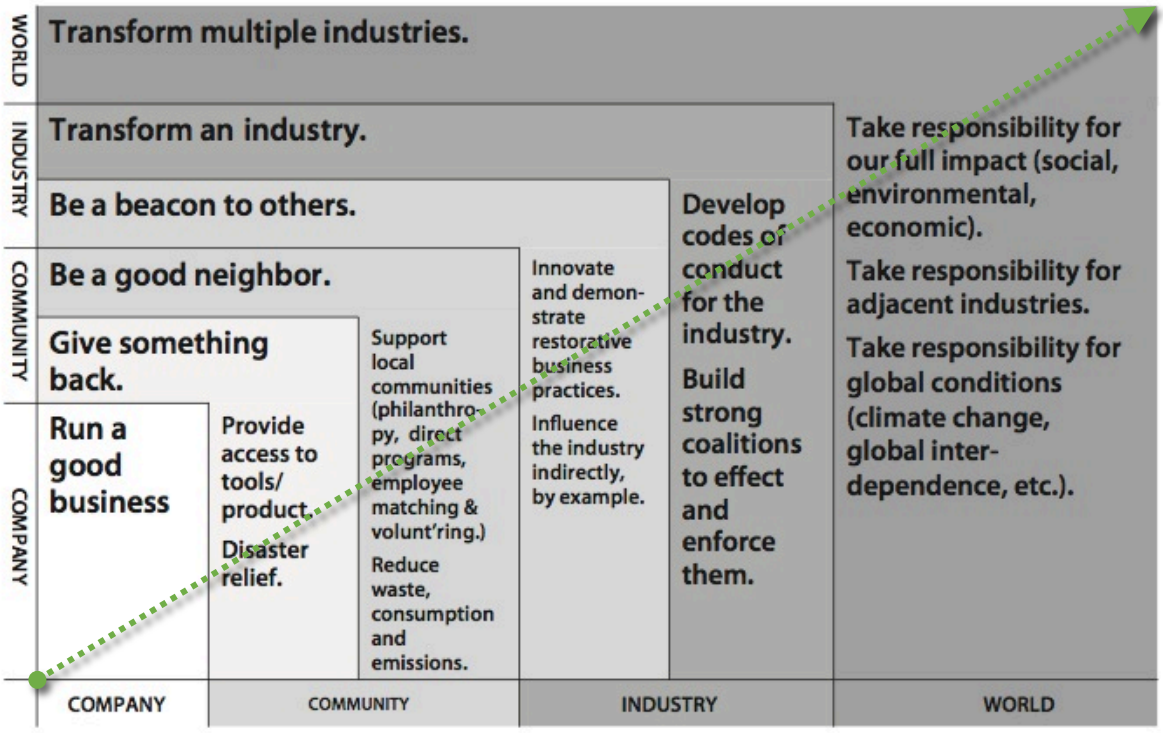

Figure 4. *The corporate social responsibility landscape (Based on McElhaney (2008, p.22), with minor modifications).*

The upstream CSR debate started somewhere at the end 1980's and from then on, the pressure on multinationals has gradually increased to a level where even global issues, beyond the direct industry, are included in their scope of influence. More specifically to the phenomenon, this has made companies no longer being exclusively held responsible for their own workers' rights, but to human rights in a more holistic sense (Schrempf-Stirling & Palazzo, 2016). In line with these developments, the European Union is advocating for legislation that requires corporates to apply Human rights Due Diligence (**HRDD**) to their supply chains. Several

individual countries, like the UK and Germany, have already adopted these kinds of new rules, including fines and criminal sanctions against management members to achieve enforcement (Sharma & Kaps 2021).

The landscape shows that the highest levels of taking responsibility as a business, including both the direct and indirect impacts on the wider society, requires interaction with external parties (Bai and Sarkis 2010). Even the actions of the lowest tier suppliers can harm the reputation of the retailer. Hence, organizations cannot accomplish ultimate CSR levels without the commitment of all related chain actors (Harness *et al.* 2018). Retailers need to realize that their level of sustainability is depending on factors beyond their direct influence (Van Weele & Van Tubergen 2016; Van Der Wal 2018), which makes applying CSR on the upstream chain levels even more challenging and complex (Schrempf-Stirling & Palazzo 2016; Venkatesh *et al.* 2020a). It requires more than doing good within the company borders, even practices on sub-tier levels beyond direct contractual agreements need to be aligned (Schrempf-Stirling & Palazzo 2016; Yawar & Seuring 2017). Therefore, perfect CSR integration is required in all business layers if a company wants to have differentiating advantages (Brunton *et al.* 2017; Jamali *et al.* 2015).

Besides the drivers of external pressure from critical stakeholders, there are also internal factors that stimulate the adaption of CSR. As tipped on in the description of the TBL concept in the introduction, a business can only sustain itself when the economic-, environmental and social dimensions are in balance and taken care of sufficiently (Elkington 1997). These three dimensions are the basis for understanding the internal motivations for CSR and make it clear that businesses must act responsibly if they want to exist in the long term. CSR is in the long term an inescapable part of an organizations' major goal: making profit (Laudal 2011; Harness *et al.* 2018). Besides, some authors see several win-win aspects while acknowledging the strong intertwinement between the dimensions of the TBL. Or as Porter and Kramer (2011) describe it, businesses can create shared value. So do CSR actions offer opportunities to improve the corporate image and create competitive advantage (Crane *et al.* 2014; Laudal 2011; Porter & Kramer 2011). Or as suggested by Willoughby & Gore (2018), improving working conditions can lead to increased productiveness and lower staff turnover, which both optimizes operational costs. This is an example of how improving the social dimension can positively affect the economic dimension (Zorzini *et al.* 2015). These ways of thinking could help to accept the additional costs of applying new CSR actions.

3.2 Standardized schemes

The main tool of businesses to apply upstream CSR has been through integrating standardized frameworks like internal Codes of Conduct (**CoCs**) and external certifications (Pater & Van Gils 2003; Overdevest 2004; German & Schoneveld 2012; Lebaron & Lister 2015; Badri *et al.* 2017). These are all bureaucratic solutions including formal documents that help buyers to require suppliers to comply with certain set conditions. Generally they are referred to as standards or certifications. Often audits conducted by independent third parties are applied to monitor whether suppliers are compliant with the standards in charge (Jiang 2009).

The biggest difference between CoCs and certifications is that CoCs are self-regulatory codes, which means they are developed and monitored by the requiring party and based on this party's individual values, while certifications are managed by external organizations and assigned by independent certification bodies (Pater & Van Gils 2003; Overdevest 2004).

Certifications are usually developed by so-called, multi-stakeholder collaborations (**MSCs**). Through collective learning and trust, MSCs try to distribute the power more equally over several stakeholders and are offering diverse stakeholders a say in an issue. This way they create shared value and collaborative advantages for all the involved public, private and civil representatives. Especially in areas where local governments fail to enforce legislations, MSCs play an important role and replace related gaps (Airike *et al.* 2016). Standards and CoCs are intentionally voluntary, though in reality suppliers have no choice if they want to stay competitive in markets where buyers are asking for compliance (Burch *et al.* 2013; Schrempf-Stirling & Palazzo 2016).

To 'force' suppliers to comply with standards, does sound attractive and as a potential quick fix to solve sustainability issues. Especially in the light of intangible social conditions it sounds interesting to make the social dimension this way more concrete and measurable. Credibly audited conditions are easier to communicate to stakeholders and decrease the risk to be blamed for greenwashing (Egels-Zandén *et al.* 2015). Besides, certifications are also concretely translatable into employer targets, which makes it easy to reward employees for their sustainability efforts. For instance, you could stimulate a category manager to reach a certain rate of certified products (Personal Communication A, February 2021).

However, these standards seem insufficient in solving most sustainability problems. The wicked character of issues, which are often crossing geographical borders and highly dependent on socio-cultural contexts, are hardly coverable in a formal checklist (Poynton 2015; Van der Wal 2018). Despite an increasing share of certifications for over twenty years, globally the exploitation of natural and human resources is still increasing (Poynton 2015). Regarding the social area of sustainability, there are multiple examples of certified actors in varying sectors and countries, who maintain to create problematic working conditions (WWF n.d.; Lebaron & Lister 2015; Van der Wal 2018).

Certifications are limited both in design and implementation, and they create undesired side effects (Fuchs & Kalfagianni 2010; Oosterveer *et al.* 2014). So are labor conditions usually underrepresented in certifications, for they focus on covering food safety features (Plank *et al.* 2009). When labor conditions are covered, the criteria are often general and unable to capture actualities (Fuchs & Kalfagianni 2010; Belz & Peattie 2012; Lebaron & Lister 2015; Van der Wal 2018). An explanation for this could be, that the parties that conduct the audits often lack industry and/or cultural-specific knowledge, which makes them unable to capture real conditions (Aßländer et al. 2016). Furthermore, various forms of fraud are actively applied by the assessed party, like making sure to be compliant exclusively on the day that is audited, or buying secondary data from black markets to fake required information (Jiang 2009; Poynton 2015; Govindan et al. 2021). Audits are able to give some insight into the conditions on the auditing day, but are lacking to give accurate insight on performance before and after that moment (Prapha et al. 2020). Especially suppliers in lax law enforcement should be expected to unethically bribe auditors (Chen et al. 2020).

Besides, certifications have some disadvantages in terms of transparency. Usually, certification bodies keep audit results and other details exclusively between their members to avoid external criticism (Fuchs & Kalfagianni 2010; Annunziata et al. 2019; Böstrom & Klintman 2019). Besides, certification bodies are never fully economically independent (Poynton 2015) and the requiring parties are owning the results. When details are shared, they are often poor and simplified and external parties are usually incapable of critically assessing their reliability (German & Schoneveld 2012; Lebaron & Lister 2015; Van der Wal 2018).

Finally, Certifications seem to contribute to increased inequalities, for the requested requirements are often exclusively answerable by larger suppliers (Poynton 2015). Especially the smaller sub-suppliers are economically less able to adapt, which can exclude them from markets (Fuchs and Kalfagianni 2010). The exclusion of small-holder farms will also reduce the power of their buyers, for their supplier risk increases if only a few sub-suppliers can meet the additional sustainability requirements (Wilhelm 2016 a). So especially in markets where the most downstream buyers fulfill dominant positions and upstream suppliers fulfill poorer bargaining positions, certifications unfavorably increase the power imbalances (Fuchs and Kalfagianni 2010).

The limitations make some critics believe that seeking solutions in standards has become part of the problem by drawing away the attention from real effective actions (Poynton 2015; Van der Wal 2018; Boström & Klintman 2019). Organizations cannot solely rely on standardized schemes to cover social conditions, and therefore other actions need to be applied (Poynton 2015; WBCSD 2019).

3.3 Socially responsible sourcing

The framing and shaping of the requirements play an important role in the effectiveness of standards. When requirements are presented as opportunities and supplying parties are given the freedom to implement requirements in several ways, suppliers are positively stimulated and then standards could serve as a useful tool (Zhang *et al.* 2017; Soundarajan and Brammer 2018; Yawar & Seuring 2018). Especially when these requirements are collectively developed with the supplying parties (Van Weele & Van Tubergen 2016).

To understand how this could work, the CSR management in the value chain should be explained. Zorzini *et al.* (2015) capture the full value chain application of CSR in the broad term Sustainable Supply Chain Management (**SSCM**). With special regard to the social dimension of SD, the concept of Socially Responsible Sourcing (**SRS**) is widely applied. This concept is dealing exclusively with the upstream management of issues related to human rights, community development and ethics (Zorzini *et al.* 2015). Managing social issues value chain-wide is in general an immature area, and specifically, SRS is a concept under development and highly challenging to apply (Zorzini *et al.* 2015; Wilhelm *et al.* 2016 a; Bubicz *et al.* 2019).

Wilhelm *et al.* (2016 a) explored how suppliers could fulfill a double sustainability agency role in multiple-tier value chains. At first, by complying with the requirements of the buying party and secondly, by imposing equal levels of sustainability on to their suppliers. Retailers would have a highly complex task if they would like to manage every single sub-supplier independently, due to the fluctuation rate, lack of information and limited control in often lengthy global value chains. In particular, influencing suppliers with regard to social conditions is difficult, because these are highly context-dependent and hard to assess due to the qualitative character (Wilhelm *et al.* 2016 a). Though the major sustainability underperformances occur at the sub-supplying levels in value chains (Govindan 2021; Mena *et al.* 2013). Sub-suppliers are further away from the public eye, and they are often small and medium-sized, which keeps the exposure to public pressures low (Wilhelm *et al.* 2016 a). It is crucial for buyers to make use of the mediating capacities of the first-tier supplier if they want

to achieve SD further upstream (Wilhelm *et al.* 2016 b). *Figure 5* clarifies the concept of the double agency role in the context of a multi-tier value chain.

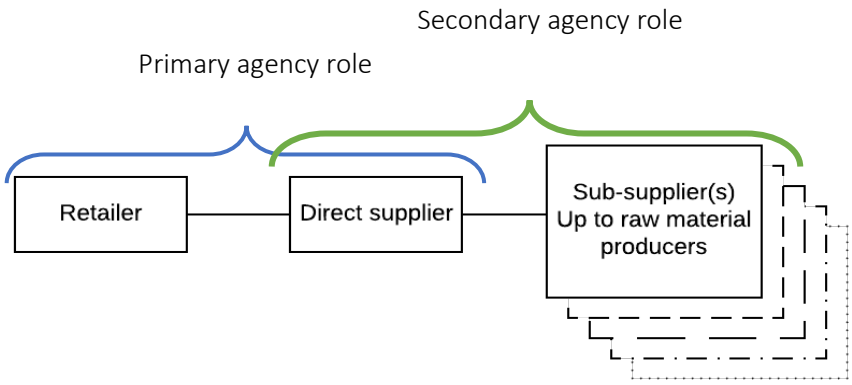

Figure 5. *Clarification about the way the primary and secondary agency roles apply to a multi-tier value chain. It shows how the direct supplier has a primary agency role in complying with the retailer's requirements and a secondary agency role in requiring equal requirements to their (sub-)suppliers.*

As this research is focusing on actions retail buyers could take to stimulate SD on an upstream level, the activation of both the primary and secondary agency role are of interest. So for a retailer to improve the labor conditions of the agricultural workers at the sub-supplier level, it is essential to make their direct suppliers taking on a comprehensive agency role concerning SD (Wilhelm *et al.* 2016 a). If a buyer wants to effectively apply SSCM further upstream FVCs, strategic collaboration with the direct supplier is key. Only within the context of strategic partnerships, a buyer can effectively stimulate its first-tier suppliers to take on the responsibility of sub-suppliers (Egéls-Zanden 2015; Wilhelm *et al.* 2016 a; Stranieri *et al.* 2019). This makes collaboration a key element to achieve SD in all three dimensions of the TBL (Gimenez et al 2012).

3.4 A conceptual model

The empirical study explores how a buying party can achieve strategic collaboration with direct suppliers so they can have positive impact beyond standards. Due to the immature state of both the research area of SD's social dimension and the management of sub-suppliers, there is a lack of existing models that could have served as a suitable framework in this research. Wilhelm *et al.* (2016 a) point to the high potential in future research to apply behavioral perspectives (Wilhelm *et al.* 2016 a). Taking a behavioral viewpoint could help to deepen the understanding of the difficulties that associates working in operational contexts face when trying to have positive influence on issues like labor exploitation in the chain.

Hence, the SPT, a well-known behavioral model in social sciences is used to analyze the practices of sourcing within FVCs. This theory acknowledges that all practices are embedded in contexts. Shove *et al.* (2012) have simplified the theory and divided the context of practices over three main element dimensions:

1. Materials: all tangible things, infrastructures and technologies;
2. Competences: all techniques, skills and knowledge;
3. Meanings: values, beliefs, ethics and attitudes.

The theory shows that changing behavior is not a linear simplistic process but it requires a holistic system view on a constant interaction between the different elements of contexts. If one of the elements changes, the others are likely to adapt as well. All the elements need to be considered and targeted in the development of policies that aim to achieve change (Middlemiss, 2018). To exemplify it with the practice of wearing shoes. A man wears shoes because it has access to shoes, through having the money to purchase them and a shoeshop in the area (Materials), the person has the competence to put the shoes on and he knows that it is a good protective measure for its feet (Competences). Plus he sees wearing shoes as normal behaviour, something that is socially expected, or something that helps to differentiate his identity from others (Meanings). If you want to stop this person from wearing shoes, you should change the elements that are described. Preferably all together, for then the person would change its behavior the quickest.

This theory will help to gain insight into how retailers could optimize their SRS practices, through optimizing elements in the associates' contexts that are involved in these operational processes. Creating an optimal context will help to apply SRS, and so stimulate the secondary agency role of the first tier, which is essential to have positive impact on upstream FVC stages (Wilhelm *et al.* 2016 a). Out of the theoretical framework, a new conceptual model is developed, visualized in *Figure 6*.

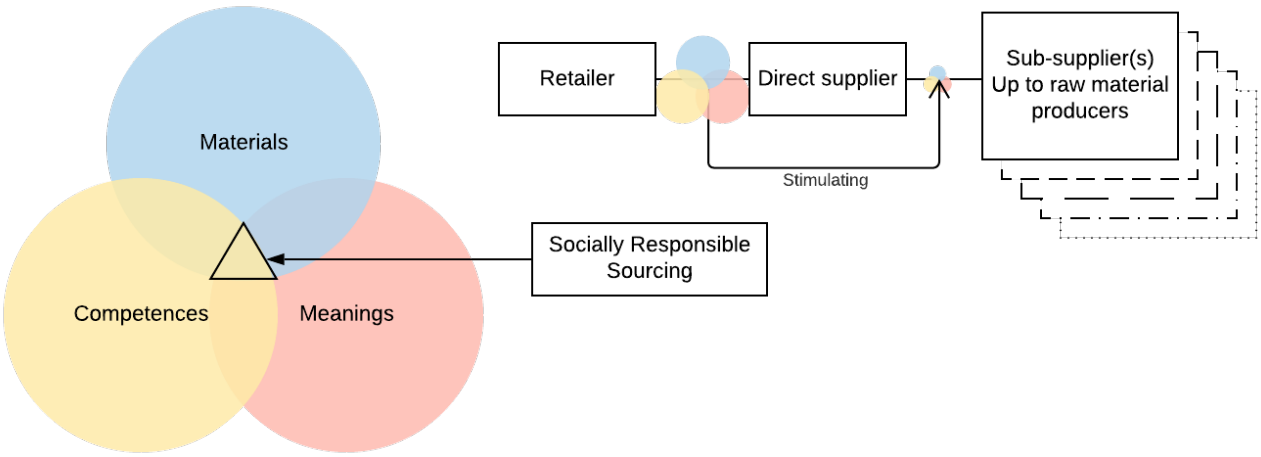

Figure 6. *A conceptual model to investigate how retailers can support SRS internally and at direct supplier level, to improve the social sustainability level further upstream. To keep it simple, the sub-suppliers are represented in a few single boxes, though in reality, those could reach high numbers of individual units. The three circles are presenting the elements that belong to the social practice theory (Shove et al. 2012). The triangle where they overlap is representing the optimal state of socially responsible sourcing practices.*

The model represents an ideal application of SRS. The retailer has positive influence until the latest sub-supplier level, through optimally stimulating the SRS practices of its direct supplier.

4 Empirical background

This chapter gives a background to the empirics by describing the socio-economic context of the labor exploitation issues in Southern Italy. Several authors explain how the exploitation of workers is a persistent issue in Italy, and that the major responsibility can be allocated to both the Italian government, the private sector and criminal organizations.

4.1 The role of the Italian government

One could blame the Italian government for the existence of labor exploitation in Southern Italy. This paragraph explains the role the Italian government has played so far.

4.1.1 Relevant legislation and agreements

The influence of the Italian government when it comes to the enforcement of legislation to support the labor situation in southern Italy is an ongoing discussion (Palumbo 2016; ILO 2020). Undocumented, uncontracted and forced labor are forbidden by national legislation for decades. Despite Italy being a member of the ILO for over a century, which forbids all forms of involuntary work (ILO n.d.), major problems related to labor exploitation through illegal agreements and poorly enforced legislation are still documented.

The fact that many workers have chosen 'voluntarily' for these exploitative jobs makes it extra difficult. A field study shows that Southern-Italian migrants do not see themselves as slaves, but instead, they blame the total circumstances as forcing them into accepting this work (Howard & Forin 2019). It should be seen as indirect coercion as they have no other choices to make a living. Furthermore, regulations exclusively apply to the employees working under official contracts, and the uncontracted are excluded. This should be covered by the Labour Inspection Convention that is in force since 1981, which requires Italy to regularly and systemically inspect all the practices related to agriculture, to prevent illegal practices like uncontracted work (ILO n.d.). Though in reality all the small-holder farms, scattered over the countryside, leave lots of room for black and grey markets (Palumbo 2016).

Besides the agreements on the governmental level, almost all sectors are part of a trade union that establishes decent working conditions through collective bargaining (Palumbo 2016). More specific conditions, like the number of working hours and days of vacation, are covered in these trade union contracts. The agreements apply sector-wide and only allow minimal deviations at the provincial level. If the employer and employee have signed such a collective bargain agreement, the contract has legal authority and the employee is protected by law.

4.1.2 Hopeful plans

The critics about labor exploitation make it clear that the enforcement of legislation is to be doubted in Southern Italy (Palumbo 2016; Howard & Forin 2019). The Italian government acknowledges the problems but has been criticized for, besides adding new parts to the legislation, not effectively improving the situation (Tondo 2020). Senator Matteo Salvini even depicts migrants as if they were the criminals, in the hope this prevented new refugees to flee to Italy.

It seems that critical voices have finally been taken seriously. Since 2018 a special working group, the inter-institutional committee on labor exploitation, has been actively discussing ways to address the structural exploitation practices in Italian agriculture (ILO 2020). The

committee is a diverse working group, co-chaired by ministers from labor-, social-, and agricultural departments as well as representatives from several national and international organizations and institutions. One of the first results has been the development of an ethical certificate that stimulates decent handling of workers (Salvia 2019). However, this certificate is focusing on exploitative actions applied by organized criminals and does not pay attention to the various other forms of exploitation.

The working group has launched a promising action plan to tackle labor exploitation in the Italian agricultural sector on the 20th of February in 2020 (ILO 2020). The plan considerably shifted the approach from the government towards a more holistic, multi-dimensional approach. They will work until 2022 on ten specific priority actions in the four dimensions of prevention, protection, enforcement and remedies, covering both immediate measures as well as long-term interventions. From changes in the value chain organizations to recruitment agencies, law enforcement and victim support. The working group aims to connect public and private actors from multiple angles. The plan is confirmed on both national, regional and local levels, and even parties beyond Italian borders are engaged. The ILO and the European Commission support and guide Italy to implement the plan (Ministero del Lavoro e Delle Politche Sociali 2019; ILO 2020). One of the latest developments is that Italy has ratified a new convention of the ILO, the Violence and Harassment Convention (Pedroni 2021). It adds to the existing labor laws in such a way, that it more comprehensively forbids both physical and psychological coercion, including these forms of violence happening in other places than the physical workplace. It requires the Italian government to adopt new investigation procedures.

The developments of strengthened legal enforcement give hope, but one could also reason that exploitation is not a result of weak governmental authorities, but rather the result of commercial markets in general that stimulate these harassing practices (Salvia 2020).

4.2 The role of the private sector

To explain the role of the private sector, some general information about the increased power position of food retailers is given. Based on this background information it is illustrated how the Italian food sector has adapted to this and how it stimulates exploitative environments.

4.2.1 Food retailers and collective sourcing

Pagell *et al*. (2010) provide an important context to understand one of the major difficulties that the concept of SRS specifically entails for buying parties. They explain how the mainstream purchasing portfolio model from Kraljic (1983) has been the base for sourcing practices over the last decades, and that this widely embraced approach does not always align with SSCM. The model applies the traditional focus on financial performance, and does not consider the potential value creation of social and environmental aspects. In line with the Kraljic theory, buyers are intended to base their sourcing approach on achieving the highest economic performance and the lowest supplier risks. For many products, this can be combined with achieving SD, but for commodities this works contradictory (Pagell *et al.* 2010). According to the Kraljic theory, commodities should be best sourced by taking a leveraging approach. In this dimension, the supplier risks are low for there are many players on the market who could answer the same demand. Putting price pressure on these suppliers is therefore the best way to gain positive profit (Kraljic 1983).

Stimulated by this leveraging sourcing strategy, supermarkets have increased their power positions over the last decades by combining forces (Ten Kate & Van der Wal 2017; Clapp 2018; Willoughby & Gore 2018). Besides mergers, they join forces through International Buying Groups (**IBGs**). IBGs are groups of retailers from different countries that apply collective procurement. This enables them to optimally apply the leveraging strategy and obtaining better trading deals, by reducing operational costs and increasing economic power. These coordinated procurement practices strengthen the potential of retailers to put price pressure on suppliers. IBGs are growing in number and are expanding their power and scope globally (Ten Kate & Van der Wal 2017). Retailers are limited in these forms of horizontal collaboration by competition regulations that forbid cartel agreements (European Commission 2017). These laws are intended to stimulate healthy market competition and protect consumers from negative effects of business collaboration. For instance, it is not allowed for businesses in the same market to make price adaptations jointly. This is also why IBGs have an international member portfolio, for they cannot have members from the same national market.

In FVCs, IBGs are mostly used to source the mainstream products with a more or less homogeneous character, like canned vegetables, pasta, flour and oil, that belong to the leveraging quadrant of the Kraljic theory (Kraljic 1983). Generally, the more uniform the product, the less intense the relationship between suppliers and buyers, and the higher retailers could, collectively, put pressure on suppliers (*Ibid.)*. The more strategic products, like fresh fruit and vegetables, are seldom sourced collectively (Ten Kate & Van der Wal 2017). In practice, only the larger suppliers have a chance to win negotiations with IBGs, because they can answer the requested volumes, prices and quality requirements (Poynton 2015). This final selection of suppliers will sign a so-called umbrella contract (Ten Kate & Van der Wal 2017). This is a contract that exclusively deals with major features like price and quantity. Beyond this overall agreement, individual retailers are free to negotiate with the suppliers on additional specifications, like transportation and packaging. The contracts usually last for six or twelve months whereafter the process starts again. This makes suppliers perceive a constant threat of being replaced by another player

4.2.2 The evolution of the Italian food sector

The fact that supermarkets have gained the biggest market share of food distributors, has highly impacted the total structure of the Italian food chain (Salvia 2018). Until the 20th century, the main distribution channels were local markets and traditional food stores, which were supplied through numerous small-scale farmers. Since these are no longer in charge, Italian farmers are increasingly dealing with international market competition that are stimulated by border-crossing retail companies. In Italy, the export has grown by 50% between 2012 and 2020 and has turned food into one of the most lucrative export areas (Trading economics n.d.).

This pressure of having to compete on world markets, combined with the increasingly powerful positions of retailers, achieved through them cooperating in IBGs, stimulates farmer's efficiency. Simultaniously, this goes at the cost of healthy working conditions, as many agricultural companies have to apply high levels of cost reductions (Palumbo 2016; Faleri 2019; Salvia 2019).

4.3 The role of criminal organizations

This paragraph sketches how the weak Italian farmer position in food value chain is been taken advantage of by criminal parties.

4.3.1 Mafia control of the farmers

To strengthen the farmers' position on world markets, while conserving individuals' autonomy, so-called producer organizations have been created (Salvia 2020). These organizations aim to increase agricultural efficiency by taking centrally care of the production, distribution, marketing and concentrating of supplies. This concentration of supplies is essential to win the contracts offered by IBGs. Against certain bureaucratic requirements, the Italian government offers benefits and funding to these producer organizations.

Unfortunately, in Southern Italy these producer organizations are often controlled by criminal parties who capture a significant part of the total added value in agricultural markets. So though it intentionally should conserve farmer's autonomy, in reality farmers have become fully dependent on these new vertical coordination parties (Salvia 2020). Italian agriculture exists for 70% of small-holder farmers, who own less than 5 hectares of land (Salvia 2018, p.4). Hiding behind efficiency goals, producer organizations are pressing farmers' prices down and pushing small-holders into mass-production, with a strong focus on efficiency established through, for instance, the continuous cropping of monocultures (Salvia 2020). By controlling these producer organizations, and other illegal practices like tax avoidance, it is estimated that the mafia robs 4.8 billion euros from the agricultural industry annually (Anpal Servizi 2018, p.3).

4.3.2 Mafia control of the workers

The outsourcing of workforce management is a well-known tool in Italian agriculture to achieve efficiency. Often this is organized by so-called caporalato agents, which are intermediaries, brokers, or gangmasters, who recruit and manage workers centrally in an illegal manner (Salvia 2020). The payment in these caporolato systems is organized as the following: when the farmers get paid for their yield, the farmers pay the caporalato agents for the workforce, and finally, the agents are responsible for paying the workers. Because these are all payments in retrospect, this system is vulnerable to corruption and criminal organizations use this to their advantage. Especially in the South, these caporolato systems are often owned by illegal parties and these agents strictly control teams of workers by applying harassment (Salvia 2020).

Although the terrible working conditions in Italian agriculture already have gotten public attention for years (Cgil Nazionale 2011; Sironi 2015), illegally acting mediators are still controlling many farmer's workers. Since the 1990s it seems like if their power has only increased (Howard & Forin 2019). Currently, the victims mainly happen to be migrants, as their number has been increasing fast since the start of the European refugee crisis in 2015. They are the perfect victims for the caporalato agents as they have no alternative ways of making a living and willing to accept the lowest conditions. The alternative of having no work is worse for them than doing work under awful conditions (Palumbo 2016; Howard & Forin 2019; Salvia 2020; Tondo 2020).

In some cases, the gangmasters are even controlling the centers that provide asylum, and through this, they are in the ultimate position to involve vulnerable migrants in their

exploitative practices (Jones & Awokoyo 2019). Surprisingly, the caporolato agents are often from countries outside Italy themselves and they usually select workers from their own network, which happens to be mostly from their own mother countries. This even increases the caporalato power as they play a cultural intermediary role between the farmers and the workers: they speak Italian so they can handle the communication with the farmer and they speak the foreign languages of the migrants. To increase their earnings, they often use this position to sell additional services, like translation, against unreasonably high prices (Howard & Forin 2019).

Exploitation is a hidden practice, and the exact composition of the exploited workforce is unclear for in 2012 already over 25% of the Italian agricultural work has been undocumented (Palumbo 2016, p.1). In 2015 161.000 foreign workers were officially registered, which represented 16% of the total documented workforce (Howard & Forin 2019, p.4), but these numbers are probably highly underestimated. The integration of registered foreigners on the Italian labor market is yearly documented, and in 2020 it revealed a rise in reported accidents (+3.4%) and deaths (+13.3%) among migrant workers in comparison to 2018, while for Italian residents both numbers decreased. Most of the accidents (18.7%) occurred at work (Ministero del Lavoro e Delle Politische sociali 2020, p.7). This shows clearly the vulnerable position of migrants in the Italian labor market.

5 Results

In this chapter the empirical results of the case study are presented based on the themes derived from the thematic analysis. The themes are tailored to Ahold Delhaize and cover the following variety of topics:

- The basic level of human rights integration within the organization, and the role that the specific studied phenomenon plays;
- Responsibility allocation within the organization, how associates tend to avoid responsibility and share a need for clarification;
- Tools and support that currently help sourcing associates to apply decisionmaking that should stimulate better working conditions, and the needs for other supporting materials;
- What associates already know about working conditions, how they know this and why they need to have better insights;
- The perspective from interviewees on collaboration in the context of the phenomenon;
- How market competitions and commercial drive constrain sourcing assocates from actively tackling the issues.

Several statements have been quoted literally to provide a better sense of the underlying interviews. In the latest paragraph, all is analyzed through the lens of the social practice theory, supported by a modified version of the conceptual model.

5.1 Level of integration

This paragraph describes the attitude of interviewees regarding human rights in general and more specifically towards the issues of labor exploitation.

5.1.1 Regarding human rights in general

All of the internal respondents acknowledged the importance of respecting human rights in general, and the external interviewee emphasized the essentiality of it.

> *"- It is essential to be able to keep looking each other in the eye. To run a successful business, one needs to act human." (R6)*

The growing importance of the topic and the expanding scope are mentioned by two (R2; R6). The respondents who were directly engaged in the development of AD's human rights policy, described the internal level of human rights integration as basic with high degrees of variation between different departments and positions (R1; R2; R3). On one hand, the topic is on the agendas of top managements within and outside AD. But on the other hand, the practical implications of respecting human rights in operational contexts are questioned and expected to be underperforming (R2; R3; Personal communication D, September 2020).

> *"I think the idea of human rights is embedded across our business, people embrace the idea. They understand the importance and significance of 'doing the right thing', but there is perhaps not a complete integration. One is the understanding or appreciation of the concept, which is pretty well integrated. But in terms of the awareness and awareness leading to impact, what effect do our buying practices have on these types of issues, that's where we, as like many other businesses, are trying to better understand that particular aspect." (R2)*

"The key to this question is, is it embedded in our organizations at the right place?- is it really embedded in a way that it is part of day-to-day behavior?" (R1)

An internal survey provided a part of the answer raised by R1. Of the 82 attending associates, 55 chose the option *'I generally know about human rights, but not how they affect my work'* (Internal material A, 2020). According to one, who has been involved in the internal presentation of the new human rights report, an explanation for this lies in the fact that there is still confusion about what the concept actually entails. The general concept of human rights is too broad and abstract to easily grasp and to translate into practices (R3).

"I was challenged to explain human rights in just a couple of words. A good question, and I am still not able to answer it with a short summary that fully captures the meaning of the concept. I can explain it with many words, but that is not the point, the point is to be able to share it simply. That would be one of the first next steps for me." (R3)

In overall terms, the interviewed employees respect human rights, but they did not know how to translate this respect into practical consequences.

5.1.2 Regarding the phenomenon

The reactions towards the issues of exploitation in Southern Italy varied highly. Two had never heard about these kinds of situations and were shocked about the new insights (R6; R7). Some were calmly aware of the potential risks but did not seem personally committed to act on improving the situation (R5; R9).

"Many migrant flows pass through those countries, so I can easily guess where they are going to work, but I am not going to deal with that." (R9)

Others shared their genuine interest and seem willing to start changing their sourcing behavior and raise the dialogue with internal and external partners (R4; R7).

"I feel that this project is really important and that we have to put it in place." (R4)

"It is certainly really important to me, and something I will take into account in the cooperation with the suppliers, and this will probably even let me decide to stop the collaboration with a supplier. It is definitely something I would like to know more about and I will discuss with my sourcing colleagues." (R7)

Overall, for all the respondents directly engaged in buying practices, acting to respect working conditions has not been a top priority in day-to-day practices. At the moment it is not something that has been actively discussed between internal and/or external contacts.

5.2 Responsibility allocation

This paragraph shares how the division of responsibility and organization regarding human rights influence the way employees care about the issues of labor exploitation.

5.2.1 Avoiding responsibility

All respondents have at least once ignored the individual responsibility with regard to the issues. They passed on the responsibility, internally to other colleagues or departments, or externally to the service provider or buying group. Taking personal responsibility to improve exploitation issues, is likely to be connected to the general viewpoint someone has towards

which party should be held responsible for causing the issues. Almost all of the respondents directly involved in sourcing practices were doubting the responsibility of AD and the influence it could have on the phenomenon (R4; R5; R6; R9). One of the policy developers acknowledged that associates do not fully realize that day-to-day behavior at work, impacts human rights in several ways (R3).

> *"Anybody's day-to-day actions within our organization have impact on human rights in some way, though many have no clue about the impact of their individual actions." (R3)*

Some blamed political authorities, independent from the value chain, like the local government including the underperforming law enforcement (R5) and the management of the migrant crisis (R7). It had been expected that associates would also draw the responsibility to the suppliers (R3), which one actually did (R5).

> *"Well, the question is, how far should a supermarket go? In the end, we expect our peeled tomato-chunks supplier to be compliant to national laws and taking care of its employees in a decent manner. The question is if we should assess each supplier or that we could rely on the supplier its own responsibility." (R5)*

The respondents that allocated major roles in the direct environment, to AD and the first-tier suppliers, referred to the strong influence of market competition (R4; R7; R9). This makes retailers put price pressure on suppliers (R4; R5; R9), and make suppliers strive for the highest price margins and the lowest costs, regardless of working conditions (R4).

> *"Market forces are the main issue. We focus on the lowest prices, we are continuously comparing our price position against competitors. We strive towards the highest margins on our products." (R9)*

> *"I believe the moment we start a collaboration, both parties are responsible. We then say that we as Delhaize are fully consent with the other party's working conditions." (R7)*

Because of the endless character of the responsibility discussion, one respondent emphasizes that supermarkets should better focus on what they can do, rather than questioning why and if it is their responsibility (R8). It seems some retailers are already following this philosophy, as two interviewees pointed to a fact that surprises them both, about that market shares do not always correlate with the CSR actions a company takes (R1; R8).

5.2.2 Need for clarity

Besides the need for AD to take on a clear operational position concerning the issues, the responsibility should also be more clearly allocated among associates. Multiple respondents complain about the lack of clear responsibility division (R1; R2; R3; R6). The human rights policymakers explain that respecting human rights is seen as common sense and that it is currently a shared responsibility between a variety of departments at the Global Support Office and individual brands of AD (R2; R4; R5).

> *"The general rule is, the people in our company have respect for human rights. This is something I shouldn't have to tell them, that human rights are important. That people are being used as slaves, anywhere in the world, that opts to a very basic human compassion perspective, that should raise a red flag to them. I do think we rely on that a bit as well." (R2)*

Perhaps, validating respecting human rights as a logical act, prohibits the needed clear implementation and responsibility division.

Furthermore, the task division in general seems not to be supportive at the moment. Multiple respondents pointed to situations where the one responsible for social requirements in the value chain, is not the one who is the main contact person towards the supplier (R4; R6; R7; R9). The practice of sourcing is most of the time a shared responsibility of a team. Generally, a category manager asks for a specific product, the buyer is having the main contact with suppliers and negotiates about features like price, volume and logistics, and the quality manager is responsible for technical related features and having supplier contact when issues appear (R9). Not all buyers are working in such a team, and some have a more comprehensive role by being both responsible for the quality and commercial side of products. One of the respondents experiences that being in control of the total buying process is essential to achieve equal and strategic relations. The respondent expects that the topic could be best discussed with producers he is in direct contact with (R7).

5.3 Tools and support

Despite unclear responsibility divisions, AD already offers some operational support. The following paragraphs will explain how associates are currently supported to mitigate risks on harassed working conditions.

5.3.1 Current support

AD stimulates the degree of awareness around human rights in general, primarily through an employer CoC called the Code of Ethics (**CoE**) and a related e-learning every employee needs to conduct each year (R2; R3). With specific regard to ensuring decent working conditions, the buying associates can make use of the supplier CoC, the Standards of Engagement (**SoE**), which helps them to require suppliers to be compliant with AD's social standards (R2; R4; R6). These requirements need to be fulfilled before contracts are set up (R4; R6; R8). This SoE document states that all suppliers operating in high-risk countries, need to have third-party certifications in place which are quarterly assessed and reported by quality associates involved in the purchasing practices. All fresh products need certifications up to farm-gate and processed products exclusively for the last stage of production, which is the location where labor is involved in the production of the final product. For products from low-risk countries, no social third-party certificates are required (R4; R5; R6; R9). The relevant activities AD already undertakes, including the SoE and CoE, are summarized in *Table 2* below. The information is based on the public website of AD, internal documents and conversations with the one that is referenced to as Personal communication A.

Table 2. The *actions that are already undertaken by Ahold Delhaize*

Tool	Scope	Link to the phenomenon
Code of Ethics (CoE) document	This CoC includes ethical values and principles, which all employees within AD are expected to follow. The four ethical principles are: We respect each other; We follow the law; We act ethically in all our relationships; We have the courage to speak up. Yearly all employees are required to follow a short online course that explains this code (Ahold Delhaize 2020b).	All employees are stimulated to speak up and to actively include ethical decision-making in their daily work. This includes acting on tackling issues like labor exploitation when they are observed in value chains.
Other awareness programs	Human rights are mentioned in the quarterly results presentation, and special expert sessions are organized internally to raise awareness.	Employees are made aware of the importance of respecting human rights, including working conditions.
Performance targets	Employees at AD are stimulated to achieve certain goals by financial incentives complementary to their base salaries. So are the members of the Management Board participating in an incentive plan, including both short- and long-term targets. These performance targets are yearly updated to keep them challenging but realistic (Ahold Delhaize 2021).	The annual report shows that the sustainability targets are weighing over 50% less than financial targets. These targets are based on concrete measurements like a rate of certified suppliers or achieved sales of healthy products, and improved social sustainability in low-risk countries like Italy has not included.
Standards of Engagement (SoE)	This supplier CoC is meant to align the contracted partners to apply the same CSR values to their business activities. Suppliers should cause subcontractors to comply with these SoE as if Ahold directly had a contract with them (Ahold Delhaize 2020c).	All (sub-)suppliers in South-Italian FVCs are expected to comply with this standard. Forced labor is a so-called 'dealbreaker' for AD, which means that if these practices are detected, the contract will be stopped.
AD's partnerships with MSCs	AD requires suppliers from high-risk countries to comply with acknowledged standards, audited by third parties (Amfori BSCI 2020).	For Italy is a low-risk country, this is not applicable.
Human Rights report	This publically accessible report states the position AD takes about human rights. It is the first published report about this topic in particular and explains that AD will apply HRDD in all of their own chains (Ahold Delhaize 2020a).	HRDD would bring issues like labor exploitation in Southern Italy into the light.
Transparency	No set policy on AD level. The brands AH and DB require supplier information to be internally processed in an information tool provided by an external party. Their documentation scopes of suppliers vary, for fresh products they report suppliers back up to primary production stages and for processed products exclusively to the last stage of production.	No fresh products are sourced from Southern Italy. No direct suppliers of processed products are located in Southern Italy, and the sub-suppliers fall out of the scope. So no information about suppliers in Southern Italy is internally available.

The actions show that no explicit action is undertaken to stop the exploitation issues in Southern Italy. AD forbids these kinds of circumstances in general, but no other structural actions are undertaken to mitigate social risks on the farm level in low-risk countries.

5.3.2 Experienced limitations of certifications

The documentation and monitoring of formal requirements are experienced as a constraint for quality managers to invest time in supplier conversations and relation-building (R5).

> *"I think that at a certain moment you also run into restrictions. You can't keep a certificate for all factories and farms. In all honesty, it costs a lot of money and time. And before you know it, you're running more of an administration office than you're getting into the chain. For Albert Heijn it's mainly the challenge to find the right balance. How much time do you put into documentation and how much time do you spend in talks with suppliers and buyers?" (R5)*

The SoE and related third-party certificates are by the same respondents, on one hand trusted to guarantee good working conditions, and simultaneously doubted in terms of credibility (R4; R5; R6). In fact, this ambiguous appreciation of formal documents may even reveal that some just choose to rely on documentation, so they no longer have to think about the topic. This way, the certificate actually prevents the topic from being actively discussed, and it discourages any actions from being explored. One of the buying associates shared that the SoE guarantees that the social performance is covered and that therefore there is no need to talk about working conditions with suppliers at all (R4).

Additionally to the SoE, individual brands can ask suppliers to answer additional requirements. Two of the respondents share that they exclusively apply general top-down requirements included in the SoE (R5; R6). Others clarify that the additional requirements they use mostly have to do with the environmental and economical dimension of sustainability and that they are usually not applied to ask for additional social requirements, like certain working conditions (R7; R9).

5.3.3 Supplier visiting

Besides formal documents, physical visits are conducted to assess conditions in real life. At least all direct suppliers are regularly, mostly yearly, visited by buying associates or representatives from service providers (R4; R5; R7).

> *"Most of the supplying parties are regularly visited and engaged in conversations by us and/or the service provider, to assess if the stories behind the certificates are true." (R5)*

Sub-suppliers are usually not visited (R4; R5; R9), one given reason is a lack of time (R4; R5). Usually, there are a few first-tier suppliers, though the more upstream, the higher the number and fluctuation of suppliers (R5; R9). So it is understandable that out of efficiency, visiting is outsourced. Though this is undesirable, for it creates an unfortunate distance between the buying associates and the producing suppliers (R5).

The focus in these visits is in the first place on food safety-related conditions and social conditions are not actively reviewed (R7). But indirectly, the visits are important regarding social conditions. Visiting is key for realizing that there is a story behind the prices they are negotiating. More regular personal supplier contact is expected to improve the feeling with supplier's processes (R3; R4).

> *"We try to meet at least all of our suppliers, which is highly important. So we truly understand, it is not just a price we negotiate, but there is a product behind it. As a sourcing manager, I really like to understand how the products are produced." (R4)*

One respondent mentions that not visiting suppliers is expected to increase the risk of non-

compliance towards social requirements (R5) and an other points to the fact that visiting could be used to better assess actual conditions (R6).

5.3.4 Need for role-specific training

Overall, the internal support that is intended to stimulate positive impact on the issue is experienced to be insufficient (R2; R3; R6). One shared remark has been that there should be offered more specific training and guidance that will help operational associates to have positive impact. The current CoE training is experienced as far too general and common sense, and the information provided is not remembered in such a way that the respondents can share specific content (R4; R5; R6; R7).

> *"Well, for me the training was about the basics, and personally it makes sense to act like that, so I think that is why I do not really remember one sentence or something else I can share about it." (R4)*

Suggested is that associates should be offered trainings that are tailored to specific tasks and on how to put in practice the respect for human rights in direct business contexts (R3; R4; R5; R7). Buyers need simple and clearly communicated guidelines that will help them to have positive impact on working conditions in their value chains (R3). Several respondents believe these new tools should include better assessing methods, including an expanded monitoring scope (R5; R7; R9).

> *"I'm not an inspector, I'm not an auditor and in principle a supermarket shouldn't be either. So back to the question of what would help, it would help if we had a set of investigation tools or consultants that could help with integrity research." (R5)*

Besides specific guidance, all the respondents seem to lack in time and energy to deal actively with the phenomenon. Associates' task scopes are probably too broad to enable them to dive deeper into value chains. One quality manager points to the high fluctuation level in suppliers that work constraining (R6), this in combination with the broad product portfolios would make it impossible to dive into conditions beyond certifications (R5; R6).

5.4 Knowledge level

The respondees had various knowledge levels regarding the issues in Southern Italy.

5.4.1 Knowledge level depending on personal interest

The human rights policymakers expect the knowledge of chain-specific issues among associates to be based on personal socio-economic contexts, which would explain the expected high variation in knowledge levels between local brands (R2; R3).

> *"As 'R3' already pointed to, much of it is geographical. You referenced earlier Albert Heijn, Delhaize Belgium as being frontrunners on these topics and certainly are. The countries in which they operate, Belgium and the Netherlands, are much more sensitive to these types of issues. I would say our US brands are also quite aware although they feel a bit further removed from some of these issues, because again of the geographical origins of many of the products. So in the US for the most part we don't get tomatoes from Southern Italy, they come from other places within the US and central America. This doesn't mean it is not happening, but I think we feel sometimes a bit more isolated here in the US. So I would say, there are certainly gaps that often times relate to geographical considerations." (R2)*

This is in line with the fact that when respondents knew about specific chain issues at sub-supplier level, this knowledge was mainly based on external sources, like the press, which they consulted out of personal interest (R4; R7; R9).

5.4.2 Knowledge level experienced as insufficient

Lack of information appears to be a major identified problem among the interviewees (R2; R3; R4; R7). Relying on personal interest to investigate is insufficient, and it points to the need for systematic value chain investigations.

> *"We as a company, and in particular individual buyers, are not all-knowing. They don't have the ability to understand every aspect of the supply chain, simply because, that information is not readily available- And I think we are getting better at that as technology and tracing within our supply chains create a better understanding of where our products come from. To the extent we have information, we act on it generally." (R2)*

None of the respondents have had actual insight into current working conditions in Southern Italy. Two of the respondents assume exploitation practices are common in Southern Italy, like in other countries around the Mediterranean Sea, but they lack the competencies and materials to investigate real situations (R5; R9).

> *"There's no smoke without a fire. We could investigate this, but the question is who should, who has the right tools and knowledge to do this?" (R5)*

Individual associates currently feel unable to have positive impacts on issues like exploitation, because they simply do not have insight into chain-specific conditions. This keeps them from taking on responsibility and acting.

5.4.3 Chain transparency

Currently, the degree to which suppliers are documented by associates is varying (see *Table 3*). For fresh products internal policies aim these chains to be traced back up to primary production stages and for processed exclusively for the last stage of production. A respondent explains that this results in value chains of processed, perishable products being less transparent than the fresh fruit and vegetable chains (R5). Three of the respondents share the need for expanding this internal required supplier scope. It would be a logical next step to help improve the chain knowledge and is expected as crucial for improving the sustainable development of chains (R5; R8; R9).

> *"I think it's important to have insight into these chains, that's where it starts. We have that responsibility, we have to know where our stuff comes from." (R9)*

Though a more comprehensive traceability scope in itself would not guarantee insights into all working conditions. One respondent was unaware of social conditions, despite having full-chain insight into suppliers (R7). One reason is that social issues are experienced as a tough topic to discuss with suppliers, because of the invisible character (R5). Even a respondent that already has a close and trustful relationship with suppliers feels insecure about initiating open and honest discussions with suppliers about issues like exploitation, without them feeling assaulted. The lack of expertise constrains him in this (R7).

> *"We as buyers are not specialists, so how can we introduce this topic safely, without the supplier feeling shocked and assaulted?" (R7)*

Technical product features are already exchanged between brands within AD (R5), however, insights about working conditions are not shared yet on regular basis. One respondent points to that it would help if value chain-specific conditions were shared more openly between brands (R7).

5.5 Collaboration opportunities

The interviewees had different ideas about the role of chain collaboration with regard to positive impact.

5.5.1 Contradictory views

Several have contradicted themselves with regard to potential opportunities for improvement. Often respondents started by pointing to the need for stricter prerequisites, and that any form of exploitation should be a no-go for starting a new relation and a fair reason to directly stop collaborations. However, later on in the conversations, they acknowledged that retailers should always seek ways to collaborate with suppliers to improve the situation (R4; R6; R7).

> *"The question would be if the first-tier supplier is aware of the situation. My first idea would be to cut the relation with these suppliers, but when they also lack insight, should we then punish them or should we help them to select better sub-suppliers?" (R6)*

> *"A clear view of the situation would be the first step, when we know with this supplier and this one, it is okay to work and with this one it is not. And then for the one who is not okay, our goal and mission are to make them okay." (R4)*

One believes complex sustainability issues are a collective responsibility and hence, can only be solved via collectively developed solutions. Simply cutting relationships with involved suppliers would not improve the situation of the exploited workers, solutions need collaboration between multiple stakeholders on private and non-private levels (R8).

> *"I think this is such a complex problem that you can't even solve it with all supermarkets in Europe together. You need a piece of regulation, a piece of monitoring and a piece of critical mass to make this rock fall over. And over time, if several noses turn in the same direction, something will change. But you can't say overnight: 'I decide something now, and tomorrow there will be zero slavery'." (R8)*

Another respondent confirms the need for collaboration, though emphasizes mainly the need for it on a horizontal level where competing retailers start working together to tackle the issue. They should start sharing knowledge so that retailers as a group can ensure they are only sourcing from good suppliers (R4).

> *"I think we can have positive impact because as I told you, as a retailer we always want to have the best price. So we are part of this problem, because we are challenging the supplier and therefore we have to find solutions. But if we are all aligned, I think we can find the solution together." (R4)*

Eventually, most respondents do see potential in collaboration, but it seemed not to be the most obvious thought to them with respect to solving the problem.

5.5.2 Current horizontal collaboration

One way retailers are already collaborating on a European scale, is by buying collectively via the IBG AMS. The current focus of AMS, which is connected to the Southern-Italian FVCs, is exclusively on coupling negotiation power to achieve the lowest prices in the short term. Though the representing respondent is convinced that the synergy core, could potentially be used to achieve sustainable development. However, this is not easy as cartel regulations limit direct cooperation possibilities between retailers. Collectively changing sourcing strategies is, for instance, something retailers can only apply independently (R8). Furthermore, cartel regulation forbids collective decisions to accept higher prices from suppliers, as this movement could significantly impact consumer prices (R8). Incidentally, a small discussion between two respondents on this topic, pointed to the fact that the common suggestion to improve working conditions through price raising is expected not to tackle the core problem. Suppliers will always be commercially driven and expected to use the higher prices to realize higher margins (R8; R1).

> *"Naturally, a question that will be on everyone's lips, 'Would the issues be solved when the prices are raised?'." (R1) "-Well, knowing commercial people, I am quite sure this would not lead to improvement." (R8)*

Driven by the current market structure and legislation, AMS cares about playing exclusively a facilitating role. Right now, they mainly fulfill this by organizing online auctions through which they realize a minimal fixed percentage decline in terms of buying prices for their partner retailers. Suppliers that fulfill requirements set by the retailers can bid against each other in these online auctions, and the one who could answer the set demand with the lowest prices wins and will be brought in contact with the retailers to finalize the formal contracts. From a buyer perspective, these auctions are consistently successful in achieving price reductions through optimally outplaying suppliers against each other (R8).

AMS in its turn does not take on responsibility for the exploitation issues. The representative points back to the individual retailers, for AMS is simply executing what they ask. The party does not question suppliers on how they meet these constant price decreases (R8). The representative gives an explanatory note that every new product starts at zero which could allow high reductions in the first auction (R8), and the discussion partner mentions that a continuous efficiency gain is a well-known phenomenon in primary production contexts (R1).

While keeping a facilitating role, an IBG could support retailers in mutual knowledge sharing and awareness raising (R8). So does AMS organize a sustainability working group where engaged experts from partner retailers, willing to take longer-term oriented actions, voluntarily share insights and align policies (R8). Within this multi-stakeholder setting, they also started a project in which they dive deeper into the value chains of conserved tomatoes from Southern Italy. They even made the related suppliers committed to participate in this project on request by including additional contractual requirements (R4; R8).

5.6 Commercially driven

At the base, retailers need to compete and logically their sourcing practices are focused on achieving the highest possible competitive advantages. This paragraph accounts for some of the related consequences, that are brought up in the interviews.

5.6.1 Buyer-supplier relationships

Besides the important role sourcing plays in business success, these sourcing strategies are also acknowledged to define the social performance of the respective value chain (R3; R8). The applied sourcing strategy highly determines the relationship between the buyer and the supplier. The overall kind of relationships that are aimed for can be roughly distinguished between fresh and processed products. For processed products the contracts are generally more short-term, with the average contract lasting between half a year and two years, usually for one year. Often these relations start after the supplier has won an online auction provided by an IBG (R4; R8; R9). Initially, the contact is exclusively between the IBG and the supplier, and in a later negotiating stage, the buyer will become involved (R4). Longer-term partnerships are exceptional in FVCs (R3) and mainly found in fresh product contexts (R1; R5).

The relationship also depends on the character of the suppliers. There is no such thing as an average supplier, which makes it hard to generalize the information provided by the respondents, as they are all connected to different kinds of suppliers. Some are working with suppliers who fulfill exclusively a trading focused role, some produce themselves, and even some do both and/or offer additional services. Usually, the first-tier supplier in fresh chains has a service providing role and these relationships are highly strategic. This means they are formally not part of the retailer, but their processes are fully integrated and their offered services are like a permanent extension to the retailer (Personal communication A, September 2020; R5). In these relations, the retailer provides the strategy and the service provider takes care of the operational part (R5, R6).

5.6.2 Disadvantages of transactional relationships

One respondent points to the fact that it is understandable that the social sustainability performance is overlooked in processed categories, thanks to the transactional focus (R8). A processed-product buyer shared how the relationships with its suppliers are exclusively price-based (R4).

> *"As a buyer, I do not really have a relation with them. I just have to know them, and they have to know that if there is an issue with the price or something, that they need to approach me." (R4)*

Multiple interviewees confirm that strategic, longer-term relations with suppliers will make it easier for buying associates to have positive impact on exploitation issues (R3; R4; R8). Actual and honest insights in conditions at the supplier's level, would require a trust-based longer-term relationship (R8) because in short-term contexts, (sub-)suppliers tend to share unrealistic pictures of reality (R9). The experiences from one respondent who has strategic relations with suppliers confirm this thinking, as this is the only one who is actively willing to discuss the topic with its suppliers (R7).

> *"Longer-term relationships make it much easier for buyers to work on these kinds of themes, in collaboration with the suppliers." (R3)*

Besides transactional relationships potentially been mentioned as having negative impact on the social conditions in value chains, one respondent beliefs they are also not the most optimal way to achieve the highest financial gains in the long term. If retailers start building longer-term, strategic relationships, this would offer the supplier better opportunities to optimize its processes to the constant demand of the buying party. This respondent is convinced that lengthening buyer-supplier relationships could lead to gains between 20 and 40 percent om

the long term, as a result of process efficiency. So moving towards longer-term relations has the potential to create win-win situations for the degree of efficiency and level of sustainability in all dimensions could be improved (R8).

One perceives an increase of attention for more strategic partnerships at the top-management level, connected to an increased awareness for complex sustainability issues at a macro level (R3). The interviewed category manager of wine experienced this already at an operational level and shares how it is due to climate change harder to achieve consistent qualities and that therefore some wine chains have been reviewed (R7).

> *"I am assuming that based on how the world is changing, first of all in the short term with regard to the growing demand at supermarkets caused by the Covid-19 pandemic, but especially considering the longer term, for instance due to climate change, we as food companies will have to start thinking more carefully and strategically about our chains. It will probably just become more difficult to get certain products." (R3)*

Though another respondent does not fully confirm this perceived increase in longer-term relationships. The respondent agrees on seeing more attention for it in fresh product contexts, however, experiences that processed products are still mainly and sometimes even increasingly sourced within a transactional context. More and more via an IBG, with a leveraging sourcing strategy and a strong focus on price (R1).

5.6.3 Challenges of changing relationships

To change transactional relationships into strategic relationships is expected to require complex operational transformations within the sourcing contexts (R4). Striving for the lowest prices in the short-term would no longer apply, because building strategic relationships requires high investments in terms of time, energy and money (R8). It is, therefore, doubted whether it is realistic to convert all the many different suppliers into long-term relationships (R6).

Associates at higher management positions are usually exclusively interested in longer-term investments if there are potentially high risks involved (R3; R9). Another acceptable reason would be if partnering could lead to significant differentiation advantages. This could happen in higher-margin product categories where outstanding product qualities cannot be achieved by focusing on price exclusively (R8).

> *"We as a buying group exclusively are used to source for the lowest shelves, the least sexy products. And CEOs are not eager to adopt partnering strategies in these categories." (R8)*

This is in line with the experience of one respondent, who out of quality reasons, which was an important differentiating aspect of the respective product, has set up entirely new value chains for olives in collaboration with the service provider and local producers (R7). The wine category manager tells a similar story. Though wines are increasingly centrally sourced within AD for multiple brands, sourcing via an IBG would be no option in the category of wine due to the product's complex quality components. The selection of a new wine supplier is a thorough process, including multiple visits and tastings. Despite the complexity of new relationships, this category has been reviewed recently for evolved business risks related to the power position of one major supplier (R7). If there is no significant risk or no potential advantages regarding differentiation, managers dealing with shareholder pressure, rather choose short-term profits over potential higher profits in the long-term (R8). This makes two of the respondents believe strategic relationships would not be suitable within all value chains

(R1; R8). In the end, strategic partnerships in themselves cannot guarantee decent working conditions, for high levels of trust could also constrain objective criticism (Personal communication A, January 2021).

5.6.4 Turning actions into competitive advantages

Multiple respondents seem to acknowledge that commercial targets are not in line with the internal human rights policy (R1; R3; R4). One respondent believes that the degree to which commercial KPIs are being influenced by human rights policies, is mainly relying on the pressure of consumers (R4). To stimulate commercially oriented associates to independently act on tackling the issues, the actions should be transferrable into competitive advantages. The potential improved social performance needs to be favorably communicable to the end-consumers (R3; R4; R9). The most successful commercial players have a strong winning mentality and need to be convinced of the significant gains partnering strategies could create, beyond short-term profits (R8).

> *"Longer relationships will definitely improve the situation, but it is kind of hard. I would say, that if we decide to go to a long-term relationship we have to review the whole sourcing in this category. Saying that we decide to go from one year to a two or three year contract, but as this is a harvested product, the pricy will vary from one year to another, so that makes it quite complicated." (R4)*

> *"I hope retailers start to realize the potential gain of longer-term strong partnerships. Otherwise retailers would deprive themselves. You can achieve much through partnering, and together there are high amounts of money to be earned. -You cannot change people, you can only strive to make it unprofitable to exploit others." (R8)*

Despite market forces being blamed for contributing to the phenomenon, they would create a fair game in the core, and a retailer cannot sustain at all without being competitive (R8).

> *"Competition in itself stimulates to achieve the best results possible- It's just not an easy problem to solve, and I think it's essential to realize that it makes no sense to take a completely different route on your own from the others." (R8)*

So the actual challenge for retailers is to seek solutions within the rules of the competition game. To find the areas where all three dimensions of sustainability can be enhanced.

5.7 Analytical synthesis of sourcing practices

This paragraph presents a summary of the empirical results. Based on this, the status of the case has been analyzed and visualized in an adapted version of the initial conceptual model.

5.7.1 A customized conceptual model

In line with the SPT (Shove *et al.* 2012), the results reveal that variables in the context of sourcing practices influence the level to which SRS is applied. The themes have been allocated to one of the dimensions of the SPT theory and validated on the current degree to which they support AD's SRS practices in Southern Italian FVCs. This led to a modified version of the conceptual model customized to the case, presented in *Figure 7*.

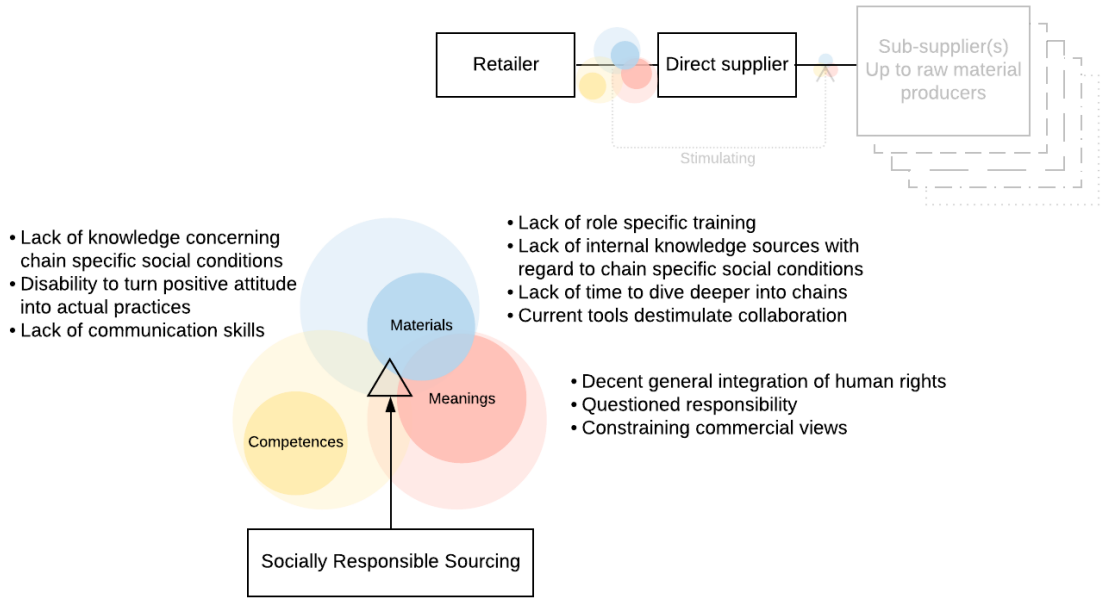

Figure 7. *A customized version of the conceptual model based on the application to the case. The most transparent circles represent the potential state of the dimension and the darker circles represent the analyzed current state of the case. The bullet points summarize why currently the context of the case is not optimally supporting SRS. The bullet points are not specifically allocated to one of the circles, for they are often highly interrelated. The transparent parts of the value chain show how the influence of a retailer on sub-suppliers is limited if socially responsible sourcing is not optimally applied.*

Overall, the current context of sourcing practices within AD does not seem to support SRS. According to Wilhelm *et al.* (2016 a), underperforming SRS practices of a buying party destimulate the secondary agency role of first-tier suppliers. This makes the retailer AD currently limited in having positive impact on working conditions upstream FVCs. The figure shows what factors should be improved to make the sourcing context more stimulative to buyers to apply SRS.

The following paragraphs explain this further, while distinguishing the constraining factors into the three dimensions of the SPT.

5.7.2 Meanings

At first sight, the SRS practices seem to be well developed in terms of ‘meanings’. Respondents were generally well aware of the importance of respecting human rights and seem committed to act when they would have the right materials and competences to do so. However, simultaneously they were strongly tempted to shift active responsibility to another party. Most of the associates did not understand how their individual day-to-day actions affect social conditions at the sub-supplier level. The respondents shared some faith that strategic relations could improve the level of SRS, though, especially in processed-product contexts, they did not achieve long-term relationships out of market competition reasons. Their main proposed solutions were around better assessment methods.

5.7.3 Materials and Competences

The decent level of general human rights integration is supported by internally offered awareness-raising materials, therefore the circles ‘meanings’ and ‘materials’ are visually overlapping in *Figure 7*. Beyond raising general awareness, the materials are experienced as insufficient to support SRS. Despite wide agreement on the fact that exploitation may never happen, social conditions have not at all been a point of discussion or consideration in the FVCs of South-Italian products. Associates said that they miss the resources that would allow them to undertake action. They are lacking adapted training and knowledge, that would help them to understand what kind of decisions in their specific role could have positive impact on improving working conditions. Insight into specific working conditions at the sub-supplier level was lacking, and they did not feel like exploring them, because their current tasks do not allow them to spend time on this.

The materials in charge that should prevent social dis-compliance, seem to destimulate supplier collaboration opportunities. So does the SoE tempt to exclude uncompliant suppliers before contracts are signed. And because the SoE should ensure decent working conditions, it keeps the buyers from actively thinking about other ways to have positive impact on them. Besides, the auctions organized by the IBG, facilitate short-term transactional relations that constraints collaborative environments.

The dimension ‘competences’ is visualized as the smallest circle. Associates did feel unable to translate their positive attitudes into impactful sourcing behavior. Besides a lack of knowledge about social conditions in their value chains, they also share to miss communication skills to start positive discussions about it with suppliers. All in all, the associates felt unable to apply SRS and did not experience support in becoming competent.

6 Discussion

This chapter places the results of the case study in a broader scientific context and returns to the central question, '*How can retailers improve the labor conditions of agricultural workers upstream own value chains?'.* It focuses on where this study enhances the understanding of the phenomenon, complementary to the ideas other scientific authors already provided.

6.1 The complexity of the labor exploitation issues

The broadening state of retailer's their CSR scope (Schrempf-Stirling & Palazzo, 2016), is exemplified by this study. It illustrates some of the challenges that are faced regarding human rights issues related to their direct and indirect business practices (Jamali *et al.* 2015). Especially issues occurring at a sub-supplier level are highly challenging to deal with, for a retailer has no contractual relationships and direct influence on these levels. Issues that often have a wicked character, like the central phenomenon in this study, the exploitation of agricultural workers in Southern Italy. Taking into consideration the vulnerable positions of farmers in the comprehensive context of the private sector developments, the weak legislation enforcement of the Italian government and the powerful criminal organizations, it is quite expectable that Italian farmers try to press labor costs to unreasonably low levels, at the cost of their workers' wellbeing.

Salvia (2020) believes that real labor condition improvements in Italy cannot be effectively achieved by the right policy measures, strengthened with incentives and penalties, only. She believes it all has to do with the rising power gap between the dominant food distributors and food producers in less favorable positions. This increasingly disconnects these parties and makes retailers increase their price and quality pressures on the chain. For instance, retailers set quality requirements like specific sizes, shapes, colors and consistencies, which requires diligent, labor-intensive, hand-picking methods. To reach these rising standards, farmers upstream see no other option than to start employing the cheapest and most flexible workers, if they want to stay profitable (Salvia 2020).

Most of the actions undertaken by the Italian government have been seen as enforcing labor exploitation, as they strengthen the idea that this is only applied by a few criminal organizations. This is not a fair representation, for the issues are deeply embedded in the Italian agricultural industry (Palumbo 2016; Salvia 2020). Howard and Forin (2019) also emphasize the importance of recognizing that the criminal organizations are not the driving force behind exploitation practices, but that they simply take advantage of the vulnerable positions migrants already have in society. The issues should therefore not be presented as minor discourses of criminal organizations and minorities of migrants being used as 'modern slaves', like it has been presented by some, but should rather be seen as an embedded problematic structural part of the Italian agricultural industry (Howard and Forin 2019). Acknowledging the holistic character of the problems would stimulate the development of holistic solutions, which are necessary to effectively improve the situation.

6.2 The constraining agency theory

The suggested improvements from interviewees concerning labor exploitation issues in Southern Italy were mainly aimed at improving the assessment of upstream suppliers. According to them, stricter monitoring will give retailers better insight into uncompliant suppliers that enables them to better avoid negative connections. These thoughts are in line with the generally dominating agency theory in modern economics, Aßländer *et al.* (2016) describe. The increasingly applied standardized requirements and related control mechanisms, like third-party audits, are logical developments from this perspective.

The case illustrates how the retailer's sourcing associates are fully relying on a supplier CoC to ensure good working conditions in Southern Italy. The empirics show, in line with the beliefs of critics (Poynton 2015; Van der Wal 2018; Boström & Klintman 2019), that the existence of this standard limits employees to take additional actions to ensure good working conditions. The interviewed associates share distrust towards the effectiveness of the CoC because no third-party audits are undertaken to assess the compliance. Nevertheless, they hide behind the fact that it offers vain coverage.

However, just adding control mechanisms seems not to be the solution for retailers to have an effective positive impact on the working conditions, considering the many limitations towards standardized frameworks, indicated by other authors (Jiang 2009; Plank *et al.* 2009; Fuchs & Kalfagianni 2010; Belz & Peattie 2012; German & Schoneveld 2012; Lebaron & Lister 2015; Poynton 2015; Wilhelm, 2016 a; Van der Wal 2018; Annunziata *et al.* 2019; Böstrom & Klintman 2019; Chen *et al.* 2020; Prapha *et al.* 2020; Govindan *et al.* 2021). Costly standards seem to be a waste of resources (Jiang 2009). This distrust is also experienced among investors who do increasingly require insight into the stories behind the certifications and about the progress that has been made over time (Personal communication B, July 2020).

Multiple studies state that applying negative power works counterproductive in general. According to Gimenez *et al.* (2012), forms of assessment have no positive influence on the TBL of global value chains. In fact, they believe buyers contribute to the non-compliance of suppliers when they exclusively set requirements, without offering assistance in the execution (Gimenez *et al.* 2012). Wilhelm *et al.* (2016) share similar results in a multiple-case study, where negative incentive structures decreased the SSCM level of first-tier suppliers towards sub-suppliers. Requesting higher social standards without offering additional support would be like asking suppliers for the impossible (Jiang 2009; Harness *et al.* 2018; Stigzelius & Mark-Herbert 2009). And indeed, the literature that has been analyzed, shows that the agricultural production parties in Southern Italy can hardly improve the circumstances without support from other chain members (Palumbo 2016; Faleri 2019; Salvia 2019; Salvia 2020).

6.3 A switch to stewardship thinking

The underlying agency principles do not serve and should be replaced by the opposite stewardship perspective. The stewardship theory states that buying and supplying parties care about each other's wellbeing, and that they should achieve common interests in collaboration (Aßländer *et al.* 2016). Buyer-supplier collaboration is according to recent literature the key to successful SSCM (Wilhelm *et al.* 2016 a; Harness *et al.* 2018; Stranieri *et al.* 2019).

Collaborative initiatives have proven to improve all three dimensions of the TBL (Gimenez et al 2012). Only through strategic partnerships, a buyer can positively stimulate its first-tier suppliers to take on the responsibility of their suppliers, which is essential if buyers want to have impact further upstream FVCs. Food retailers are having a broad product portfolio with high numbers of involved supplying parties which complexifies the management of all their related value chains from beginning to end. That is why retailers should in particular strategically collaborate with the first tier, so they can share this responsibility and stimulate sustainable development at upper sub-tier levels (Wilhelm *et al.* 2016 a).

Poynton (2015) developed a guide to help companies take on social responsibility beyond certifications. He also acknowledges that the best step a business can take concerning SD lies in a collaborative approach. He believes the fundamental problem with certifications is in the wrong core values. Certification schemes are built around the assumption that people have to be commanded and controlled to achieve sustainability. Much more effective, however, would it be if everyone involved shares the need to do the right thing (Poynton 2015). Buyers need to focus on building trust instead of on applying power (Touboulic and walker 2015). Positive rewarding methods in a cooperative context create the strongest motivations for suppliers and sub-suppliers to change. Buyers need to become personally engaged in other chain actors' practices and increase the level of vertical collaboration and coordination (Zorzini *et al.* 2015; Yawar & Seuring 2017; Harness *et al.* 2018; Soundarajan & Brammer 2018).

6.4 Acting as a moral obligation

However, it is to be realized that taking this approach can be experienced as counter-intuitive to commercially driven business people. Touboulic and Walker (2015) also believe that the emphasis on cooperation in recent SSCM literature seems to overlook the difficulties that are related to it.

In fact, collaboration requires buyers to take a long-term perspective which is constraining to the current sourcing strategies that are applied in non-strategic product categories of most commodities and processed products (Pagell *et al.* 2010). According to the ruling purchasing model from Kraljic (1983), buyers should mainly strive for the highest economic performance and the lowest supplier risk. This translates for homogeneous products with high numbers of potential suppliers, into buyers aiming for short-term transactional relationships (Kraljic 1983). This exclusive focus on the lowest prices constraints the improvement of social conditions. In general, the more price pressure, the worse the social conditions (Jiang 2009; Pagell *et al.* 2010; Venkatesh *et al.* 2020 b).

CSR actions are usually embraced through the conviction that they will pay off in economic terms (Govindan *et al.* 2021). However, Crane *et al.* (2014) emphasize that social and economic performances cannot always be optimally achieved simultaneously and how trade-offs are in some cases unavoidable. Win-win situations mainly occur in the long term (Zorzini *et al.* 2015), and in the short term, CSR actions usually lead to a decreased financial performance caused by declined operational excellence and lower competitiveness (Harness *et al*. 2018). The focus on creating shared value in terms of social and economic performance, like Porter and Kramer (2011) introduced, is even blamed to be a sophisticated application of greenwashing. It encourages companies to only apply the attractive CSR actions that create multi-dimensional advantages, and the true complex sustainability issues that do not benefit all stakeholders will be left unaddressed (Crane *et al.* 2014).

A true extension of the CSR scope means that a company needs to invest and take additional risks. The empirics reveal that striving for social sustainability is likely to give a strong tension with the demand for cost optimization, as suggested by Govindan *et al.* (2021). Choosing to act socially responsible should not depend on potential competitive advantage. It requires managers that acknowledge a firm has a corporate responsibility to all stakeholders and not exclusively in making money (Laudal 2011; Belz & Peattie 2012; Harness *et al.* 2018). Applying CSR should be a moral obligation to create shared value for all stakeholders, like ensuring profit has always been towards shareholders (Harness *et al.* 2018). It requires a comprehensive stakeholder orientation over an economically focused shareholder orientation (Van Weele & Tubergen 2016).

The ethical must of acting responsibly needs to be deeply integrated into an organization. Besides, the translation of CSR strategies into daily practices is perceived as highly challenging, but crucial. It is in this translation that differentiating advantages are created (Jamali *et al.* 2015). Like Zorzini *et al*. (2015) sketch, sourcing associates at organizations' middle-level, of whom their daily decision-making impacts suppliers, play a key role in the total level of social sustainability in the chain. With regard to social conditions on upstream value chain levels, especially the alignment between sustainability departments and sourcing departments is crucial (Weele & Tubergen 2016; Wilhelm *et al.* 2016 b).

The SPT theory described by Shove *et al.* (2012) that has guided the empirics, has shown that sourcing associates need an operational context that fully supports them in terms of both meanings, competences and materials, to put these high CSR levels into practice. The case revealed some concrete needs, in terms of time, responsibility division and role-specific training. First of all, to stimulate associates' commitment, it is important to engage them in the development of CSR policies (Brunton *et al.* 2017). Furthermore, they should be educated about the fact that not all necessary actions can lead to competitive advantages right away and they should be given the freedom to accept unavoidable trade-offs in economic terms.

So retailers do play a key role considering the way they source commodities from Southern Italy. To achieve SSCM, and improve working conditions, their buyers should therefore shift the exclusive focus on the lowest prices. For the sake of social responsibility, they should start sourcing commodity products with a partnering approach as if the products have strategic value and the suppliers are scarce. Relationship building has traditionally been considered as an unnecessary cost in non-strategic categories, but from a sustainability viewpoint it is a necessity (Pagell *et al*. 2010; Van Weele & Van Tubergen 2016). Sourcing associates need to be stimulated to review their current activities and investigate whether their focus aligns with social chain performance.

6.5 Strategic collaboration as the base

As one of the interviewees in this case study reasonably stated, strategic relationships on their own cannot improve upstream working conditions. The case study gives an example of this by showing that even in the FVCs of wine, with strategic supplier relationships, social conditions are not actively taken care of. One of the main reasons for this, both suggested in the case study as confirmed in the wider literature, is the lack of knowledge. When associates do not know about certain exploitation issues, they cannot act to it. Associates should be offered the resources to gain insights into actual conditions. The total FVCs should be made transparent,

in terms of actors and sustainability conditions. Also in this regard, strong relationships and mutual trust are essential to optimally stimulate chain transparency (Egéls-Zanden 2015; Venkatesh *et al.* 2020 a, b).

However, the strong mutual trust that will develop in long-term relationships could simultaneously prevent parties from a certain level of positive criticalness. Critical reviewing is in some ways necessary to keep one and other sharp and stimulate each other to further improve practices. Therefore standardized schemes could be a welcome complementary tool inside the contexts of strategic collaborations (Zhang *et al.* 2017; Yawar & Seuring 2018). A certain degree of standardization is also essential to measure progress and communicate with stakeholders (Egels-Zandén *et al.* 2015). This standardization should be developed in a two-way dialogue between chain actors, and the requirements should be best framed as improvement opportunities with freedom in the way they should be followed up. This way, certification schemes can help to effectively change supplier practices (Van Weele & Van Tubergen 2016; Soundarajan & Brammer 2018).

So the fundamental answer to the research question lies in the fact that retailers should approach suppliers and apply sourcing practices in a way that enables strategic collaboration. To realize this, a retailer should probably start by reviewing its underlying business approaches, for the conventional agency thinking and sourcing strategies do not support strategic relationships in all product categories. Complementary to this fundamental focus shifts, sourcing associates need practical tools to gain the essential knowledge and skills to make decisions that support positive impact on working conditions in the chain.

7 Conclusions

This last chapter gives some final summarizing remarks with regard to the central research aim. Furthermore, it presents some practical implications and suggestions for future research.

The aim of this study, which was to explore how retailers can develop the social dimension of sustainability upstream food value chains, has been realized. In the studied case it became clear that sourcing practices play a major role, which is supported by the existing literature. If retailers want to have positive impact beyond direct influence, which they are increasingly required to do, they should strategically collaborate with their direct suppliers. Therefore associates need to be supported in terms of meanings, competences and materials to apply socially responsible sourcing practices and build the essential strategic relationships. The preaching, the published promises and statements, should be translated into real practices, and the total operational context should become fully aligned with a business' CSR strategy.

7.1 Practical Implications

If a retailer wants to have a real positive impact on the working conditions at upstream chain levels, it needs to do more than simply raising awareness among its associates about that one should respect human rights. A business should translate this overall concept into practical concrete actions for its employees and help them to understand how day-to-day business decisions can be aligned with the overall CSR strategy.

Consequently, retailers need to prepare for fundamental business changes. Managements must realize that putting price pressure on chain actors is counterproductive to the social dimension of sustainability. Sourcing strategies that apply this focus should be reviewed and short-term targets probably need to be transformed into long-term targets. A suggestion is to give supplier sustainability performance a dominant place in sourcing associates' incentive plans. This will stimulate the associates to investigate sustainability achievements as a fixed part of commercial deals.

If all commercial departments start embracing long-term relationships, this will especially influence the daily work experience of buying associates involved in processed products. They will become more engaged in the production processes and will have more personal contact with suppliers. Probably this also needs to reduce the number of products in their task portfolio, for maintaining strong relationships requires significant time investments.

The stronger buyer-supplier relationships can result in positive trust-based interactions and lots of innovative opportunities. If these stories are combined with a form of standardization, credible communication opportunities will arise. This way, applying the recommendations can boost stakeholder trust in a retailer.

Other explicit recommendations can be found in the Executive Summary in *Appendix 5*.

7.2 Limitations and future research

First of all, it is important to acknowledge that the findings presented in this study are only giving a snapshot in time. Working conditions are a highly dynamic topic, influenceable by

many socioeconomic factors. Hopefully, the actions at the governmental level will fundamentally improve the situation in Southern Italy. And even though this would lower the priority status of this geographical area in retailer's CSR strategies, working conditions at the agricultural level are in general sensitive to harassment and this study can still serve as a valuable example in other contexts.

This research shares an innovative light on the role retailers play concerning the social dimension of CSR, by applying the behavioral SPT theory. However, the empirical data in this case study is exclusively derived from interviews, which is not the most optimal way to get accurate insight into practices. What one says to do, can fundamentally differ from what someone does in reality. Unfortunately, lockdown situations as a result of the Covid-19 pandemic did not allow for observational techniques in the timespan of this research. It would be interesting if future studies could complement the results by actually observing the sourcing practices of a retailer.

Furthermore, the intention for the empirical study was to include both respondents from the retailer and supplying party within the FVCs. However, the interviews at the retailer's side appeared to provide already such valuable and extensive information with regard to the research phenomenon, that this objective was adjusted. Except for one, all interviews were conducted with associates of the retailer. Though it would still be interesting if other studies could include the external perspectives from, for example, suppliers and NGOs, to achieve an even richer picture of the situation.

To end with, it would be highly valuable to test the recommendations in a longitudinal study. Especially in product categories where currently a short-term price focus is applied, the suggested change to long-term relationships is expected to make big positive impacts on the social dimension. Having examples of a real-life success story will help to support managers in taking the proposed investment risks. Related to this, it would be interesting if future research could dive into how a retailer could best communicate social sustanability practices to its consumers. As the results reveal, market competition is a challenging factor in apply SRS and turning good practices into unique selling points could be a way to overcome them.

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Requestable materials

Transcribed interviews
Interview analysis
Literature database

Unpublished materials

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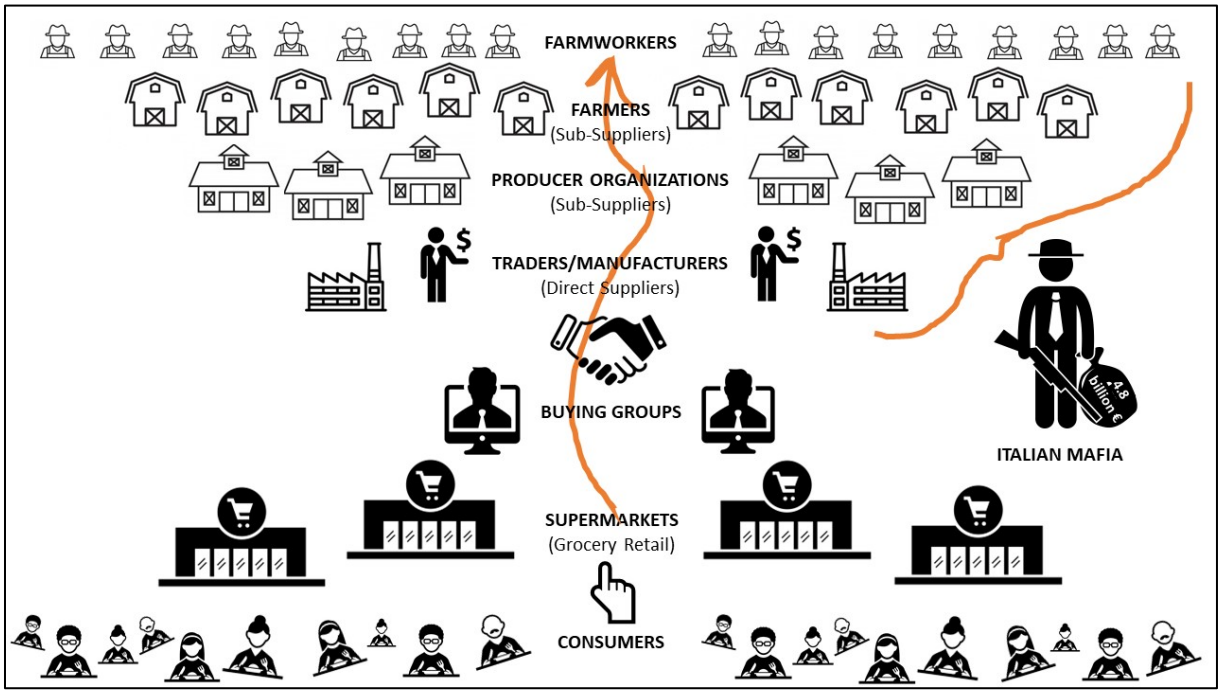
Appendixes

1 Chain overview

The following picture gives a simplified overview of food chains that start in Southern-Italy from a retailer's perspective. The point finger between the consumer-layer and the supermarkets, refers to the fact that the shared public opinion is that supermarkets should take care of the ethical producton of the products they sell. All the different sublayers and parties are somewhere explaind in the report.



2 Interview guide

The interview guide is based on the themes that are part of the SPT. According to the SPT all practices are embedded in a behavioral context that could be divided over the three dimensions 'Meanings', 'Materials' and 'Competences'. This way the primary data collection was based on existing theory.

Meanings (values/beliefs/attitudes)

- How do you feel about labor exploitation in SI?
- How important is it for you that the issues get solved? / Do you feel engaged in solving the issues?
- Why do you think these issues are occurring in the first place?
- Who do you believe have the main responsibility towards the issues?
- Do you feel supported/stimulated by *brand* to tackle the issues?

- Are you involved in the selection of suppliers from SI? (If yes, how do you feel about the attitude of your suppliers towards working conditions?)
- How could *brand* strengthen your motivation to address issues like this?
- Do you think you have influence on the attitude of the sub-suppliers? (If yes, in what ways could you positively influence their attitude?)

Materials (about things/infrastructures/technologies)

- What does the contact with suppliers looks like? (and with –sub?)
- Do you currently set requirements in terms of working conditions to your suppliers? If yes, what kind of requirements? Do you check if those requirements are practiced?; If not, why not?
- What things could help you to positively influence the working conditions on a sub-supplier level?
- How could *brand* support/stimulate you (more) in this?
- Do you remember the code of ethics training? How did you experience the training?

Competences (about knowledge/skills/techniques)

- Did you know about labor exploitation in Italian agriculture? (If yes, what did you know/how did you know)
- Do you have insight in the working conditions at farmers (sub-supplier) level?
- Do you know if exploitation is happening among your (sub-)suppliers?
- How do you think improved transparency could help to address the issues? (Why/How (not)?)
- What knowledge, skills or techniques are employers that exploit workers missing? (How do you think *brand* could be supportive in this?)

3 Introductory one-pager

LOOKING FOR ANSWERS TO THE QUESTION

How can we play a positive role in the working conditions of migrants in our Southern-Italian chains?

THROUGH

INTERVIEWS

with

Sourcing & Quality Managers
Service providers
Suppliers
Other relevant stakeholders

about

Attitude towards issues
Knowledge and transparency
Current and potential actions
Buyer-supplier relationships

OUTCOME

New ideas for playing a positive role in cooperation with our suppliers

TIMING

November 2020 – Februari 2021

4 Southern-Italian regions

Figure 1. *The chosen scope of Southern Italy, represented by the green circle. (Adapted from Wikipedia, n.d.)*

As visualized in *Figure 1*, the geographical scope was set to Southern Italy, also referred to as Mezzogiorno. This contains the provinces of Molise, Campania, Basilicata, Apulia, Calabria, Sicily and Sardinia. South-Italy is different, as it excludes the islands Sardinia and Sicily.

5 Executive summary

In this appendix you find an executive summary which is based on the conducted case study. With regard to the suggested solutions, it is important to keep the business structure of AD and its local brands in mind. The GSO is not actively engaged in the daily operations of the brands, but is decentrally offering global strategic support. This means the results of this study can not be directly implemented, but can be used as a base for brand recommendations.

Improving social conditions in own supply chains

As the most visible actor of the food chain, grocery retailers like the local brands of Ahold Delhaize, are increasingly held responsible for the direct and indirect social impact they have on societies at large. Recently, Albert Heijn has been blamed for contributing to the exploitation of agricultural workers in Southern-Italy through sourcing products with ingredients originating from that region. This research investigated what role retailers can take to improve the labor conditions of workers upstream in their supply chains.

A challenging topic for these issues are happening on a sub-supplier level, where retailers are not directly involved via contractual relationships. Considering the many product chains a grocery retailer is involved in, it is an impossible job to start managing all the chain members individually. Thus far, Ahold Delhaize has mitigated the highest social risk areas (based on Amfori's country risk classification), by requiring suppliers to be compliant with BSCI audits or other standards recognized by SSCI. Italy is a country that is generally classified as low risk, because governmental legislation seems to ensure a healthy working environment. Though in reality these legislations are poorly enforced and the actual social circumstances should be truly doubted.[1] Ahold Delhaize currently exclusively aims to cover social conditions in low-risk areas by the Standards of Engagement. This self-regulatory code is included in all supplier contracts, but the set requirements are not actively monitored. Hence the question is: Should Ahold Delhaize start recommending its brands to conduct third-party social auditing on questionable low-risk areas as well, or are there other measures that need to be implemented?

According to several experts, exclusively applying additional monitoring practices would be a waste of money. Despite an increasing share of certifications for over twenty years, the exploitation of natural and human resources is still increasing globally. Certifications are failing to solve social issues which are embedded in a complex socio-cultural context. A regularly assessed formal checklist is insufficient, as suppliers have found numerous ways to outsmart auditors. But even if the audit results can be trusted, one should honestly question the effects it has when buying parties in power positions demand increasingly improved practices from farmers in already weak chain positions, without offering support. According to critics, if retailers in their powerful buying positions exclusively start asking for additional

[1] *Please check out Chapter 4 (Empirical Background) of the full research report for more information about how exploitation issues are strongly embedded in the Southern-Italian socio-economic context.*

social requirements, while maintaining the short-term price pressure on the chain, they are rather contributing to bad working conditions than improving the situation.

A better approach would be if buyers become truly engaged in production practices and invest in strategic long-term relationships with suppliers. More long-term and stable relationships in the chain will offer the suppliers improved security, which allows them to take better care of their workers. Partnering with the direct supplier could have positive impact until primary production levels in multi-tier chains. Like a domino effect, direct suppliers can be stimulated to act as stewards towards their suppliers, the suppliers of direct supplier to their suppliers, and so on. Therefore this study focused on the interaction between its retailer and its direct suppliers, on the sourcing practices. The current sourcing context of the brands Albert Heijn and Delhaize Belgium is reviewed through interviews with associates involved in procurement. With the help of external literature, several improvement options are identified. The main conclusions are presented in the table on the next page.

It is acknowledged that the recommendations are giving strong tensions with conventional commercial motives and beliefs. There are many success stories of how social and economic gain can be achieved simultaneously, but in some cases, trade-offs are unfortunately unavoidable. However, ‘business as usual’ is not an option if Ahold Delhaize thoroughly wants to take responsibility.

Ideal situation	Current situation	Recommendations
Social values are deeply integrated into all, both managerial and operational, levels of the organization.	The Code of Ethics and connected e-learning that currently should increase the integration, are experienced as common sense and insufficient. Associates respect human rights in general but do not know how to translate this into practical actions. They share confusion about responsibility division with regard to social sustainability issues and point to other colleagues or departments.	**Make it real practical //** It is essential to translate human rights policies into concrete implications. It is in the translation of strategies to actual practices that a company can make a real difference and create competitive advantages. Educate employees on how their daily tasks influence social conditions in chains and what they can do to contribute positively. Make the individual responsibility clear and tangible.
Production chains are transparent in terms of actor traceability and insight into sustainability conditions.	All buyers are in contact with first-tier suppliers and visit them yearly. Sub-suppliers are only visited in longer-term relationships, like in the category of wine or fruit & vegetables. Associates have little to no knowledge about social chain-specific conditions. If associates are aware of sub-suppliers socio-economic contexts, it is exclusively based on personal interest.	**Build chain-specific knowledge //** If associates do not know about problematic conditions, they cannot act on them. In this regard, trust and commitment, which can only be established through strategic relations, are essential for parties to open up about real conditions. Provide buying departments with the required resources (time, money, competencies) to build relations and dive deeply into chains. Besides deriving information from internal parties, credible external data sources can also be useful.
Financial, environmental and social gains are achieved collectively by all involved chain actors.	Especially in processed product contexts, this is a challenging goal. At the moment AMS facilitates buyers in these categories to achieve the lowest prices in the short term by smartly outplaying suppliers against each other. Suppliers are perceiving a constant threat of being replaced, and the price pressure works counterproductive to let them improve working conditions.	**Stimulate a long-term perspective //** sourcing strategies that are highly focused on short-term profits should be reviewed. Only in the longer term, potential win-win situations can develop between social and financial factors. Commercial departments should be given the freedom to explore alternative sourcing strategies. The employer incentive plans should stimulate to take a longer-term perspective and to create advantages in multiple dimensions.
The applied improvement actions are clearly communicated and increase brand reputation.	No integrated actions are currently undertaken to tackle social issues in low-risk areas. The standards of engagement are trusted to prevent from a trade relation if suppliers cannot ensure decent conditions. This keeps employees away from paying attention to this topic and taking additional actions. Stakeholders blame Ahold Delhaize and its brands for not taking responsibility.	**Apply standardized schemes in dialogue //** Certifications can play an important role in collaborative contexts, for it helps to develop credible communication. Though it is important to develop these standardized schemes in a two-way dialogue with chain partners and to offer guidance in the achievement of the included requirements and continuous improvement measurements.

Popular scientific summary

Of the total price we pay for our groceries, the supermarket increasingly captures the highest share. This strengthens their market power. Farmers on the other side, are finding themselves more and more in difficult positions. If they want their business to survive, they are left with no choice but to press production costs to a maximum. No surprise, their narrow budgets have a negative influence on the way they treat their workers. In some cases, this even has lead to exploitative degrees, like in Southern Italy, where vulnerable African refugees are the perfect victims to engage in cheap agricultural labor. They have no alternative ways of making a living and accept the most horrible treatment.

Supermarkets are more and more held responsible for these horrible situations in food value chains. The fact is though, that these practices are often occurring under a retailer's radar for multiple actors are operating in between the grocery retailer and the farmer. So what can they do to stop exploitation occurring beyond their direct control of influence? This question has guided the deep dive this research took.

Understanding is sought through the lens of the Social Practice Theory. This is a concept that puts everything we do as a result of contextual factors. This research helped to understand that the relationships a grocery retailer has with the actors in the production chain, eventually influence the treatment of workers at the farm level. A grocery retailer needs to stay competitive and a widely applied strategy to achieve higher margins is to put price pressure on suppliers. This study shows how the focus on short-term profit stimulates issues like labor exploitation. If a retailer wants to have positive impact on the social conditions of farmworkers, it needs to achieve long-term strategic relationships with its suppliers. It needs to seek innovative ways to stay competitive, beyond conventional commercial strategies.

The study gives a valuable example of how just saying as a grocery retailer that human rights matter is not enough. These values need to be translated into tangible actions at operational levels, like sourcing practices, to have real positive impact.