

**Sustainability and CSR for Food Connect Brisbane**

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## **1 Introduction**

Food Connect Brisbane is a social enterprise food company that was founded in 2005 by Robert Pekin. Pekin had been forced off his dairy farm in the 1990s, and since then he establishes a company that would create a fairer food system (Food Connect, 2015). By engaging local farmers, the company found out that it can provide local food that is in season and deliver it to customers when it is super fresh. The company then pays the farmers the highest rates possible which are at times four times what the farmers are paid when they deliver their produce to other big food chains. The food is then delivered to people in Brisbane when it is still fresh. That ensures that their stores only deliver local food; by local, they mean that the food that they sell has not traveled for more than 400kms. This essay analyses the organisation's internal environment, the sustainability of the business model that has been adopted by Food Connect, their corporate social responsibility culture and the challenges that they encounter as they implement the model. It also does a critical appraisal on the potential challenges that are related to sustainability and corporate social responsibility of Food Connect Brisbane.

## **2 Analysis of Food Connect Brisbane Internal and CSR Environment**

The world of business has been looking into ways into which business operations can be done in a manner that can meet the needs for today without compromising on the abilities of future generations to meet their own needs (Baumgartner, 2013). Businesses themselves exist to make a profit for their shareholders. Therefore they have an intrinsic need for them to survive as long as possible to provide more profits for their owners. But as they make profits, they interact with individuals who are either employees, society, other corporations and government. Those interactions demand that business be cognizant of the environment that it operates in and map and strategize on ways of fostering peace and harmony for the sake of survival (Idowu, Kasum&Mermod, 2014). Corporations and for that matter businesses do not

operate on their own; they operate and exist with a licence from the society that they live in (Baumgartner, 2013).

Food Connect Brisbane operates in the niche of the service industry. Their business model is to a large extent informed by the founder's experience who started the company after he was driven off his dairy farm. The company decided to form a company that would be sourcing products from local farmers and distributing them to consumers locally (FoodConnect, 2015). The company also sought to seek higher compensation for the farmers whose products it would be selling by offering competitive prices to their products which would be as high as four times what they were offered by the food supply chains that were operating in the area (FoodConnect, 2015). This may have been motivated by the fact that the owner had been driven off from the dairy business maybe by businesses that were not offering competitive prices to sustain the business.

Food Connect has also adopted a model that can be considered sustainable. By ensuring that they stock goods that are locally available and products that are in season, they are saved the operational costs that would accrue if they were to be shipping their products from far off lands. In their mission statement, the company claims that all the products that they distribute in their stores do not come from distances exceeding 400kms (FoodConnect, 2015). By cutting on the need for their products to be shipped from far lands they cut on transportation costs which in most cases are tied to carbon emission as they would be transported by using trucks or ships that would consume fossil energy. In a world where more companies are adopting measures to cut on their carbon emissions, Food Connect Brisbane has adopted a sustainable way of doing business by procuring products that are locally sourced (FoodConnect, 2015).

The organizations or the people who supply their products or components to business are a critical part of the business. Corporate sustainability demands that a company provides proof that those people that it does business with are not exploited and that there is a mutual benefit between the two (Robinson, 2012). This includes not only the suppliers but also the employees of the company. The people aspect of sustainability demands that the employee is paid above minimum wages that improve their standards of living. Food Connect does this by ensuring that its employees are paid sustainable wages which are above the recommended minimum wages. Also, the company provides employees with training opportunities to help them improve their skills (Van Marrewijk, 2003). Also, the company enhances its people aspect by ensuring that suppliers especially farmers are paid at market prices and without delays. The company offers competitive prices to the farmers who were selling their produce to Food Connect Brisbane (FoodConnect, 2015).

Businesses that deal with food are more directly affected by issues of sustainability as issues such as global warming and percolation of chemicals into the soil are of concern to food growers. Food sustenance is an issue that concerns all nations as people need to eat (Newell & Paterson, 2012). In the past, people were not giving attention to how the food had been produced, but today's world where there are many diseases that scientific research has associated with food people eat there is more concern for the source of food (National Research Council, 2010). Food Connect Brisbane guarantees the quality of their products by assuring their consumers that they only vend food that is locally sourced. They also pay the farmers who deliver quality products to ensure that farmers farm responsibly. If farmers had in mind people who will be consuming their products, they are more likely to ensure that the produce is of high quality and standards compared to when the food is grown for people who are remote and not connected to the farmers.

### **3 Potential Challenges are related to Sustainability and CSR operations undertaken by Food Connect**

As we have previously mentioned CSR is concerned with the procedure of assessing the business's impact on society and evaluating the responsibility that they have towards the society. The following aspects have to be considered for each business; Customers, suppliers, environment, community, and employees of the organization (Idowu, Kasum&Mermod, 2014). Sustainability, on the other hand, is concerned with the possibility of continuity of providing for today's needs while considering people that will be there in the future (Robinson, 2012). Therefore, for a better appreciation of the challenges that Food Connect Brisbane is encountering the discourse outline each of the challenges associated with the four aspects of CSR.

On customers, Food Connect Brisbane mostly serves residents of Brisbane. These customers mostly live in Brisbane and with its operation slogan of delivering food within 400km radius makes residents of Queensland, its potential customers. This assertion of delivering only local food might be considered as self-censoring as it puts away a huge base of potential customers who live outside Queensland (Troy, Brennan & Castles, 2011). According to Milton Friedman (2011), the only social responsibility of a business enterprise are to harness all its resources with the sole aim of maximizing profits. It would, therefore, be self-defeating for a company to come up with goals that might end up curtailing its ability to expand its business empire. On the other hand, the company would be renegeing on its promise of delivering only fresh and local produce if it were to expand to deliver food to other parts of Australia (Troy, Brennan & Castles, 2011). Walking down this tight balance of meeting the financial obligations of the company and upholding one of the founding ideals of the company is a challenge.

On suppliers, the company sources its products from local farmers to ensure that they only vend product that is locally available and in season. Of course, with such a strategy, the company appeals to many local people who feel that they are participating in improving the stakes of their locality when they buy their food from Food Connect Brisbane (McWilliams & Siegel, 2011). There is also the guarantee that the food will always be fresh. The company also promises very high rates for the suppliers as it pays them four times over what they get when they sell their products to other food chains. The challenge that is to be expected from taking such a position is whether there will be any form of protection or incentive given by the local and national authorities (Friedman, 2012). This is because, in the wake of globalisation and in the absence of laws that prohibit competitors, those other businesses will have the edge over Food Connect Brisbane (Friedman, 2012). The is because other businesses is likely to be selling food at lower prices than Food connect Brisbane which may turn away price-conscious consumers. Also considering the high prices of supplies made by Brisbane the profit margins are likely to be very low and unsustainable making the sustainability programs of Food Connect extremely challenging or unprofitable to the business.

On the environment, the main challenge is a failure by competitors to adopt similar measures thus disadvantaging companies that engage in environmental conservation programs. The model adopted by Food Connect will go a long way in cutting carbon emissions by ensuring that food is not transported over large distances before it reaches the consumer. Cutting down on the emission of greenhouse gases and conserving energy is a constructive way in which a company can assist in ensuring the business is sustainable(Newell & Paterson, 2012). However, while the company has adopted a very good model, there is little that they can do to stop other companies who are their competitors from engaging in the very same activities that they have abstained from. This quandary has been highlighted by pundits overtime on

ways that companies that put in place mechanisms to cut on their carbon emissions are compensated by those that do not implement on the same (Newell & Paterson, 2012). If a country such as Australia takes measures on cutting greenhouse emissions, that will not prevent it from experiencing floods due to global warming if another country on the other side of the globe trips the balance by continuously adopting policies that lead to the emission of more greenhouse gases (Newell & Paterson, 2012).

On communities, Food Connect is directly impacting on the local community by only selling food that is locally sourced. It also goes on and offers local farmers who are members of the community competitive reimbursements for their supplies compared to what they are offered by other companies operating in Brisbane (Food Connect, 2015). The challenge here is on maintaining the prices high sustainably for a long time with the competitors still paying a quarter of what Brisbane offers to the people.

The other challenge is that employees are mostly salaried and benefit-oriented and may prefer companies that pay more irrespective of their nonmonetary benefits. As demonstrated by Urvashi Singh (2015), employees are nowadays looking for monetary benefits which mean that companies must put in place more financial resources to retain workers. This is a challenge as for a company to retain skilled and competent workforce it will have to improve the working conditions and pay higher salaries to the employees in addition to other CSR activities such as training employees.

#### **4 Recommendations**

Food Connect Brisbane should develop a Corporate Sustainability and Social Responsibility framework. Such a framework must address the question of how business can actively contribute to the goals of sustainable development, and link responsibility with opportunity, for only then can the sustainable development be a source of value creation for the company

and society at large (McWilliams and Siegel, 2011). In this framework, the company must highlight the principles that it considers as at the core of its operations. After identifying those values and principles, it will then develop a framework that will seek to align its operations within that framework. For instance, the company is concerned with vending food that is locally sourced to benefit the local farmers, the company, therefore, has to keep this feature prominent by reemphasizing this fact in its marketing and selling strategies. The framework will also highlight on the timescales that will be observed to transition from the way it is operating until it attains the necessary resources it needs to operate as it has envisaged itself (van Marrewijk, 2003).

The other recommendation for Food Connect Brisbane is for them to apply for special status business which will see their status change to allow them to operate as a social organization that may be exempted from corporate taxes (Robinson, 2012). This might be a tough and hard to implement option as it may require some legislation input, but a viable option. This is necessitated by the fact that the company is selling food that is locally sourced and reimbursing farmers four more times than other food supply chains do. If then this company is not listed as a special organization or a charity organization it runs the risk of burning out as it seeks to meet its obligation of compensating its suppliers and operating as a profitable business. This is in consideration that other food supply chains are operating in the same market as they operate on (FoodConnect, 2015).

Finally, the company should consider ways of investing in its farms, to lower the costs that are associated with sourcing the food from external suppliers. This will go a long way in bringing down the cost of acquiring food while guaranteeing that the food is locally sourced (National Research Council, 2010).

## **Conclusion**

In today's world consumers are more enlightened and willing to interrogate the values that a business that they buy their products and services uphold (Idowu, Kasum&Mermod, 2014). In light of this, corporate organizations must align their values with those of the society that they operate in. In the past customers were not concerned with issues such as global warming and adoption of non-toxic chemicals in farming, but due to the information surge that has come with the arrival of the internet and digital publication platforms, such information is in the hands of consumers. Consumers, therefore, want to know where the products they are consuming have been sourced from and whether the business organizations that sold them the products are doing anything tangible to conserve the environment. All these new concerns are making corporate sustainability and corporate social responsibility from the peripheral were in the past they were deemed to be to the center stage of business organizations (Singh, 2015). It would, therefore, be naïve for companies that want to thrive and still be sustainable to ignore this core part of doing business in their operations. People want to feel that the organization that they support with their money cares for them and is willing to invest in them too. When people feel that they are more likely to reciprocate by being more loyal customers and even be willing to spend more. The converse of that is also likely to happen to companies that will be aloof to these new realities.

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