



Rhetoric and Realities: Analysing Corporate Social Responsibility in Europe (RARE)

A Research Project within the EU's Sixth Framework Programme

CSR in the Fish Processing Industry: Evidence from a Survey among Selected European Companies

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CSR in the Fish Processing Industry: Evidence from a Survey among Selected European Companies

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1 Introduction

How sustainably do European fish processors behave? What instruments do they use, what activities do they carry out to voluntarily go beyond their legal obligations? And to what extent do these activities help companies to improve their sustainability performance and create an impact on society and the environment?

This paper summarizes the results of a survey carried out among eight European fish processors committed to CSR. Its aim is to assess their CSR profile with regard to a selection of CSR issue areas. These include, above all, sustainable fisheries concerns, but also the mitigation of climate change and of chemical risks, gender equality and the fight against bribery. We asked the companies how they integrated their CSR commitment into strategy processes and implemented it in terms of concrete activities, resources, and organisational change. In order to tackle the potential difference between rhetoric and reality in CSR, we inquired into the resulting CSR performance and CSR impact on society and the environment.

So far, the European fisheries and fish processing sector have not been scrutinized for their corporate responsibility practices in a more encompassing fashion, although in this sector, like in others, CSR has gained prominence in the past years. There are some general organisational analyses of individual companies and some studies, partly self-reported, on their CSR initiatives (e.g. Fieldhouse 1978, Jones/Miskell 2005, Unilever 2002/2005, Wilson 1968). There is also a growing body of literature on relevant CSR instruments, especially the Marine Stewardship Council (MSC) certification (e.g. Constance/Bonanno 2000, Cummins 2004, Gulbrandsen 2005, Hoel 2005, Steinberg 1999, Wildhavens 2004). While the company case studies mostly focus on CSR in individual companies without conveying a broader picture across the sector and rarely tackle performance/ impact, the instrument literature does not go into the company-level processes tied to using the CSR instruments. The following report strives to tackle this gap.

In the following, we will briefly describe the technical procedure of conducting the survey, before presenting the survey results. Our most important findings include that companies use different terms and concepts in their CSR strategy than the one applied by the EU Commission to describe their voluntary sustainability activities, viewing these

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above all as a means to ensure compliance with mandatory legislation rather than to go beyond compliance. Companies assign strategic importance merely to those issues that relate to the companies' core business – i.e. sustainable fisheries, and to a minor extent chemicals –, rather than to issues relating to their wider sphere of influence, be it with regard to climate change, gender equality or bribery. The focus on core business is mirrored when analysing CSR implementation (instrument use, activities, organisational set-up), though the relation between the implementation efforts and the strategic importance assigned to the issues is not always consistent. When it comes to CSR performance and impact, it emerges that the respondents are reluctant to assess their CSR performance. To the extent they evaluate their performance improvement as caused by CSR, this evaluation is cautiously confident, at least with regard to sustainable fisheries issues. Performance improvement in other issue areas is either not assessed or less satisfactory, indicating that no sufficient amounts of CSR activities are carried out, or that the activities undertaken are not effective. The reluctance of many of the companies surveyed to specify performance improvements is among others caused by the fact that few companies at all systematically measure their own performance. This is problematic as measurement is the basis for systematic review and improvement processes. While the survey cannot provide independent verification of performance data, it gives insights into the companies' self-assessment of their CSR performance – which may be understood as an upper limit, allowing for some overrating in self-assessments – and indicates which activities, instruments and structures have contributed to achieving the respective performance.

2 Survey process and structure of sample

The selection of companies to survey followed our research interest in CSR performance and impacts. We focused on companies that had gained a reputation for CSR and had CSR activities in place, especially with regard to sustainable fisheries concerns and the other CSR issue areas selected.² To identify such enterprises in the fishing³ and fish processing sector, we screened companies on the basis of company data, available secondary literature and expert interviews. In order to cover such enterprises that had a capacity to actually create impacts on the sustainability of fisheries, we selected such actors of the fisheries value chain that 'add value to the product' (i.e. that harvest or

² I.e. mitigating climate change, minimising the risks from chemicals, promoting gender equality and countering bribery.

³ The initial approach of the project has been on analysing CSR within the fishing *and* fish processing industry. In that respect, the term fishing industry encompasses all those companies that enact the process of fishing on the sea (often the pre-processing and freezing of fish on the sea as well as final landing of the fish and transportation to the processor). In the course of the survey, however, none of the fishing companies that had been approached answered to the questionnaire. Hence, the survey results portray the situation of fish processors only. However, the fish processing industry, due to its strong bargaining power vis-à-vis fishermen, can exert influence on the activities in their upstream value chain and are thus an important actor when it comes to promoting sustainable fisheries methods throughout the entire industry.

process wild-caught fish, rather than being an importer or wholesaler). For the same reason, we focused on large⁴ and multinational companies, although some smaller enterprises were included as well to the extent that they are CSR pioneers. Finally, Europe being our geographical focus, the companies had to be of European origin or needed to have relevant subsidiary headquarters in a European country.⁵

When carrying out the survey, the fact that the majority of companies from the fisheries sector are still rather inexperienced with CSR questionnaires meant that responses were slowed down or complicated. On the other side, with the companies not being constantly overwhelmed with such inquiries, contact with senior staff could be made quite easily. The survey was closed in October 2006.

The basis for this survey is a sample of eight ‘forerunner’ companies from the European fish processing sector. They stem from Denmark, Iceland, Germany, Norway and the UK (see Table 1).

Table 1: Survey participants

Company	Country of origin
Frosta AG	Germany
Gottfried Friedrichs KG	
FF Skagen	Denmark
Rhabek Fisk A/S (≈ plc)	
Icelandic plc	Iceland
Domstein ASA (≈ plc)	Norway
Unilever plc/N.V. ⁶	UK/Netherlands
Young’s Bluecrest	UK

Source: RARE Project.

As regards size, the turnover of the covered companies ranges from 60 to 742.4 Mio. Euro (2004), and workforce varies between 130 and 4.500 (2004). As the companies partly operate in different markets, both with regard to geographical coverage inside Europe and with regard to products (frozen fish, smoked fish etc.), it is difficult to determine the market share they have in Europe. With its focus, the survey does not strive

⁴ I.e. companies with more than 250 employees or having an annual turnover exceeding EUR 50 million, and/or an annual balance sheet total exceeding EUR 43 million. This understanding is based on delimitation against the European Commission’s (2003: Art. 2) definition of SMEs.

⁵ After the response rate in our first empirical wave was not fully satisfactory, we selected additional companies on the basis of belonging to the five biggest European fishing nations (Spain, France, Norway, Great-Britain, Iceland and Denmark) and belonging to the top five fisheries companies within these countries concerning their turnover. However, none of these companies took part in the survey.

⁶ While Unilever sold its frozen food (including frozen fish) business during 2006, it was still making fish products when participating in the survey.

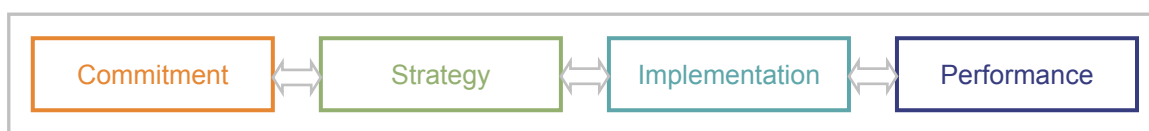
to give a representative picture of the whole European processing sector, but to give insights into the practices of selected CSR forerunners.

Two of the companies are stock-market listed. The regions in which the companies (including joint ventures/subsidiaries) operate cover above all the old EU Member States (75%, n=6/8), partly the new EU Member States (25%, n=2/8), especially Poland. Two respondents have operations in other industrialised countries, and one in developing countries. The companies' customers are mostly retailers and end-consumers; one company also supplies the food services industry as an intermediary actor towards end-consumers. Two of the companies participate actively in working groups on sustainable fisheries within sector associations or other business organisations.

3 Survey results

The results of the CSR survey will be presented following a schematic path for corporate decision making, which was also the basis for the questionnaire structure (Figure 1).

Figure 1: Survey structure



Source: RARE Project

This schematic path starts with the company's general commitment to its social and/ or environmental responsibility, followed by strategy building, implementation and the resulting performance – which then leads to impacts on society and the environment.

3.1 Corporate commitment

3.1.1 No breakthrough for the EU reference concept

Assuming that organisations interpret differently such abstract concepts as 'Corporate Social Responsibility' and derive different strategies from the respective interpretations, we were at first interested in how companies make sense of this concept. Hence, we first asked the fish processing companies by which term they describe their 'responsibility to society and the environment' (Figure 2).⁷ Our expectation was that companies would refer to a term that is anchored in their environment, be it the environment of sectoral peers or that of stakeholders.

⁷ A number of common terms were given, multiple answers were possible.

Figure 2: Terms used to describe companies' responsibility to the society and environment



Source: RARE Project

It turns out that from those term used at all, “Corporate Social Responsibility” (CSR) as the concept promoted by the European Commission (2002, 2006), along with “Corporate Sustainability” are presently used least by the companies (n=2). With regard to “CSR” this might indicate that the Commission’s CSR Strategy has not yet reached the fish processing sector, or that the sector’s understanding was formed before this strategy took off. Indeed, more companies (n=4) refer to the older concept of “Business Ethics”. However, the same number of companies employs the term “Corporate Responsibility” (CR), which is rather recent, thus possibly indicating that newcomers selected a concept different from the EU’s official reference term. Interestingly enough, both these preferred concepts do not necessarily imply an environmental dimension of well-doing. As will be seen later, this is slightly contradictory to the fact that the concrete CSR activities of fish processors focus on the environment and on sustainable fisheries.

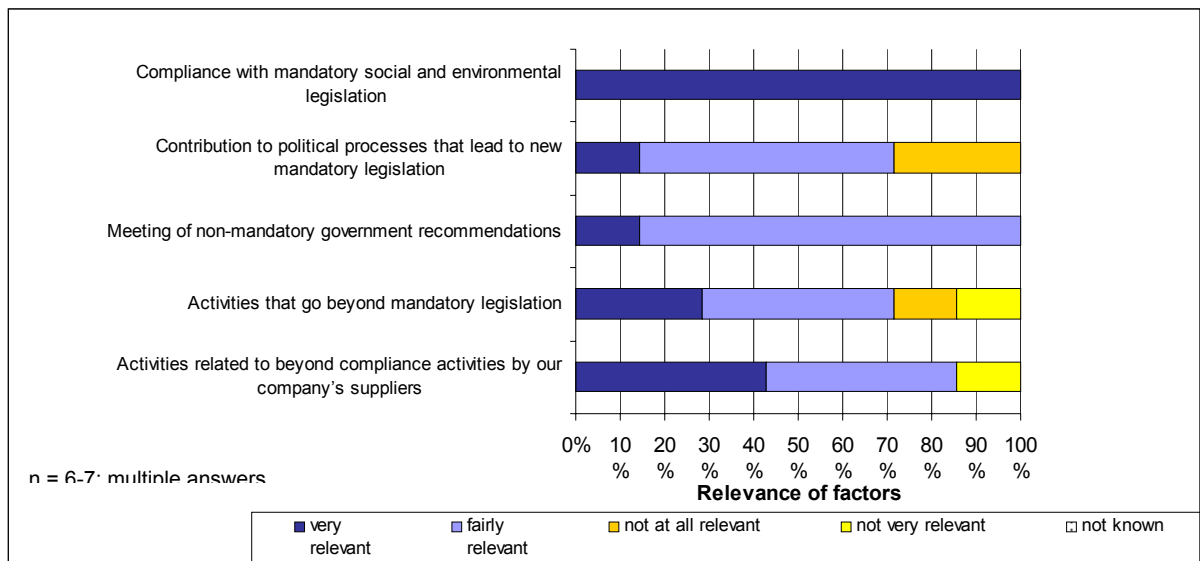
3.1.2 CSR as a compliance tool rather than beyond compliance strategy?

When asked in some more detail what dimensions are relevant for their concept of social/ environmental responsibility, companies unanimously stress that compliance with mandatory social and environmental regulation is very relevant (Figure 3). The meeting of non-mandatory government recommendations is considered as “fairly relevant” by all but one respondent, who judges it to be very relevant. Some companies furthermore include contributions to political processes that lead to new mandatory legislation as a part of their responsibility understanding; CSR in this sense consists in ‘spearhead activities’. “Activities that go beyond mandatory legislation” seem to be the most contentious part of the companies’ social and environmental responsibility: respondents specify different importance for this element, ranging from very relevant to not at all relevant. This is striking, as CSR is commonly framed as a “beyond compliance strategy”. In accordance with this, the EU explicitly defines Corporate Social Responsibility as

activities going beyond mandatory obligations (European Commission 2002, 2006). Again, a mismatch between the public policy expectation and the corporate interpretation becomes apparent, as the fish processors seems to pursue CSR as a compliance rather than beyond-compliance strategy.

It is more congruent with our expectations that supply chain activities are seen as very or fairly relevant in 85% of answers: especially with regard to the CSR issue of “sustainable fisheries”, the companies’ CSR practices ultimately depend on the behaviour of their suppliers, i.e. the fishing industry.

Figure 3: Dimensions of responsibility



Source: RARE Project

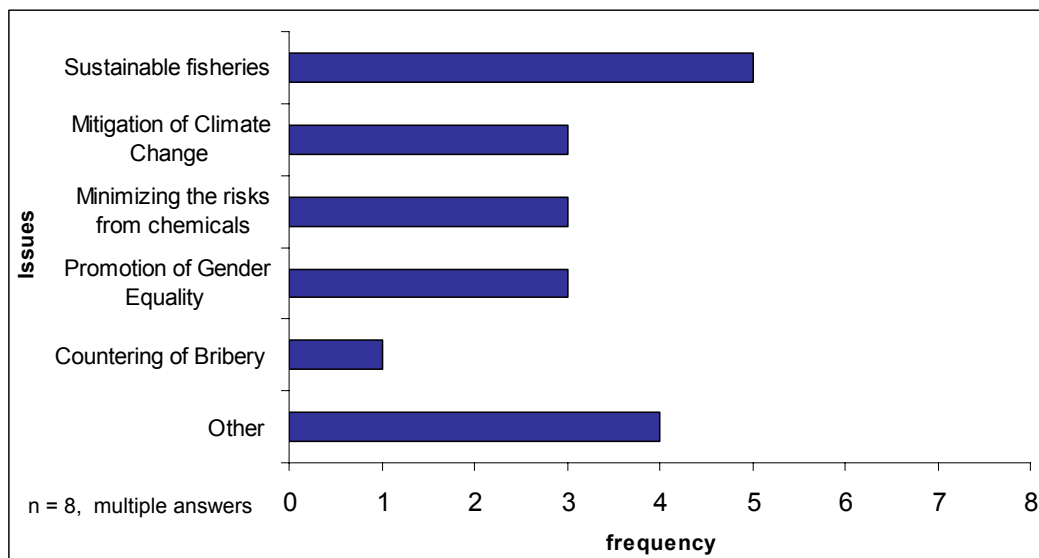
We analysed in a next step whether this understanding of responsibility dimensions was systematically related to the overall level of CSR activities in the five issue areas.⁸ One assumption was that companies that perceive CSR as a genuine beyond compliance strategy would be more highly motivated and hence busier. Those that rate the dimension “activities beyond mandatory legislation” as very or highly relevant (see fourth row in Figure 3) would then tend to have a higher level of overall CSR activities than companies which consider “compliance with legislation” as especially important. However, this expectation was not confirmed by the data. The level of CSR activities (which has been aggregated across all five issue areas) is low for most of the companies in the sample even if they consider beyond compliance activities were very or fairly relevant. It emerges that the companies’ understanding of relevant dimensions is independent of their level of activities.

⁸ The ‘level of activities’ is an aggregate value deduced from the activities that companies perform to implement CSR; it is described more closely in Footnote 10.

3.1.3 Commitment focussed on core business

We were curious how companies substantiated their commitment towards the society and/or environment. Six of the eight companies polled declare that they have introduced an explicit written statement, thus making their engagement public. As regards coverage of the five selected CSR issue areas (see above) within these written statements, the issue area of ‘sustainable fisheries’ scores highest. This is not really surprising and confirms the common assumption that companies relate their commitment tightly to their core business and to issues that constitute a business case – such as preservation of fisheries stocks is not only an environmental issue but a question of economic survival for fish processors. Rather, it comes unexpected that this crucial issue is only covered in the statements of five (i.e. 63 %) of the surveyed fish processing companies (Figure 4).⁹

Figure 4: Coverage of written statement on companies’ responsibility



Source: RARE Project

While ‘mitigation of climate change’, ‘minimizing risks from chemicals’ and ‘promotion of gender equality’ are further issues covered by at least some of the companies, ‘countering of bribery’ comes out last. This may either be due to the fact that bribery is no major problem in the fishing/ fish processing industry, or that it is at least not perceived as such by the companies and their stakeholders. For the one company who tackles the issue of bribery it may be stated that the company’s business is highly diversified and covers supply chains as well as consumptions in food and non-food businesses around the globe.

⁹ One reason for this may be that among the respondents there are many diversified companies for which fish processing is only one aspect of their operations.

3.2 Corporate strategy

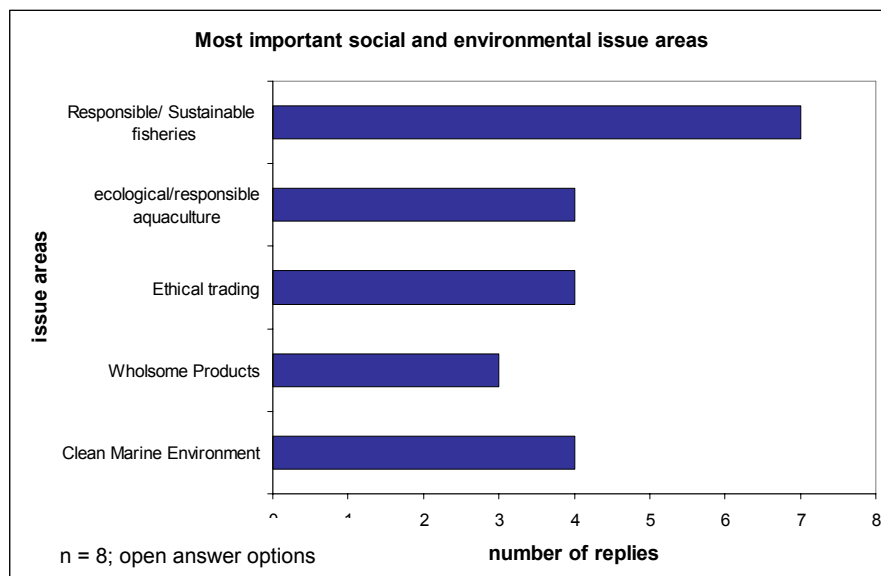
Do companies consistently transform their commitment into strategies? In order to understand the step from commitment to strategy, we were interested to see which social and environmental issues are identified as relevant by the companies, and how they manage these issues and integrate them into their policies and strategies.

3.2.1 Strategic focus on core business, but some inconsistencies

Consistent with the impression that companies focus their commitment on issues linked to their core business, it emerges that they also set their strategic emphasis on these – with climate change mitigation being a significant one-off.

The most important social and environmental issue areas specified by the companies in open answers comprise ‘responsible’ or ‘sustainable fisheries’, closely followed by ‘ecological/responsible aquaculture’, a ‘clean marine environment’ and ‘ethical trading’ (Figure 5). The production of ‘wholesome products’ is also specified by three companies. As an overall result, ecological issues related to the fishery and its environment seem to range somewhat higher on the corporate agendas than social issues such as ethical trading in the supply chain.

Figure 5: Most important social and environmental issue areas



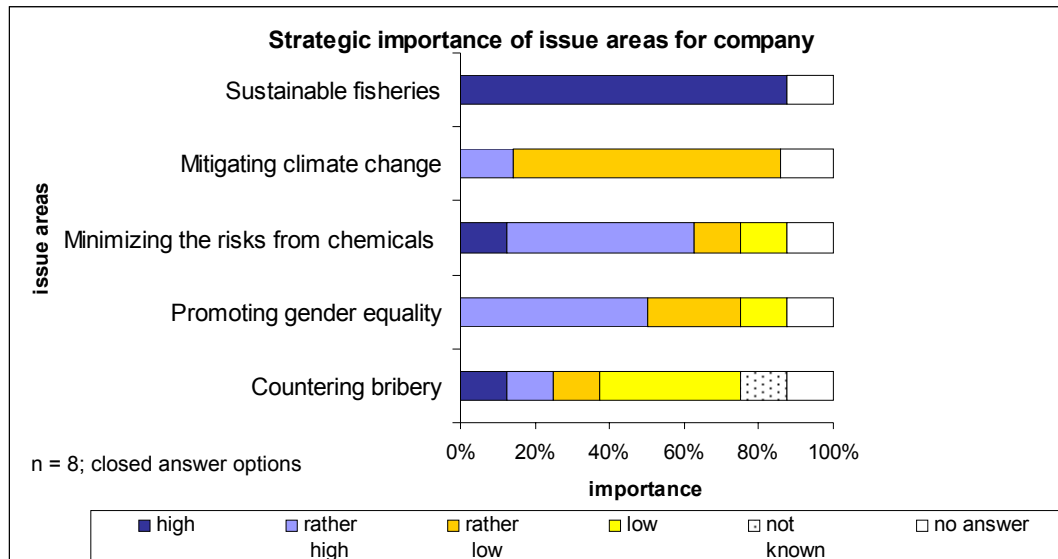
Source: RARE Project

When afterwards asked about the strategic importance that the companies attach to those issue areas focussed on by the RARE project, ‘sustainable fisheries’ – again as expected – clearly and by far scores highest (

Figure 6). With a rather large distance, it is followed by the issue ‘minimizing the risk from chemicals’, which covers for example avoidance of toxic substances for vessels’ paints and nets. Promoting gender equality is still attributed a relatively high strategic

importance (four respondents), unlike countering of bribery and the mitigation of climate change.

Figure 6: Strategic importance of selected issue areas



Source: RARE Project

Especially, the little importance attached to climate change is puzzling: one might both assume that there is a real challenge here for the fish processors – i.e. the cold chain – which is close to their core business, and might expect that climate is high on the agenda of potential pressure groups like civil society, governments and investors. The puzzle can be illuminated somewhat when comparing an issue’s strategic importance with its mentioning in written CSR statements (Figure 4): climate change here is still relatively well covered. It is possible that companies use their written statements to pay lip service to stakeholders’ expectations, while not (or at least not yet) fully recognizing the strategic importance of climate change mitigation. Apart from this one-off, the strategic assessments by and large mirror the results of Figure 4.

Interested in whether there are variations in issue importance induced by political, institutional or cultural differences between countries, we also inquired about issue importance with regard to operations in the new EU Member States. However, it emerges that those two companies operating in the new Member States basically attach the same strategic importance to the above issue areas when operating there. It seems the companies have no explicit strategic issue assessment for their operations in the Eastern and Central European countries.

In a further analytic step, we analysed how the strategic importance the companies attribute to specific issue areas links with the level of the (issue specific) activities they carry out (cf. Table 2). The intuitive assumption is that the level of activities increases with the issue’s strategic importance. Figuring out the different levels of activities

first,¹⁰ it emerges that the polled companies in the fish processing sector either feature a low or a medium level of activities, depending on the issue area.

Table 2: Relation between strategic issue importance and level of activities

		Level of Company Activities			Row Total
		high	medium	low	
Strategic Importance (high/ rather high)	Sustainable fisheries	0%	57%	43%	100% (n=7)
	Mitigating climate change	100%	0%	0%	100% (n=1)
	Minimizing the risks from chemicals	60%	20%	20%	100% (n=5)
	Promoting gender equality	0%	75%	25%	100% (n=4)
	Countering bribery	100%	0%	0%	100% (n=2)
Column Total		26%	42%	32%	100%

Source: RARE Project

Therefore, we need to interpret the cross-tabulation issue specifically. With regard to “sustainable fisheries”, 57% of companies that attribute a high/rather high importance to the issue area have a medium level of CSR activities in this issue area. The remaining 43% of companies convinced of the strategic importance of sustainable fishing only feature a low level of activities. This is somewhat sobering as it implies that high strategic importance does not necessarily translate into high or even medium level of concrete activities. As regards the minimization of chemical risks, the majority of companies that perceive the issue area as important boasts a high level of activities. Although in absolute terms fewer companies attribute a high/rather high strategic importance to chemicals issues that to sustainable fishing issues, the relative performance is better. Thus, our intuitive assumption is falsified: there is no clear relation between an issue’s strategic importance and the level of activities carried out in the issue area.

As to the other issues, no clear patterns are discernible. One quarter of the companies that attribute (rather) high importance to the promotion of gender equality have a medium, three quarters have a low level of respective activities. The issues of climate change and countering of bribery have been assessed only by one company, whose activities in these areas have consequently turned out to be on a high level.

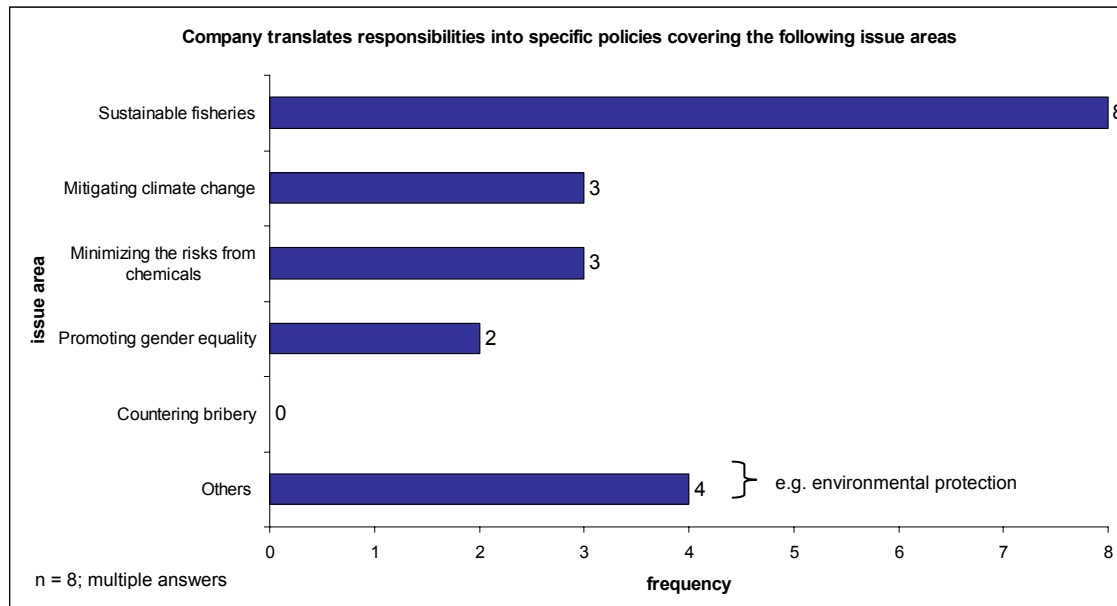
3.2.2 Selective integration of CSR issues into strategies

When translating their social and environmental responsibilities into corporate policies and/or strategies, companies may either opt to develop specific self-standing policies on

¹⁰ To do so, we relate the number of activities ticked¹⁰ by each company in each issue area to the absolute number of possible options. The resulting percentages are translated into 3 levels of activities: a ‘low’ level of activities encompasses 0-25% ticks per issue area; a ‘medium’ activities level ranges from 26-50%; and the ‘high’ level includes 51-100% ticks. The aim is to better grasp how active companies are in each of the issue areas under survey. We are conscious of the limitations to this very crude approach but we find that it offers at least an approximation to operationalise the relation between what companies assess as strategically important and what they actually do.

social and environmental issues (Figure 7) or they may integrate their concern for the issues into pre-existing policies and strategies (Figure 8). All the European fish processing companies polled have self-standing policies on sustainable fisheries. Specific policies on climate change, the risks from chemicals and gender equality concerns each exist in several companies, whereas the fight against bribery is not institutionalised into an own policy by any of the respondents.

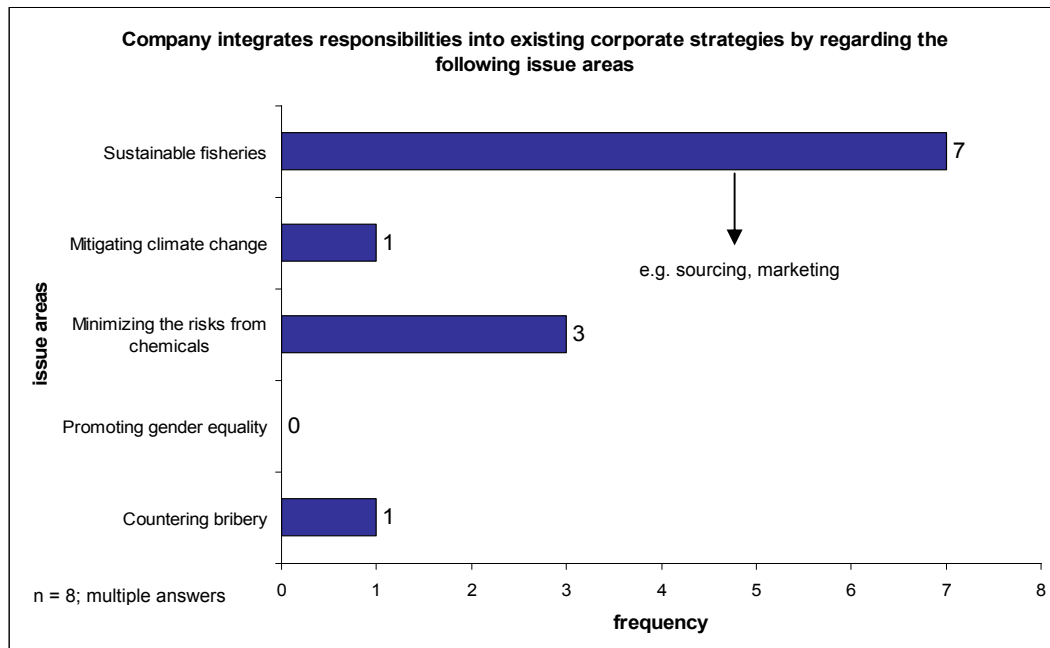
Figure 7: Translation of corporate responsibility into self-standing policies



Source: RARE Project.

Companies furthermore integrate their responsibility into pre-existing, cross-cutting policies and strategies. Companies integrate or ‘mainstream’ these concerns *in addition* – not as an alternative – to developing self-standing policies on CSR issues (Figure 7). However, this integration seems to be selective: While sustainable fisheries concerns are integrated by most companies (n=7 out of 8), only few fish processors take the effort to integrate climate change issues (n=1), chemicals concerns (n=3) and the countering of bribery (n=1) into cross-cutting strategies. They tend to do so to a lesser extent than setting up separate policies on these issues (9 entries in Figure 8 vs. 16 entries Figure 7). Gender equality turns out not to have been integrated into pre-existing strategies.

Figure 8: Integration of corporate responsibility into pre-existing strategies



Source: RARE Project.

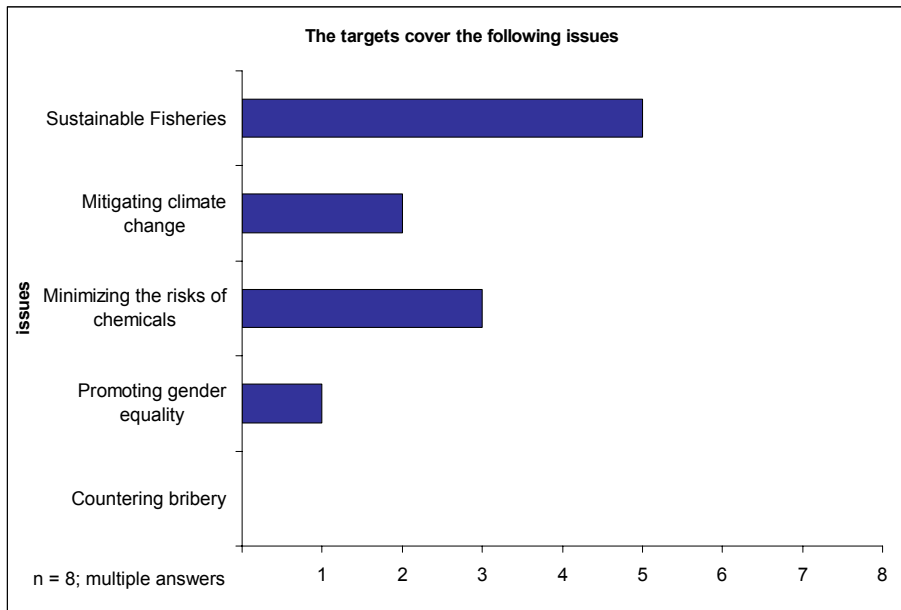
The pre-existing policies and strategies into which the fish processing companies of our sample integrate their social and environmental responsibilities include above all the sourcing and marketing strategies as well as product development and product placement. The companies did not mention that they integrated these responsibilities into other strategies, such as the corporate strategy, growth strategy, human resources strategy etc..

3.2.3 Target setting not clearly aligned to strategic importance

A crucial further step in the CSR process is the operationalisation of strategies and policies, above all their translation into specific targets (Figure 9). The survey reveals that only five of the eight companies have defined targets. To our surprise, however, targets exist in all issue areas except 'countering bribery' – this means that targets are set even in issue areas such as climate change and gender equality that are not considered as strategically important (cf.

Figure 6). In all cases, the targets apply to the companies' own operations as well as to suppliers and service providers, respectively to the impacts of their products and services. Only two companies extend their targets to the operations of other key business partners.

Figure 9: Targets concerning companies' responsibility towards society and environment



Source: RARE Project.

We checked the question more systematically whether the setting of targets is linked to a company's assessment that a specific issue is strategically important. Table 3 indicates that there is a (at least statistical) relation for some issue areas.

Table 3: Relation between assessment of strategic importance and target-setting

		Target	No target	Row Total
Strategic importance (high /rather high)	Sustainable fisheries	67%	33%	100% (n=6)
	Mitigating climate change	100%	0%	100% (n=1)
	Minimizing the risks from chemicals	50%	50%	100% (n=4)
	Promoting gender equality	33%	67%	100% (n=3)
	Countering bribery	0%	100%	100% (n=1)
Column Total		53%	47%	100%

Source: RARE Project.

In the majority of issue areas to which companies assign a high/rather high strategic importance at least 50% of companies have set themselves targets with regard to this specific issue area. The most intense relationship can be identified with regard to the climate change issue (however, this refers to only one company). As could have been expected, the sustainable fisheries issue is, in absolute terms, the one most frequently translated into concrete targets within the companies that attributed high relevance.

3.3 Implementation

In order to better understand the concrete implementation of voluntary social and ecological commitment in the fishing and fish processing sector, it is important to learn about the instruments that companies use, the specific activities they carry out in CSR issue areas, and about the organisational structures and resources that are employed to promote effective implementation.

3.3.1 CSR instruments and community activities

The CSR instruments we asked companies about included codes of conduct,¹¹ management systems,¹² various forms of stakeholder engagement and co-operation, non-financial accounting and reporting,¹³ and award of social or ecological labels. In addition to these systematic, 'built-in' instruments companies carry out (more 'bolt-on') community or 'Corporate Citizenship' activities. These encompass donations, sponsoring, the establishment of foundations or cause-related marketing (CRM), and exemption of staff for corporate volunteering.

3.3.2 No preference for specific instrument types, but thematic focus

The survey reveals that the respondent fish processing companies do not seem to have specific preferences with regard to the types of instruments. Codes of conduct, management systems and labels are equally used. As regards content, the focus is on instruments that relate to sustainable fisheries, to food safety and the environment. In Figure 10, we list those instruments that scored top in our survey.¹⁴

Figure 10: CSR instruments most frequently used by respondents

List of top scoring instruments per category	
Codes of conduct	
- FAO Code of Conduct for Responsible Fisheries	6
- Company-specific code(s): Environmental Principles	3
Management systems	
- Hazard Analysis and Critical Control Point (HACCP)	6
- Others: British Retail Consortium (BRC) Global Standard – Food; Laboratory Information Management Systems (LIMS); International Food Standard (IFS)	4
- Company-specific management systems: own quality manuals; 'boat to plate' traceability system	3
- ISO 14000	2

¹¹ I.e. formal statements of principles that define standards for specific company behaviour.

¹² I.e. internal tools to integrate values through sets of procedures, process steps and specifications.

¹³ I.e. the voluntary assessment and communication of organizational activities and impacts on sustainability matters.

¹⁴ The list of instruments given in the questionnaire was hence longer than that in Figure 10.

Forms of stakeholder engagement and co-operation	
- Participation in multi-stakeholder initiatives (issue area: sustainable fisheries)	4
- Consultation of stakeholders and dialogue	3
- Collecting information about/from stakeholders	4
Non-financial accounting and reporting	
- Own (non-standardised) report produced	3
Conformance with requirements of social and ecological product labels	
- Marine Stewardship Council (MSC, chain of custody certification)	6
- Dolphin Safe Label	1
- EU and or national Eco-Label	1
n = 8	

Source: RARE Project.

In the category of codes of conduct, six respondents apply the FAO Code of Conduct on Responsible Fisheries; two have company-specific environmental principles. The management system most frequently employed is the Hazard Analysis and Critical Control Point (HACCP), which relates to food safety, and own company-specific management systems in the form of quality manuals and ‘boat to plate’ traceability systems. The environmental management system ISO 14.000 is used only by two of the companies polled. Stakeholder engagement is an instrument used by about half of the respondent companies: among them is the participation in multi-stakeholder initiatives, exclusively in the issue area of ‘sustainable fisheries’. While some companies also collect information about/from stakeholders and consult them (n=2), stakeholders are not included into decision-making (e.g. in working groups, joint initiatives) by any of the firms. Sustainability reporting is still rare within those companies polled (n=3), and only in one company the reports is based on a global reporting standard.¹⁵ An important instrument is the Marine Stewardship Council (MSC) label, a certification programme on sustainable fisheries (six respondents). The label is frequently applied to at least a part of the products of the fish processors.

In a tentative way, the use of CSR instruments in our sample can be linked to the form of legal ownership of a company, and more specifically to its stock market listing.

¹⁵ In this case the Global Reporting Initiative (GRI) Guidelines and the AA 1000 Assurance Standard.

Table 4 indicates firstly that in the two cases that companies from the survey are stock-market listed, they use at least one instrument per instrument category¹⁶ while this is not the case for non-stock-market-listed companies.

¹⁶ I.e. the instrument types described in the top-rows e.g. codes, management systems etc.

Table 4: Relation between stock market listing and use of CSR instruments

		Use of CSR Instruments				
		Codes of Conduct	Management Systems	Stakeholder engagement	Non-financial accounting and reporting	Social and eco labels
Stock Market Listing	Yes (n=2)	100%	100%	100%	100%	100%
	No (n=6)	83%	67%	50%	17%	50%

Source: RARE Project.

However, the statistical basis is small and company size might be an intervening variable: for a company to be able to list itself on the stock market, there certain requirements as to the number of staff or the amount of turnover. At the same time, bigger companies have more resources and are potentially more in the public limelight which pressures them to implement CSR instruments. Secondly, the cross-tabulation reveals that the preferences for types of CSR instruments with those companies surveyed that are not stock-market listed varies considerably. Codes of conducts are the preferred instrument, while non-financial reporting is least carried out by them.

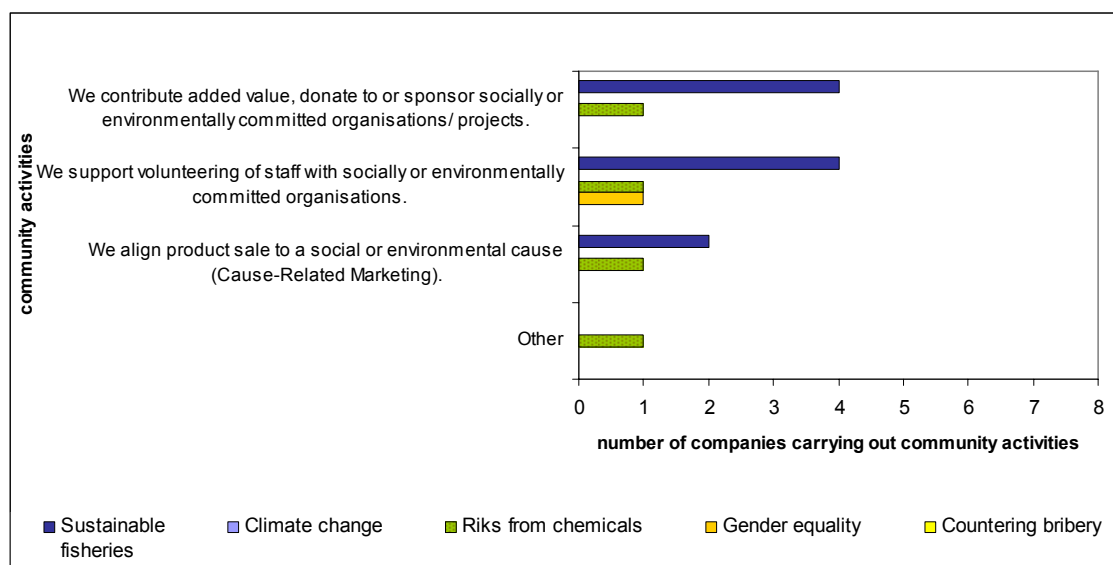
3.3.3 CSR requirements anchored in the value chain both up- and downstream

The use of CSR instrument has repercussions on the wider value chain. Six of the eight companies we surveyed require compliance (‘upstream’) from their contractors and suppliers with diverse CSR instruments or standards. This holds for the MSC label – where consideration of all parts of the supply chain is required for the chain of custody certification –, but also for the FAO Code of Conduct, a company’s environmental policy, the HACCP, BSCI and legal standards. Then again, four of the fishery companies surveyed are themselves required (‘downstream’) to comply with their customers’ CSR-policies concerning fishery sustainability. Among the fish processors of our sample, up- and downstream supply chain obligations seem densely knit with regard to CSR.

3.3.4 Community activities

In a wider understanding, community (or ‘Corporate Citizenship’) activities are subsumed under Corporate Social Responsibility as well, although such activities structurally are ‘bolt-on’ rather than ‘built-in’ to the company’s operations.

Figure 11: Community activities carried out by companies



Source: RARE Project.

In our sample, only half of the companies engage in community activities. The focus is on donating/sponsoring and the support of volunteering of staff ($n=4$), with Cause-Related Marketing playing a certain role as well. Thematically, activities on sustainable fisheries concerns dominate. While some activities concern chemicals issues, only one relates to the gender equality and none to the mitigation of climate change or the fight against bribery. The earlier observed link between community activities and the companies' core business is hence confirmed.

3.3.5 Voluntary activities in selected issue areas

Besides the use of standardised CSR instruments as they were discussed above, corporate social responsibility manifests itself in very concrete beyond compliance activities and in changes of companies' daily practices. The survey inquires specifically about such activities in the five selected issue areas.

3.3.5.1 Sustainable fisheries activities: maintaining fisheries resources rather than tackling ecosystem impacts

In the issue area of sustainable fisheries, voluntary activities frequently relate to specific fish *stocks*. While one and the same processor sources fish from some stocks merely according to legal requirements, it may source fish from other stocks that are managed more sustainably than legally required. In order to get a somewhat comprehensive picture about the extent of such activities, companies were asked to specify their activities both with regard to (a) the fish stock that earns the company the *greatest turnover*, and (b) a fish stock that the company catches or sources from explicitly *sustainable* fisheries (worldwide). The information relating to (b) will give us insights into what responsibility measures are taken in an 'ideal' case, while data on (a) will indicate what measures

the company takes with regard to the economically most relevant stocks; (a) and (b) may be identical. Figure 12 lists the fish stocks specified by the companies. The bottom rows of the table provide additional information (c) on the relevance of sustainable fishing/sourcing practices in relation to the companies' total fishing/fish processing operations.

Figure 12: Fish stocks for which voluntary activities were surveyed

(a) Fish stock which provides the company with the <i>greatest turnover</i> :				
Species	Alaska Pollock	Atlantic Cod	Alaska Wild Salmon	Atlantic Cod
Location of the fishery	-	Barents, Baltic Sea/ Iceland	Pacific	N-E Atlantic
Stocks' share of company's total fish sales	5%	20%	30%	-
(b) Fish stock that the company catches or sources from explicitly <i>sustainable</i> fisheries:				
Species	Salmon	Alaska Pollock	Alaska Wild Salmon	Haddock
Location of the fishery	Pacific	Alaska, USA	Pacific	N-E Atlantic
Stocks' share of company's total fish sales	0,50%	12%	30%	-
(c) Additional information:				
Estimated overall share of fish sold from sustainable fisheries in relation to company's total fish sales:				
	50%	15%	30% ¹⁷	-

Figure 13: cont'd

(a) Fish stock which provides the company with the <i>greatest turnover</i> :				
Species	Industrial fish in general	Cod	Plaice	-
Location of the fishery	Oceans around Scandinavia, Scotland	North Atlantic	North-East Atlantic	-
Stocks' share of company's total fish sales	-	?	15%	-
(b) Fish stock that the company catches or sources from explicitly <i>sustainable</i> fisheries:				
Species	-	Herring	Alaska Pollock	Hoki/Pollock
Location of the fishery	-	North Atlantic	North Pacific	New Zealand
Stocks' share of company's total fish sales	-	?	10%	-
(c) Additional Information:				
Estimated overall share of fish sold from sustainable fisheries in relation to company's total fish sales:				
	-	-	40%	56% for the European market

Source: RARE Project.

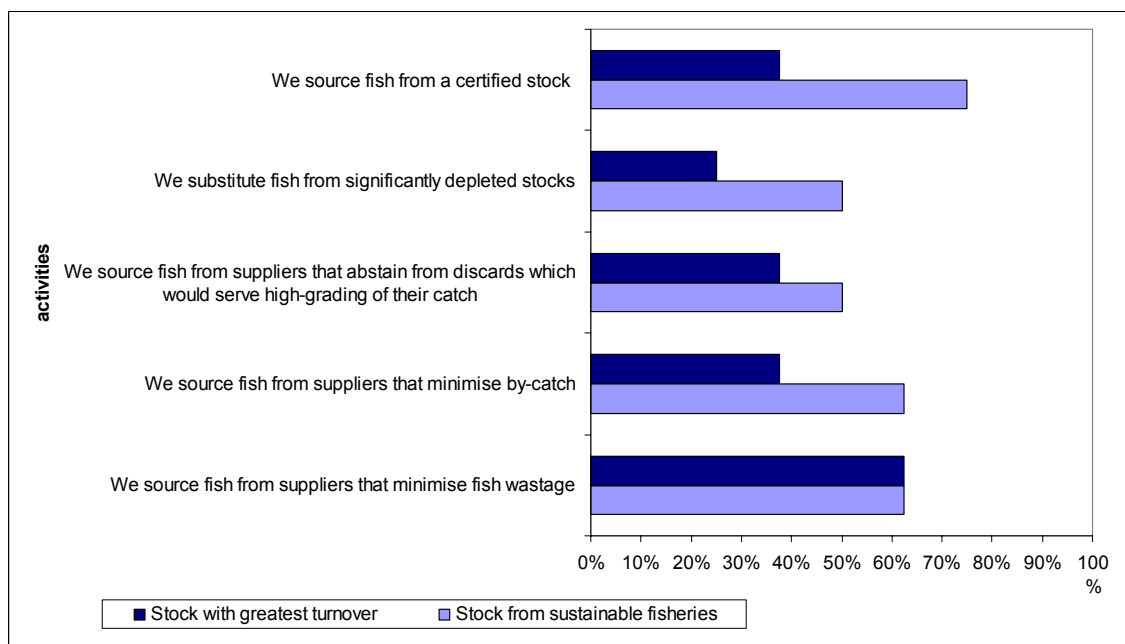
The tables reveal that only for one company, the fish from explicitly sustainable fisheries is also the economically most relevant¹⁸ one. Among the fish stocks named (both under a. and b.), several are MSC certified (e.g. Alaska pollock and salmon). To the

¹⁷ In premium segment.

¹⁸ Defined by turnover.

extent the information was stated, the estimated share of fish sold from sustainable fisheries in relation to company's total fish sales is relatively high (average: 38%). As we will show below, companies carry out a number of voluntary measures aimed at fishing more sustainable both with regard to the (a) economically most relevant fish stocks and (b) the stocks from explicitly sustainable fisheries specified. For systematic reasons, we differentiate between activities that contribute to sustaining marine fisheries resources (target and non-target species; Figure 14),¹⁹ and activities that minimise the impact of fishing on the wider marine ecosystem (Figure 15).

Figure 14: Voluntary activities to sustain marine fisheries resources (the five top scores)



Source: RARE Project.

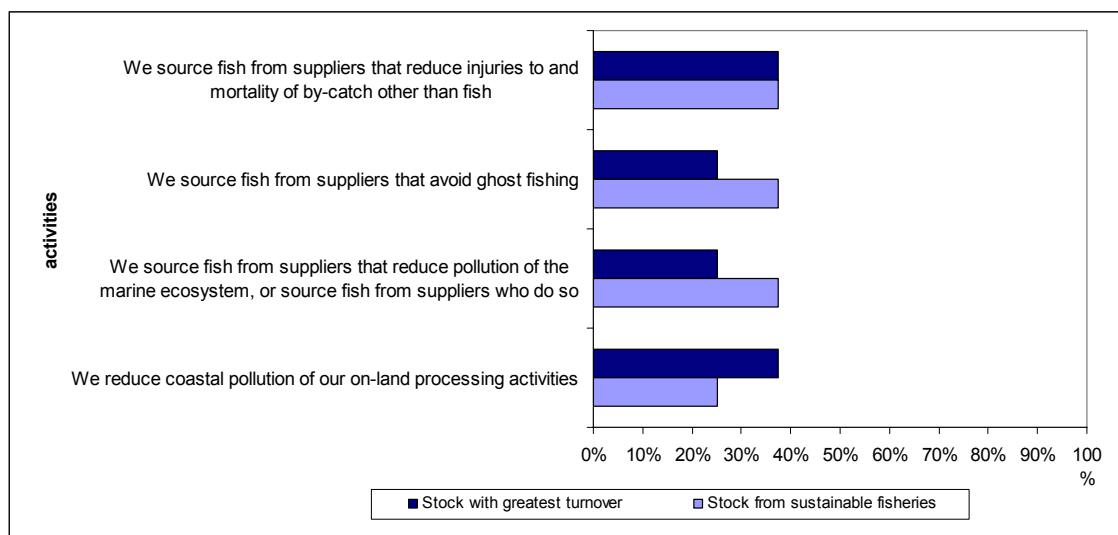
Among the top-scoring five activities to *sustain marine fisheries resources*, companies source fish from certified stocks (e.g. Marine Stewardship Council, KRAV) or from stocks that are being managed in a sustainable manner according to other label or code requirements (e.g. FAO Code of Conduct, own labels etc.). They also substitute fish from significantly depleted stocks to other species – a measure that takes the strain off highly exploited, overfished or depleted stocks but that in the medium term may shift the problem to other stocks. The processors source fish from suppliers which minimise fish wastage (e.g. by turning cut-offs into fish meal) or abstain from discard and minimise by-catch. Apart from the minimisation of fish wastage, most of the measures vary between economically important and explicitly sustainable stocks. This might be attributed to the fact that the respective activities are obligatory under certain certification schemes (e.g. MSC) but are not so widespread with regard to stocks not managed sus-

¹⁹ The figure portrays only the 5 top scoring activities; for the full list of activities surveyed see Annex.

tainably. In addition to the above described top-scoring activities, it is also relevant to realise what potential CSR measures are conducted rarely or not at all by the companies under study. For example, only two respondents implement supplier standards concerning technical measures of stock conservation, and invest in or support stock monitoring and assessment. Likewise, just one of the companies states that it sources from suppliers that reduce fishing effort in specific cases. This is certainly the most effective measure to sustain marine fisheries resources; however, it is not widespread as it affects companies' competitiveness if the measure is not carried out collectively.²⁰ None of the companies polled promotes closed areas (no-fishing zones) or closed seasons, or invests in research on sustainable fisheries methods.

As regards minimising the *impact of fishing on the marine ecosystem* (Figure 15), it catches one's eye that the level of activities is significantly lower than with regard to target and non-target fish. This finding underlines that CSR activities representing a win-win situation (business case) are preferred to other activities. It also confirms the impression that companies view sustainable fisheries as a resource issue ('sustaining one's business tomorrow') rather than an environmental issue ('avoiding ecosystem impacts'). The most common activities that companies carry out with regard to the marine ecosystem aim at reducing (through sourcing standards) injuries to and mortality of by-catch other than fish, at avoiding ghost fishing, at reducing coastal pollution through on-land processing as well as pollution of the marine ecosystem (e.g. through oil spills, on-board processing, or waste water). However, even with regard to the fish from explicitly sustainably managed stocks, these activities are carried out by a maximum of 40% of our sample companies.

Figure 15: Voluntary activities to minimise impact on the marine ecosystem (top scores)



Source: RARE Project.

²⁰ Freeriders will profit from the effort reduction of the abstaining companies and will harvest their quota.

Only one respondent declares they source fish from suppliers that land by-catch²¹ and that minimise impact on the sea bed; this company also implements supplier standards to minimise the effects of fishing practices on the marine ecosystem. With regard to their economically most important stocks, none of the companies attempts to tackle the genetic impact of fishing – a rather new concern that is difficult to address. Likewise, none invests in research to minimise negative effects of fishing practices on the marine ecosystem. The picture varies slightly when looking at what companies do with regard to stocks from sustainable fisheries: here, at least one company boasts activities in the above mentioned fields.

3.3.5.2 Chemicals activities: focus on risk management

Minimising risks from chemicals is the issue in which the fish processing companies surveyed are engaged second frequently after the issue area sustainable fisheries. Their voluntary activities concern above all chemical risk management. This includes the proper servicing of equipment containing refrigerants (n=6) and establishment of systems or activities for workers' safety (n=7). When it comes to substituting to less hazardous or non-chemical alternatives, or to reducing the use of chemicals, activities thin out. Only one company reduces its use of toxic substances for vessel paints and nets and two companies substitute away from the use of CFCs and HCFCs as refrigerants, or substitutes towards good quality fuels of low sulphur content. In some of the countries of operation, the latter activities are partly required by law, however, with their activities companies then go beyond these legal requirements.

3.3.5.3 Climate change activities: little urgency

The mitigation of climate change does not seem to be an urgent issue area among the fishery companies surveyed. Only two respondents work to reduce greenhouse gas emissions through diverse measures with regard to processing and transport and through energy efficiency improvements. Two companies are switching to renewable energy sources in their operations. One of the companies gives clear-cut details on its activities in that area (which are not restricted to operations in fish processing):

'We are now introducing cabinets using a hydrocarbon (HC) gas, which avoids both the ozone depletion and global warming effects. HC cabinets use up to 9% less energy than older technologies and HC refrigerant does not increase the concentration of those gases that contribute to climate change (known as greenhouse gases). In 2005, 60 000 of these new cabinets had been installed across Europe.'

3.3.5.4 Gender equality activities: emphasis on the work-life balance

Among the social issue areas (gender equality and anti-bribery) inquired, voluntary activities of those companies polled clearly focus on the promotion of gender equality. The companies' emphasis in their activities is on the work-life balance of employees, rather than on equal opportunity/equal pay concerns or other issues (sexual harassment,

²¹ in countries where this is not prohibited (e.g. to be sold on local markets)

health and safety). For example, four respondents state to have established flexible working time arrangements. Also, specific action to promote parental leave of fathers is taken in two of the cases, and such activities are partly required by law for both of them.

With regard to the promotion of equal opportunities and equal pay, only two of the companies are more active. They work to close the gender pay gap and to ensure gender equality of full time workers, part time workers as well as contract employees. Career advancement for women, promotion of women into top positions, gender considerations in recruitment, training, or bonus practices, however, are steps taken by none of the companies. Only one company has established a gender mainstreaming programme by which it strives to systematically integrate gender equality goals into all processes.

In the field of sexual harassment and bullying, two companies state to have established preventive measures. Health and safety actions are hardly 'gendered'. While three companies have installed regular information and suitable trainings/ instructions on safety and health on board of fishing vessels, none has established specific HS checks for female workers, recreation rooms for pregnant women.

3.3.5.5 Anti-bribery activities: no relevance?

Activities to counter bribery are sparse among the fish processing companies surveyed. This corresponds to the low profile that companies concede to the issue in their commitment and strategies. Only two companies restrict or control facilitation payments, and restrict or control the giving and receiving of gifts. A management system comprising guidelines for employees and business partners, training, whistle blowing mechanisms, internal control systems and possibly sanctions, reviews and public reporting of performance is implemented in none of the companies. One company explicitly stressed that bribery was not relevant to its operations.

3.3.6 Organisation and resources

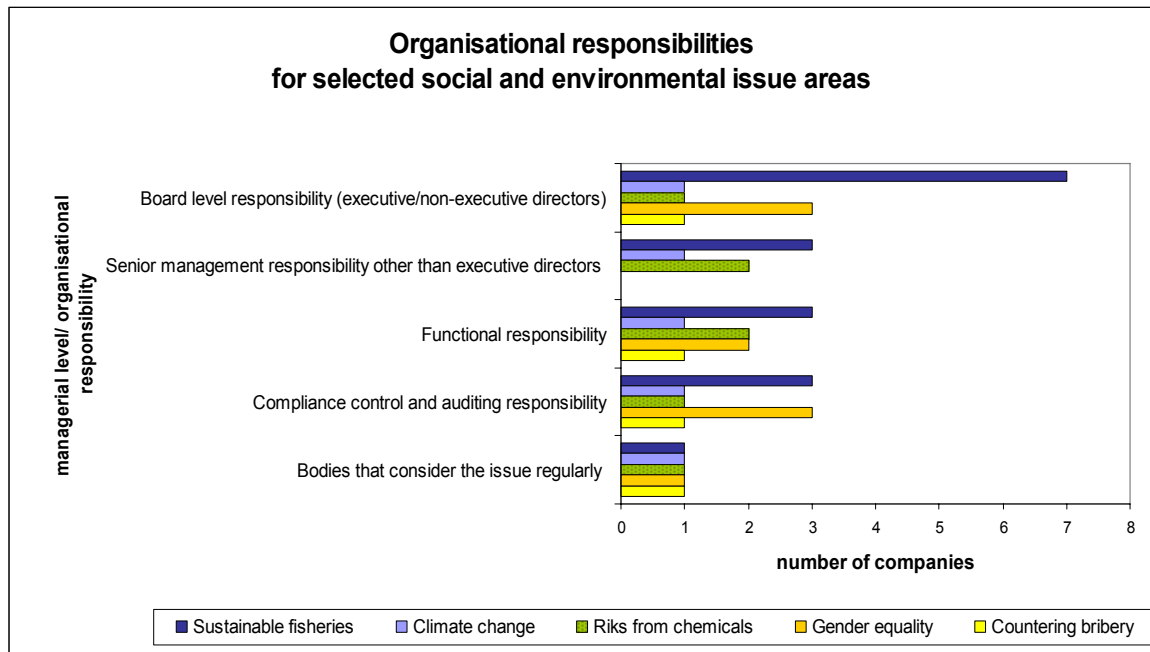
Implementation of corporate responsibility is tightly linked to the organisational set-up and the resources spent on CSR commitment. Our simplistic assumption is that the more highly institutionalised and the better endowed CSR activities are, the more likely it is that in the social and environmental impacts will be generated. We also expect that the level of institutionalisation and endowment is related to how strategically important companies consider an issue area.

3.3.6.1 Some incongruity between assignment of organisational responsibility and issue importance

The latter expectation is met by the result that the processing companies have assigned organisational responsibilities above all with relation to the issue area 'sustainable fisheries' (Figure 16). In most companies (n=7) an executive or non-executive director takes care of the issue, and in three of the respondent companies a senior manager (other than executive director) is responsible, too. Functional responsibilities with regard to sustainable fisheries (e.g. of heads of fish purchasing, human resource directors,

technical directors) and compliance control/auditing are established in two to three of the companies.

Figure 16: Organisational responsibilities for CSR issues



Source: RARE Project.

The issue area that is institutionalised second-best is gender equality: although the issue is less anchored at board-level, the organisational responsibilities at all other managerial levels are equally developed. This comes as a surprise as in strategic terms, gender equality does not rank highly with most of the surveyed companies. The fact that gender issues are a more ‘traditional’ part of human resource policies might account for this. Organisational responsibilities for chemicals issues, on the other hand, although they feature relatively high in strategic terms, are not very developed. The fact that there are hardly any organisational responsibilities for climate change issues or countering bribery (apart from in one company) again conforms to our expectations.

When examining more systematically the link between the organisational responsibilities assigned in the individual issue areas and the strategic importance that companies attribute to the issue area, we arrive at the following observations (Table 5).

Table 5: Relation between issue importance and assignment of responsibilities

		Organisational Responsibility					Row Total
		Board level	Senior management	Functional responsibility	Compliance control and auditing responsibility	Bodies considering the issues regularly	
Strategic Importance (high/ rather high)	Sustainable fisheries	100%	33%	50%	67%	17%	100% (n=6)
	Mitigating climate change	100%	0%	100%	100%	100%	100% (n=1)
	Minimizing the risks from chemicals	25%	50%	50%	0%	25%	100% (n=4)
	Promoting gender equality	75%	0%	50%	75%	25%	100% (n=4)
	Countering bribery	100%	0%	100%	100%	100%	100% (n=1)
Column Total		80%	17%	70%	68%	53%	100%

Source: RARE Project.

Those companies that rate ‘sustainable fishing’ a (rather) highly strategic issue *all* have assigned organisational responsibility at board level. This is also the case in the other issue areas such as climate change and countering bribery. However, results for the latter result from the answer of one company only. While in the case of a (rather) high importance of gender equality still two thirds of the companies have assigned board level responsibility, chemicals issues are badly represented at board level but rather find attention at senior management level. Thus, the assessment of high/rather high strategic importance of issues translates to different degrees into specific institutional set-ups – hence, it seems that ‘strategic importance does not equal strategic importance’. When analysing the variance of values per row, it appears that strategic importance is frequently accompanied by the assignment of compliance control and auditing responsibilities.²²

3.3.6.2 Expenditure data is sparse but cautiously optimistic

In order to implement CSR instruments and voluntary activities (cf. Chapters 3.3.1, 3.3.5), companies expend resources. Asked about the development of this expenditure over the past three financial years and about planned future expenditure, companies provided only scarce information. Three of the companies explicitly state that they do not collect the respective data. Data was only specified with regard to resources for sustainable fisheries activities. In the two companies that gave particulars, expenditure dedicated to sustainable fisheries activities increased in the past three years, and is intended to increase a little or considerably in the future.

²² See for the issue areas sustainable fisheries, climate change, gender equality and countering bribery.

Is this sparse information to be interpreted as a sign of unsystematic CSR implementation? With regard to past expenditure, it is more likely that the ‘amorphous’ nature of CSR does not allow to clearly show on the books which expenditure is CSR related and which is not. With regard to future expenditure, however, one would expect a medium- or long-term designed CSR strategy to be fitted out with a budgetary perspective.

3.4 Performance and impact

‘Rhetoric or Realities?’ is the core research question of RARE. The survey therefore asks how and how successfully companies perform with regard to the action they take to meet their social and environmental responsibilities. Do the instruments and activities discussed above lead to bottom-line impacts, does CSR make a difference?

3.4.1 Deficits in performance measurement

Learning about impact and performance presupposes that those variables are measured by companies. The survey reveals, however, that most companies of our sample (n=3) do not measure their CSR performance (Figure 17). Considering the pressure on companies to prove that CSR is no ‘greenwash’, this finding is rather striking.

When asked why they do not measure performance, the companies state that other organisations carry out the measurement;²³ that there is no demand for such measurement; that resources are lacking; or that they have not defined concrete objectives anyway. Nevertheless, this is a problematic condition: On the one hand, without measurement there is no basis for assessing success and failure of CSR policies, and hence for developing remedies. On the other hand, not taking stock of the actual CSR performance and impact promotes the public impression that CSR is a mere PR instrument.

Figure 17: Measurement of CSR performance

Issue area (n=6)	Performance is not measured	Performance is measured	Use of data		
			Data is used for internal control	Data is used for external reporting	Data is verified externally
Sustainable fisheries	3	3	2	2	3
Mitigating climate change	3	1	1	1	1
Minimizing the risks from chemicals	3	2	2	0	0
Promoting gender equality	3	1	1	1	1
Countering bribery	3	1	1	0	0

Source: RARE Project.

The three respondents that actually do measure their CSR performance (in the issue area ‘sustainable fisheries’ and one additionally in the issue area of chemicals), use the data either for internal control, external reporting, and all three have their data on sustainable fisheries verified externally. One company is exemplary in measuring its achievements

²³ This could e.g. be the case for stock assessment.

in most issue areas, in using the data internally and externally and having it verified externally areas.²⁴

The processors that do measure performance use as ‘Key Performance Indicator’ (KPI) for sustainable fisheries issues the proportion of MSC certified fish that they purchase in relation to their overall fish portfolio and the compliance with external audits respectively. Such external audits are among others required within the MSC stock certification and chain of custody certification. The building of indicator seems to be preferably linked to the MSC label, the implementation of which is easily proven, while implementation of the FAO Code of Conduct for Responsible Fisheries or of supplier standards appear not to be systematically measured. The one company that more broadly measures its CSR performance uses as additional indicators for climate change issues: Energy (GJ/tonne), CO2 from energy (kg/tonne), number of retail ice cream cabinets that have converted to HC refrigerants, and % of renewable energy used in manufacturing operations; for gender equality issues: % women in management posts, total recordable frequency rate (injuries and fatalities); and for countering bribery: number of people dismissed for violating the Code of business principles (not only applicable to breaches of bribery code).

3.4.2 Issue importance no clear trigger for performance measurement

We were interested to learn whether companies that ranked the strategic importance of an issue area as high or rather high were particularly active in measuring their performance with regard to these issues. Table 4 reveals that this is not necessarily the case.

Table 6: Relation between the assessment of issue importance and measurement activities

		Performance Measurement		Row Total
		Yes	No/ n.s. ²⁵	
Strategic importance (high/ rather high)	Sustainable fisheries	50%	50%	100% (n=6)
	Mitigating climate change	100%	0%	100% (n=1)
	Minimizing the risks from chemicals	25%	75%	100% (n=4)
	Promoting gender equality	33%	67%	100% (n=3)
	Countering bribery	50%	50%	100% (n=2)
Column Total		44%	56%	100%

Source: RARE Project.

In the issue area of sustainable fisheries, half of the companies that assign a high/rather high importance to this issue measure their performance (3 out of 6). With regard to the minimisation of chemicals risks and promoting gender equality, the percentage is even lower (25%-33%). In the issue areas of climate change, the link between issue importance and measurement activities is the strongest; however, it is only based on one respondent. When aggregating the frequency of performance measurement in relation to

²⁴ In the issue areas sustainable fisheries, climate change and gender equality.

²⁵ In this column, we cumulated negative answers (no measurement) and not specified (n.s.) information.

the attributed issue importance across all issue areas (column percentage), the value is 44% of companies who measure against 56% of companies who do not measure performance. These numbers suggest that when a company attributes a high or relatively high ‘strategic importance’ to an issue area this implies in less than half the cases that the organisation systematically follows up (monitors and reviews) its activities and performance with regard to this issue. Issue importance hence does not necessarily trigger performance measurement.

3.4.3 Reluctant, but positive assessment of performance improvements

One way to assess whether CSR makes a difference is to analyse whether the company’s social or environmental performance has improved relative to a fictitious business-as-usual baseline. In our questionnaire, we asked companies to assess their demonstrable improvement of performance in the selected issue areas according to a rough scale (rather low/ medium/ rather high). The assessment should be carried out on the basis of the companies’ own KPIs and with regard to the time period since the KPI was introduced.

This endeavour is not unproblematic for several reasons: First, we rely on self-reported data. Second, the companies’ assessment of their improvement is subjective and not benchmarked against a neutral scale. Hence, the same material progress can be evaluated differently by different companies. Third, the reference periods vary, since some companies have introduced KPIs earlier than others. Finally, a fictitious baseline scenario has to be determined: we need to know what e.g. technological or market developments have taken place that might have led to a relative improvement of the companies’ performance independent of their CSR activities.

Table 7: Improvement of CSR performance²⁶

	Demonstrable improvement ²⁷ is considered to be:		
	rather low	medium	rather high
Sustainable fisheries			
- Sustaining marine fisheries resources		1	2
- Minimising impacts on marine ecosystem			1
Mitigating Climate Change			
Reducing greenhouse gas emissions	1		
Changing to renewable energy resources		1	
Promoting Gender Equality			
Promoting equal opportunities		1	

Source: RARE Project.

Taking into account these limitations, there are still interesting insights to be gained from asking companies about their self-assessed performance improvements. The first

²⁶ Only those rows are shown above where companies specified data.

²⁷ since introduction of KPIs, as specified by respondents individually.

insight is that the fish processors surveyed are reluctant to evaluate their own progress: only three of the respondents replied at all (Table 7). The second insight is that in most cases demonstrable improvement is assessed to be at least medium. With regard to activities aimed to sustain marine fisheries resources (target/ on-target stocks), the respondents estimated improvement to be medium or rather high. As regards minimising impacts on marine ecosystems, only one respondent answered. They did not classify their improvement according to the given scale but specified it in more detail (30% increase of MSC certified fish in total of sourced fish), which we ourselves would classify as rather high. Impact is assessed to be higher with regard to sustainable fisheries than with regard to other issue areas, and within the issue area of sustainable fishing progress is more pronounced with regard to sustaining resources than reducing ecosystem impact. Both results tally with the earlier findings on instruments adopted and activities carried out (Paragraphs 3.3.1, 3.3.5.1).

Mixed results are obtained with regard to the mitigation of climate change: the one company that gave particulars assessed its improvement with regard to changing to renewable energy resources as 'medium', but with regard to reducing greenhouse gas (GHG) emissions only as 'rather low'. The assessment mirrors the difficulty of decoupling energy-based production processes from GHG emissions.

The company that assessed its gender-related performance considered demonstrable improvement with regard to equal opportunities²⁸ to be medium. This assessment can be complemented by the data on gender diversity at different managerial levels that companies specified in the 'general data' section of our questionnaire: Two companies specified the percentage of female members in the board of management (10% and 16%), and another two indicated that their senior management comprised 5% and 20% women. Within the total number of employees, the share of women specified (by three companies) ranges from 35% to 65%. The (few) numbers suggest that equal opportunities at executive level is still a challenge. The survey revealed that the main part of corporate activities, however, is targeted towards improving the work-life balance rather than equal opportunities (Paragraph 3.3.5.4).

No data was given with regard to the companies' performance in countering bribery.

To sum up: although in the case of sustainable fisheries the specified performance improvement is encouraging, the overall lack of answers from the majority of companies is rather sobering. It means either that the question was not adequate; or that the companies – due to not measuring performance – cannot actually assess their improvement. If the latter is the case, some serious problems arise: companies cannot judge their own progress and take remedying measures. Neither can they communicate their (demonstrable) progress to their stakeholders and the public and profit from improved reputation, and possibly an increased brand identity, competitiveness, and attractiveness for employees. Furthermore, not knowing the bottom-line impacts of voluntary corporate action (CSR), public policy makers cannot assess whether they can rely on voluntary

²⁸ The other areas (work-life balance, sexual harassment, and health and safety) were not evaluated.

action in order to improve the EU's sustainability, or whether they need to stick/resort to more command-and-control type of regulation. It would hence seem that it is in the enlightened self-interest of responsible companies to measure their CSR-related performance and the improvement of performance, and possibly even have these data verified by independent organisations.

3.4.4 MSC considered the instrument most conducive to improve performance

Which CSR instruments help companies best to improve their social and environmental performance? In order to be able to generalise on best practice, we asked companies to specify which of the CSR instruments they think contributed most to an improvement of their performance (Figure 18).

Figure 18: Instruments conducive to improving CSR performance/impact

Issue area	Instrument	
Sustainable fisheries	MSC certification	n=4
	FAO Code of Conduct	n=1
	Company specific fishery management system	n=1
Mitigating climate change	Company-own CO2 reduction programme	n=1
Minimising the risks from chemicals	HACCP	n=1

Source: RARE Project.

The fish processing companies in our samples most clearly chose the MSC certification to be the instrument most conducive to their CSR performance. One company (which also uses the MSC label) judged the FAO Code of Conduct and its company-specific fisheries management system to be most important for promoting their CSR performance. With regard to, the Hazard Analysis and Critical Control Point (HACCP) management system, and with regard to climate change a company specific CO2 reduction programme were specified to be most conducive to improving CSR performance. Apart from the clear dominance of MSC (as a highly binding and externally verified label), it is difficult to detect clear patterns in these findings; no other instrument or even instrument type predominates. Two of the eight instruments named are not standardised, but are company-specific ones tailored to the enterprises' specific needs.

3.4.5 Instrument implementation: external communication most frequent, target setting most effective?

As not only the CSR instrument itself seems to be conducive to generating CSR impact, but also the way in which the instrument is implemented, we asked companies to specify what mechanisms they used to implement the instruments they had chosen as being most conducive to impact. Figure 19 lists the mechanisms mentioned most often.

Figure 19: Mechanisms supporting the implementation of CSR instruments

Mechanism	Instrument	Marine Stewardship Council (MSC) Certification	Hazard Analysis and Critical Control Point (HACCP)
Setting of targets		1	
Definition of procedures		1	
Regular monitoring of compliance		2	
Regular evaluation and control		1	
Regular review and improvement processes		1	
Internal verification		2	1
External, independent verification		2	
Internal communication		1	
External communication		3	1
Employee training programmes		1	
Appraisal schemes		1	
Disciplinary action in case of breaches			
Stakeholder engagement		2	

Source: RARE Project.

External communication is clearly the mechanism used most often to implement the MSC label. This stands to reason as MSC as a product label requires pro-active marketing; to what extent such external communication is regarded to promote CSR performance, however, remains to be seen. Further implementation mechanisms used by more than one company include regular monitoring of compliance, internal as well as external verification and stakeholder engagement. External communication and internal verification are also named with regard to implementing the HACCP management system. All other data is too indiscriminate to establish patterns.

The inquiry about implementation mechanisms used was followed by the question which of the mechanisms were considered most important for enhancing the instrument's impact. It turned out that companies considered the setting of targets as most important – a mechanism so far only implemented by one of the respondents –, followed by review and improvement processes, external communication and stakeholder engagement. External communication, though the most frequent mechanisms, is hence not considered the most effective in terms of creating impact. With regard to the HACCP, no clear picture emerges.

3.4.6 Wider impacts outside the companies include instrument development

Beyond their social and environmental impacts, CSR activities create a number of further impacts outside the company itself. We were interested in these wider, not necessarily intended impacts as an element of our comprehensive impact assessment.

The survey participants highlighted that their activities contributed to higher standards of integrity and transparency by their business partners (n=3) and served as a model for other companies, e.g. by helping to diffuse knowledge or technologies (n=2). One company claimed to have indirectly triggered innovations in other companies/sectors, to have built the conceptual basis for new legislation, and to have helped build capacity for society. Other impacts include the establishment of roundtables on sustainability in food and agriculture, and, most importantly, development of the MSC label jointly with the environmental organisation World Wildlife Fund. As the MSC has become accepted as a standard CSR instrument, this needs to be registered as an important effect on the whole sector and organisational field.

No company claimed to have removed the need for envisaged legislation by their activities. Five companies were not aware of external impacts or simply did not answer to the question.

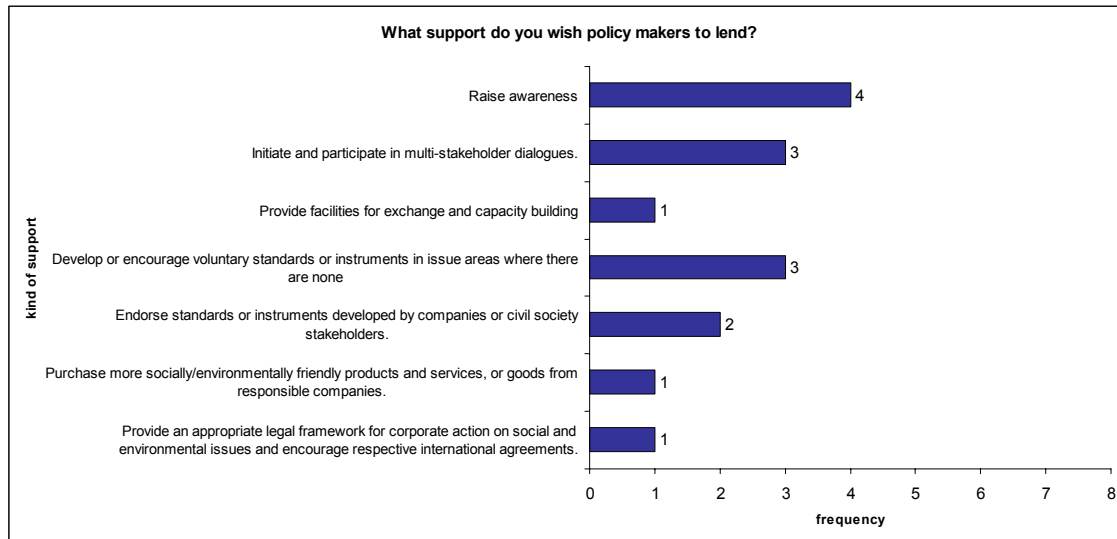
3.4.7 Supply chain management – little support for SMEs?

Supply chain pressure is an important means to spread CSR activities. At the same time, especially small and medium-sized suppliers often do not have sufficient capacities and need specific support. We hence asked the processing companies whether they evaluated or supported the social and environmental performance of SME suppliers. Only one company turned out to be active with regard to this. It specified that it communicated its corporate values and standards to SME suppliers and encouraged them to reflect these in their companies; that it collected data on and monitored/assessed the social and environmental performance of their SME suppliers. No company provided or sponsored coaching, training or qualification programs for SMEs as tier-one or tier-two suppliers to improve their social and/ or environmental performance; on the other hand, none of the companies in their selection of suppliers requests from SMEs social and/ or environmental minimum standards that go beyond compliance.

3.4.8 Policy support: a preference for soft options

How can policy-makers support fish processing companies to further improve their CSR performance? Confronted with a list of possible options, our respondents opted above all for 'soft' policies (Figure 20): they wish public policy to raise awareness (n=4), preferably among consumers, other companies and investors. On the other hand, business schools were not seen as relevant addressees of awareness raising measures.

Figure 20: Public policy support for CSR



Source: RARE Project.

State agents are furthermore asked to initiate and participate in multi-stakeholder dialogues, to develop/encourage voluntary standards in issue areas where there are none, and to endorse company or civil society instruments (n=3 and n=2). Public policy that possesses more ‘clout’ – such as capacity building or consideration of CSR in public purchasing – was asked for by only one company. Likewise, only one company considered it desirable that the state provides an appropriate legal framework for corporate action of social and environmental issues, and should encourage respective international agreements. The clear preference is hence for soft options. The low popularity of ‘responsible’ public purchasing policies (e.g. procurement of MSC certified fish for public cantinas, hospitals and schools) is somewhat puzzling, as the companies could be expected to benefit directly and in monetary terms from such measures.

4 Conclusions

The conclusions from the survey in the fish processing industry can be categorised into two groups. Firstly, some of the procedural aspects are described that came as striking results from the process of carrying out the survey. Secondly, the key findings are being summarised in terms of whether and how CSR is being systematically implemented in companies and what the actual impacts are in the five different issue areas under study. As a result, explanations will be provided as to why companies perform the way that they do and which factors might have influenced the way in which companies commit themselves to, implement and perform their CSR.

4.1 Procedural

The following section points to a couple of distinctive elements which came as a practical result of carrying out the survey. Elements that will be looked at include the response rate, reasons for not participating in the survey, and completeness of answers.

The overall *response rate* of the survey is at 19.5% with 8 out of 41 companies that answered the survey. This rather low level of response had already been indicated during the phase of company contacts which was little promising as to the relevance of the issue of CSR to companies and their ability to answer a very detailed and rather ambitious questionnaire in English. If the response rate is split between the different countries, it is clearly indicated that companies from France have been particularly reluctant. The response rate among the German companies that have been contacted is rather high, which may be explained by the fact that the research institute that carried out the survey is Germany-based and therefore represents both, a higher level of direct pressure and a somewhat higher degree of familiarity.

Table 8: Company responses by country

Country	Companies contacted	Companies responded
Belgium	1	0
Denmark	8	2
France	7	0
Germany	3	2
Great Britain	6	2
Iceland	9	1
Norway	6	1
Spain	1	0
Total	41	8

Source: RARE Project.

The reasons why some companies decide *not to participate in the survey* are one further interesting insight in connection to the above mentioned low rate of responses. In sum,

32 companies did not answer the questionnaire. Out of these, 12 companies did not react nor to our request nor to the follow-up calls and the e-mails that have been sent at all. 20 companies sent written refusals or declared during one of the phone calls that have been given to them that they were not willing to participate. When it comes to the reasons that have been mentioned for not wanting to participate in the survey, statements referred to time restrictions; lack of relevance of the subject to the company's activities; complexity of the questionnaire.

The *completeness of answers* we received from participant companies varies strongly between respondents. Most complete answers were received from the one company who choose to answer to the questionnaire via a telephone interview. From a general viewpoint, the completeness of answers can be said to steadily decrease from the first to the last page of the questionnaire. On the one hand, this may be attributed to the length of the questionnaire itself. On the other hand, the different sections of the questionnaire portray a process from rather easy-to-answer questions to more complex answers that necessitate some company-internal exchange on CSR data and figures. It is especially in the course of the questions on voluntary activities in selected issue areas that many companies skip whole paragraphs on issue areas such as countering bribery or mitigating climate change. This skipping of entire paragraphs strongly coincides with the relevance that these companies have attributed to the respective issue areas in the first two sections of the questionnaire. Finally, the section on CSR performance and the measurement of impacts has been filled in very scarcely. In some cases this is due to the fact that the company in question simply has no system for measuring CSR-impacts in place. In other cases, however, companies skipped the questions without indicating that they could not answer to them due to not having any measurement in place.

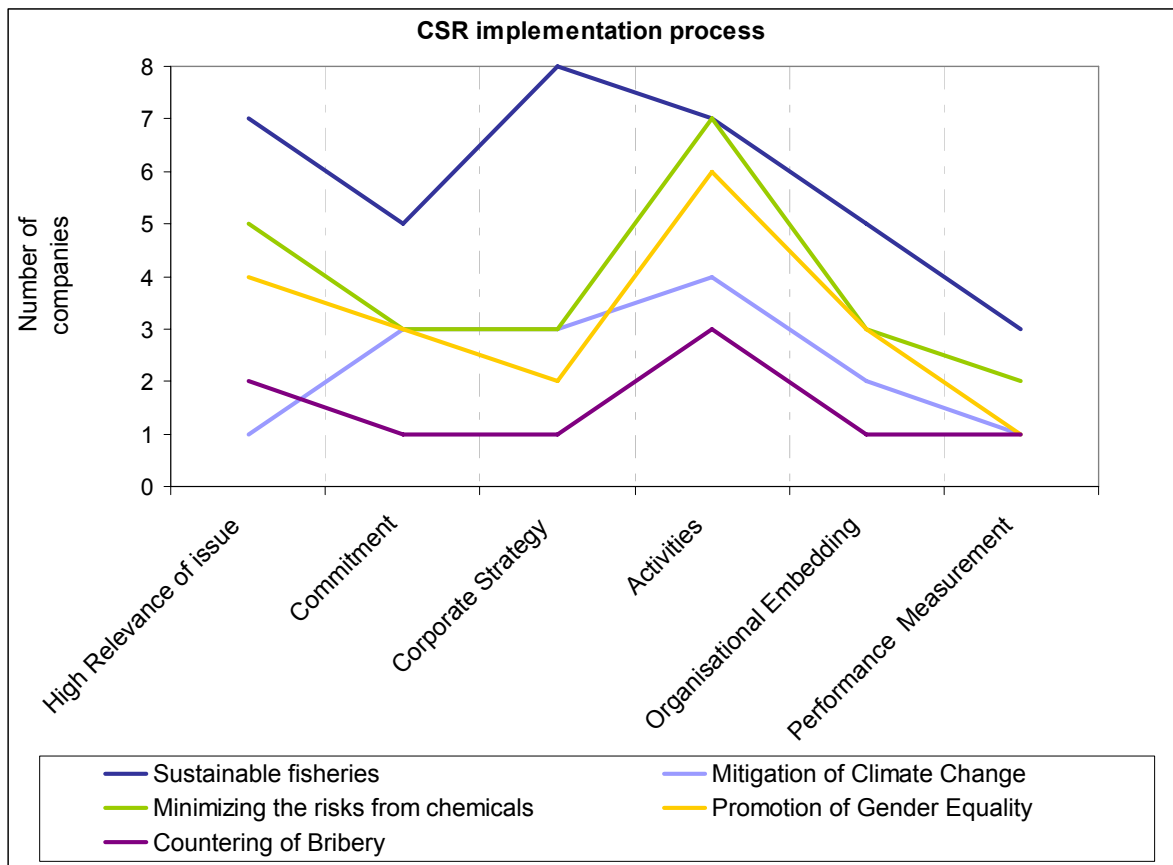
4.2 Content

4.2.1 Level of overall CSR performance

When trying to summarize the results on the CSR implementation process according to the above schematic path for corporate decision making across the different issue areas, we arrive at the below picture (Figure 21).²⁹ It seems that not only do companies consider the five issue areas to different extents, but the level of consideration varies largely along the implementation process of CSR.

²⁹ For this simplified representation, we picked significant data along the implementation chain and indexed it.

Figure 21: CSR consideration along the implementation path



Source: RARE Project.

What comes as a striking result is that all of the issue areas under survey attain their highest level of consideration during the step of voluntary activities³⁰. This is surprising as one might suppose that companies do not start engaging into voluntary activities until they have systematically assessed the issue that stands behind as being important to their business operations. Apart from the issue of sustainable fisheries, which achieves high recognition during both the strategy phase as well as during assessment of issue relevance, CSR consideration within the companies surveyed peaks when it comes to implementing some often minor and stand-alone activity.

In the cases of the issues of minimising chemical risks, promotion of gender equality and countering of bribery, the relevance that companies attributed to these issues does

³⁰ In order to appear in the index, companies must have ticked any of the given activities as specified below each issue area in the questionnaire. This represents an absolute minimum level of voluntary engagement in making CSR happen, which cannot be described as being an integral part of a company's business operations. See questions 12 to 16 in the questionnaire.

not always translate into an adequate level of commitment or strategy³¹. Similarly, the issue of sustainable fisheries does not find as much recognition during the commitment phase as one might have thought when considering the relevance that is attributed to it by most of the respondents. However, sustainable fisheries concerns seem to have risen right to the top of the strategic agenda in companies, with all companies having set up strategies and/or policies on the issue. Most of the companies under survey head for their all-time low in CSR when it comes to reflecting certain issues in their organisational structure³²; not to speak about the measurement of the impacts that might have been generated by their voluntary activities. Clearly, there needs to be done more to systematically embed CSR in the companies' organisation and to create suitable Key Performance Indicators that will help companies to measure what they have achieved, especially in the issue areas they deemed highly relevant: sustainable fisheries.

As a conclusion, it may be stated that in the companies surveyed, CSR implementation does not follow a chronological order from the perception of a certain issue area to the creation of impact in the issue areas concerned. Rather, companies seem to pick on activities in issue areas that seem to somewhat affect their daily operations. However, many of these activities are implemented independently from the strategic relevance they may have to the company's future well-being and without much alteration of overall business practices. In fact, many activities (apart from the area of sustainable fisheries) are seldom reflected in companies' commitment to CSR, in their strategies and policies and even less so in their organisational structure. The weakest performance is achieved in the area of measuring the impact from the CSR activities implemented. Therefore, very little information could be generated on one of the principal research questions that were to be tackled by the sector survey – CSR performance and impact. Self-reported data on performance improvement according to companies' KPIs was scarce (3 respondents) and concerned above all the issue of sustainable fisheries. The *scope* of impact, i.e. generation of impact across different issue areas, hence is rather narrow. When zooming in on the issue of sustainable fisheries, however, an optimistic impression was conveyed as regards *depth* of impact: demonstrable improvement since introduction of the KPIs was regarded as medium, or, by even more companies, as rather high.

4.2.2 Perception of CSR issues as risks and opportunities

The following section will provide some insights as to whether and how companies perceive certain issues as relevant to their business operations. By summarising what has been portrayed above, CSR issues can be categorised according to whether the companies surveyed perceive them as being a risk vs. an opportunity for their business opera-

³¹ In order to appear in the index, companies must have either set up a separate policy on the issue concerned or must have integrated the issue into existing corporate strategies and policies. See question 7 in the questionnaire.

³² In order to appear in the index, companies must have ticked any of the given options from board level to issue-specific teams as provided in the questionnaire.

tions. Social and environmental issues belong to the vast list of risks and opportunities that may affect a company's ability to operate in the future. Therefore, they need to be systematically identified, assessed and, if deemed to be relevant, integrated into core business operations. The following definitions of risks and opportunities serve as guidance for the categorisation of issues based upon how they have been perceived by participant companies during our survey.

Risks: factors that might negatively influence the company's future development and therefore need to be avoided and reduced (reputation losses, increase in operational costs)

Opportunities: factors that might positively contribute to the company's future development and therefore need to be enhanced or created (e.g. product developments, creation of new markets)

As a result of the survey, companies perceived the five RARE-specific CSR issue areas as follows:

The issue of *sustainable fisheries* is the sole one to be perceived as "highly relevant" by all of the companies surveyed. The instruments most frequently applied to tackle the issue are the FAO Code of Conduct, the MSC, company-specific sourcing guidelines as well as stakeholder engagement. In the wakening of the issue as an element of corporate policy making, sustainable fisheries concerns have been mostly perceived as a question of resource dependency. Hence, the issue has risen high up on the corporate agenda in its characteristic as a risk to the company's future ability to source the input it needs to survive as a business. With a view to the down-stream processes of selling and marketing fish to retailers and end-consumers we can hypothesize that sustainable fisheries is increasingly perceived as an opportunity, too. Some progressive fish processors have started to interpret their sustainable sourcing efforts as opportunity to develop new products and to communicate their engagement in order to create a unique selling proposition (USP). This helps them to increase not only their market share but their sales and profits at the same time. In conclusion, the issue of sustainable fisheries is perceived as a risk by all of the companies surveyed and as an opportunity by those companies that seek to build a competitive advantage from selling and marketing fish that has been sourced in a sustainable manner.

The *mitigation of climate change* is an issue that has been ranked lowest in its importance to the companies under survey. Apart from one globally operating company, the majority of companies do not have any instrument in use to tackle the issue and practical activities are very scarce, too. It may be presumed that climate change as an issue is more relevant to those companies with diversified businesses which offer greater potential for cost reduction through energy efficiency programmes. Secondly, the dependences on financial investors as major stakeholders and grants of the companies' ability to operate are important factors, too. This has become even truer since the introduction of the Principles of Responsible Investment (PRI) which have set up explicit investment criteria that cover environmental, social, and corporate governance (ESG) issues which shall be considered during every investment decision. Consequently, the issue of miti-

gating climate change can be assumed to be perceived as a risk by those companies that are stock market listed as they fear reputation as well as financial losses in the case that they do not address and tackle the issue of climate change sufficiently. For all other companies questioned, the issue does not have much relevance.

The issue of *minimising the risk from chemicals* is perceived as being of “high” or “rather high” relevance by the majority of to the participant companies. However, the issue seems to be relevant as an aspect of food safety rather than an aspect of protecting the marine environment from hazardous substances (e.g. by preventing chemicals from being released to the sea). This becomes particularly apparent by the use of instruments that are stated to prevent the companies’ products from contamination with hazardous substances. These are: HACCP, International Food Safety Standard (IFS), British Retailing Consortium Standard (BRC) as well as company-own Quality Management Systems. As a result, the chemicals issue is probably perceived as a risk to the quality of a company’s products as well as to its reputation in the case that a scandal becomes public.

The *promotion of gender equality* is of “rather high” importance to half of the participant companies, the rest ranks the issue as “rather low” or “low”. Apart from company-specific policies, it becomes apparent from the survey that there are no instruments in place to tackle the issue. Gender equality can be interpreted as an internal issue of how to lead, manage and motivate employees. Furthermore, it is a means to attract new and talented employees which are increasingly interested in choosing a fair and balanced working environment. Hence, the issue of promotion of gender equality is likely to be seen as an *opportunity* by those companies that find themselves under increasing pressure to attract and retain talented employees. This is particularly true for those companies with global operations and a stock market listing, because they publicly and globally compete for talented people. Those companies with nationally or regionally limited operations have not yet discovered the issue as being relevant to them.

The issue of *countering of bribery* is the one that has been integrated least by the companies under survey (see **Fehler! Verweisquelle konnte nicht gefunden werden.**). Only one company made clear that the issue was relevant to its business operations and the pressure to tackle the issue mainly comes from the financial community. Hence, it may be supposed that the countering of bribery is relevant for multinational companies with diversified businesses and operations in countries vulnerable to bribery. Concluding from there, the issue of countering bribery is based on a very similar pattern of perception and influencing factors as the issue on climate change. It is perceived as a risk by those companies that are stock market listed and depend on the good-will of financial investors. To all others (privately owned) companies, the issue is not relevant.

Table 9: Perception of CSR issues as risks or opportunities

Issue areas	Issue Perception			Assumed influencing factors
	Risk	Opportunity	Not relevant	
Sustainable fisheries	√	√		Securing resource-input, establishing USP
Mitigation of climate change	√		√	Retaining investors
Minimizing risks from chemicals	√			Ensuring food safety, avoiding reputation losses
Promotion of gender equality		√	√	Employee attraction and motivation
Countering of bribery	√		√	Retaining investors

Source: RARE Project.

Table 9 summarises the findings from the survey concerning the perception of the selected issue areas by companies, using the above mentioned definitions of risk and opportunity.

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