SUSTAINABILITY, GLOBALISATION AND FOOD PRODUCTION: A EUROPEAN PERSPECTIVE

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ABSTRACT

In this paper I consider the intersection of two key social phenomena – sustainability and globalisation. I use this discussion to introduce and frame what these broad social and economic movements mean for the future of food production in Europe. My intent is not simply to look back at recent trends but more critically, to use this analysis as a way to develop a prospective that looks forward over the next 10-20 years. I move from this to identify some of the major organisational and managerial issues I believe the European food industry will need to address in the period to 2020. The canvass of my presentation is large; dealing as it does with major changes in our social and economic systems, but my concern is to move down from these macro-issues to the detail of their implications for companies and managers in the food production sector.

INTRODUCTION

The presentation is divided into three sections. The first section serves to define sustainable development and situate it in the broad social and economic changes that we call globalisation. This helps to identify trends and characteristics that define the social and economic systems we confront. These provide the emerging context for food production and food consumption over the next 20 years in Europe. With this background the second section examines the implications of these trends in terms of the challenges they provoke for the structure and management of companies in the food production sector. The final sector considers what a response to these challenges might mean in terms of types of business model, governance structure and decision making that places emphasis on a more sustainable approach to food production in Europe over the coming years.

DEFINITIONS (SUSTAINABLE DEVELOPMENT) AND CONTEXT (GLOBALISATION)

Sustainable development is generally held to involve three key dimensions environmental, economic and social. When commentators refer to sustainable development it is commonplace to draw on the definition provided by the Brundtland Commission Report – 'sustainable development seeks to meet the needs and aspirations of the present without compromising the ability to meet those of the future' (Brundtland Commission, 1987: 40). Sustainable development is particularly complex to operationalise for a number of reasons.

First, recent human economic activity has not been sustainable, which means that we have little experience on which to draw as a model for future, more sustainable, activities. In this sense sustainable development defines how we ought to act rather than how we have acted. It represents a normative concept or new paradigm. The implications of this new paradigm are touched on in the Brundtland Report which says '...sustainable development is a process of change in which the exploitation of resources, the direction of investments, the orientation of technological development, and institutional change are all in harmony and enhance both current and future potential to meet human need and aspirations' (Brundtland Commission, 1987: 46).

Second, the burden of past and present human choices and activities is not evenly distributed across the planet. In the developed economies we suffer problems of affluence, while in the developing economies the issues are more appropriately viewed as problems of poverty and the need for security of basic needs – food and water, shelter, energy and health. In emerging economies, and economies in transition, there are specific issues about the speed with which industrialisation is taking place against a backdrop of relatively low levels of environmental awareness, poor regulation or a history of central planning, which has shown little respect for environmental limits or environmental degradation. Consequently, there is no single model of sustainable development. Indeed, the Brundtland Report argues that 'no single blueprint of sustainability will be found, as economic and social systems and ecological conditions differ widely among countries' (Brundtland, 1987: 40).

Thirdly, sustainable development is difficult because of interconnections in time. For example, the global context within which development takes place is not static. Development is a dynamic process driven by human wants and needs, the pressure of global population and human ingenuity as expressed through, among other things, technological invention and innovation and levels of economic development. These change over the course of time. In the same way our understanding of environmental and social conditions and constraints changes. Past and present activities continue to yield new problems and issues at the same time the path and character of development takes new direction. In the future we will confront different aspects of sustainable development than those we confront today.

Finally, sustainable development embraces the human and natural condition. It is about economic and social well being as well as natural limits. It is a multi-faceted (O'Riordan, 1971), multi-disciplinary, multi-actor, multi-sector and multi-level process. But above all, the link between economic and social well being, on the one hand, and environmental limits, on the other, provides a stimulus for learning and innovation. For these reason I have described sustainable development as a 'complex, continuous series of social and industrial experiments' (Roome, 1998).

These four points imply that sustainable development involves learning for innovation and change tailored to meeting human needs with reference to the characteristics of specific locations and to the connections [social, economic and environmental] in time and space between those locations and other locations. Sustainable development therefore involves decisions about human activities – mainly production and consumption - that take

cognisance of these effects in time and space at many levels and scales at which they have impacts. A key point that I will return to later in the presentation is that this approach to learning for innovation and change draws heavily on skills in systems thinking and systems management (Roome, 1994).

The response to these pressures by business and other social actors has been as varied as the definitions of sustainable development. For analytical purposes I want to distinguish between two approaches to sustainable development. The first I will refer to as 'weak sustainability'. It seeks to reduce the environmental burdens of business activity through incremental and continuous improvement in the manufacture, use and disposal or reuse of products and services. It is best typified by the array of national and international standards such as BSI 7750 or ISO 14 000. Introducing these environmental management structures, systems and tools and techniques into business is no easy task but it is different in orientation from 'strong sustainability'.

Strong sustainability takes the view that business should operate competitively within the framework of sustainability. This framework suggest that business activities should not disrupt the carrying capacity of the planet at any level, local, national, regional and global and that there is a social dimension to sustainability suggesting that social as well as environmental limits might constrain economic activities or serve as a spur to radical innovation. Strong sustainability has the potential to stimulate completely new business models, new products and services and combinations of products and services. Consequently, while weak sustainability may focus on less environmental harmful products and their production, strong sustainability potentially involves reworking products and services with the aim in mind of new sustainable systems of production and consumption[1]. In practice there are few companies yet engaged in strong sustainability and this idea is best captured by the notion now argued in the Netherlands that we are involved at best in 'transition' to sustainability.

In addition to viewing sustainable development in terms of its local and global context it is also important to situate it in the context of broader social and economic trends. I now turn my attention to the relationship between sustainable development and the processes and characteristics of globalisation.

The main focus of contemporary discussion about 'globalisation' has been the economic and financial system. However, behind the events that make up economic and financial globalisation – the collapse of the Tiger economies, the growth of world trade and the growth in foreign direct investment by multi-national companies [MNCs] and the increasing size and influence of MNCs - are to be found global patterns and structures of interconnection similar to those at the root of earlier calls for sustainable development. Sustainable development can be viewed as a call for a new governance system in response to the problems experienced as a consequence of [global] development in the 1960s and

[1] There is a fundamental distinction between reducing environmental harm and avoiding environmental harm by operating within carrying capacity. The first approach implies operating and designing with care. The second implies designing and operating with precaution. If you are not acting within the carrying capacity of the planet by definition you are not acting with precaution.

1970s. In the same way the economic and financial aspects of globalisation, which we see reflected in the work of the WTO or the Bank for International Settlement are merely the development of new governance systems in response to the need to regulate the phenomenon of economic and financial interdependence that emerged in the 1980s and 1990s.

'Broad definition globalisation' as it is termed here, involves waves of global connection which link the economic and social dimensions of development with the economic and financial dimensions of global trade in goods, services and financial products [equities, derivatives, currencies and so on]. Yet broad definition globalisation does not stop here. It also includes the global development of society and culture. This is also experienced in many ways. On the one hand, the global elite travel the world as a result of their jobs, their wealth, and their talents or as international tourists, and, on their way consume luxury products with global brand identity. At the other end of the spectrum are the global poor, who travel the world as economic and political migrants. They too often aspire to consume globally recognised 'brands' as a way to establish their new identity when distanced from their original homes and neighbours.

I have described these three waves of global change separately but in practice they can not be dealt with in isolation. Consider, for example, economic migrants are just as much likely to be 'pushed' into migration by the problems of access to secure supplies of 'environmental resources' food, shelter and energy as they are to be 'pulled' by the economic opportunity conjured by images of the prosperity seen on CNN and other global media, heard from relatives through global telecommunications or experienced through their exposure to long-haul tourists. When they migrate to the USA or Europe they begin to demand both consumer goods and authentic foods from their homeland. They become hybrid citizens. They contribute to ever more culturally and ethnically mosaic societies, increase the demand for global food trade, act as anchor points in their new country for their kith and kin, and communicate and travel by means of modern technology. What we are now experiencing is the type of turbulence that arises as these three waves of change interact and impact one another in unpredictable ways.

I contend that the present force of globalisation is seen in a world where materials, goods, products, services, images, people with all their skills, cultures, values and beliefs arising from many local points all have high potential to impact other localities. Significant social, economic and environmental consequences accompany these movements.

Against this background some of the characteristics of this present world can be identified.

A critical characteristic is the fragmentation of their 'identity'. In the past the structural relationship between individuals, place and culture was stronger than today. People associated with their locality, their neighbours and their nation. There were implicit social structures and expectations as represented in the class systems. These positions were not always to be admired but they generated a degree of certainty about identity. Increasingly identities are becoming fragmented as ties to locality, nation and established structures breakdown. In the face of this fragmentation there is a tendency by many to associate or state their identity in new ways. One is through consumption behaviour – to represent

yourself by what you wear or consume. Thereby adopting the icons of our modern consumer culture. Yet others are alienated from this mainstream system of consumption. For them there is a clearer need to associate identity with something else, maybe fundamentalist beliefs whether religiously or ideologically inspired. This search for identity is causing a split between those who adopt the model of capitalist markets and those who oppose them.

However a crucial dimension of the fragmentation of identity is that 'ties that bind us' to others become looser as the world becomes more complex. We no longer ourselves as such clear 'tribes' or social groupings as we did in the past. Instead we see ourselves more and more as the only reference point with any certainty. We witness this as a loss of trust in authority and professions and more and more as a loss of trust in the words and actions of companies. What this means for business, generally, and food production, in particular, is complex. I will touch on a few of the major trends I observe.

Trust is becoming especially important in the food industry as companies adopt more technology in food production and processing so that food has more technology [as knowledge] embedded in the protein, fat and carbohydrate we eat. Moreover, companies and their managers are increasingly distant from their customers due to the length and global span of supply chains. Food production, which was organised more locally, is now organised more globally. While this provides consumers with more choice of products, with greater consistency of quality and with more technologically added value. However, what food really is, becomes less and less easy to 'know'. Consistency and choice, low price and technology have replaced food security and provenance. And the effects of mass production and mass movement of food commodities and food products through global supply chains means that the vectors of disease and contamination to people and their environment have become more distributed. Put simply customers increasingly do not trust or indeed do not understand what they are consuming, what it contains, where it comes from, how it is grown, processed and distributed.

Second, the interests and influence of non-consumers are becoming as important for companies as the interests of the consumers of a company's products. The power of even small groups of alienated non-consumers can be significant as was the case with the anti-Nike campaign or environmental campaigns against genetically modified organisms in food. At a strategic level we see that companies are thinking more and more in terms of their stakeholders, rather than simply their shareholders, customers and employees. But at the same time it becomes increasingly difficult to identify what opinions and interests stakeholders have and who, in particular, can be replied on to represent those interests.

Third, the fragmentation of identity is leading to the development of more highly niched markets and to mass customisation of product ranges. This response provides for consumer demand but does so through product differentiation and technology. Products become more complex and complexity is invariably associated with increasing risk.

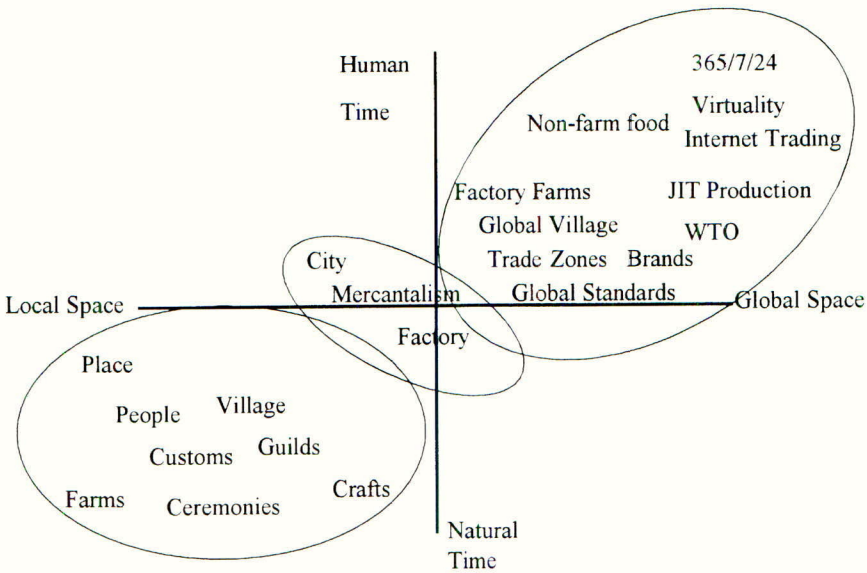
Fourth, the implication of these trends is that as company brands and brand identity become more valuable so they become more vulnerable to the influence of non-consumers and to the concerns of consumers and their potential loss of trust. A curious irony is that the same

technologies - global communications and computing - that help build brand image are used by others to shatter those images. The power of these technologies is such that few people are in fact required to start a movement in protest, as in the Nike case.

Moreover, the traditional distinction between fact and fiction is no longer of great relevance. What matters in our information age is the visibility and penetration of information rather than whether it is information, misinformation or disinformation. If it exits it matters, whether it is true or not.

At the same time these trends become stronger so it appears that space and time are collapsing. The powerful combination of modernity and globalisation means that the world seems to become smaller in both time and space. This is shown in Figure 1. Moving from the southwest of the figure to the northeast indicates the movement through the period of modernisation and then to present day globalisation.

Figure 1: A View of Time and Space



Throughout this period 'natural time' has been constant when measured by the sun and moon and planet Earth remains the same size. Yet the frequency and speed of the human events that impact our lives and the potential impact of anthropogenically induced change gives the impression of the collapse of time and space. Human events more and more come to both shape time and space. Moreover, as the pace of change increases, giving the impression that time is collapsing, so the scope of the possible impact of the decisions we make increases. Decisions made by companies can have as much global impact as the decisions of nation states. Consequently as the pressure for rapid decisions increases so the consequences of those decisions become more distributed and harder to anticipate.

This has implications for governance. It leads to two critical paradoxes for the governance of companies. Firstly, companies are becoming more powerful as nation-states become relatively less powerful. Consequently, the traditional divide between the responsibilities of the state and those of private-sector companies begins to breakdown. We see this as more and more companies become interested in corporate social responsibility and going beyond their duty under the law to introduce voluntary codes or standards of practice. Secondly, it also means that the traditional axis of governance in government or business, with power and responsibility devolved down through layers, is no longer as relevant as it was. Increasingly it is the local to global local axis of governance that will affect businesses and governments alike. This implies that local events can have as much strategic importance for business as global changes and yet the ability of strategic managers to attune themselves to the emergence of [significant] local events is problematic as most members of senior management teams have little contact with the complexities of local circumstances and situations. While those at local level have an underdeveloped sense of awareness of the potential strategic significance of local events.

IMPLICATIONS FOR THE FUTURE OF FOOD PRODUCTION

These trends and challenges can be translated into a general statement about the future world of business. This world is increasingly rich in information and interests. The level of complexity and interdependence is rising and with that business can no longer simply be concerned about economic interests and the needs of its customers in the absence of wider social and environmental concerns. This is a world of contested opinions, uncertain outcomes and ambiguous meaning. It is a world in which earlier concerns about the economic externalities of products and production process are being replaced by more fundamental and critical questions about what companies do and how they do it – questions that raise issues about their legitimacy and license to operate and the trust vested in them by customers and others.

We are witnessing a world where systems and their management are becoming more important. A world in which we see more and more large companies moving from their old role as providers of products and services that embody knowledge to companies that assume responsibility for the organisation of systems. In this role as systems organisers some companies will take responsibility for negotiating and putting together the social and organisational structures that enable products and services to be delivered to customers. Doing this without undue impact on the social and environmental context implies a form of systems stewardship. What this means for the food industry is a shift for some large companies from producing and selling food products to the organisation and management of nutrition service systems. Stewardship of nutrition services will involve food quality and diversity together with the highest level of food safety and integrity often at low cost. It will involve the organisation of good farming, food processing and distribution by companies.

The shift from companies as providers of well-engineered technologies to the organising and control of systems is affecting more than just food production. This future also involves car companies moving toward the management and organisation of mobility services or oil and gas companies becoming organisers of energy systems.

What then does a nutrition service provider have to provide in order to maintain its license to operate while retaining a position in the market?

Key ingredients involve closeness to stakeholders not just customers and being able to build and maintain their trust and credibility. It means the ability to maintain and demonstrate the provenance and environmental health and safety of all parts of the food production chain. For systems organisers the stewardship role over the food supply chain, means taking on responsibilities that might match those previously assumed by governments. We see early examples of this in the involvement of Unilever in the Marine Stewardship Council, with its mandate to try to ensure sustainable supplies of caught fish.

This in turn requires a capacity for companies to act with higher levels of integrity throughout their operations than before and with a widely distributed understanding of the scientific and social concerns surrounding the food system. With this base companies will need to chart a consistent path with partners and allies and stakeholders. In this world of fragmented interests it will no longer be possible to get the right solution that meets all stakeholder interests, instead it will necessary to ally with sub-sets of the total group of stakeholders.

This will mean developing new organisational innovations secured through a level of dialogue that leads to alliances and co-operation between unlikely partners not just the companies or businesses that make up a company's supply chain. This will often include partners who do not necessarily share the profit seeking motives of companies. These alliances will be more concerned to shape innovation than to serve as the ground within which control is enforced.

It will require a deep knowledge of food systems as well as the social and environmental implications of managing those systems in new and different ways. This is no easy task for, while as a society and business we are steeped in information, we are much less astute in our ability to conceptualise and manage systems. In fact our approach to business over the past 50 years has placed more emphasis on quick and decisive choice and the application of technology than it has on the ability to understand the consequences of these choices on the physical and social environment. Integrating the systems effects that arise as economic, social and environmental change within conventional decision structures and processes of business will be extremely difficult.

CONCLUSIONS

This presentation began by rehearsing the dimensions of sustainable development. It distinguishes between weak and strong sustainability and argues that presently we are at best on a transition to more sustainable activities. It went on to situate sustainable development as a response to one of three interconnected waves of global change that now include economic and financial globalisation and the globalisation of culture and society. It was contended that sustainable development can not usefully be separated out from the combined effects of these broader social and economic changes.

Some of the characteristics of this emerging world were identified including the fragmentation of individual identities, the fracture of trust, the strength and vulnerability of brand and the need for new axes of governance. It suggests that the future world of business including food production will focus increasingly on the management and organisations of systems rather than the supply of technology [products that embody knowledge and ingenuity].

This leads to a set of issues that any company will have to address if it seeks a position of pre-eminence in the management and organisation of nutrition systems. Which companies will become systems organisers? What will be the responsibilities of systems organisers as systems stewards? How will these companies relate to and enforce responsibilities on others in the system? Where will they find managers capable of forging the trusting relationships with a variety of other actors and stakeholders and who have the skills to understand and govern the complex of economic, social and environmental innovations that will accompany sustainable food production process from farming inputs, through food processing, to the table? For without these abilities companies will flounder as they try to organise and govern tomorrows' food production and consumption systems using today's capabilities.

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