
Establishing Ethical Responsibility And Corporate Social Responsibility In Agricultural Practices

Abstract

Climate change and global warming have been pressing issues over the past few decades. Although most of the causes can be traced to rapid industrialization, some of the causes can also be traced to the modernization of agriculture in the Western world. Although modernization contributed to a “rapid increase in food production, it also led to environmental and societal concerns over issues such as greenhouse gas emissions, soil quality, and biodiversity loss”. Unclosed debates have been pressing for a long, especially regarding animal welfare and labor conditions. Although Corporate Social Responsibility (CSR) initiatives have been taken, there lies a tendency for conflicts in decision-making. This research paper will primarily focus on understanding this pattern and deep dive into the “moral complexity” which marks Western agriculture. The processes involved in the modernization of agriculture have been accompanied by greater demand, and specialization of the sector and has led to environmental concern. On one hand, there is an intense need to meet the demand of consumerism and on the other the legal and ethical requirements that need to be met. Although the industry has been pressing hard to institutionalize CSR, from the business ethical point of view, the moral complexity lies in the transformation of the ethical responsibilities into legal and economic requirements. Hence, it has become increasingly important to come to judgments that affect the CSR initiatives which deal with vital trade-offs concerning sustainability issues and environmental factors.

Introduction

Problem Statement: Moral complexity of the agricultural practices in establishing Ethical responsibility and Corporate Social Responsibility

From the middle of the past century, the modernization of the agricultural sector has been a result from the increasing demand of consumption. The sector has flourished with rapid crop yield and livestock productivity, however, the number of farms has either declined, specialized, increased in scale, intensified or mechanized. In Europe, modernization of the agricultural sector has contributed to the growing economy since the 1950s, has created secured food supply channels and affordable food, they have also contributed to some of the other aspects such as the impact on the environment, through the emission of greenhouse gases, impact on biodiversity, water quality, and air quality. Moreover, the effects of modernization have also contributed to the race and competition for natural resources such as fossil fuel, water, land,

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and minerals required to meet the mechanization needs. The global food system has significantly changed in the past few decades with some of the most important processes such as globalization, population growth, urbanization, and significant changes in consumer behavior as well. For example, in the last few decades, the global need to fulfill the insufficiency of food has been mitigated by increasing food trade. For example, in 2017, Europe was the largest agri-food product importer as well as exporter. Such a shift has contributed to the environmental impact of other regions of the world. As the direct effect of globalization in this context, there has been a growing divide between food production and food consumption. In other terms, the consumers do not recognize or even realize the social and environmental impact of their dietary choices. In addition to the environmental impacts, the social impacts of agricultural modernizations have been increasingly concerning as well. Some of these social impacts include increased awareness of public health risks for the population living near the farmlands. These include food scandals such as “Mad Cow disease, dioxin, horse meat, and fipronil” making them points of debate. The scholars and researchers have raised their voices on the same claiming that the professionals in the field are expected to raise awareness and be accountable for environmental and social impact. As per Carroll’s seminal pyramid, the agricultural sector has to comply with ethical responsibilities as well besides economic and legal requirements. Similarly, according to Bos et. al, agriculture has a far greater responsibility beyond the maximization of productivity, and profitability, which includes “rural development, environmental and food consumption outcomes”.

Corporate Social Responsibility, in this context, provides the opportunity for agri-business practitioners can display ethical responsibilities. Over the last few years, agri-business and practitioners have been involved in taking corporate social responsibility initiatives motivating the producers and retailers to display a commitment to issues related to sustainability such as animal welfare and the environment. According to Whitehead, farmers and producers of the field have been making efforts to monitor the impact of production involving a wide range of sustainability issues. Some of these initiatives involve certification standards which are reflected on the farm-based sustainable products. Among other CSR initiatives from farmers include opening day schools and commodity roundtables and setting market standards from the retailers are increasingly popular. In recent times, the initiatives from the farmers and producers have become increasingly important for consumers in choosing their diet, making them gain knowledge and insight on how the initiatives are being taken in order to improve farmland conditions and farming practices and values.

Purpose Statement: Moral complexity in reaching a consensus in agricultural practices to resolve issues in corporate social responsibility

Despite these initiatives, there has been limited research on how corporate social responsibility is resolving the issues in the agricultural sector in the context of social and environmental ethics.

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In this research, I take a deep look into the hypothesis “that the potential of the agricultural CSR to resolve the numerous tensions between agriculture and society is inherently limited”. As per the primary literature by de Olde & Valentinov, the moral complexity in the sector arises from the controversies since the moral consensus cannot be reached across the sector in resolving the pressing issues in the field of practice. Considering this research question, if we take for example animal welfare, a debate arises between the different stakeholder perspectives. For example, housing systems such as battery cage systems for laying hens and farm practices such as debeaking, castration, and dehorning which are widespread across the industry have become increasingly controversial sparking public demonstration and legal actions against the construction of farm buildings and media campaigns from non-governmental organizations suggest the moral controversies that have developed between groups in the society and the agricultural sector.

Significance of the issue understudy

In the wake of the 21st century, and pressing issues that include environmental factors, social factors, and are not limited to only animal welfare, the need of corporate social responsibility (CSR) is likely to generate attention to reach the overarching goal of a generally accepted opinion across the industry. However, the research and study have been limited to understanding if the proliferating opinions can reach a common judgment that can be applied in the sector to support the cause at the same time catering to the pressing need of economic sustainability, stable profitability, business goals, and most importantly stakeholder interests in the agricultural business sector. From an academic perspective, and scholarly discussions it is important to deeply study the case of agricultural corporate social responsibility needs to be revisited to generate debate and discussion with the goal of establishing a consensus that can be refined further for the development of the sector.

To reach the goals of the debate and in order to reach the overarching goal of a consensus in the field to mitigate the issues related to society and the environment a theoretical framework needs to be established. Based on the same idea, this paper will build on and study the social systems theory of Niklas Luhmann since it has garnered attention for its contribution to the multidisciplinary literature and research involving farming systems. This research paper also discusses throwing some light to address the structural changes to the Western agricultural sector over sustainability issues under the growing moral pressure. The idea will also present a combination of Luhmann’s theory along with Carroll’s CSR pyramid to address the case of moral complexity. CSR initiatives and certification schemes of North America and North-western Europe and their corresponding issues will be discussed in the following sections including a focus on a case study based on the Netherlands.

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Literature Review

Luhmannian Systems Theory Framework

Arguments related to moral complexity can be supported by the Luhmannian systems-theory arguments. According to Valentinov, it is important to consider this theory since there has been limited use of these arguments on business ethics literature. However, according to Jansen, this theory is considered as a more generally accepted theory that bridges the gap between social and technological dimensions of agriculture, and natural and social sciences. In farming systems research (FSR), the systems theory took prominence in the mid-seventies, since it was observed that traditional approaches, besides increasing boost in production has also raised public concerns on the impact of agricultural modernization on environmental and social issues. Some of the important factors taken into consideration are the technology-driven solutions on small-holders, quality of food, and distribution of food and water. Primarily farming systems research aims to take a more holistic approach which according to Schiere et al., covers contexts, relations, and interactions and underlines the involves multidisciplinary approach and stakeholders in the innovation process. Farming systems research corresponds to some of the key elements such as systems approach, interdisciplinary, and stakeholder participation. Systems theory has also made its way into agricultural sciences investigating food systems and land systems. However, Luhmann's systems theory has not been uncovered completely for advanced research in the field of farming systems theory. As cited by, innovative attempts have been made to use Luhmannian concepts such as "operational closure, autopoiesis, self-organization, and structural couplings" in the field of farming systems theory. As seen to be the most important pressing issue in the field is that crisis in regard to sustainability is unavoidable and is a direct product of the processes involving specialization, differentiation, and decoupling. This leads to moving us away from envisioning the complexity of developing sustainability in the field of agriculture and food production. In conclusion, it can be said that the Luhmannian theory becomes more powerful in consideration of the gap in the systems-environment relations. This, by definition, is the "complexity gap" between the system and the extraneous factors.

According to the Luhmannian theory, there exists a function of the social system which reduces the complexity in absorbing the cognitive powers of the human individuals to acclimatize themselves to the growing complex nature of the social and natural environment. Social systems tend to reduce the understanding of the environmental complexity of the agricultural sector and in turn, it tends to create more complexity than any other individual system. Hence, the systems are continually challenged to address the complexity of the environment. However, the challenge can be met only if the systems can be equipped to reduce their sensitivity to the negative impacts of the environment which is in contrast to the systemic openness. Luhmannian theory does not directly address explicitly to the sustainability issues of the present day, however, it can be said that "his systems-theoretic concepts, such as the precariousness of

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system-environment relations, complexity reduction, and operational closure contain implicit cues about the nature of the persisting sustainability problems”. Valentinov, suggests explicitly some of these cues in the construct of the “complexity-sustainability tradeoff”.

The two primary principles of the construct are:

1. reduction of complexity ;
2. critical dependence.

The first principle suggests that systems become more complex by increasing the insensitivity to the environment and the second principle suggests that the increasing complexity of the systems is associated with their dependence on the environmental complexity.

Luhmann’s primary interest was functions systems such as economy, law, politics, and science. He envisioned that modern society is composed of these functions systems and other functions systems which are operationally closed and do not react much to the outer environment. As per Luhmann, the operational closure of the economy is a “rigorously closed, circular, self-referentially constituted system because it affects payments that presuppose the capacity for making payments... Thus money is a unique economic medium. It cannot be introduced as input from nor transmitted as output into the environment. Its exclusive task is to mediate system-internal operations”. Hence, the operational closure of the economy with other function systems of the society explains ecological crisis which further clarifies “maladaptation of the economy, the society, as a whole to the pressing conditions of their natural environments”.

Luhmann rejected the classical sociological perspective of social integration which is based on shared values and moral norms considering the theory that function systems are structurally coupled to each other in modern society. Luhmann suggested that the functional differentiation is essentially amoral and does not relate to considerations of moral rightness or wrongness. As an extension of the idea Luhmann also suggested that modern society described as a moral communication revolves “around the expression of respect on contempt for individual persons”. His idea was that this kind of communication is bent toward causing conflict rather than mitigation since most of the problems are associated with the system than the individual. However, it has been observed that the problems of sustainability correspond to the be systemic and are considered only in moral terms. Hence, in discussions involving Luhmann’s legacy, the relationship between morality and the systematic nature of modern society remains a controversial element.

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