Measuring the Overall and Integrated Performance of Socially Responsible Companies: the Case of Fair Trade

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Abstract: According to the Brundtland Report, the world is conceived as a global system whose parts are interdependent, considering the concept of sustainable development as a multidimensional process affecting the economic, ecological and social system, it has become a variable to be taken into account in decisions of economic policy. This integration is reflected in the concept of corporate social responsibility CSR. The main purpose of this research paper is applicate this issue by calling for fair trade as a CSR tool which is mainly based on practices of sustainable development. This qualitative case study research reviews the measurement of the overall performance of two fair trade coffee cooperatives in Mexico FIECH and UCIRI, applying the RScat model of the social responsibility of small and medium-sized enterprises.The main conclusions reflect that fair trade firms give equal importance to economic, social, and environmental responsibilities. Further, this study identifies the important factors included in each level of corporate social responsibility. Findings also reveal that this model can measure the overall performance of the company regardless of its size. This research highlights how a small company can integrate, manage, measure and control its social responsibility policy.

Keywords: Corporate Social Responsibility, Fair trade, Management, Performance Development, Sustainability.

I. INTRODUCTION

The performance was initially understood from a strictly financial point of view, this concept has been broadened to take into account the social responsibility of the company. However, first and foremost the company seeks to assume stability through the achievement of economic profitability. Once this is assured, certain actions going beyond its legal and economic obligations. Several authors have defended the thesis according to which, the company will have to realize economic gains, since it is its principal mission. In particular, we quote Friedman [1] who follows the classic trend claiming the company's main objective is the maximization of its value, that is to say, the wealth of the shareholders. Drucker [2] and Jensen [3] follow the same reasoning, and argue that true corporate social responsibility is to be effective and to make a profit, however, economic and social problems must remain the predictive realm of State. Davis [4] follows a different trend from other authors and believes that the company cannot stay away from these issues of society, if it aims to perpetuate its legitimacy and the power entrusted to it.

It is in this logic, that the global performance appears, taking into account some variables previously not considered, in particular the social and environmental aspect. According to some authors like Baret [5] and Reynaud [6] the performance is the aggregation of the economic, social and environmental performances, and for others like Germain and Trébucq [7] it is formed by the meeting of the performance financial performance, social performance and social performance. Dohou and Berland [8] present several tools that measure the overall performance of the company, including the SD 21000 guide, the ISO 26000 standard, the Global Reporting Initiative (GRI), and the Balanced Score card (BSC). In this article we will study another performance measurement tool adapted to small and medium-sized enterprises, taking the example of fair trade cooperatives.

II. LITERATURE REVIEW

The literature has often explained taking into account several factors, the positive impact of the company's commitment to sustainable development practices. From this observation, environmental and social information could be taken into account by financial analysts when developing their diagnosis. These positive consequences concern, in particular, the company's commitment to innovation, because the sustainable development approach is seen as a factor of innovation, of launching new products or services including societal or environmental added value, which represents a difference from its competitors (integration of fair and organic products for example), the creation of new market segments as responsible consumers, green or citizens. It is also fundamental to competitiveness, Porter [9] argues that companies should consider CSR as part of their strategy to become more competitive. Another positive impact is the reduction of costs, since environmental protection research can lead to a substantial reduction in energy costs, through energy saving, minimization of waste and efficiency gains. From this observation, the commitment to sustainable development is proposed as a win-win strategy often called the Porter hypothesis, since the reduction of pollution tends to reduce the quantities of materials and energy used and therefore increase productivity [10]. According to Capron [11], corporate social responsibility is linked to an organization's management of the social and environmental impact of its activities on society, accompanied by a constant and bidirectional dialogue with stakeholders. The concept of social responsibility has also been defined by ISO 26000 [12] as "the social responsibility of an organization vis-à-vis the impacts of its decisions and activities on society and society.

Environment, resulting in ethical and transparent behavior that: contributes to sustainable development, including the health and well-being of society; takes into account the expectations of stakeholders; respects the laws in force while being consistent with international standards of behavior; is integrated throughout the organization and implemented in its relationships ". From these definitions we can understand that the basic logic and foundations of social responsibility are rooted in the principles of sustainable development [13].

Fair Trade cooperatives are a model of socially responsible businesses. The fair trade movement is defined by FINE (Grouping of several fair trade organizations including FLO, IFAT, News and EFTA): "Fair Trade is a commercial partnership that is an alternative to traditional international trade and whose objective is to achieve a harmonious and sustainable development of disadvantaged and marginalized producers. For this, it offers better business conditions, attracting public attention and conducting campaigns. "The principles of fair trade are inspired by those of sustainable development, touching the three economic, social and environmental aspects.

III. METHODOLOGY

Methodological approach can be either qualitative or quantitative. This research consists of descriptive qualitative, a method that has been used in social sciences and humanities, this method of research is particularly appropriate when the factors observed are subjective, so difficult to measure. This is particularly the case because the social and environmental aspects included in the performance indicators of our two cooperatives are not always easy to calculate.

Qualitative research is a generic term that covers a variety of methods that are used in many disciplines [14]. It is multidimensional and is used to study phenomena in their natural setting with the use of interviews, analysis of archives, observations and surveys and attempting to interpret phenomena in terms of meaning provided by actors [14] & [15]. It describes and explains the modes of relationships and data in the form of words and not necessarily in the form of figures, which makes it a more subjective approach compared to quantitative studies. It allows the researcher to establish themes, models, and categories of data based on the researcher's understanding and interpretation [16]. Qualitative research offers a holistic and holistic view, leading to an understanding of phenomena, and is therefore suitable for the construction of inductive theories [17]. In this article, we will follow the current of descriptive qualitative research based on the case study.

Yin [18] defines the research method of the case study as an empirical investigation that studies a contemporary phenomenon in its real context; when the boundaries between the phenomenon and the context are not clearly evident; and in which multiple sources of evidence are used; and it benefits from previous theoretical developments for data collection and analysis. Yin defines the case study research method as an empirical investigation that studies a contemporary phenomenon in its real context; when the boundaries between the phenomenon and the context are not clearly evident; and in which multiple sources of evidence are used; and benefits from previous theoretical

developments for data collection and analysis. This is particularly the case with our cooperatives, because the collection of data is based on the review of documents (reports, reports, articles, etc.) of the cooperatives that make our case study. Yin argue that, the case study is appropriate when asking a "How" or "Why" question about a contemporary set of events, in which the researcher has little or no control is our case, because the problem is: how can you measure overall performance within a fair trade cooperative? David [19] identifies four types of cases: illustrative, typical, test, unpublished or exemplary. Our research is perfectly suited to the type of test, because the housing is selected because it allows you to test theories formulated previously. To this end, in this article we plan to apply a model of general performance measurement in the case of two cooperatives, which were the object of a detailed analysis in one of our previous publications [20].

Table 3.1. Data sheet of the investigation

Technical description of the case study
Purpose of the investigation
Technical description of the case study purpose of investigation Application of the global performance measurement model for fair trade cooperatives: 1. How can the no-economic performance be measured? 2. What is the relationship between SMEs, overall performance and sustainable development? 3. How can the overall performance of fair trade cooperatives be measured? The answer to these questions will allow us to develop a new model aimed at measuring the overall performance of fair trade cooperatives or any small business integrating citizen practices into its strategy.
Investigative methodology
Qualitative descriptive research of the test type based on the case study
Unit of analysis
Fair trade cooperatives producing coffee in Mexico UCIRI and FIECH
Sample
Two fair trade cooperatives UCIRI and FIECH, the analysis is based on reports, articles and memoirs of each cooperative.
Data collection method
Literature Review of Cooperative Memoranda and Analysis of the Global Performance Measurement Model Document.

Source: Own Elaboration from literature

Our research will revolve around the application of the global performance measurement model for two cooperatives in the production and marketing of fair trade coffee in Mexico. This study is also feasible for small and medium-sized businesses that incorporate social responsibility practices into their corporate policies and strategies. This investigation will follow the steps described by the RScat model manual for the identification of CSR indicators to measure the overall performance of the two cooperatives that constitute our case study. These phases are as follows:

- First step: the cooperative should specify its stakeholders, set up basic indicators, determine the impacts of these stakeholders on the cooperative, describe the current situation, and fixed future objectives.
- Second step: The cooperative must integrate specific indicators according to its level of integration of social responsibility practices
- Third step: the cooperative can visualize its process and its results in terms of CSR, which will enable it to know its current situation and thus communicate this to the stakeholders by sending them a social responsibility brief.

In this model each step depends on the size and resources of the company, that is, a company that has just incorporated corporate responsibility policy can stop just in the first phase, however, another one that has long integrating the practices of CSR in its strategy will be able to advance in the stages until it reaches to send a memoir to show its economic, social and environmental commitment and thus to reveal its credibility towards its stakeholders.

IV. RESULTS AND DISCUSSIONS

In January 2009, ESADE business School, a social innovation institute, Ramon LluLL University, published a handbook introducing a new CSR model for Catalan SMEs. This model is inspired by different instruments and frameworks such as the Global Reporting Initiative, Global Compact or the model of the Ethos Institute. However, the model takes into account the values of small and medium-sized enterprises (SMEs) and focuses on the main groups of stakeholders that affect them.
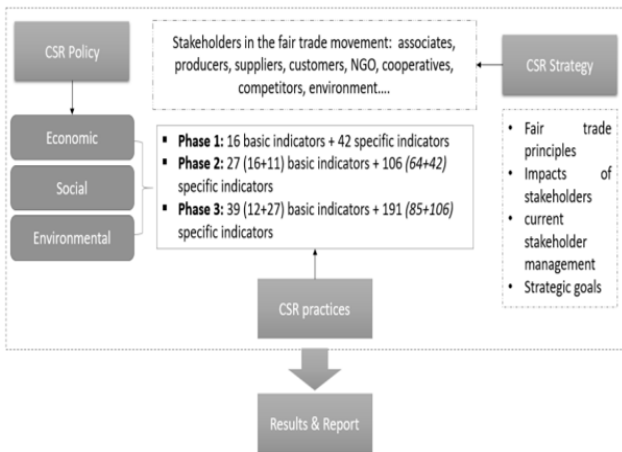

Figure 4.1. Architecture of the measurement model and its application on fair trade

Source: Vilanova et al.,(2009)

This model aims to identify the main key factors of the CSR using 39 basic indicators divided into social, environmental and economic impacts for each Stakeholder. Finally, this model measures and manages these 39 indicators through a total of 191 specific indicators divided into three sequential phases according to the degree of development of the CSR in each of the 39 indicators. First, the model proposes a framework that allows SMEs to define a concrete CSR strategy. This is a framework developed from the main international management criteria of the CSR. Secondly, the 39 indicators, divided by each affected stakeholder and the type of impact (social, economic or

environmental), allow the company to identify the areas where it is necessary to develop CSR policies. Thirdly, the specific indicators have a very specific purpose: to help measure and manage CSR's practical practices in the enterprise. Fourth, the specific indicators allow the company to evaluate the results achieved by implementing CSR policies and, on this basis, to modify the strategy followed. Finally, the company can use the results to develop a CSR brief or guide and also to answer questions from various organizations. To this end, the model has added another additional phase which is intended to cover the rest of the indicators proposed by the GRI. Therefore, the system that each company can apply to measure the indicators and the means used to inform the stakeholders of its CSR activities is dependent on each company, hence the flexibility of the model. Knowing that the fair trade cooperative is a socially responsible company, this model has been applied to two cooperatives working in the field of fair trade, UCIRI and FIECH [20].To apply this model, it would be necessary to complete Table 4.1., In which it is necessary to specify the stakeholders (in our case: importers, international organizations, producers, customers, suppliers, community, stores), to identify whether they have an impact or not. , and describe this impact. Once this step has been completed, the cooperative will need to validate the indicators according to its stakeholders, evaluate the impact, and evaluate the measures currently taken into account and future objectives.

Table 4.1. Basic indicators for managing the performance of cooperatives

Stakeholders	Impacts	Basic indicators	Objectives of the cooperative
Producers	Yes	Remuneration of workers Employee training Opportunity Equalization Programs Human rights	Payment of a fair price, plus a premium Farmer training Promotion of women's work Living with dignity
Suppliers and importers	Yes	Good practices with suppliers	Long-term relationship based on trust, pre-financing at harvest time
Customers	Yes	Communication Customer confidentiality Claim Management Customer satisfaction	Complete and transparent information about the products Databases of privately managed clients Be able to manage customer complaints and retain them Program to meet customer expectations and satisfy them
Local community	Yes	Investments and services for public benefit	Realization of projects for the local development of the community
Environment	Yes	Verification by an external entity of impacts on the environment	The certification granted to fair trade products is carried out by an external organization (which assesses any impact on the environment)

Source: Adaptation of the RScat Model [21] to our case study

Once the cooperative carries out the stage, identifying the impacts of the stakeholders as well as the objectives, it must move to implement the indicators according to its situation. These indicators should answer the following questions:
1. Is the aspect identified by the indicator relevant to our cooperative?
2. Can we measure and manage the impact of this aspect of CSR within our co-op?
3. Do we know exactly where we want to go in relation to this aspect?
4. Do we know how we can move toward our goal on this particular aspect of CSR?

This model allows the company, regardless of its size and resources, to be able to measure the indicators according to the sustainable development components taking into account all the stakeholders. These indicators enable it to evaluate its current situation and draw up a future strategy for Continuous improvement, it can even be used in order to do as kind of benchmarking between companies of the same size and sector. After these basic indicators come the specific indicators that measure these previous indicators. The answer may be qualitative or quantitative, process or even a result. Its sole purpose is to measure, the performance of each CSR element taking into account the stakeholders. Table 1.2. represents the way how basic and specific indicators can be defined.

Table 4.2. CSR performance indicators of UCIRI and FIECH

Basic indicators			Specific indicators		UCIRI	FIECH
producers	9	Producer training	9A	Amount of gross billing for producer professional development and education	50.000 $	Internal training is not considered as a charge
	8	Workforce profile	8E	Percentage of workers by sex	50% men and 50% women	Organization Constitution 100% Women MASICH, GUMSE, UMIRSI
	11	Producer remuneration	11 A	Minimum wage of the cooperative + development bonus	No answer	1000$+ 10$/month
			11 N	Are wages equal between men and women?	Yes	Yes
	14	Opportunity equality programs	14 E	Does the cooperative implement policies for the advancement of women	Supports women and their families (education, health ...)	Assistance to association organization and women's cooperatives
suppliers	29	Selection, evaluation of suppliers	29 B	Does the cooperative verify the accounting of the supplier's behaviour with its values and principles?	YES Following a code of conduct	100%

Basic indicators			Specific indicators		UCIRI	FIECH
	27	Good practices with suppliers	27 B	The cooperative has policies and practices for promoting local suppliers?	100% of the suppliers are local	As far as possible
customers	5	Customer satisfaction	5A	Does the cooperative have communication channels? Devices for remote management? Response tools and complaints management? Does the cooperative measure the degree of satisfaction through surveys? How?	No it is the importers and stores of the world who do it	Management of complaints
			5B	Does the cooperative measure the degree of satisfaction through surveys? How?	Survey sent via internet to importers each year	Satisfaction survey every two years / statistical methods
	3	Liability on the product	3A	Procedures put in place for the assessment of impacts on the health and safety of clients	Organic coffee, which goes through several safety tests and fulfils all the conditions	Coffee meets national and international standards of quality. Daily control
community	7	Relationship with the community	7A	Number of projects carried out by the cooperative for the benefit of the community? What are these projects?	6 projects Laboratory of medicinal plants; stores of basic necessities; small clinic; dentist; agricultural school; primary school	Small stores of basic necessities; water and electricity supply; supports the Women's Association (CODEMU); clinic; schools
			7G	Workers who join voluntary work on total workers	50/200	Only International Volunteer Day

	15	Environmental conditions in the workplace	15A	Air quality in the workplace (according to a standard)	Not applied	Equal to standard
Environment	20	Waste products	20A	Total amount of waste	8228 kg	No answer

Source: Own elaboration from Vilanova et al.,(2009)

The codes assigned to each specific indicator are set by the overall performance measurement model, however each company can develop its codified guide according to its needs while respecting the CSR standards and principles. The above table is a simplified schematization of the model, because the model integrates the 4 phases, the stakeholders, the impact that can be economic social or environmental, as well as boxes relating to the codes assigned to each indicator (basic indicators, specific and those of the GRI).This table must give at glance a synthetic and understandable picture of the situation of the cooperative. It is in fact, a kind of corporate dashboard but more detailer. From this table, the cooperative finds a support that can be read and will be able to implement a CSR strategy, measure and evaluate its impact on the three components and also its overall performance, and will even be able to compare its situation with that of these competitors. And finally the company from this table draws up a report and communicate it to the stakeholders, and thus improve its credibility.

The implementation objectives of this model is to have a clear and concise representation of the reality of the cooperative, to be able to understand the fields of action having impacts on the cooperative in terms of indicators of CSR, to analyze the stakeholders' impacts, to propose an internal mechanism for the management and development of the social responsibility of the cooperative and also external to inform the stakeholders of the cooperative of its CSR policy. The benefits that flow from this model are many, first the current management of the cooperative and its future management, the cooperative is able to visualize its state of economic, social and environmental health, to mitigate or even remove obstacles or shortcomings in terms of these CSR indicators, to improve future management and the gradual integration of other indicators over which the cooperative has no control. In particular, we can cite the case of the lack of management of environmental conditions in the workplace by the UCIRI cooperative, this insufficiency must be filled in order to meet the standards of labor law, or FIECH which despite the establishment of a system equal to international standards in terms of management of environmental conditions in the workplace, this entity does not have any quantified data on the total quantity of waste.

The results obtained show in the first place that this model is capable of measuring the overall performance of the company whatever its size, resources, level of implementation of social responsibility practices, secondly it is a means flexible measure because the company can stop in the phase that suits it according to its level of integration of the CSR loans and also insert or not certain indicators according to the sector of activity of the company. Thirdly, it is a model that allows one to know the current and future CSR situation in a comprehensive, clear and concise

manner. Finally, thanks to the application of this model, it is easy to know what are the strengths and weaknesses of each cooperative according to several indicators and in relation to each stakeholder.

V. CONCLUSION

Currently the company's mission integrates societal concerns that aim to promote the sustainability of the company and its environment in the longer term. In parallel with this change in the role of the company, performance has also changed, the traditional vision of performance that is limited to a short-term financial vision has gradually been replaced by a broader, more global vision and three-dimensional, integrating economic, social and environmental objectives. For this, there has been a proliferation of several performance measurement tools, some specialized in the measurement and evaluation of environmental performance (Environmental Accounting, ISO 14000, EMAS Standard) or environmental and social performance (SA 8000 standard, Standard AA1000, Social Balance Sheet), others measure and evaluate this performance in a comprehensive and integrated way [22]-[27] Fair Trade participates in CSR from a social point of view (integrating in the economic process marginalized producers) and economic (payment of a fair price plus a development bonus) and environmental (preservation of the environment). Overall performance can be analyzed not only by multinationals and large companies, but also by any entity wanting to measure, evaluate and monitor its current situation and chart the future, taking into account its stakeholders and the constraints of the new market in which it operates (economic, social, environmental). This research seeks to examine empirically the measure of the overall performance of two cooperatives involved in the production and marketing of fair trade coffee, notably FIECH and UCIRI, using the RScat model. By following the steps outlined in the manual published by the RScat model, the cooperative can implement, manage, measure and monitor its overall performance. This investigation will allow cooperatives or companies, whatever their size, their means and their level of integration of social responsibility actions, to be able to highlight their current and future situation in terms of CSR for continuous improvement, it can even be used to benchmark cooperatives of the same size and sector.The key findings of this research are: firstly, fair trade cooperatives can measure their overall performance like any other company. Secondly, thanks to this measurement model the cooperative can know its level of integration of social responsibility policy, highlight its relationship with its stakeholders and their impacts, it will also allow it to strengthen its strengths and mitigate or remove its weak spots. Third, according to table 4.2, fair trade cooperatives give great importance to economic, social, and environmental responsibilities Fair by emphasizing the importance of marginalized producers by offering them better conditions, training them and to allow them to live worthily from their work.

Finally, the stakeholders of the fair trade are multiple in addition to the producers there are also the customers, the suppliers, the community, the environment, and for which each stakeholder the cooperatives have impacts and undergo impacts, for that to measure the performance is crucial to develop and strengthen relationships with these stakeholders.

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