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The research is undertaken by CCRS,

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Sustainability effects from embeddedness of multinational enterprises (MNEs) in developing countries

Many studies exist about negative ecological impacts stemming from the functioning of multinational enterprises (MNEs). The next special issue of the ATDF Journal aims to shed light on the positive sustainability effects for the local economy, the local environment, and the local community generated from the embeddedness of MNEs. The issue focuses on the positive sustainability effects of locally embedded Swiss-based MNE's in Africa, Asia and South and Central America.

The issue examines why «embeddedness» is crucial for MNEs. Embedded ties of MNEs with different stakeholders create value through mechanisms such as trust, knowledge transfer, and jointly seeking solutions to solve pertinent problems; they can bring international standards

to local businesses and help integrate the local suppliers to (global) markets.

The conclusions are based on empirical studies of MNEs in Kenya and Colombia (crop protection and potato value chain), banana production and exports in Costa Rica, Panama, and Guatemala, and coffee production in the Philippines. A mixed method approach is used to assess the extent and quality of MNEs embeddedness and the positive sustainability effects. The latter are felt as a result of the MNE's efforts in the different dimensions of embeddedness.

The authors show why embeddedness is essential for MNEs and how companies could modify and adapt their sustainability strategy to increase their economic value and reputation.

Sustainability effects of locally embedded Swiss-MNE'S in developing countries

Constantine Bartel, Isabelle Schluep Campo

Abstract

This introductory paper explains the origins of the embeddedness concept and defines what it means in the context of the operations of multinational enterprises (MNEs) in developing countries. It shows how embeddedness can be perceived as a precondition for the creation of positive sustainability effects.

The paper outlines an overarching approach to assess corporate responsibility and sustainability of MNEs by measuring benefits to communities, the environment and the economy in their region of operation. It shows how a social network of embedded ties creates value through

mechanisms such as trust, or knowledge transfer.

Different dimensions of embeddedness such as social, economic, technological, temporal, relational, structural, or environmental embeddedness are considered based on literature. Within these dimensions, a set of indicators are proposed and motivated to capture the extent and quality of local embeddedness and the potential positive sustainability effects of locally embedded Swiss based MNEs.

Keywords: multinational enterprises, embeddedness dimensions, positive sustainability effects, region, social network

Towards a framework for the operationalization of ISO 26000 standards: community involvement and development

Venkat Seshasai

Abstract

The paper defines a holistic concept of embeddedness based on community involvement and development, which is also a key principle of ISO 26000 standards. The main focus is to develop a framework which would operationalize ISO 26000 standards through the development of a unique set of categories and a model to assess the degree of embeddedness (DOE) of multinational enterprises (MNEs) in their region of operation. The DOE, which is the

measurement of the holistic embeddedness of MNEs, would indicate how well rooted the MNEs are in the region. A high DOE could point to the possibility of creating positive sustainability effects in the region. The study contributes towards a better understanding of the relationship between embeddedness and sustainability.

Keywords: embeddedness, community involvement and development, ISO 26000 standards, degree of embeddedness, multinational enterprises, sustainability

Embeddedness of Nestlé's Nescafé business in the Philippines: a win-win situation for farmers and the company

Andreas Schmidli

Abstract

The study focuses on identifying and measuring positive externalities that may result from the embeddedness of Nestlé's green coffee bean sourcing operations for its Nescafé brand in the Philippines. We hypothesize that embedded (economic) activities of a company lead to the sustainable development of an entire value chain. Embeddedness is important for Nestlé in order to access local skills, knowledge and supply of raw materials.

The paper examines whether the presence of a multinational enterprise like Nestlé does generate positive externalities such as improved livelihood for coffee growers and the members of the wider community. The hypothesis is confirmed when there is a win-win situation in which Nestlé makes significant profits from the extent and quality of its embeddedness which helps it to capture market opportunities such as the growing demand for coffee on the one hand and addresses threats such as climate change, mitigates rural exodus and displacement of communities.

The study reveals the embedded ties that create value through mechanisms such as trust, knowledge transfer, and jointly seeking solutions to solve pertinent problems; bringing international standards to local businesses and integrating them into markets. By assessing the quality and extent of «local embeddedness» the study contributes to the designing of a tool-kit that should measure the degree of embeddedness and the positive sustainability effects of locally embedded Swiss-based multinational companies in developing countries.

Keyword: Philippines, Nestlé, Nescafé, value chain, win-win, trust



Embeddedness of Syngenta's potato and related crop protection business in Colombia: an impact on livelihood and well-being

Isabelle Schluemp Campo and Daniele Polini

Abstract

The study concentrates on the potato and related crop protection business of Syngenta in Colombia. It takes the entire Colombian potato value chain into account to identify positive externalities resulting from the embeddedness of the multinational enterprise (MNE). The data on the extent of Syngenta's embeddedness include trainings, collaborations and selected programs. The expert survey shows how external experts perceive the activities of the company and rate them compared to other chemical companies.

The study outlines the results of a «treatment group» and a «control group» that captures the positive externalities for smallholder potato farmers. Further, it addresses market conditions, especially the effects of changes in demand and the regulatory environment on potato production in environmentally fragile areas.

The study reveals the embedded ties that create value through mechanisms such as trust, knowledge transfer, and jointly seeking solutions

to solve pertinent problems; bringing international standards to local businesses and integrating them into markets. By assessing the quality and extent of «local embeddedness» the study contributes to the designing of a tool-kit that should measure the degree of embeddedness and the positive sustainability effects of locally embedded Swiss-based multinational companies in developing countries.

Keywords: Syngenta, potato, crop protection, training, productivity, environmental awareness



Embeddedness of Syngenta's potato and related crop protection business in Kenya: connecting farmers to markets

Luca Costa

Abstract

This case study investigates Syngenta's embeddedness in the potato and related crop protection business in Kenya and the sustainability effects resulting from the activities of the company.

The study recognizes the company's transition phase, from the pilot to the commercialisation phase. It therefore examines the market conditions for potatoes in Kenya and expectations of high return-on-investment.

The effects of Syngenta's very broad range of programs, which are not always directly related to its core business activities, are also examined. Interviews reveal whether or not these programmes create a positive entrepreneurial environment, increased trust and loyalty to Syngenta.

Compliance with the legal framework, and with private standards is an important element for a company to be embedded. The other important tool for embeddedness that the study presents is the kind of network that Syngenta uses to access and integrate local knowledge in the

selection and propagation of seed potatoes and the presence and quality of extension services.

The study reveals the embedded ties that create value through mechanisms such as trust, knowledge transfer, and jointly seeking solutions to solve pertinent problems; bringing international standards to local businesses and integrating them into markets. By assessing the quality and

extent of «local embeddedness» the study contributes to the designing of a tool-kit that should measure the degree of embeddedness and the positive sustainability effects of locally embedded Swiss-based multinational companies in developing countries.

Keywords: Kenya, Syngenta, potato, standards, dependence, seeds

Embeddedness of Chiquita's banana production in Panama: potential to mitigate social and ecological problems

Veronica Soldati

Abstract

Multinational enterprises (MNEs) such as Chiquita are often accused of exploiting the society and the environment in which they are operating. The study examines the operations of Chiquita in the banana production region in Panama. Despite the challenging circumstances that some MNEs operate under, this study looks for the potential for Chiquita to generate positive externalities for the local communities, the local economy and the local environment through its business activities in the remote region of Changuinola.

The study looks at the use of technology and standards and partnerships to mitigate the major social and ecological problems in the communities.

Given the geographical remoteness of the operations, the study examines the socio-political context in which Chiquita operates. It highlights which areas Chiquita needs to address in order to improve its sustainability and to further embeddedness of the company in Panama. The study also highlights key recommendations expressed by local experts and workers.

The study reveals the embedded ties that create

value through mechanisms such as trust, knowledge transfer, and jointly seeking solutions to solve pertinent problems; bringing international standards to local businesses and integrating them into markets. By assessing the quality and extent of «local embeddedness» the study contributes to the designing of a tool-kit that should measure the degree of embeddedness and the positive sustainability effects of locally embedded Swiss-based multinational companies in developing countries.

Keywords: Panama, Chiquita, socio-political context, paternalism, communication, partnership



Assessment of Chiquita's embeddedness and resulting sustainability effects in Guatemala

Nina Ellenbroek

Abstract

In this research it is hypothesized that embedded multinational enterprises are able to contribute to a sustainable development of a region or an economic sector as they invest in long-term sourcing in their host countries. The study assesses Chiquita's local embeddedness in Guatemala and possible positive sustainability effects resulting from the company's presence. Interviews were conducted with Chiquita Guatemala management, external experts and Chiquita farm employees focussing mainly on social, economic, environmental, technological, infrastructural and relational embeddedness.

As Chiquita is an important employer in the region it is expected to create and sustain jobs and maintain economic stability. The study therefore looks at Chiquita's on site activities to show their impacts on the immediate and wider communities. Chiquita's networks and strategic partnerships with external actors such as the local government, research institutions and NGOs are examined to see the potential to create positive social and economic sustainability effects and whether Chiquita has been successful in capturing these effects.

The study further investigates the role of embeddedness for plantations to sustain



production in remote areas that lack physical infrastructure and public institutions.

The study reveals the embedded ties that create value through mechanisms such as trust, knowledge transfer, and jointly seeking solutions to solve pertinent problems; bringing international standards to local businesses and integrating them into markets. By assessing the quality and extent of «local embeddedness» the study contributes to the designing of a tool-kit that should measure the degree of embeddedness and the positive sustainability effects of locally embedded Swiss-based multinational companies in developing countries.

Keywords: Guatemala, Chiquita, labor conditions, health, environment, paternalism

Embeddedness and sustainability effects of Chiquita's banana operations in Costa Rica

Johannes Hunkeler

Abstract

Multinational enterprises (MNEs) and especially Chiquita have been under pressure to manage and report their commitments towards sustainability. The public discourse is usually limited to negative externalities and does not address the positive sustainability effects that can result from the local embeddedness of the MNE. It is important to understand this perception gap and to rebalance the sustainability discourse.



This study investigates the local embeddedness of Chiquita in Costa Rica and whether this is generating positive sustainability effects for the local communities, the local economy and the local environment as Chiquita is committed to sustainable banana production.

The study analyses whether the company is living up to international standards such as the Rainforest Alliance (RFA) standard that it supports and whether or not it is contributing to local entrepreneurship and sustainable practices outside the company. The data collected and indicators used in the study examine the extent and quality of Chiquita's embeddedness. Further, information on how Chiquita is perceived by experts and the local population is important to

for the socio-economic development of the region.

The study reveals the embedded ties that create value through mechanisms such as trust, knowledge transfer, and jointly seeking solutions to solve pertinent problems; bringing international standards to local businesses and integrating them into (global) markets. By assessing the quality and extent of «local embeddedness» the study contributes to the designing of a tool-kit that should measure the degree of embeddedness and the positive sustainability effects of locally embedded Swiss-based multinational companies in developing countries.

Keywords: Costa Rica, Chiquita, standards, security, perception gap, legacy problem

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