

Cargill

Founded in 1865, Cargill is one of the largest privately held firms in the United States, with a revenue of \$113,5 billion in 2019. With 155.000 employees active in almost 70 countries, trading and processing agricultural commodities, trading livestock feed and producing food ingredients (Cargill, 2021a; Forbes, 2021), their goal is to "make the world thrive" through nourishing. Their supply chain therefore consists of providing insights for partners, processing raw materials and transportation.



Triggering events

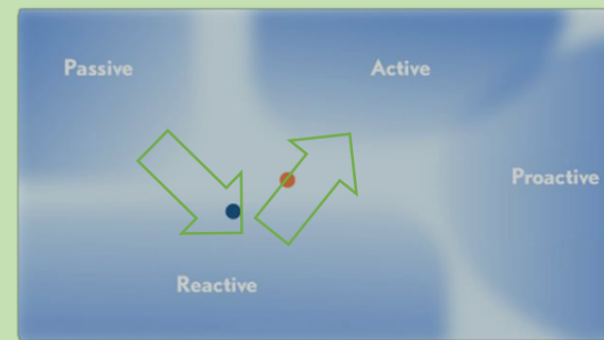
- Safety and health violations leading to food contamination
- World's worst company in 2019 due to environmental impact (Mighty Earth, 2019)
- Child labour

CSR Strategy

According to the Better Business Scan (2021), a tool developed to map the ICR position of a company, Cargill is currently relatively reactive. As can be seen, the intended level of ICR is more situated in between the reactive and active stance. The difference between these dots is called the intention and realization gap. This gap is relatively small.

Although their actual intention is not that high, Cargill wants to look as a pro-active company, which they do through linking the SDGs to their business practices. According to themselves, they attribute to most of the SDGs, namely 1, 2, 4, 5, 8, 12, 13, 15 and 17.

Firstly, the biggest challenge for Cargill is to move along the Capabilities route towards their intended ICR level and beyond, becoming a more active company. However, before this active approach can be reached, the company should focus on their internal alignment (Van Tulder, 2018a).



Independent variables

- Value chain - Processing raw materials & trade
- Internationalization - Multinational
- Governance - Family owned for-profit

Intermediary variables

- Geographical distance
- Administrative distance



Independent variables

- Internal alignment
- Partnership for the goals (SDG 17)
- Taking environmental action

Bears on the road

- Internalization of externalities
- Institutional void

Societal Triangulation

Cargill is a privately owned company, which therefore can be placed in the 'private firm' part of the market sector. They are placed in Level 2 of International Corporate Responsibility, as their business case is mainly defensive and reactive (Van Tulder, 2018b).

Avoid doing harm: Internalization of externalities



A barrier that companies face when moving along route B, the responsive route, is that of the internalization of externalities. Internalizing externalities is especially a large barrier if a company is active in a lot of different countries, such as Cargill. The geographical distance is directly related to the motivation to do something about these externalities (Van Tulder, 2018a; Ghemawat, 2001). As a lot of externalities happen at a great geographical distance, there is not a high urgency to internalize these. A concrete example regarding the internalization of externalities for Cargill is the deforestation linked to their sourcing of soy and palm oil. This happens in e.g. Brazil and Indonesia, while there is no direct consequence for Cargill's headquarters in the U.S.. They are working towards transforming their supply chain to become deforestation-free by 2030 (Cargill, n.d.). This is of course a form of taking action. However, this also proves that Cargill is (partly) still on the responsive path, as working on avoiding externalities, or avoiding doing harm, is considered to be reactive (Van Tulder, 2018b).

Doing Good: Filling the institutional void



In order to move away from the reactive towards the active phase, the institutional void is a barrier that should be overcome. In a significant amount of countries Cargill operates in, institutions are weak, leading to regulatory boundaries being weak or non-existent as well. A company moving along the capabilities pathway towards becoming active in regards to ICR, this institutional void should not be taken advantage of. This has been done by Cargill in the past, leading to trigger events such as child labour in the supply chain, deforestation and pollution (Van Tulder, 2018a).

Instead, Cargill could engage in cross-sectoral partnerships, entering the partnering space to fill up the institutional void. An example where Cargill is already planning to fill up this void is by increasing the livelihood of farmers by providing training on sustainable practices. If they were to implement more of such initiatives, they would move more towards an active company and with that gain a 'license to operate' (Van Tulder, 2018b).

References

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