

RESEARCH OBJECTIVE AND CONTRIBUTION

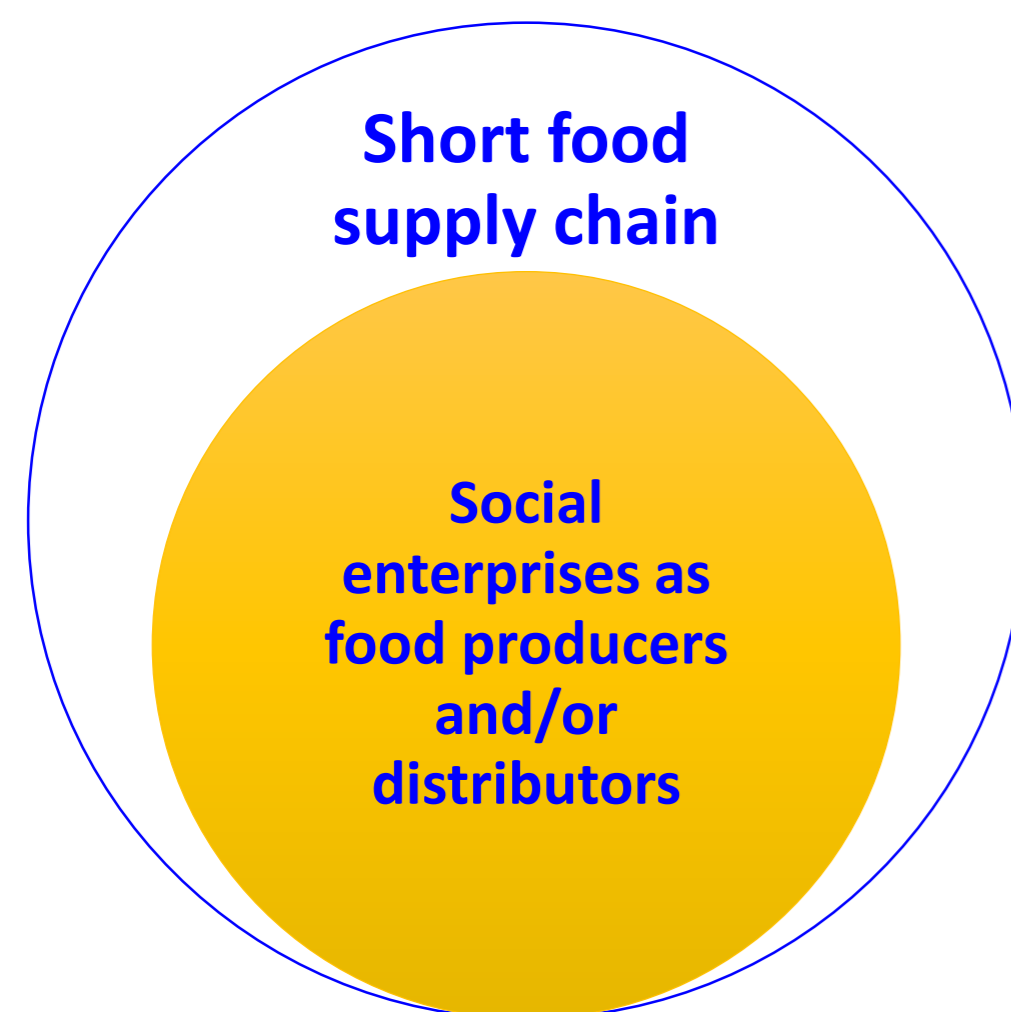
RESEARCH OBJECTIVE

Study the embeddedness of business relationships of social enterprises that are part of short food supply chains

RESEARCH CONTRIBUTION

- Emphasis on the business relationships of social enterprises that are crucial for the survival and maintenance of the social activity
- Analysis the quality of relationships of the social enterprise toward their suppliers and vendors based on the concept of „embeddedness” as used in relationship marketing

THEORETICAL FRAMEWORK



Social enterprises combine economic and social objectives (Nyssens, 2015)

SHORT FOOD SUPPLY CHAINS (SFSC)

- **Direct channels:** no intermediaries (Horvath, 2007; Juhasz, 2012)
- **Short supply chain:** limited number of intermediaries (Binimelis, 2010, Sellitto et al., 2017)
- **Alternative food chain:** sustainability, reorganization of processes (DePuis and Goodman, 2005; Jarosz, 2008; King, 2008, Balazs, 2011).

SHORT FOOD SUPPLY CHAINS & DIRECT FARM-TO-CHEF SUPPLY CHAINS

Proximate SFSC: intermediary actor included, taking over the role of guaranteeing product authenticity (Renting&Marsden, 2003)

Conveniently fresh and healthy: consumers value both the fresh&healty food and convenience&efficiency – restaurants with SFSC suppliers can meet all these expectations (Craven & Krejci, 2016)

Affordable price premium: in many cases restaurants demonstrated their eagerness to seek out and pay premiums for trusted and transparent inputs (Fleury et al., 2016)

Opportunity for small scale producers: lower barrier to entry for small and beginning farmers, who are often scaled-out of the restaurant market by the volume requirements of food service distributors (Givens & Dunning, 2018)



EMBEDDEDNESS IN SHORT FOOD SUPPLY CHAINS

The concept of embeddedness has been used to investigate the social and spatial dimensions of short food supply chains (Oñederra-Aramendi et al., 2018) and provided an integrated and dynamic analytical approach. Based on Maye and Kirwan (2010), embeddedness covers non-economic values that influence the decision making process related to purchases. Short food supply chains (i.e. farmer’s markets) provide space for social flows that lead to the de-commodification of economic relationships (Lopez et al., 2015).

Dimensions of embeddedness

- Commitment, coordination, trust, communication quality, interdependence, participation, information sharing, conflict resolution (Mohr&Spekman, 1994)
- Role integrity, solidarity, reciprocity, flexibility, conflict resolution, exercising power, information sharing, commitment (Macneil, 1980)

CONCEPTUAL FRAMEWORK AND RESEARCH METHODOLOGY

Mission and business model of the social enterprise
Role in short food supply chain (producer and/or local distributor)

THE EMBEDDEDNESS OF SOCIAL ENTERPRISES IN SHORT FOOD SUPPLY CHAINS

Role integrity, solidarity, reciprocity, flexibility, coordination, conflict resolution, dependence-power, information sharing, commitment, trust, satisfaction with the partnership

SOCIAL AND BUSINESS PERFORMANCE OF THE SOCIAL ENTERPRISE

Length of existence, revenue growth, % of business revenues and subsidies, employment, per capita Value Added

RESEARCH POPULATION:

- Social enterprises (Ízlelő and Hatpötyös Restaurants, Baráthegeyi Majorság) as part of short food supply chains sourcing from local suppliers
- Central-Danubian Region, Northern-Hungary and Southern-Danubian Region

DATA COLLECTION:

- Expert interviews

DATA ANALYSIS:

- Qualitative content analysis
- Comparative analysis with consumer-led SFSCs



PRELIMINARY RESULTS

1. Social enterprises in catering sector have a complex network of relationships: strongest relationships with national and regional development agencies and fellow organizations ⇒ heavy dependence on subsidies on EU and governmental funds.
2. Business relationships with suppliers, vendors and customers are characterized by short-term market conditions.
 - Customers reveal strong price sensitivity therefore price premiums cannot be charged for the social initiative or food purchases from local or organic source.
 - Supplier relationships are defined by short-term business objectives (acceptable wholesale prices, quality, and reliability in payment). Characteristics of long-term relationships (i.e. commitment, reciprocity, mutual dependence) are less typical.
 - Short food supply chains might offer synergies for social enterprise caterers that can be advantageous for all the parties involved.
3. Concerning the business model, the majority of the revenues are coming from subsidies, applying for project grants, market revenues represent approx. 30-40 percent. Social enterprises have to face extra operating costs due to the employment of disabled workforce (creation of special workplace conditions). The relationships with employees show some contrasts. Disabled employees reveal high loyalty and are very committed to the social enterprise. The other part of the employees is very attractive in the labor market and the retention is difficult and costly.

EFOP-3.6.2-16-2017-00007, „Aspects on the development of intelligent, sustainable and inclusive society: social, technological, innovation networks in employment and digital economy”

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