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RESEARCH PAPER SERIES

Research paper No. 16: **The contribution of CSR on contract farming improvement: An examination of the beer industry in Uganda**

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Executive Summary

An upcoming phenomenon in agriculture in developing countries is contract farming. Corporate Social Responsibility (CSR) policies from organizations involved in agriculture, might contribute to improve contract farming in these countries. Therefore, the research objective of this paper is to answer: “How can CSR contribute to reduce poverty by improving contract farming?” In this research, we examine the Ugandan beer industry. In total, 16 semi-structured interviews were conducted in Uganda. The interviewees were different players in the Ugandan beer industry and value chain (VC), amongst which are brewery representatives, farmers with – and without contracts, agents, neutral contract farming experts, senior agricultural officers from different districts, and agricultural experts from the Embassy and the United Nations Development Program (UNDP). This study found that four CSR policy topics could contribute to improve contract farming. These include ‘long-term relationship building’, ‘governmental collaboration’, ‘post-harvest support’, and ‘financial responsibility’. This study suggests that a focus on these four topics will help to improve the contract farming system and will be beneficial for all stakeholders involved. These results imply that representatives in breweries should focus more on a long-term approach and put more emphasis on a transparent and collaborative stakeholder management. Our findings open a door for further research in other industries and countries to test these four propositions. Based on the findings, a conceptual model is presented.

Key words: *contract farming, corporate social responsibility, beer, Uganda.*

Introduction

“Uganda is from end to end a beautiful garden where staple food of the people grow almost without labour. Does it not sound like a paradise on earth? It is the Pearl of Africa”.

Winston Churchill, 1908

For the past 15 years, Sub-Saharan countries experienced impressive and sustained economic growth and development. This economic prosperity has been translated in dropped child mortality rates and a relatively slow decline in fertility rates, which finally resulted in a population boom. According to Canning et al. (2015), the population in Africa is rapidly expanding, and by 2060 the region will hold an estimated 2.8 billion people. These demographic changes can provide this area with numerous of new opportunities and challenges for the upcoming decades.

Considering the sub-Saharan Africa manufacturing industry, we recognize the same curve as for the African GDP rates, population growth and life expectancy (Canning et al., 2015). In the 1990s, the manufacturing sector was stagnant in most sub-Saharan countries. However, since 2000, manufacturing industry has been stimulated by several factors, including changes in the economic environment, an increase in domestic consumption, improvements in the investment climate and an increase in foreign direct investment (Takahiro, 2013). Correspondingly, the agribusiness industry, and in particular the beer industry in sub-Saharan Africa, benefits from this mutually reinforcing relationship between economic prosperity and population growth. The African beer market is expected to have average growth rates of 5% until 2020 (Canadean, 2016). Considering these growth rates in the beer industry, Africa will even outperform Asia. This represents a tremendous opportunity for beer breweries.

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The two biggest breweries in Uganda are Nile Breweries Limited, a part of SABMiller, and Uganda Breweries Limited, a part of Diageo, who together divide around 96% market share in Uganda. To meet the increasing demands, Nile Breweries started with a new phenomenon in the African beer industry in 2008: contract farming. In this study contract farming will be defined as “a contractual arrangement for a fixed term between a farmer and a firm, agreed verbally or in writing before production begins, which provides material or financial resources to the farmer and specifies one or more product or process requirements for agricultural production on land owned or controlled by the farmer, which gives the firm legal title to (most of) the crop or livestock” (Ton et al., 2017, p. 2). In many instances, agro-business firms provide additional provisions, including technical support, improved farm inputs, credit, product accreditation, and assistance in the formulation of farmers’ groups. Consequently, poor farmers are able to switch from traditional cultivation and subsistence farming to market-oriented commercial production, resulting in employment generation, income growth, and greater security (Setboonsarng, 2008).

However, contract farming is also a critically debated institutional arrangements for the production of agricultural commodities in developing countries nowadays. Aside from its opportunities, it brings social economic problems. It has its weaknesses for both farmers and buyers. For farmers, this could result in lower crop prices than the spot market prices, often an unequal relation with more powerful service providers, and a universal loss of autonomy. For buyers, contract farming could cause much higher transaction and administrating costs, higher monitoring costs, and possible side-selling from farmers (Oya, 2012). On the other hand, considering this type of farming, and so the local procurement, the breweries benefit from lower production costs, local tax incentives, and more favourable local beer brands. Besides, a perspective of a farmer, it contributes to a sustainable

development. Farmers benefit from a stabilized income, increased production, improved access to capital and skill acquisition through extensions and other agricultural services (Fukunishi, 2013). Bearing in mind the previously mentioned contributions of contract farming, one can conclude that it has the potential to play a relevant role in the sustainable economic development of sub-Saharan African countries (Oya, 2012).

Setboonsarng (2008) discovered four potential methods how contract farming could contribute to poverty alleviation in developing countries. First, farmers are able to change from subsistence farmer to commercial farmer. Second, contract farming contributes to economic growth in the agricultural sector. Third, contract farming facilitates the opportunity to diversify in crops. Lastly, contract farming contributes by means of stricter quality standard requirements from the buyer-side, which results in export potential of crops. Warning (2002) found out that farmers participating in contract farming significantly increase their income compared to non-participants. Moreover, the three most common reasons why farmers hesitate or refuse to participate in contract farming are known (Barett et al., 2012). First, farmers think that it will not solve pre-existing market failures. Second, farmers expect a lower income because of fixed prices of their crops. Lastly, farmers are sceptical of extra requirements from the buyer-side, for example the usage of chemicals. However, there is still a lot we do not know about the perfect execution of contract farming. For example, the specific needs of contracted farmers, the exact role of the government or the design of specific contract farming trainings has never been researched yet. The extant research is limited in our understanding of the phenomenon itself and how to improve it. Current literature focuses on the consequences of contract farming, the advantages of contract farming, as well as the disadvantages of contract farming. It is not researched on how specific programmes or

policies can contribute to improve the collaboration during contract farming. A better understanding of the execution of contract farming will result in better positive outcomes.

In this paper, we try to contribute to a filling gap stated in the article of Fuchaka et al. (2009). They did a case analysis in Kenya and they researched the failure of increased income of contracted sugarcane farmers. Consequently, they stated “to bridge income gaps between the company and farmers in favour of sustainable community livelihoods, this paper argues strongly for the need to institutionalize Corporate Social Responsibility within the daily operations of the company particularly to address net-income depressors (Fuchaka et al., 2009, p.3).”

Corporate Social Responsibility has been institutionalized among the two breweries in Uganda which are involved in contract farming. In this research, CSR is defined as “context-specific organizational actions and policies that take into account stakeholders’ expectations and the triple bottom line of economic, social, and environmental performance. Although the definition of CSR refers to policies and actions by organizations, such policies and actions are influenced and implemented by actors at all levels of analysis (e.g., institutional, organizational, and individual)” (Aguinis et. al, 2012, p2).

However, this relation between institutionalization of CSR, the improvement of contract farming and the influence on poverty alleviation has never been researched yet. Neither if it will address the net-income depressors of contracted farmers, nor if it will strengthen the possible advantages for sustainable development. Firstly, it is important to study this topic because of the upcoming popularity of contract farming in the beer industry (Fukunishi, 2013). A contract-farming-focused CSR programme could better contribute to sustainable development since it will better focus at the specific needs that result from the contract farming collaboration.

Second, it provides a better understanding of the local consequences and preferences of CSR. Third, this paper will contribute to the existing literature on contract farming and it will provide the existing literature with new insights. From a managerial point of view, this paper will contribute by proposing several topics to better customize a CSR- programme if you are involved in contract farming. This might result in a better performance in terms of revenues, efficiency and relationship for all stakeholders involved.

Therefore, in this research we will focus more on the CSR policies and the opinion or suggestions of contracted farmers in the beer industry. Consequently, the research question is: *How can CSR contribute to reduce poverty by improving contract farming?*

To answer the abovementioned research question, sixteen interviews were conducted with contracted farmers, non-contracted farmers, agents, contract-farming experts, neutral organizations and different brewery representatives. These interviews were performed in the country of origin.

The structure of this study is as follows. First, an in-depth explanation of the relevant terms and relevant studies of these concepts are described, namely contract farming and CSR in developing countries. Then, the method section provides detailed description on how the data was collected, analysed, and why precisely these interviewees were chosen to participate in this research. Following the method section, the results obtained from the interviews are stated. These include four policy topics on how CSR can contribute on contract farming. These topics are: long-term relationship building, governmental collaboration, post-harvest support and financial responsibility. Finally, the conclusions are drawn, the limitations of this study are explained and possible directions for future research are proposed.

LITERATURE REVIEW

Corporate Social Responsibility

The concept of corporate social responsibility has been researched for many decades. However, the interest in CSR increased during the last decade along with the number of different conceptualizations available for the definition of CSR differed more and more as well (Aguinis & Glavas, 2012). In this study, we will use the definition offered by Aguinis & Glavas (2012, p. 2): “context-specific organizational actions and policies that take into account stakeholders’ expectations and the triple bottom line of economic, social, and environmental performance. Although the definition of CSR refers to policies and actions by organizations, such policies and actions are influenced and implemented by actors at all levels of analysis (e.g., institutional, organizational, and individual).”

While CSR gained interest among organizations, the several fields of interest and its related research questions considering CSR, increased as well. Probably one of the first interests within business research - the impact of CSR on the firms’ financial performance – was researched by Pelozo (2009). Moreover, Tsoutsoura (2004) found out that a socially responsible corporate performance has a positive influence on the financial performance. Later, Pelozo and Shang (2011) also discovered how this could further create value for other stakeholders. Furthermore, other topics relating to CSR have been addressed, including operationalization (Waddock, 2004), how to measure CSR (Wood, 2010) and how the policies are influenced by several institutions (Cambell, 2007).

More specifically, this topic also gained more attention and interest among scholars within the agribusiness. The need and urge for CSR within the agribusiness and the related food industry worldwide is high (Maloni and Brown, 2006). Especially after the sector has been scandalized by numerous crises and conflicts. Consumers, journalists and scientist are

currently closely examining the agribusiness sector and their food- and drinks production. The influence capacity of these different stakeholders is growing (Gerlach, 2006). The interrelation of CSR and the potential legitimacy losses was also studied. Finally, this influences the financial performance (Heyder and Theuvse, 2008).

In agribusiness, previous research suggests that the incorporation of CSR enhances the productivity and competitiveness of firms (Tallontire and Greenhalgh, 2005). An online publication of environmental activities of food companies in the UK was researched. The authors concluded that these publications sometimes functioned as a necessary defence tool, but in other cases their functions were of a competitive advantage (Haddock, 2005). Moreover, Batt (2000) found out that a good long-term relationship between buyers and suppliers in the agricultural sector, contributes to the firm’s performance. The aforementioned studies exemplify the relevance, importance, and potential competitive advantage of CSR within the agribusiness.

However, some critics upon CSR within the agribusiness exist. Firstly, the creation of a positive brand image by publishing CSR efforts is strongly criticized. Mullerat (2009), for example, states that firms which do very little in terms of CSR, are still trying to exploit their advantages. The intrinsic reason of firms is to increase revenues. Secondly, his results suggest double- standards of many companies. It means that firms which are involved in CSR still do business with companies who do not engage in CSR practices. On the one hand, those companies strive for better working circumstances. But on the other hand, they partner with companies with unequal workplace conditions. Guarnierie and Kao (2008) state that companies just utilize CSR as a competitive advantage, to attract, inspire and develop the new business leaders of tomorrow. It is used as a recruitment tool. Lastly, the most heard critic by many

authors is that CSR is just an effective PR-tool (Mullerat, 2009; Banarjee, 2007; Heath, 2001).

Despite these advantages and critics, Vertigan (2016) concludes eleven in-depth studies and his results show that CSR in agribusinesses in Africa contributes to positive transformation and development in the sub-Saharan African region in the last decades. The main challenges for CSR in Africa and therefore in Uganda, seem to switch from a focus on aid and charity to economic development. Moreover, one could identify a change towards more favourable institutions from the Ugandan government (Vertigan et. al, 2016). Stimulation of contract farming is one of these governmental policies that can even further improve economies.

Besides, a meta-analysis about CSR in developing countries and the role of MNEs provides even more valuable insights on the implication for different stakeholders (Eweje, 2014). Discussion on CSR and sustainability concepts in developing countries is growing, and many stakeholders including businesses, governments, and universities are working toward achieving sustainability. The analysis suggests that in order for developing and emerging economies to move forward and achieve the gains from globalization; businesses, governments, and other stakeholders should work together to benefit from the various initiatives on CSR (Eweje, 2014). Luo (2001) also found out that the contribution of CSR is higher when different stakeholders intensively collaborate. His study found a positive influence on subsidiaries performance when cooperative relations with governments intensify.

2.2 Contract Farming

Contract farming is a contractual arrangement for a fixed term between a farmer and a firm, agreed verbally or in a written form before production begins. It provides material or financial resources to the farmer and specifies one or more product or process requirements

for agricultural production on land owned or controlled by the farmer, which gives the firm legal title to (most of) the crop or livestock (Ton et al., 2017). However, the heterogeneity among these contracts is enormous. Since contract farming is diverse among different countries, specific regions and industries. Most of these contracts consist of a pre-agreed price, quality, quantity and a time-frame (Singh, 2000). For homogeneous goods, spot markets with several buyers and sellers work well. Nonetheless, agricultural markets with specific needs in terms of quantity and especially quality, are most of the time better off with contract farming (Fukinishi, 2013).

Contract farming has a lot of potential to contribute on sustainable socio-economic development. Setboonsarng (2008) did a multiple-stakeholder study in South-East Asia, and his findings introduce four strong potentials of contract farming in terms of socio-economic development. First, contract farming is a development tool for farmers to switch from subsistence production to commercial production. Second, contract farming facilitates growth in the agro-processing industry. Thirdly, it stimulates crop diversification within a certain region. Lastly, contracted farmers often agree upon stricter quality requirements of their crops. These requirements result in an increase of the potential to export their crops to foreign markets.

More specifically, contract farming is also becoming more popular in the Ugandan beer industry. Ten years ago, Nile breweries started with a project to make use of local raw materials. Nowadays, both Nile breweries and Uganda breweries are involved in contract farming with over 20,000 farmers. Together with the Ugandan government by means of the Local Enterprise and Agriculture Programme (LEAP), they both invest in local barley and sorghum growing (Nile breweries, 2018; Ugandan breweries; 2018). So far, no studies can be found on the consequences and results of these programmes and investments.

However, from studies on the effects of contract farming in other industries and countries, we found positive outcomes. For example, Warning (2002) researched the effect of contract farming on net income. His findings suggest significant positive consequences on the farmers who participated in the contract farming programme compared to those who did not. Moreover, based on the results of a study on contract farming (Ton et al., 2017), we can argue that the food-security of farmers participating in contract farming programmes increases compared to those who do not participate. Ton et al. (2017) argue that farmers most of the time decide to participate in contract farming because of access to knowledge and technologies, extra agricultural service from firms and due to an expected income. From the point of view of a firm, contract farming can contribute by reduced cost of natural resources, a better quality-control, political economy gains like tax advantages due to local investment and national development projects, and lastly, better relationships with suppliers (Fukinishi, 2013).

Although, in theory, there is a lot of potential to contribute on sustainable socio-economic development, in practice farmers experience also disadvantages from contract farming. Some studies, for example, show why farmers explicitly not participate in these programmes. A meta-analysis on studies in five different countries shows us three reasons why farmers not participate. First, farmers argue that it does not reveal the pre-existing market failures. Secondly, farmers perceive extra risks for a decrease in return due to fixed prices. Lastly, farmers could be concerned about consensus about other risks and opinions such as to health issues because of mandatory exposure to chemicals (Barett et al., 2012).

Ton et al. (2017) did also an analysis on the influence of contract farming on income and found it hard to draw conclusions. Due to the heterogeneity among contracts but also because of a publication bias. The income

seems to increase. However, since they discover a lack of studies on 'failed cases', this lead could lead to an overestimation on income effects.

Large positive effects on income may be a precondition for farmers to continue the contractual arrangements with the firm and give up their autonomy in marketing, production and quality control. High benefits are needed to keep an arrangement attractive and to prevent farmers from dropping out (Ton et al., 2017). This could imply that, next to the access to knowledge and modern agricultural technologies, corporate social responsibility programmes could further incentivize farmers to participate in contract farming projects. However, recent research on this topic is very scarce so far.

Current studies mainly focus on the outcome and the consequences of contract farming. Contract farming contributes to an increase in the farmers' net income (Warning, 2002), it increases food security for families (Ton et al., 2017) and contract farming results in better access to knowledge (Ton et al., 2017). The extant research also focuses on the advantages and disadvantages of contract farming. Nonetheless, current literature is limited when it comes to our understanding on improving the phenomenon and the best execution of contract farming itself. It is relevant to further investigate this topic, so that we gain insights on the needs of both contracted farmers and buyers. A better knowhow of the execution can result in better abovementioned outcomes of contract farming. Finally, this will result in both poverty alleviation and sustainable economic development.

Only one study was performed on such topic. Fuchaka (2009) argues that CSR could be used as a tool in contract farming to further alleviate poverty and increase economic development. Therefore, in this study we will research on how contract farming can be improved by means of CSR.

METHODOLOGY

Research Design

Van de Ven (2007) makes a distinction between 'What' and 'How' questions. The research question of this study is a 'How' question, and thus a process question. 'How' questions require a process model or 'event-driven' explanation of the temporal order and sequence in which a discrete set of events occur based on a story or historical narrative. Process questions are fundamental for gaining knowledge of dynamics, and testing and developing theory of 'how' social entities adapt, change, and evolve over time (Van de Ven, 2007). As this study examines the reasons for the current state and how to improve contract farming via Corporate Social Responsibility projects, a research question with a 'how' nature is appropriate. Edmondson and McManus (2007) introduced a contingency framework where they discussed the methodological fit in management field research. They researched the relevance of internal consistency among elements of a research project corresponding to research question, prior work, research design and type of data collected. Since the possible improvements on contract farming in the Ugandan beer industry were not well researched yet and the state of prior theory is nascent, the qualitative approach of this research project is appropriate.

However, this research design also has its limitations. Pope, Ziebland and Mays (2000) did an analysis on qualitative data itself and argued that the systematic and rigorous preparation and analysis of these data is time consuming and labour intensive. Moreover, high quality analysis of the data depends on the skill, vision and integrity of the researcher. Besides, personal biases from the researcher can influence the data collection, interpretation and analysis.

On the other hand, Edmondson and McManus (2007) argue that this research approach of

qualitative research is applicable if the state of the current literature is nascent. If little is known, rich detailed and evocative data are needed to shed light on the phenomenon. Openness to input from the field helps ensure that researchers identify and investigate key variables over the course of the study.

This is also the case for this specific study on potential improvements on contract farming in the Ugandan beer industry and the role of CSR. In this specific context there is few known. Sixteen interviews, observations, and other data sources will provide us with the necessary insights to answer the research question, create a theoretical foundation and come up with the practical implications.

Research Context

The study took place in Uganda from April 2-20, 2018. The research was in collaboration with AGRIQUEST, a Ugandan organization which strives for strengthening agribusiness ethics, quality standards and ICT usage in Uganda's agricultural value chains. Because of the local market knowledge of AGRIQUEST and the upcoming popularity of contract farming in the beer industry in Uganda, this research took place in Uganda. Since we want to understand the challenges throughout the whole value chain and show the bigger picture, we spoke with almost every relevant stakeholder in the Ugandan beer industry.

The first six interviews took place in the Bugiri district, a province west from the capital Kampala. In this region we spoke with several stakeholders, all involved in or related to the publicly released rapport with social- and sustainable activities Ugandan beer industry because of the sorghum production in Bugiri. In Bugiri these included farmers, district managers and agricultural officers.

Hereafter, we conducted several interviews in Kampala. These included policy makers of the Dutch Embassy, the United Nations and a contract farming expert, currently working in

the beer industry. We all visited these men at their offices and they gave a neutral overview of the situation. They have a lot of expertise, but no specific interest in the value chain.

Lastly, we moved to the Oyam district, north from Kampala. Again, in Oyam we spoke with several stakeholders in the beer industry. This region is relevant because of its supply of sorghum and cassava to the breweries. We spoke with a group of agricultural officers who represent the farmers, we spoke with middlemen who directly buy from farmers and sell to breweries, we spoke with cassava factory owners who processed the cassava and we spoke with farmers without contracts and why this is the case.

Back in Kampala, we visited Ugandan Breweries Limited and Nile Breweries LTD, the two breweries in Uganda which have a market share of 98,5% together. Here we spoke with the two managers who are involved in contract farming.

The semi-structured interviews were conducted in English. This is the official first language of Uganda. However, some interviewees spoke just their local language. These interviews were conducted via an interpreter. Most interviews outside Kampala were arranged via AgriQuest. The rest was arranged via direct approach. The research team consisted of a driver, three Ugandan researchers, five Dutch researchers and a local interpreter.

The interviews always took place with at least two researchers, to overcome personal biases. The interviews took place in different settings. Sometimes in the office of the interviewee, sometimes outdoor at an improvised meeting-setting under a tree, and sometimes just outdoor face-to-face. Due to these local conditions in Uganda, the interviews could not have been recorded. However, the researcher made detailed notes and photos to make sure that no information gets lost in the transcription process. In all cases, we clearly introduced our

academic role and our research motivation. We assured that we had no interest in any specific answer or organization.

We used a grounded-theory approach (Locke, 2001) with semi-structured interviews, so that we operated inductively. Not only because this is a suitable qualitative approach, but also because of the setting in Uganda. The flexible settings and willingness of interviewees to talk benefits most when opening up a discussion and facilitate the interviewee with some space. During the research we made also use of purposive-sampling. This non-probability sampling technique resulted in the interviews with all relevant stakeholders for this research

Data Collection

Arranging Interviews

Arranging interviews turned out to be a challenging part of the research. The interviews in the countryside of Uganda were mainly arranged by specialist from the AgriQuest research group. Those interviews seem to be most challenging because of finding the right persons. Since the interviews were often confirmed last minute, it was required to improvise a bit. Moreover, last minute cancellations or no-shows were sometimes the case. Therefore, an open and relax mind- set was needed for not being annoyed by the arrangement approach, which could be experienced to be different from the Western approach. In Kampala the interviews were arranged by the first researcher himself. Here, the arrangements of interviews went easier. The representatives from the different organizations were willing to take their time and were also flexible in their schedules. Almost every relevant stakeholder for contract farming in the beer industry has been interviewed. The arrangement could sometimes be very challenging and last-minute, the willingness to talk has been very valuable.

Conducting Interviews

All of the conducted interviews were semi-structured. Therefore, we could dive into detail if an interviewee came up with an interesting insight. Most often this happened since every stakeholder has its own perspective on contract farming. This resulted in detailed insights from different perspectives, which we have not explored before. It gave us also the opportunity to sometimes ask a question differently if the interviewee did not understand the question completely. Most interviews took around 45 minutes. The questions were phrased in a logical order with different themes.

The language of the interviews was English. The is officially the first language of Uganda. However, some interviews were translated by local representatives in the research team. This language barrier could bias the results.

The interviews took place in different settings. Sometimes it was a face to face interview, sometimes a group interview with the researcher and a group of interviewees, but also sometimes a group interview with five researchers and one or more interviewees. These different settings resulted in interesting insights from other researchers who also proposed some questions out of pure interest.

Data Analysis and interpretation

The qualitative data from the interviews has been analysed through open coding with a use of Gioia's method (Gioia et al., 2012). We drew on this inductive coding methodology to develop theoretical categories and identify aggregated dimensions as they emerged from the data.

We followed the three steps that are specified in Gioia's framework (Gioia et al., 2012). The first step is to create first-order concepts. Here we started the analysis by creating first-order codes via reading and re-reading the interview transcripts. We kept an open mind and constructed short codes that stuck closely to

the data. After their identification, statements were grouped. This was an iteratively process.

Next, we tried to understand the connections between categories and their subcategories. We organized the open codes into groups based on similarities and moved from terms provided by interviewees to themes created by the researcher: the second-order themes. These categories are more theoretical. Lastly, the second-order concepts were aggregated in the final aggregated dimensions, the most abstract concepts.

Data Validity

Qualitative research is a subjective methodological approach that acknowledges that the world as we know it is the (partial) result of our own social constructions, including those of the researcher. Thus, the accuracy of a qualitative account is arguably different from a quantitative account, depending upon the position of the participants and the researchers (Whiteman et al., 2016). Therefore, we try to ensure and maximize the validity of the collected and analysed data via different methods.

The collected data will be subject to 'triangulation'. Triangulation is a valuable and widely- used strategy involving the use of multiple sources to enhance the rigor of the research. It helps to counter all threats to validity (Denzin, 1978). In this study we used data triangulation (interviews, observations, contracts and documents) and observer triangulation (we always had at least to observers or interviewers). Next to the triangulation, we try to ensure the transferability which means the degree to which findings can be generalized to other people, context, places, times or settings (Lincoln & Guba, 1994). In other words, is it applicable in other countries, and other industries.

Lastly, we wanted to collect and analyse our data objectively, independent of mind, and not influenced by personal feelings or opinions.

This is called confirmability (Lincoln & Guba, 1994). The biggest challenge was the cultural difference and the occasional language barriers between the researcher and the interviewees. Therefore, some answers could be misinterpreted or misunderstood. During most of the interviews a Ugandan researcher attended the interview to overcome this personal bias as much as possible.

RESULTS

Our findings give new insights on how to improve contract farming in the Ugandan beer industry. On the top of findings by previous literature, relationship-building and supportive policies merged from our data and were identified as most relevant ways in order to contribute via CSR on contract farming. These two overall themes are divided in four aggregated dimensions which will be discussed in the coming paragraphs. Better relationships should be built between the two contractors as well as the breweries and the governments. These dimensions are the so-called 'long-term relationship building' and 'governmental collaboration'. Besides, we found out that the buyers can focus best on post-harvest supportive policies and financial literacy supportive policies. Therefore, these two dimensions will be divided in 'post-harvest support' and 'financial responsibility'. However, before we elaborate on these four dimensions, we will first cover the context and structure of the Ugandan beer industry and the role of contract farming.

Structure of the Ugandan beer industry

The Ugandan beer industry is dominated by two breweries; Nile Breweries LTD and Uganda Breweries Limited. Their beers include the most popular brands in Uganda like the Nile special, Nile Gold, Egel lager, Guinness, Bell, Lite, Ngule and Tusker. The most important ingredients for their beers are water, yeast, hops, sorghum and increasingly cassava powder. In 2002 the Ugandan government started the Local Enterprise and

Agriculture Programme (LEAP) and stimulated the use of local raw materials (LRM) by decreasing taxes from 60% to 30% on local raw materials (Nile Breweries, 2018). The local production rapidly increased and the popularity of a new concept, contract farming, increased.

The contract farming structure is still rather a complex phenomenon in the Ugandan beer industry. The contract farming expert at Nile breweries mentioned it as follows: *'We make a difference between three types of farmers. Small-scale farmers who own less than 10 acres of land. Medium-scale farmers who own between 10 and 50 acres of land. And light-scale farmers who own over 50 acres of land. 90% of the farmers is a small-scale grower, but they are not possible to load a full truck. The agreements we have are most of the time with the middlemen who are representatives, who buy from small-scale farmers and medium scale-farmers. And we have direct contracts with light-scale farmers. However, most trainings are provided directly from the brewery experts to the small-scale farmers. The fertilizers and chemicals most of the time follow the route via the middlemen.'*

A key-role within the chain is for the self-named agent or middleman. They often mediate between the farmers and the breweries. They have a contract with the brewery. They buy from the local smallholders and sell the crops in bunches to the breweries. Most of the time they have written contracts with the breweries and oral contracts with the smallholders. This results in a lot of challenges for all stakeholders involved. Quantity and quality assurance are the biggest challenges for the agents. *"Side-selling crops, mixing crops and loose contracts"* are the main reasons for these challenges according to cassava agent Douglas Odyambo.

Most of the farmers in Uganda are small-scale growers, almost 90% according to the expert. They own less than 10 acres of land. Within this group, the number of farmers who own less than an acre of land is also relatively high.

This means that these farmers are highly dependent on their agent and the brewery, in terms of market access, extra services, tools and fertilizers. Especially if they want to switch from subsistence farming to commercial farming and therefore have to increase their efficiency and quality. Their bargain power is relatively low.

CSR programmes do exist among the breweries. However, they are not specifically focused on contract farming yet. Most projects include local sourcing, environmental sustainability and a Corporate Social Investment strategy which includes clean water projects, equality scholarships and HIV/AIDS reduction projects. Nowadays there are measures and policies to support and improve contract farming, like the supply of chemicals, technical trainings and logistic support. Nevertheless, these are now disjointed policies and there is no umbrella department responsible for CSR during the contract farming projects (Nile Breweries, 2018; Uganda Breweries, 2018).

Contract farming and the role of relationship-building

We will first describe the role of long-term relationship building and governmental collaborations in contract farming. These two dimensions derived from the first theme 'relationship'. Many interviewees consistently answered that the relationships between the relevant stakeholders are crucial. The low levels of trust and high levels of self-interest result in a suspicious and short-term focused relationship.

Long-term relationship building

Based on our data, the first CSR policy that would improve the contract farming process is 'long-term relationship focus'. This focus on the long-term relationship appears to be a combination of responsibilities on technical and social literacy, a better farmer involvement

in the beer supply chain, and more transparent feedback sessions (see Table 3).

Literacy on technical and social responsibilities

By literacy on technical and social responsibilities, we mean the education that should be given from the breweries to the farmers on the ethical and technical responsibilities they have. Many informants told us that the current trainings are mainly focused on growing as fast as possible. However, the quality can suffer on this focus on speed. In order to maintain a sustainable relationship, the quality should not be underestimated. One of the contract farming experts emphasized this by: *“Teach those farmers for example how they can protect their crops from birds. Birds always attack the sorghum. If you teach them how to better protect, they quality of their product will increase...”* (Senior manager Presidential Initiative on Beer Industrialization).

Another important responsibility for the brewery to the farmers is the knowledge about ethical behaviour. Codes of conducts or ethical standards could farmers help to improve their business standards and breweries will be able to better regulate ethically responsible business behaviour in the beer industry. *“It is damaging if farmer mix sorghum with other, cheaper type of grains to meet the quantity agreements”* (Commander of Bugiri District). This is perceived as unethical and trainings focused on ethical behaviour could help improve standards. Furthermore, the current technical training is most of the time focused on the efficiency of growing a specific crop. From many interviewees we heard the potential for more technical trainings in terms of land development, harvest techniques and land-using-planning. *“So technical trainings could be even more helpful if it switches from purely crop-trainings to both crop and soil trainings”* (Senior manager Presidential Initiative on Beer Industrialization).

In conclusion, the current trainings are focused on short-term wins. However, it seems to be beneficial and lucrative for all stakeholders to adapt and develop the trainings in order to improve the long-term collaboration.

Farmer Involvement

Farmer involvement means a closer involvement of the farmer in the beer supply chain. Especially according to the agricultural officer perspective in several districts, the farmer involvement within the beer supply chain should be increased. Farmers often do not know where their product is going and how the supply chain is designed. The senior agricultural officer in the Bugiri district emphasized the importance of a better knowledge about the follow-up process in the supply chain: *“Very few farmers know where their products are going. A more transparent attitude in this supply chain would encourage and stimulate farmers. It would make them proud if they better know that they are the first and most important step of the industry.”* (Bugiri district senior agricultural officer) If breweries would make farmers more conscious and aware of the supply chain, then farmers could better develop a feeling of responsibility and job satisfaction.

A concrete measurement to increase this supply chain knowledge among farmers could be brewery visits or tours. This is heard among several stakeholders: *“If farmers see and visit the brewery together with other farmers, it might be a nice opportunity to share knowledge with each other”* (Bugiri district senior agricultural officer). These visits will have more benefits.

First, farmers will better understand where their product is going and how the process looks like. Secondly, they will feel better associated and have a better affinity with the brewery which will increase their responsibility and loyalty. Thirdly, this could be a unique occasion where farmers from different districts

can share knowledge and share best-practices.

Overall it seems that farmers do not feel a lot of affinity with the breweries at this moment. Currently, they do not know where their products are going, and they do not have the feeling that they are an important link (or even most important link) in the whole value chain. Therefore, a better farmer involvement will result in a better long-term relationship between, breweries and farmers.

Feedback sessions

A feedback session gives all stakeholders the opportunity to give feedback on each other or to come up with constructive criticism. In the current situation this is minimal. So even small improvements, where all stakeholders can benefit from, are not proposed or heard. Therefore, all parties proposed more possibilities to directly communicate with each other. One of the brewery representatives expressed himself as follows: *“Sometimes I think that the farmers should be protected from the middlemen and we should focus on more interaction with them directly.”* (Agribusiness manager & contract farming specialist, Uganda Breweries Limited). Another contract farming expert emphasized the importance of continuously feedback: *“More feedback from the farmers to the organization has two advantages. First, the organization is able to correct the real problem. Second, the image of the company and the trust in the company will increase”* (Senior manager Presidential Initiative on Beer Industrialization).

Next to creating platforms and possibilities for direct communication, investing in trust & image of the brewery would worth it. Farmers often experience the inequality in bargaining power and the profit-driven mentality of breweries. Therefore, farmers often do not trust breweries in terms of prices and agreements. Breweries have a bad image of ‘those who are just interested in low prices and high profits’. *“Breweries should be open for*

input from the farmers. It will not only improve the process but also the image of the brewery” (Senior manager Presidential Initiative on Beer Industrialization). On the long-term breweries will benefit if they make farmers feel heard. It will improve the reputation of the brewer and result in a more sustainable relationship.

Governmental collaboration

The second factor that would improve contract farming, is governmental collaboration. The role of the state in contract farming is insufficient at this moment in Uganda. The role of the state in contract farming is minimal since the only encouragement came from the lower tax incentive for local sourcing. The collaboration between stakeholders and government should be more intensified, and these topics are divided in three subjects (see Table 4). First, the stimulation policies for contract farming and the legislation about contract farming have to increase. Second, contracts must be easier. Breweries should invest in a collaboration with the government to realize allowance of easier contracts. Lastly, an increase in contractual enforcement is necessary. Nowadays contracts in Uganda are often rather loose.

Stimulation policies & legislation

Governmental policies that stimulate contract farming could help to further improve the system. An example of such a policy, is the governmental policy to increase local sourcing, the Local Enterprise and Agriculture Programme (LEAP). The result is that the local sorghum usage multiplied from 1,600 tons in 2003 to over 8,500 today (Nile Breweries, 2018). These types of policies stimulate the agricultural sector in general, and the contract farming system in particular. Starting a conversation to discuss the possibilities with the government would be helpful to further improve this system. *“Governmental agricultural policies should be implemented. It would be nice if it is somehow even more*

attractive for farmers and for us to collaborate” (Factory manager Cassava Apache district).

Moreover, increasing legislation about contract farming will contribute to a fairer and better collaboration between the different stakeholders. Very few legislations about this topic results in almost a self-managed system. Most of the time the stakeholder with the least bargaining power suffer from this. *“Our government should focus on making legislation so that contract farming is more attractive, and contracts are not that loose anymore” (Senior manager Presidential Initiative on Beer Industrialization).* In this, there is a role for the breweries to share best practices and experiences with the governments. Subsequently, brewery and governmental officers can share ideas. Finally, to create a better regulated and legislated field of business.

The agreements between farmer or agent on the one hand, and a brewery on the other hand, are often detailed and complicated. Moreover, the contracts between agent and small-scale farmer are orally. To be more transparent as a brewer, it might be better to simplify the contracts with the local farmers. Nowadays, the contracts are long, hard to understand and not written in the local languages of the farmers. *“It might be easier to understand for farmers if contracts and agreements are partly visualized” (Agribusiness manager & contract farming specialist, Uganda Breweries Limited).* Governments should be involved to discuss the possibilities, validity and legality of these types of contracts.

Contractual enforcement

The enforcement of contracts is currently low in Uganda and therefore contracts are not

worth a lot in Ugandan contract farming. Farmers do side-selling if prices at the market increase for their crops. Buyers do side-buying at other farmers if prices drop. Quantity-, quality-, and time agreements are not always honoured. *“Contracts do not hold” (Bugiri district senior agricultural officer). “Contracts are loose” (Senior policy officer Agriculture & Agribusiness, Royal Netherlands Embassy in Uganda). “Contracts are not honoured” (Agribusiness manager & contract farming specialist, Uganda Breweries Limited).*

The enforcement of contracts seems to be one of the biggest challenges in contract farming. Consequently, a cooperative approach between brewery and government would be highly relevant and beneficial for all stakeholders. Besides, the knowledge about contracts and openness towards contracts is limited among farmers. There exist a lot of scepticism by having a contract with a “big and powerful” brewery. *“Educate farmers on the legal implication of bridging the contract ‘step-by-step’, otherwise they will scare away” (Factory manager cassava Apache district).* So, clearly communicating about contracts is an important responsibility of the brewery. However, as a neutral stakeholder, the government could contribute on this topic as well. By contractual enforcement, the government can implicitly teach and show about the functionality and validity of a contract.

Contract farming and the role of supportive policies

Now, we will describe the role of post-harvest support and the financial responsibility of the breweries in contract farming. These two dimensions derived from the second theme ‘supportive policies. Many informants emphasized on the importance of supportive policies from the brewery side. The purely technical focus and sometimes financially irresponsible estimations, can result in a worse relationship or even an economic downturn.

Post-harvest support

The third way to improve contract farming is to design CSR policies that focus on the post-harvest support of farmers. In view of the fact that the focus of the current policies is on pre-harvest support. It seems that the post-harvest support is underestimated yet. However, this support could contribute in many ways to both parties; quality improvement, quantity improvements and an increase of trust. The post-harvest dimension is divided in three subjects. Respectively, the relevance of drying tools, the availability of storage space and necessity of financial literacy (see Table 5).

Drying tools

The availability of drying tools can contribute to a better quality of the crops. Both cassava and sorghum need to dry before it is can be stored and transported to the breweries. However, sometimes this happens on the ground in the soil and results in a decrease of crop quality. A sorghum farmer told us literally: *“The sorghum dries at its best on the ground, on tarpaulins” (Sorghum farmer Bugiri district).* This means that breweries can provide farmers, for example on a loan, with drying tools like sorghum tarpaulins and cassava racks, in order to realize the best quality for their products.

Access to storage space is one of the biggest challenges in contract farming. It seems to be an underestimated and deeper reason for many issues. Since farmers can often not store their crops properly, some of them decide to do side-selling. If they have to wait for too long, they cannot meet the quality standards anymore where they agreed upon. So sometimes they decide to do side-selling to still receive the highest market prices. *“There is a lack of storage for all sorghum we agreed on. This is why side-selling is happening” (Agribusiness manager & contract farming specialist, Uganda Breweries Limited).* A plan to store locally would be beneficial for both parties. On the one hand, farmers can easier

meet their contract with the agreed quality standards. On the other hand, the logistics for the brewery will be more efficient (picking-up once at a 'distribution centre', instead of driving around continuously), and the quality of their ingredients is better assured.

Secondly, next to the importance of local storage, farmers are willing to share storage. A common storage place could also be an option for farmers. *"Yes! Yes! Of course, we are willing to share storage, as long as we can store! (Sorghum farmers without contracts).*

This would be even a more efficient and beneficial option for both stakeholders. First, for farmers to better share knowledge, experiences and costs. Second, for the brewery, to operate more efficiently and create a more stable cooperation. However, on the condition that these storage places are well regulated and protected.

Financial literacy

It is highly relevant for breweries to focus more on financial literacy among farmers. The focus of trainings is purely technical. However, in terms of financial education there is a lot to improve. Farmers often find it hard to manage and plan their personal financial situation, or like a UNDP programme officer mentioned: *"Maybe it is underestimated in this country, but please increase education on topics like cash management and financial management."* Examples of financial literacy that we heard include managing personal finance, financial planning and budgeting. Breweries can contribute on the sustainable development and sustainable relationship by designing policies and trainings that educate farmers to better manage their finance.

Financial responsibility

The fourth and last factor that would contribute to a better contract farming system, is financial responsibility. During the contract farming process, some financial issues arise. These include, amongst others, price-fluctuations, the

estimation of potential harvest, the supply of credits, the actual payment, and so on. To be more trustworthy and responsible as a brewer and as a farmer for each other, we divided this policy in three subjects: Stick to the agreed prices, responsible harvest estimation and responsible credit supply (see Table 6).

Stick to the agreed prices

The agreed prices in the contracts should be honoured. Namely, a big issue with contract farming is side-selling. Side-selling has different reasons, but one of these is the price fluctuation. If prices go down, it is beneficial for breweries to buy at the market, if prices go up it is beneficial for farmers to sell at the market. So, from an organization perspective we heard:

"It has many reasons, but if the price of the crops goes up, farmers often sell their products to other buyers. The contracts are very loose" (Oyam district senior agricultural officers). On the other hand, from a farmer perspective we heard: *"Breweries want to renegotiate the price or just pay lower prices if the market price goes down" (Bugiri district senior agricultural officer).* In both cases it is important to stick to the prices where both parties agreed upon. Otherwise, a contract is worth nothing. Therefore, it is important to discuss the contracts and the reasoning. The negotiated prices per kilogram are a consequence of supply & demand and a consequence of the addition of supplements like fertilizers, trainings and tools.

Responsible harvest estimation

The estimation of the potential amounts of crops or kilograms is an important responsibility and an important step in the contract negotiation. The more a farmer can grow, the better the deal for both parties. The price per crop will decrease, but the total potential profit is higher. However, breweries and agents often estimate rather progressive and so overestimate these amounts. Draught,

overestimation of fertilizers, or just miscalculations are several explanations. Or maybe even to drop the price: *“Middlemen sometimes estimate unfair amounts of potential harvest of the farmer” (Factory manager cassava Apache district).*

These misestimations result in challenges for every stakeholder. Farmers will have a lower profit if the harvest do not come up to expectations. For breweries this results in a different

Side-selling issues **Stick to the agreed price** Financial responsibility planning for the brewing schedules, as well as for the logistics schedules. Therefore, trainings to properly calculate and estimate the potential land capacity, would be contributable to a sustainable contract farming process.

Responsible credit supply

One of the emoluments that could be included in the contracts, is the access to credit to invest in working capital. However, these benefits are not always included and often farmers do not have another option to invest in machinery for example. One of the respondents put it into words as follows: *“Machinery should be available for farmers on a loan base. That would be a win-win!” (Agribusiness manager & contract farming specialist, Uganda Breweries Limited).* So, on the one hand, availability of credit to invest could be beneficial. On the other hand, it could be beneficial to have machinery and rent it on a loan-base and so provide contracted farmers with a beneficial deal to make use of these machinery.

These contracts should not be killer contracts. The conditions and terms should be reasonable for both parties. Breweries might only benefit in the short-term form inappropriate strict conditions. However, for both parties it is irrational to use these types of conditions. Therefore, a sustainable

improvement policy would also include responsibility on credit supplies.

4.4 Key findings

This research developed better insights on how contract farming can be improved in the Ugandan beer industry. The key focus of this paper is the possible contribution of CSR on contract farming. The findings include four CSR topics that should be implemented in order to improve contract farming. Firstly, these include policies with an emphasize on long-term relationship building. Direct communication, feedback sessions and a stronger farmer involvement will result in a more transparent relationship.

Secondly, breweries should strive for a more intensified collaboration with the government. Since the government plays a big role in legislation, regulation and contractual enforcement, it will be helpful to start projects together in order to improve the contract farming system and the role of the state.

Thirdly, more post-harvest support will contribute to a better contract farming system. The education, relation and negotiations are mainly focused on the process before harvesting. However, a lot of challenges could be solved by creating a better post-harvest programme. Lastly, an increase in financial responsibility, as a brewer, will contribute to improve the contract farming system. Responsible contract interpretation, responsible harvest estimation and responsible credit estimation will secure and protect the farmers financial stability and situation.

DISCUSSION AND CONCLUSION

In this section, we will discuss our findings and connect them to prior literature. First, we will interpret our results and discuss their theoretical and practical implication. Hereafter, based on current literature, we will propose our propositions. Next, we will discuss the limitations of this research and

recommendations for future research. We will end with a conclusion.

Interpretation of the results

Previous research showed us that high benefits are needed to keep an arrangement attractive and to prevent farmers from dropping out in the contract farming process (Ton et al., 2017). This could imply that, next to the access to knowledge and modern agricultural technologies, corporate social responsibility programmes could further incentivize farmers to participate in contract farming projects. Fuchaka (2009) argues that CSR could be used as a tool in contract farming to further alleviate poverty and increase economic development.

Therefore, in this research we tried to understand in what way CSR can contribute to contract farming and so the increase of economic development. Based on the current literature and the collected data, we tried to answer our research question: *How can CSR further contribute to reduce poverty by improving contract farming?*

The findings of this research suggest that there are four CSR topics on which organizations should focus to improve contract farming. These include long-term relationship building, governmental collaboration, post-harvest support and financial responsibility.

To a great extent, our results are in line with previous literature. This is also the case for our first result. Our findings suggest that a focus on long-term relationship building would contribute to improve contract farming. Current literature is in line with our findings and shows the positive influence of a long-term relationship between buyers and suppliers in the agricultural sector on the firm performance (Batt, 2000).

Next, current research examined the positive influence of governmental cooperation on the subsidiary's performance (Luo, 2001). Our

findings support such stance and provide new insights into current literature on the potential advantages of governmental collaboration for

farmers. Our findings suggest that farmers will benefit as well by simplified contracts and stricter contractual enforcement for both parties.

The third finding that emerged from our data focuses on post-harvest support in order to improve contract farming. This finding is partly supported by the current literature. We confirm the results from previous literature, where the importance has been proven to be on good terms with your supplier, also when the deal has been closed (Tan, 1998). However, these insights, applicable on the agricultural sector, do not exist in current literature. These findings, therefore, imply that in the agricultural sector and during contract farming, the post-harvest support is highly relevant to create sustainable economic development for all stakeholders.

Lastly, we found out that the financial responsibility of the brewery could play an important role to contribute to improved contract farming. It is possible, therefore, that a more conservative attitude towards harvest estimations and credit supplies for farmers, could result in a more sustainable and predictable growth for both brewery and farmer. This is lacking in current literature.

In conclusion, some of our findings are in line with current literature on CSR and some are new to existing literature. Our findings on the importance of relationship-building is supported by the study of Erweje (2014). He mentioned the importance of collaboration between relevant stakeholders who can benefit from the various initiatives on CSR in order to create sustainable growth. Our findings suggest the same if it comes to CSR in contract farming, as breweries, farmers, agents and governments should work together closely.

Nonetheless, we gained new insights on how to improve contract farming. The importance of post-harvest support and financial responsibility policies are new to the literature and contribute on the topic of CSR and contract farming.

From a practical point of view, these results propose valuable insights for especially breweries. Contract farming departments could benefit when they start developing CSR programmes that will focus on the four concepts from this research. By means of those four topics, breweries can contribute to improve contract farming in general. It is expected that their own performance will also increase in the long-term because of relationship -, planning -, efficiency – and quality advantages.

Besides, governments can benefit from these insights. Their role seems to be relevant in the contract farming system. Consequently, governments can contribute to a sustainable economic growth in their country by means of a better contract farming focus and resource commitment.

Propositions

The relationships between the concepts that were clarified in the findings section, lead to several propositions. We found out that the contract farming system will work better if there will be paid more attention to the post-harvest situation. Tan (1998) already found out the importance of a good relationship with your supplier, even after a deal. According to Tan, this will result in a better financial performance for the firm and market success. However, this has never been researched in general in the agricultural sector. More particularly, this has also never been proven in contract farming. Therefore, our findings and current literature will lead to the first proposition:

P1: The probability that the execution of contract farming improves, is positively

influenced by the focus of buyers on post-harvest CSR-projects.

Secondly, our findings gave us insights in the financially responsible role of the breweries towards their farmers. Our research suggests that financial responsibility from the buyer side towards the seller side will contribute to improve contract farming for both. Current literature focusing on the firm's financial responsibility towards suppliers cannot be found. However, financial responsibility can be seen as a part of social responsibility. Being socially responsible as a corporate has been discovered to be financially beneficial for the stakeholders involved (Tsoutsoura, 2004). Moreover, Kane (2000) suggests, on a macro-economic level, that countries should be transparent in their state budget, deterrent to too much risk-taking and accountable. A financial programme according to these policies, results in the highest financial stability for the inhabitants of the country. Our findings suggest the same mechanism on a micro-economic level. In developing countries, the buyer sometimes takes over some functions of a bank, for example when it comes to credit supply. Consequently, our findings and current literature will lead to the second proposition:

P2: The probability that the execution of contract farming improves, is positively influenced by the focus of breweries on "financial responsibility" CSR-projects.

Limitations

As this study examined the potential for improvement by means of CSR-projects in the Ugandan beer industry several limitations came into play. First, the decision of such a specific case study in the Ugandan beer industry has its implications on drawing conclusions and the generalizability of the research. Maxwell (1992) argued that the difference in generalizability between qualitative and quantitative research is the most important distinction between the two. The validity has long been an issue regarding

the legitimacy of qualitative research. Since the number of interviews conducted and amount of other data collected in this research remains relatively low (16 interviews and 4 written documents) the conclusions drawn remain to be proven to be generalizable for the entire beer industry or contract farming more generally.

Moreover, there is a cultural distance between the researcher and most of the interviewees. This could have resulted in misinterpretations or other cultural biases. To overcome this bias as much as possible, the researcher never attended an interview alone.

Other misinterpretation could have been occurred when local people translated some of the interviews. Since the translators had often a relatively high function in their community, it should not be ignored that interviewees, especially in group sessions, eventually gave desirable answers.

To eliminate these potential limitation, we tried to use data triangulation. By means of interviews, observations and written documents, we tried to theorize and conceptualize the truth as accurate as possible.

Future research avenues

Extensive research towards contract farming and the potential benefits and challenges were identified by several studies. However, the underlying reasoning behind several challenges is relatively limited. Consequently, studies on the possible improvements for contract farming are scarce. Therefore, this might be an interesting field of study to discover.

Furthermore, future research could be conducted on different industries or countries to reframe the context of this research, in order to find similarities or differences with this research. It would be interesting to see if these

findings are generalizable or rather beer industry-specific, or Uganda-specific.

Another interesting topic might be the influence of financial responsibility of the buyer on the supplier. This topic was under researched in extant literature. It was hard to find articles related to the consequences of a rather financially responsible attitude towards buyers. It would be interesting to research of such an attitude would be financially beneficial for the buyer on the long-term.

Conclusion

The aim of the research examining how CSR can contribute on contract farming. We wanted a deeper understanding of contract farming and how to improve this phenomenon. An examination of the Ugandan beer industry resulted in four possible CSR topics that can contribute. These CSR policies include 'long-term relationship building', 'governmental collaboration', 'post-harvest support' and 'financial responsibility'.

These results contribute to the extant literature by means of a better understanding of contract farming. From a practical point of view, these findings give valuable insights for CSR managers in the agricultural sector. It can help organizations involved in contract farming to better adjust and customize their CSR policies towards their contracted farmers.

The insights from this study can provide starting points for future research. These might include empirical studies on the propositions, a deeper understanding of contract farming improvements and the influence of financial responsibility in the agricultural sector.

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