

Business Governance in Meat Supply Chains

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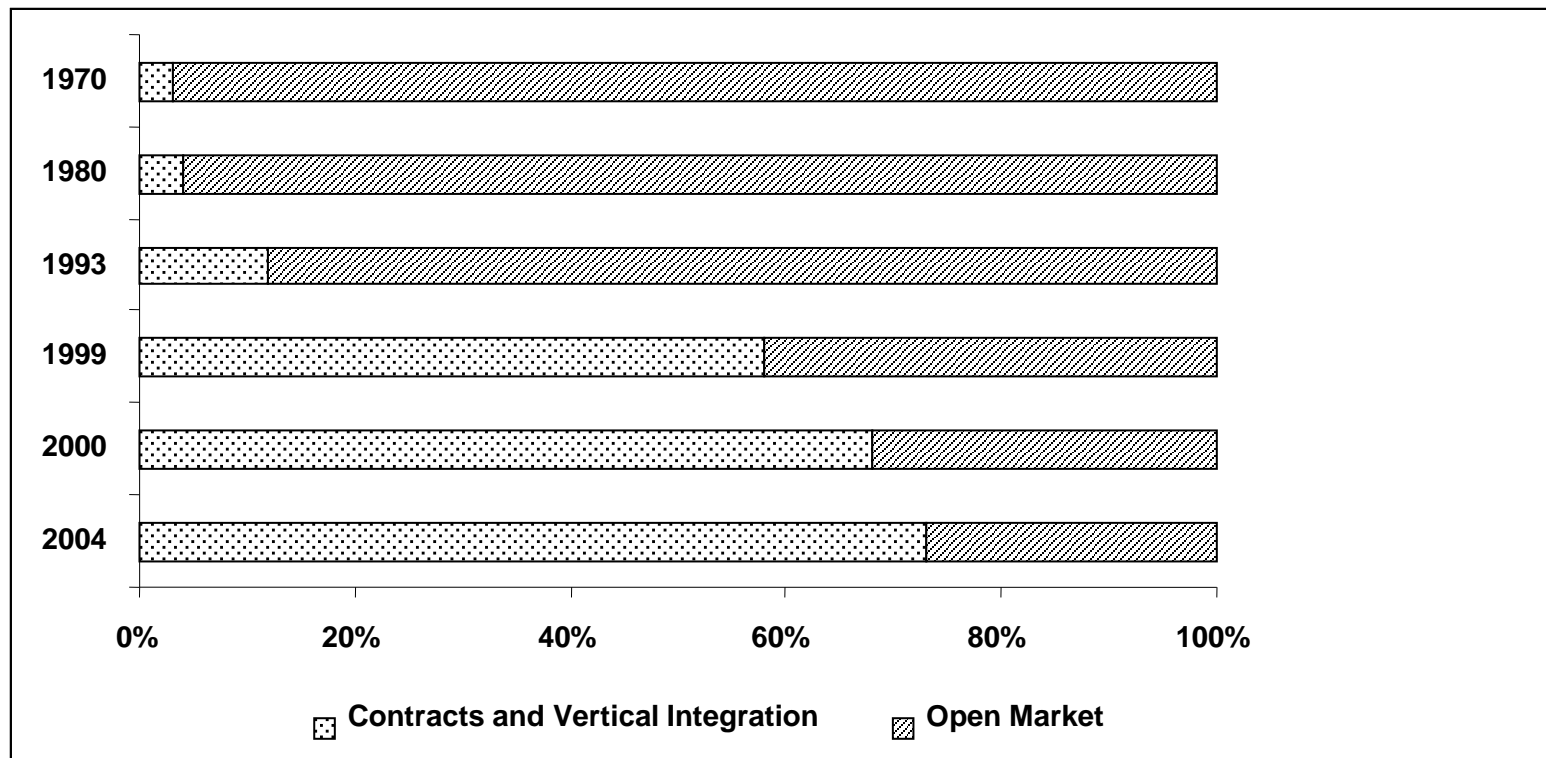
Frankfurt, June 23, 2011



Why is it interesting?

Many changes have been going on since the mid-1990s:

- Example: U.S. pork production



(Source: Martinez 2002)

Why is it interesting?

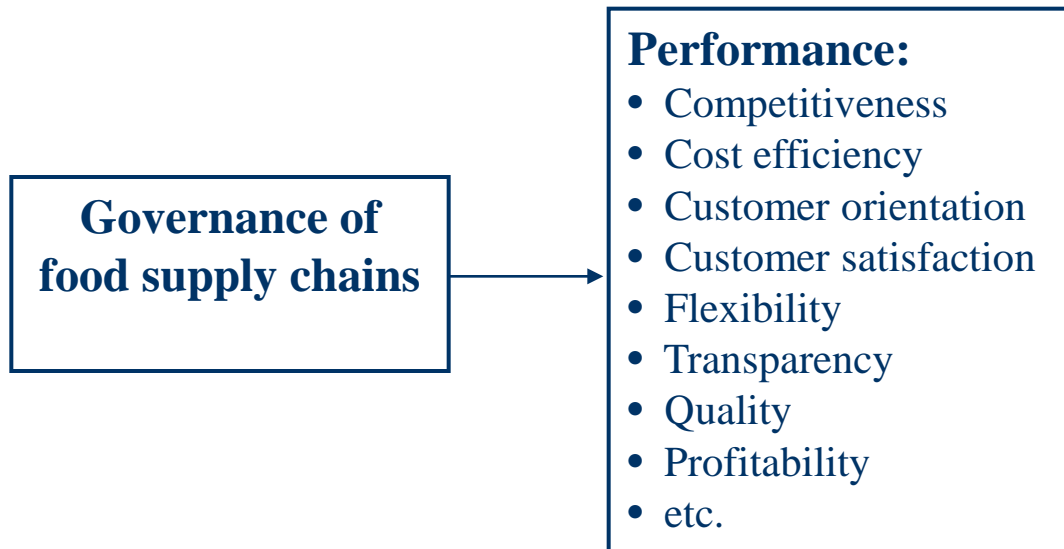
Similar developments in other food supply chains in developed countries as well as in developing and transformational economies!

	Marketing contracts	Production contracts
Corn, soy beans	10.9 %	0.1 %
Barley	---	19.3 %
Cotton	51.7 %	---
Fruits	56.5 %	2.5 %
Vegetables	30.0 %	6.9 %
Pigs	7.1 %	53.4 %
Poultry, eggs	6.8 %	81.3 %
Dairy	52.2 %	0.9 %

(World Bank 2006, p. 6)

Why is it interesting?

Performance effects:

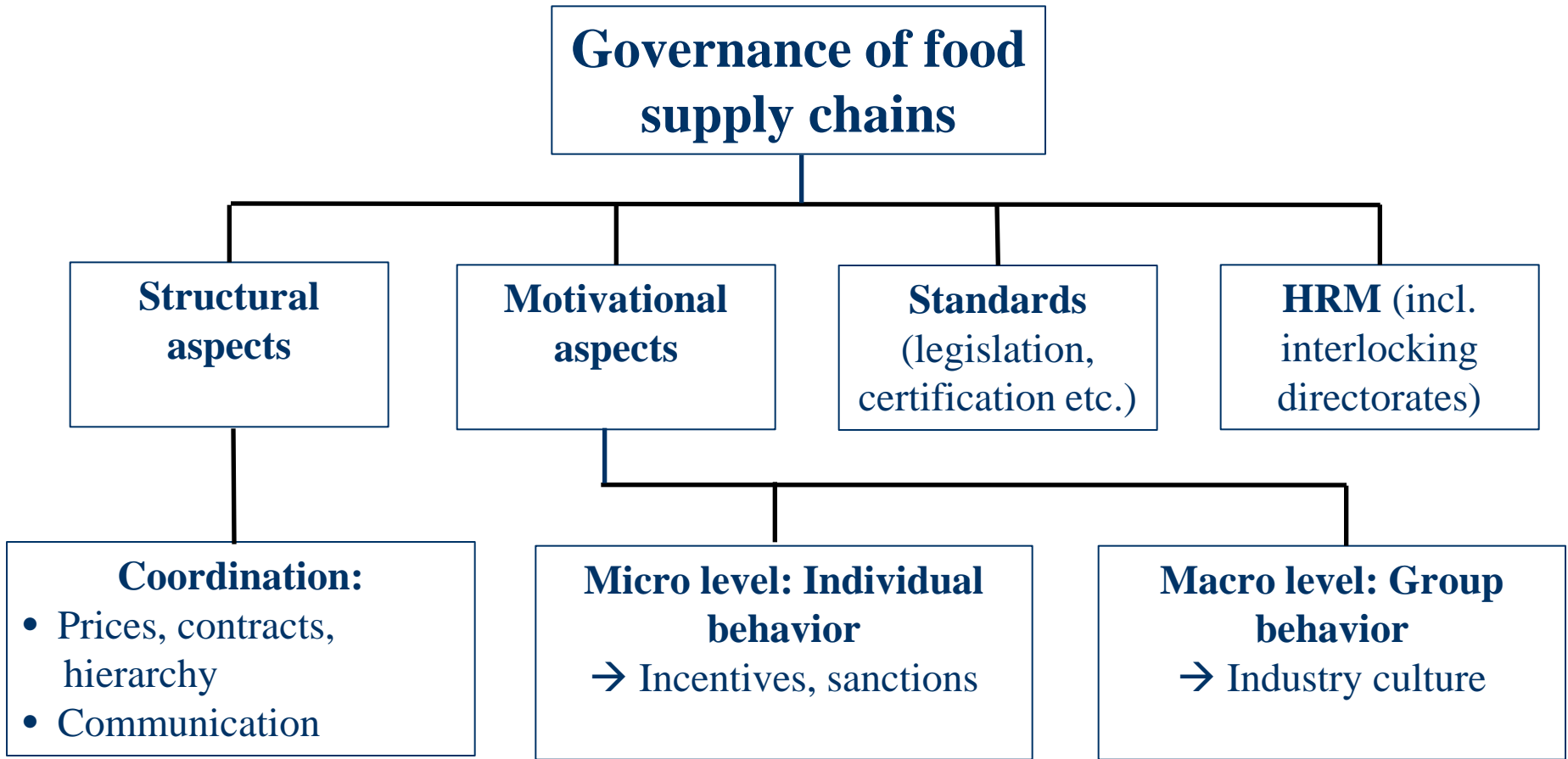


What is governance?

Governance:

“global and local arrangements, formal structures and informal norms and practices, spontaneous and intentional systems of control” *(Lynn et al. 2001, p. 5)*

What is governance?



What determines governance?



Internal contingency factors:

- Product characteristics (perishability etc.)
- **Competitive forces**
- Production technology
- Ownership structures (e.g. cooperatives)
- etc.

External contingency factors:

- **Regulatory framework**
- Technological progress
- Consumption and lifestyle trends
- **Societal expectations (e.g. food safety, sustainability)**
- etc.

What determines governance?

More changes to come:

- „Supermarket revolution“ in developing and transformational economies
- Increasing globalization of food supply chains
- Emergence of international high-value food chains
- New management challenges, for instance **sustainability**
- Growing concentration ratios along food supply chains
- etc.

Thank you very much for your attention!

