

## Companies and Society. The 7 Elements of Action. A Contribution from the Plate to the Farm

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### ABSTRACT

The emergence of the COVID-19 pandemic has generated great changes in society and business, particularly agribusiness. Consumers are more demanding, some countries have increased restrictive policies and retail has changed dramatically. The impact is everywhere. The purpose of this position paper is to summarize what we believe may happen in a short term period at the level of agribusiness. We will establish seven critical areas of change that may occur at this juncture considering both the Argentine and global situation. These areas are: a) the role of consumers, b) economy and business management, c) digitalization and connectivity, d) workforce changes, e) regenerative business models, f) behavior, g) protectionism and government intervention. Every topic is presented in a systemic view, taking into account the situation both in developed and underdeveloped countries. This approach implies the definition of a series of situations at a group and individual level that —sooner or later and at a greater or lesser level of occurrence— will allow us to make better decisions at work, personally and as a society. Covid-19 took into consideration the processes associated with globalization and de-globalization. The irruption of a new information and knowledge society reveals demands for transformations and challenges for organizations with a special connotation on people and their interaction with society. In this context, organizations must respond with actions that allow them to be sustainable over time. Studying these changes enables the identification of possible institutional, organizational, and technological adaptations for agri-food companies, policymakers, NGO's managers, etc.

**Key words:** agribusiness, globalization, local foods, consumers, policy, adaptation.

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## 1 Introduction

The emergence of the COVID-19 pandemic has generated great changes in society and business, particularly agribusiness. Consumers are more demanding, some countries have increased restrictive policies and retail has changed dramatically. The impact is everywhere. The purpose of this position paper is to summarize what we believe may happen in a short term period at the level of agribusiness. We will establish seven critical areas of change that may occur at this juncture considering both the Argentine and global situation. This approach implies the definition of a series of situations at a group and individual level that—sooner or later and at a greater or lesser level of occurrence—will allow us to make better decisions at work, personally and as a society. Studying these changes enables the identification of possible institutional, organizational, and technological adaptations for agri-food companies.

## 2 The role of consumers

Consumers are gaining importance in the design of agribusiness systems, value proposition, products and services. The pandemic has raised concerns and demands that had not been observed before.

- ✓ Concern for the **3Rs (Reduce, Reuse and Recycle)** on food waste, increasing the value for the circular economy. There is an increased awareness when it comes to product use and waste, especially in younger generations.
- ✓ Greater interest in **reducing the “gap” between production and consumption**. Strengthening local purchases, local food and other regional initiatives. The consumer wants and needs to **know the producer**. This gives them a guarantee of trust, a sense of belonging and ensures that money remains in good hands and within the region.
- ✓ Greater demand for products with **appellation of origin, geographical source, indication of origin**, etc.
- ✓ **Greater demand for sustainability** in processes related to land use (preservation) and animal welfare (breeding and management), application of phytosanitary products, CO2 emissions and social aspects.
- ✓ **Greater concern for health** and types of food consumed. More vegetables and fruits and fewer caloric products are demanded.
- ✓ **Greater demand** for fresh food and other products via **e-commerce** and **local shops** (customer knowledge).
- ✓ Greater attention to **safety variables** and their impact on **global economic growth and development**.
- ✓ **Lower food demand** from **developing and underdeveloped countries** due to income problems or logistical issues. Will there be 100 million new poor people in 2020?
- ✓ Less going out and **more staying at home**. Desires to order special foods, for special occasions and specially prepared.
- ✓ Need for products **according to their individual needs and wishes**. The internet and closeness to the producer allow **"tailor made"** and **"on demand"** products.
- ✓ Complementing **story telling** with **story doing**. Clients need to **experience beyond stories**.

## 3 Economy and business management

- ✓ **Asian and emerging countries** are becoming the main global **demand centers** (70% of world GDP in 2030) due to quick recovery from the crisis and strong competition from international companies.
- ✓ **Overstock** of some food products (e.g. beef in the US). This generates lower prices and storage need (higher financial costs).
- ✓ **Lower production** of food and commodities due to higher costs, uncertainty and the absence of workers due to quarantine. Profitability decreases in agricultural producers and small and medium-sized companies.
- ✓ **Greater transparency** in the distribution of income and benefits. Search for **solutions to inequalities** (hunger and poverty).
- ✓ Emergence of **new competitors** to supply the final consumer through delivery and online stores (restaurants, re-sellers, entrepreneurs, homemade food manufacturers).
- ✓ Need for **better management and strategic planning** of companies, product supply security (due to lower production caused by limitation) and **greater flexibility and cost reduction**.
- ✓ **Green bonds, green markets, sustainable finance**. The flow of resources will increase for sustainable projects.
- ✓ More work at home and process simplification. **Less need for workers, fuel and physical space consumption**.
- ✓ Innovation towards **automation** and **artificial intelligence** of industrial processes and in agricultural production.

- ✓ **Need to decrease the use of agrochemicals** due to environmental issues, resistance to active ingredients, production costs, public opinion, positioning, etc.
- ✓ **New ventures** with lower assets and focused on demand with smaller scale and barriers to entry **will compete** with large global companies with less adaptability and resilience.
- ✓ **Health risks** in industrial food production units and other stages of the supply chain. **Protocols**, control and transparency in food handling (blockchain).

#### 4 Digitalization and connectivity

- ✓ **Connectivity** will play a key role in the “**socialization**” of information and knowledge.
- ✓ **Education** will complement activities that should be carried out in the **classroom or virtually**.
- ✓ Connect the digital domain of **young people** with the experience of the **elderly** to move from **ideas to action**. Potential use of **social networks** (Facebook, Instagram, Twitter, etc.) for education and knowledge sharing.
- ✓ Agro companies find a new vision for the **relationship with the client** through **social networks**.
- ✓ **E-commerce grows dramatically**. Not only at the final consumer level but also to **supply inputs and services** to farmers, food industries, etc.
- ✓ **Digital services** are here to stay, such as preventive medicine and training. **Education and experimentation at the same time**.
- ✓ People **learn** by their own ability to **select what is relevant**, to verify sources and adjust the **volume of information** to their tolerance level.

#### 5 Workforce changes

- ✓ Companies **combine home office and presence**. With connectivity, digitization produces excellent results for administrative and sales areas.
- ✓ **Less need** for people in **administrative, commercial and sales** activities. Greater need in the training, sports and tourism segments.
- ✓ **Shortage** of workers in food industries and packing centers. **Less mobility** of seasonal and migrant workers (for harvesting crops, fruits, regional productions, etc.).
- ✓ Strong impact on the **reduction of labor sources** (in quantity and quality) in countries that supply agricultural commodities and food. Lower income in workers and small producers in underdeveloped countries.
- ✓ **Automation** will generate **new jobs** and **changes in the allocation** of workers and resources. New jobs will appear that are unknown today.
- ✓ Digital and e-commerce opens the doors for **young people (Millennials)** to work in the labor market. Data analysis (**big data**) in the **micro-segmentation of demand**, logistic and quick solutions in business management.
- ✓ Greater **need for services** on the outskirts and in small urban centers due to the transfer from large cities to life in the countryside.
- ✓ Greater **prioritization** of research, development and innovation with the aim of **local manufacturing** and the **enhancement of "local" tourism**.

#### 6 Regenerative business models

- ✓ Recreate “**simple**” business models. Shift from physiological needs to self-realization to answer questions, such as "Do I need this?" or "What do I need?"
- ✓ Creation of software (**apps**) to allow the **connection** between **supply and demand** in a simple and easy way.
- ✓ “**Carpooling**” for local **logistics solutions** and international trade. The concept of “**coopetition**” becomes more important in reducing costs and developing new businesses.
- ✓ Lower consumption of products and a **higher consumption of services**.
- ✓ **Social actions** will increase as part of business models. A **social role** will appear for **companies and people** acting more expressively in favor of the least favored.
- ✓ There will be an **intensification** in the adoption of **crowdfunding** mechanisms, community creation and other ways of doing big with small. Less "I" and more "we", more "to be" and less "to have".
- ✓ Stakeholders will be able to take a **proactive role** in **creating value** in the business according to their **awareness** and **concern** for the environment.
- ✓ **Agribusiness involved** in public health, pharmaceuticals, law, medicine, environmental protection, etc. as part of a **regenerative, creative and circular system**.

## 7 Behavior

- ✓ **Digital systems** will create a **large amount of data** which can lead to greater efficiency and at the same time loss of privacy.
- ✓ Our **actions** will be in the **eyes of all**. A new phase of transparency is approaching. Civil society will be able to digitally monitor all the processes that involve us.
- ✓ The population will focus on research topics related to **health and public health systems** and agro-companies will have an **opportunity** to redirect investments and provide more service compared to traditional production process.
- ✓ **Environmental approaches** will gain supporters and greater attention.
- ✓ The **quarantine** processes enabled **more space for personal reflection**. This feeds controversies and discussions, but with the intention of establishing an exercise on what the near future will be like.

## 8 Protectionism and government intervention

- ✓ **New sources of protectionism**: trade barriers, commercial restrictions and limitations on the migration of people. Need for trade agreements.
- ✓ Greater interest of governments in promoting **local industries** and “**local-foods**” as a way to **protect** national companies.
- ✓ **Plans to stimulate** consumption and create jobs in developed countries. Threat due to the emergence of authoritarian governments.
- ✓ **Higher and better institutional quality** are required to cope with the economic situation.
- ✓ Greater need to **regulate and control aspects related to the environment**, reuse, recycling, losses and waste, etc.
- ✓ **Sanitary restrictions** on food imposed by governments to protect their population.
- ✓ FAO's Committee on Food Safety (CFS) is working on **guidelines for the food system** in terms of ensuring food supply.

Covid-19 took into consideration the processes associated with globalization. The irruption of a new information and knowledge society reveals demands for transformations and challenges for organizations with a special connotation on people and their interaction with society. In this context, organizations must respond with actions that allow them to be sustainable over time.

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## **Comment by authors**

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