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# A Good look Inside

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## UTZ Certified

Exploring the relation between information and voluntary certification

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## Abstract

**Keywords:** *Voluntary Certification Initiatives, Voluntary Sustainable Standards, UTZ Certified, Self-regulatory governance, Public value (Moore (1995)), Information Management, Informational governance, Sustainable Development.*

An increasing number of voluntary certification initiatives aim to increase the sustainability of agricultural markets through increasing the transparency of the conditions in which commodities are produced. Instead of public steering mechanisms these initiatives are as a type of self-regulatory governance dependent on information streams to steer the production of commodities towards sustainability. The call for more and better information finds resonance in academic as well as the practical field. Neither what defines good information nor has the role of information been described and explored in depth. This exploratory case study aims to improve the current insight in the relation between information and the performance of voluntary certification initiatives by questioning: **How is information used to manage the performance of UTZ Certified's program?**

By taking a look insight UTZ Certified this research was forced to relate abstract concepts to organizational practices which contributed to a deeper understanding of both theory and practice of voluntary certification initiatives in relation to the management of performance and use of information.

To define performance in relation to the recurrent foci of other studies, such as impact, legitimacy and credibility, this research builds on Moore's (1995) framework of *creating public value*. This model is embedded in the field of public administration and offers a practical framework which empowers managers to find a balance between creating a public valuable mission, legitimacy and operational capacity.

This research described the different domains of performance and the information used at UTZ Certified's headquarters in Amsterdam. Exploring UTZ's performance and usage of information lead to the insight that informational resources need to fulfil different and often multiple management criteria. These management criteria differ in relation to the complexity of specific organizational environments.

- 1) UTZ's operational capacity relates to a mechanical environment, where information is not contested and requires structured and automated information flows.
- 2) The legitimacy of UTZ is dependent on the relations in the authorizing environment of UTZ, which is a political environment. In this environment inform is used strategically and needs to be tailored to the norms and believes of specific stakeholders.
- 3) The public value of UTZ requires and open and critical debate about the impact and what is a worthy mission to improve the public value. The public value of UTZ is defined in a contested environment with multiple competing norms and believes of stakeholders. This requires information that takes into account different viewpoints and supports the management of organizational learning.

This study showed that UTZ's management should focus on balancing these three approaches to information management. While they are well aware of the value and current challenges of information management in relation to the operational capacity and in relation to the authorizing environment, this report suggests investments in information management that supports the specific requirements of organizational learning: e.g. *Setting up a participatory evaluation project in which farmers can tell their stories through video and pictures. This can increase the awareness among farmers as well as among UTZ's staff and management concerning the value of certification.*

This research finally also unexpectedly offered insight in the value of transparency in different organizational environments and suggested quality criteria to define more and better information with regards of a mechanical, political or learning environment.

*As much as certification reveals about the effects of our purchases it obscures the complex and political substance of the tea and coffee we drink as well as the food we eat. I hope that this report will enlighten this complex character of certification to help you define your political position towards certification as a specific policy initiative.*

*My interest in the labels on food packages is related to the importance of good food for me personally as well as to my concern about and interest in sustainability and public administration. These three aspects of my life come together in the certification labels. While I have learned to define and prepare good food, I never could formulate a clear opinion about what is good about certification, because I simply did not understand how they work and I did not find the time and resources to figure this out.*

*I was determined to find out more about these labels and got the opportunity to be part of UTZ Certified for five months. This helped me to familiarize myself thoroughly with their label. During these months I learned that my lack of understanding was not something to be embarrassed about, because voluntary certification simply is a very complex system which requires time and dedication to be understood.*

*I want to thank the staff of UTZ Certified, especially Noura Hanna and Henk Gilhuis for their support and openness, Karin Brüsshaver for her time and dedication to correcting and proofreading my report and I want to express my gratitude towards my supervisor Ank Michels who at moments of confusion would filter my analysis and showed me the direction towards the following step.*



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Business to business	B2B
Business to consumer	B2C
Certification body	CB
Code of conduct	COC
Committee on Sustainability Assessment	COSA
Corporate Social Responsibility	CSR
Good Agricultural Practices	GAP
International Trade Centre	ITC
Rainforest Alliance	RA
Nongovernmental organization	NGO
Product Advisory Committee	PAC
Standards Committee	SC
Supervisory Board	SB
Head of department	HOD
The better Cotton Initiative	BCI
The Roundtable on Sustainable Palm Oil	RSPO
The UTZ Executive Team	ET
Voluntary certification initiative	VCI
Monitoring and evaluation department	M&E
World Wildlife Fund	WWF

## Chapter 1 What's Inside?

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'What's inside?' is the question businesses do not want consumers to worry about when they buy their chocolate or coffee. They do not want consumers to have to worry about how their chocolate was produced (by farmers living in poor conditions, earning unfair wages, using pesticides that destroy the water resources of their communities). They especially don't want their brand to be associated with these negative impacts. That is why more and more businesses with well-known brands bring products onto the market with a label stating '*UTZ certified, good inside*'. This claim refers to the voluntary certification program of UTZ certified, which aims to have a positive impact on farmers' lives and the environment.

However certification labels, such as the label of UTZ certified stating 'UTZ Certified, Good Inside' raise questions such as: 'What is good?' And 'How can we actually trust that it is good?' or maybe you are wondering 'Why should I even care?'.

Labels are a form of self-regulatory governance, which should be of concern to society in general, and scholars of public administration, business administration, sustainability and many other disciplines. The question 'What's good inside' is a complex matter, which needs further exploration and dedication from a variety of disciplines to be fully understood. This study contributes to building an interdisciplinary body of knowledge by applying Moore's (1995) strategic triangle which is rooted in the field of public administration and focuses on how the performance of voluntary certification initiatives<sup>1</sup> is managed through information

### Zooming in on information and performance

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Information is argued to be an important resource and instrument of voluntary certification initiatives (Auld & Gulbrandsen, 2010; Cohen, 2001; Gupta, 2010; Mol, 2006; Vogel, 2008). However, there has not yet been a case study to describe and explain this relation in detail. Therefore this study focuses on the relation between information and the performance of UTZ Certified, zooming in on how information is used to manage the performance of UTZ Certified.

*So, why would a scholar of public administration be interested in the performance and information management system of the label on the package of his cup of tea or coffee?*

One thing is certain, voluntary certification are a popular tool to achieve sustainable development: The number of voluntary certification initiatives (VCI's) that claim to contribute to the sustainable development of markets is

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<sup>1</sup> The term 'voluntary certification initiatives (VCIs)' refers to standards that use certification as a form of verification. In the recent report of the State of Sustainability Initiative; Standards and the Green Economy (2014), the term **voluntary sustainable standards (VSS)** is used. This term is broader and refers all voluntary initiatives, also those who use other forms of verification for example a self-assessment. This overarching term is now common in the community of certification initiatives.

growing. The standards overview of the International Trade Center (ITC) includes 122 different standards<sup>2</sup>. These standards are turning into a mainstream approach to regulate one of the most pressing, challenging and political problems of our societies: the negative impact of global industries on our environment and other public resources. This growth should be of concern to scholars of public administration since their influence is growing and it is unclear how private certification can address public problems (IISD & IIED (2014); Hagen & Alvarez, 2011; Rivera & DeLeon, 2008).

In the discussion on the value of voluntary certification initiatives, there are three approaches. The first is to study the impact of certification initiatives on farmers or producers, the second approach is to assess the certification procedure and the third is to discuss its democratic quality. These different approaches so far have been discussed separately, which results in a fragmented view on the value of voluntary certification initiatives. While there is no consensus about how to assess their performance, there is consensus about the importance of information for voluntary certification initiatives.

Information is an important steering mechanism and resource of VCI's. For example studies that assess the credibility of the system have recommended more transparency to reduce information asymmetries and increase the control over the compliance of farmers or producers (e.g. Jahn, Schramm, & Spiller, 2005). However it is still poorly understood how information influences the performance, which leaves interesting questions unanswered: can more rigorous scientific information build consensus? How can information be used to improve policies? Who needs more information? How can information be transparent? Which information should be transparent?

*Now, you might question why it is interesting if a public administration scholar is interested in studying the certificate of his daily cup of tea or coffee?*

Public administration as a discipline is concerned about the quality of the public domain. It is used to evaluate policies of which the performance is less straightforward than the financial outcomes of private markets. Public administration as a discipline is used to evaluate the performance of policies in relation to multiple domains and more qualitative norms and values. Therefore the field of public administration could offer valuable lessons to the management of UTZ, and everybody else involved in the broader discussion on how to develop a sustainable system to produce and consume agricultural products.

To describe the performance of UTZ this research applies a model well known in the field of public administration; the framework of public value (Moore, 1995). The public values model covers three dimension of performance; impact, authorizing environment and operational capacity. Until now the performance of voluntary certification initiatives is defined in relation to only one of these three domains.

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<sup>2</sup> <http://www.standardsmap.org/standard-overview/> (20-08-2013)

This report describes what defines the performance of UTZ in relation to these domains. After the different domains that define the performance of UTZ are mapped, it is explored how information relates to each of these domains. This resulted in concrete descriptions of the practice of certification and an empirical model to represent the relation between performance and certification. This model shows that the relation between information and performance is complex, because the management criteria of each domain require different sorts of information systems.

### Focusing on the case of UTZ Certified

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If you are introduced to UTZ Certified you will most likely hear or read about the way it all started. The story of UTZ Certified starts with an encounter between two persons in the early 90's; Nick Bocklandt a Guatemalan coffee producer and Ward de Groot, a representative of a Dutch roaster. The story goes as follows; the producer Nick Bocklandt invested in taking care of his workers and his environment and wanted to be able to communicate this to the buyers of his products to help his buyers to differentiate between good, better and worse producers. He was simply looking for a way to communicate the extra quality of his product. The roaster Ward de Groot observed that less than 95 percent of his customers were proactively looking and willing to pay for sustainable products. He looked for a possibility to only sell sustainable products without losing his customers. Nick and Ward worked together and founded the nongovernmental organization (NGO) 'Utz Kapeh', which means 'good coffee' in one of the Mayan languages. Utz Kapeh's aim was to develop a certification program. The first office opened in Guatemala City in 1999 followed by the opening of the main office in Amsterdam in 2002 (website UTZ Certified<sup>3</sup>).

Since 2002 the program has kept growing at an incredible pace and turned into the self-proclaimed largest certification program for coffee within 5 years. Other agricultural sectors started to be interested in exploring the certification program in 2009. When Utz kapeh broadened its activities it was clear that the name 'good coffee' would not cover the range of activities and the potential of the program anymore. Therefore, in 2008 it was decided to change the name of the program to UTZ Certified and to launch the UTZ Certified 'good inside' campaign and program. The idea behind the new name was to honour the inheritance of Utz kapeh by keeping UTZ, meaning 'good' and changing 'kapeh', meaning coffee, in 'certified'. Now UTZ Certified manages certification programs for coffee and cacao and tea and supports other certification initiatives, the roundtable on sustainable palm oil (RSPO) and the Better Cotton Initiative (BCI), with a digital traceability system.

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<sup>3</sup> [www.utzcertified.org/en/aboututzcertified/the-story-of-utz](http://www.utzcertified.org/en/aboututzcertified/the-story-of-utz) (29-10-2013)

“Good is what we stand for”  
(internal document 1)



**Picture 1 Label UTZ Certified**

With the new mission UTZ aims to increase or mainstream sustainable farming practices to improve the lives of farmers and protect environmental resources. UTZ Certified’s mission is to mainstream sustainability, based on the belief that more impact can be achieved by increasing the volumes or quantity of certified products instead of raising quality standards and prices for products which can only be sold in *niche* markets.

UTZ Certified has a relative simple organizational structure, with three management layers and the majority of the staff working at the main office in Amsterdam. UTZ Certified’s hierarchical structure runs down from the supervisory board to the executive team and the heads of departments. There is a team working in Pakistan to support the traceability department services and there are field representatives in producer countries. Within three years UTZ Certified expanded from being a small organization with approximately 15 employees to an organization with approximately one hundred employees. UTZ Certified has nine operational departments and two supporting departments, see Appendix 3

UTZ was interested in the relation between information and management because after ten years the organization entered a new phase in which it needed to develop new strategies to use information to safeguard the legitimacy of their program. UTZ has developed from a small new organization towards a well-established certification scheme. Growing this fast implies the challenge for UTZ to manage and account for their performance, a crucial point being the management of information.

## Chapter 2 Good Insight: Exploring theory

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An overview of relevant theory is presented, starting with a ‘good insight’ in the context and the main concepts of this study. The broader context of this research is explained by clarifying governance and defining voluntary certification initiatives. It is illustrated that voluntary certification initiatives are a form of self-regulatory governance and the common and different characteristics of voluntary certification initiatives are summarized. Next, the relevance of this study is highlighted by presenting an overview of the literature that discusses the value of information to voluntary certification initiatives. Then to understand the role of information better it is explored how performance can be defined and is studied. First, Moore’s (1995) strategic triangle is explained and it is argued why this model was chosen as an alternative to evaluate performance and second it is explored how current research on voluntary certification initiatives relate to this model. Finally all these points are summarized in the last section.

### From government to governance

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The relation between state, market and civil society are changing and becoming more complex. The idea of the state or government as the only source of authority for public policies does not hold anymore and is replaced by a network mode of steering. Instead of referring to the government as the central body that steers society, now policies are defined and shaped by a network of different stakeholders from the state, market and civil society. The influence of this network is referred to as governance.

There are many different explanations for the increasing influence of governance on society. Despite the many differences, all explanations are about the changing relation between the state, market and civil society. Only the explanation of what caused this change differs. It is argued that these relations changed because of technological developments, the influence of neoliberal capitalism on government regulations such as the regulatory state (Cashore, 2002; Levi-Faur, 2005), the increasing attention for sustainable development (P. P. J. Driessen & Glasbergen, 2002; Swilling, 2011), the focus on global market chains of products instead of industries (Gereffi, Humphrey, & Sturgeon, 2005; Vermeulen, 2002) or the increasing complexity of social problems (Bueren & Koppenjan, 2003).

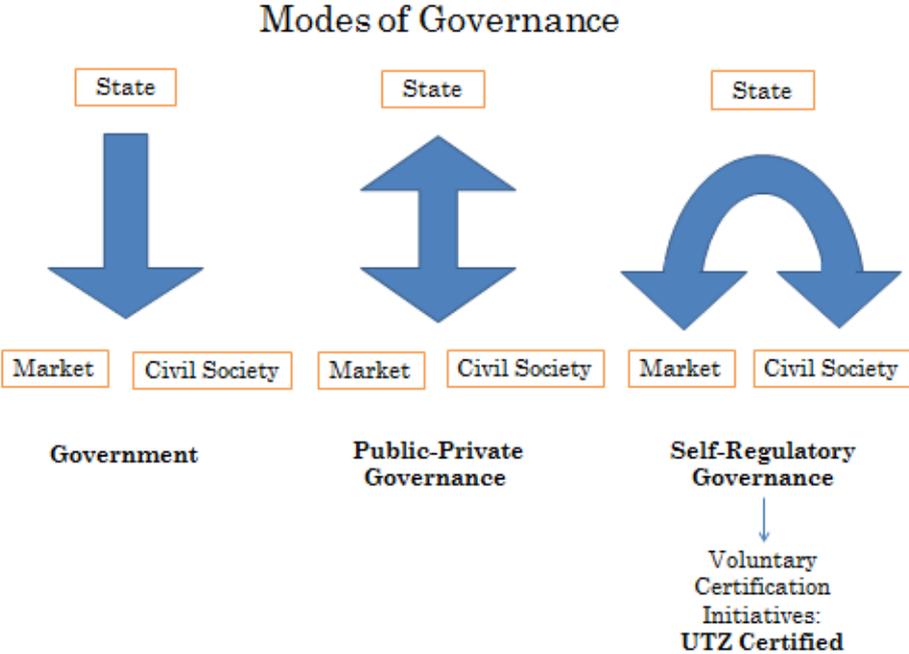
To structure the domain of new governance initiatives many typologies have been developed to identify the different type of relations between state, market and civil society to govern society, generally referred to as modes of governance. P. Driessen, Dieperink, Laerhoven, Runhaar, & Vermeulen, (2012) developed a conceptual framework to structure new governance initiatives in three different modes of governance. This typology is used here to position voluntary certification initiatives in relation to other forms of governance.

In the first category of governance initiatives, defined as government, the state actors have a central role as ‘the main protagonists’. Within this category two different modes can be identified: that of centralized and decentralized governance. In both instances either the central, regional or local government

takes the lead and society or the markets receive the incentives from the state. The state offers incentives rather than steering the market and civil society with more coercive methods such as law or taxes. Voluntary certification initiatives do not belong to this mode of governance. Although the state steers markets through obligatory certification, voluntary certification requires an interest from both markets and civil society and does therefore not require the state to develop interests through incentives.

The second mode of governance is characterized by cooperation between the government and private actors or civil society. This is defined as public-private partnerships. This mode of governance is characterized by the cooperation between government actors and markets, or interactive governance when there is cooperation between the government, markets as well as civil society. Here markets and civil society have more autonomy but the boundaries are set by the government. Some voluntary certification initiatives can be characterized as public-private partnerships, when the state is influential in setting standards and bringing parties together.

In the third category mainly private actors and civil society are involved. This mode of governance is referred to as self-regulatory governance. In this category, the initiating actors belong to the private sector or to civil society. The policy level can be restricted to local areas, but can also be the global field. Power is according to Driessen et al., (2012) derived from autonomy, legitimacy, group size, social capital and/or leadership. This mode of governance is presented as a partnership between private actors and/or civil society. Interactions are based on informal and formal rules and based on bottom up mechanisms, social learning, deliberations and negotiations. This mode of governance applies to voluntary certification initiatives such as UTZ Certified.



**Figure 1 UTZ and modes of governance**  
(Based on Driessen et al., (2012))

In the following sections it is explained what voluntary certification for a type of self-regulatory governance is and why information is so important.

### Voluntary certification initiatives (VCIs)

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So what are VCI's for a type of self-regulation? Unfortunately, there is no straightforward answer to this question, because there are many different definitions, perspectives and certification initiatives. Voluntary certification initiatives are a diverse group of certification schemes with some general and a lot of different characteristics. What demarcates VCI's as a type of self-regulation, is dependent on the different terminologies used to describe them: e.g. corporate social responsibility (CSR), informational governance (Cohen, 2000; Mol, 2006), non-state market driven governance systems (Cashore, 2002) or private standards initiatives (Tallontire, Opondo, Nelson, & Martin, 2011). These diverse concepts all demarcate certification initiatives in a slightly different way: e.g. by informational processes, corporate norms and values or the absence of governmental institutions.

The term voluntary certification initiatives are demarcated by three general characteristics. Firstly, the term filters out obligatory certification requirements which are enforced by public law. Thus the term voluntary brings attention to a specific process of regulation which cannot be enforced by public law or other coercive public regulations such as taxes. What is the core of VCI's, is that they are not obligatory. Secondly, what all these types of certifications have in common is the focus on steering mechanisms that use market structures and incentives: such as business concerns about risks, brand reputation, competitiveness and the urge to ease or pre-empt potentially costly civil regulation and environmental regulation (Steurer, 2013, p. 12). Thirdly, the operational process of (voluntary) certification consists of three activities (Axel, 2010):

1. Defining the specific standards
2. Motivating producers and suppliers to apply for a certificate
3. A conformity assessment based on specific procedures

The above mentioned common characteristics obscure the numerous differences between voluntary certification initiatives. It is important to understand the variety, because the differences can easily lead to confusion or misinterpretations. For example when Steurer (2013) refers to the term certification and later to label it is unclear to which different type of voluntary certification schemes is referred to. There are many attempts to categorize different types of voluntary certification initiatives.

Firstly, Hoejmose, Brammer, & Millington (2012) identified different logics and pressures that push certification depending on the targeted end-user in the market chains. Transactions in a market can be categorized as either business to business' transactions (B2B) or business to consumer's transactions (B2C). It is argued that transactions between B2B are characterized and influenced by

different factors than B2C transactions. The certification of products or services used in B2B transactions are pushed by other market forces than the consumer demand and reputation pushing the certification of products for B2C transactions.

Secondly, another classification is based on the number, type and especially the relations between parties responsible for defining, developing and implementing standards (Arafin, 2007; Axel, 2010). Four different types of certifications can be identified; first-, second-, third- and fourth-party voluntary regulations. First party refers to regulatory systems, such as Starbucks, where businesses develop their own standards and certification system. Second party certification systems refer to voluntary guidelines to which business along the supply chain could comply and where monitoring compliance is the responsibility of an independent party, such as the International Labor Organization of the UN (ILO). Third-party certification involves private sectors or NGO's who set specific guidelines and monitoring systems, such as UTZ Certified and Fairtrade. The essence of third party certification is in contrast to first party certification that organization who defines the standards is not also responsible for the assurance part to increase the checks and balances. Finally fourth-party certification refers to a system where multiple stakeholders set standards such as the roundtable on palm-oil (Arafin, 2007).

Thirdly, it is possible to classify certification initiatives based on the object of certification; for example by differentiating between different regions or certification initiatives that certify an entire product versus others that certify only the ingredient and certification schemes that certify the production versus others that certify the production and the management of multiple supply chain actors (Vogel, 2008).

In sum voluntary certification schemes differ in relation to each other based on the following variables: the market logic (b2b vs b2c), the number of stakeholders defining standards, number of stakeholders implementing the scheme. And in addition to the number, functions and role division between parties involved it could be valuable to describe the product, region, and object of certification (standards for producers and/or management).

UTZ Certified is a voluntary certification initiative, which uses multi-stakeholder consultations for defining the standard and requires independent audits from accredited local certification bodies; this makes it a third party certification initiative. The certification is focused on standards to qualify sustainability with specific attention for the economic position of farmers. The certification is based on a code which defines standards for producers as well as retailers handling certified products along the supply chain. Furthermore UTZ operates globally, for an overview of the countries were UTZ certified product are produced and consumed see Appendix 1.

However UTZ Certified is difficult to classify based on these typologies. UTZ itself offers a new and additional typology, which is not mentioned in the literature on voluntary certification schemes.

*“It’s not about the label it’s about driving entrepreneurship, creating supply, leading on traceability and keeping cost low”* (internal document 2)

UTZ Certified’s own categorization is that of consumer labels and brand labels. This division is based on the insight that voluntary certification initiatives that are pushed by consumer demands or brand demands function differently. Consumer labels are driven by a demand for a niche market of sustainable products. Only a small percentage of consumers (3-5%) determine their purchasing behavior on strict sustainable standards. Brand driven labels are pushed by the motivation of brands to develop sustainable supply chains and therefore have the chance to reach greater market shares than certification schemes driven by consumer demand. UTZ Certified explains their position as a brand driven label;

*“95% of consumers buy products because they like the brand, the quality, the taste, the price, ... However, they expect their favorite brand to take care of responsible sourcing.”* (Internal document: 220113 Nestle UK presentation)

The label does not aim to convince consumers to buy alternative more sustainable products, it only communicates that their favorite brand is committed to sustainability. Here is an example to illustrate that brand and consumer driven labels function differently: cacao is often one of the many ingredients of a product. The presence of the UTZ Certified logo communicates that the brand uses certified cacao, not that the complete product is certified by UTZ.

The drivers of brand driven certification initiatives are for producers (like Nick Bocklandt); to gain market access, the desire to differentiate the product, induce better prices and professionalization. This need, meets the need of Retailers (like Ward de Groote) to develop a sustainable supply chain to manage the risk of decreasing supply, low quality products or protect the brand against public scandals, see Appendix 4. In order to meet the needs of both parties, voluntary certification is strongly dependent on information as a coordination or steering mechanism.

### Information and voluntary certification

VCI are a form of governance which need (to collect and control) information as a resource to achieve their mission, positive sustainable changes in the agricultural sector. Therefore governance through voluntary certification initiatives has been referred to as ‘regulation by information’, information disclosure policies or governance by transparency (Auld & Gulbrandsen, 2010; Cohen, 2001; Gupta, 2010; Mol, 2006; Vogel, 2008).

*“certification programs - organized and coordinated by non-state actors - exemplify efforts to encourage and control information flows to resolve environmental and social challenges within and beyond state boundaries”* (Auld & Gulbrandsen, 2010, p. 97)

VCI's have a particular way of using information. They aim at making qualitative characteristics of commodities visible to the buyers of the commodity or product. This is a specific way to inform consumers or to enable businesses to make more qualitative quality claims about their product (Nunes & Riyanto, 2005). This differs from other forms of informational governance which force or stimulate businesses to make data public, such as the global reporting initiative (GRI). A label or certificate does not provide 'raw' data to outsiders. It is 'only' a stamp of approval, which informs the consumer that the product is acknowledged by a specific certification program.

Controlling and producing information is a core task of voluntary certification initiatives. The main operational processes can be explained as a strategy to control or produce information. The specific standards define the quality aspects about which information should be produced. To control the behaviour of producers and suppliers information needs to be produced about the importance of the quality standards. To guarantee the compliance of producers and members, they need to be monitored and the quality or credibility of this monitoring needs to be controlled. And finally information is represented by a label or certificate.

In addition to the value of information as an operational resource, the quality of information is said to be crucial for the legitimacy of VCI's. The most well-known point is that offering timely and relevant information to the public, in other words being transparent, is important for the legitimacy. The information offered to increase transparency covers the results or the procedures of certification (Auld & Gulbrandsen, 2010). Other aspects of information that influence the quality of transparency are the relevance, timeliness and credibility of information (Majone, 2010). As voluntary certification initiatives are not embedded in political forms of accountability, therefore transparency is said to be of crucial importance.

Although information is clearly in many ways important, the role of information for the performance of voluntary certification has not been explored in detail. It therefore still is unclear what type of information is used and how it is used. In order to structure the research the concept of performance is defined as public value.

### Performance as 'creating public value'

Before organizing the literature on how performance of voluntary certification is studied, the theory of public value is explained. The public values model from Moore (1995) or the strategic triangle is used to define performance, organize the studies on performance and public value and build a research framework.

First the contextual and theoretical context on which the model is based is introduced, next the model is explained and finally it is argued why the model is valuable for exploring performance.

### *Public value in context*

Mark Moore introduced the concept of public management as ‘creating public value’ in his book; *Creating Public Value: Strategic Management in Government* (Moore, 1995). In this book he introduced public value as an equivalent for shareholder value to assess performance in the public sector. Moore developed a diagnostic framework; the strategic triangle, to guide public managers in assessing their performance as public value. The model, which stimulates responsive and innovative management, is used by the public sector as well as non-governmental organizations (NGOs).

The context, in which the public value model gained leverage, was a time in which governments were criticized exactly for not being responsive, innovative and effective. At that time, the public sector was experimenting with reforms known as ‘new public management’. These reforms tried to apply management principles from the private sector in the public sector; e.g. more responsibility for management, measurable and explicit objectives, greater parsimony and more emphasis on outputs (Hood, 1991). Moore’s public values framework however, started from the same criticism towards traditional government as this new public management. Moore also aimed at developing a more responsive, innovative and effective government, by emphasizing the importance of an active role of the public manager. However, the concept of public value distanced itself from new public management on other issues.

The new public management advocates aimed to copy management principles from the market sector. The public values model in contrast, argues this is not possible because the value of the output of the government and non-governmental organizations is essentially different from the private sector. The private sector aims to create financial value, while the public sector aims to create public values. The value of the public sector is also its contribution to outcomes relevant to the interest of society, such as public health, alleviation of poverty and of importance here sustainability<sup>4</sup>. And the public sector is valuable because it offers the opportunity to express social interests in the form of charity, volunteering or taxes. The value of the public sector is not reflected in its revenues, which it creates (Benington & Moore, 2011; O’Flynn, 2007). The public value framework therefore tried, as opposed to the new public management reforms to adjust and develop management principles, so that they fitted the specific characteristics of the public sector (Moore, 2000)

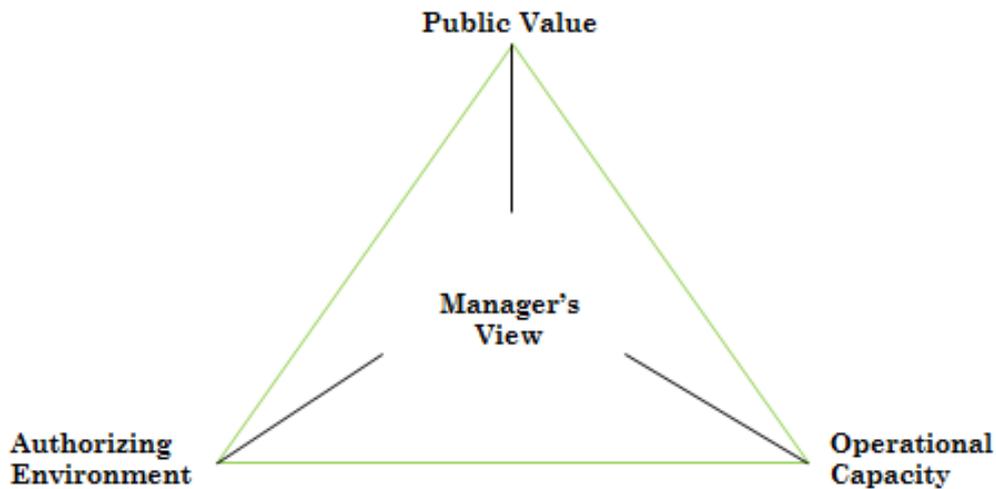
### *The strategic Triangle*

In order to support ‘the manager’ with creating and safeguarding public value Moore developed the strategic triangle. The strategic triangle aims at supporting managers in the public sector by organizing the different domains relevant to assessing their performance. The strategic triangle structures public value in relation to three domains to create effective and purposeful strategies: public

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<sup>4</sup> While new public management treated public interest as an aggregate of personal interests expressed through client satisfaction, the public value model assumes that personal interest and social interest are not the same. Societies have different forums to express the collective interest than to express their personal interest.

value, the operational capacity and authorizing environment (Benington & Moore, 2011).



**Figure 2 Creating public value: Moore (1995)**

The first domain of public value refers to the value of the mission for the public. The challenge is to translate the mission into practical goals and outcomes, which are relevant to society: e.g. translating values such as public health, sustainability, reducing poverty etc.

The second domain of the operational capacity refers to the ability of delivering services and of fostering 'customer' satisfaction. The challenge here is to organize the operational procedures to deliver services or products.

The third domain of the authorizing environment refers to the value created through the relationships with political or other stakeholders. These relations offer the manager the mandate or legitimacy to execute the policy. The challenge is to secure a political mandate, enough financial resources as well as to develop a system of accountability.

In order to perform well, governance initiatives such as voluntary certification initiatives need to create public value, operational capacity as well as manage relations with its authorizing environment well. (Benington & Moore, 2011, pp. 1–8). If organizations and policies, such as voluntary certification initiatives fail to perform well enough in one specific domain it can lose its value: for example, a policy can fail when the organizational capacity to maintain its operational processes is lacking, even when it has a publicly valuable purpose which is widely supported. Or when a manager has a valuable purpose and the operational capacity to achieve it, but does not have any support from its authorizing environment, then the policy will fail because of a lack of legitimacy.

The strategic triangle has been selected to build a research framework based on three arguments. Firstly, applying the public values framework is theoretically relevant because it provides a structure to map and understand how new governance arrangements in the public sector, that rely predominantly on revenues from the private sector, create public value. It also offers a broader picture to see how different studies and findings about the performance of VCI's relate to each other and offers a structure to the debate on VCI's.

Secondly, applying the public values framework is also practically relevant. It is valuable especially for the management of governance arrangements that face the risk of being criticized to be too intertwined with private or market interests, because it focuses on public value. For the management of these governance arrangements it is important to have a clear view on what is their public value. It can even be argued that governance arrangements, which assume public and private interests in the value of sustainability, could learn from the public values model. In a time where private parties have a stake and claim responsibility towards the sustainability of agriculture, it might be time to think more about how to 'run business like a government'<sup>5</sup>.

And finally, the public value model already has proven its value for non-governmental organizations. Although Moore initially emphasized the value of political systems to express social interests, later he also discussed in his work the value of his work for NGO's (Moore, 2000). In an edited edition on public value by Benington & Moore (2011) a case study of the public value of micro-finance offers a good example of how the public values framework can be useful to understand governance arrangements that have a precarious distinction between being public or private (Stuart, 2011).

The three domains of creating public value can now be used to map the studies about voluntary certification initiatives and performance.

### Performance and voluntary certification

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Since the first voluntary certification initiatives have been launched (such as Max Havelaar or the Forest Stewardship Council (FSC)) now they are widely acknowledged. This increased acknowledgement created more visibility and higher expectations to proof the efficiency of this form of governance: It became time to question: "*Are they [voluntary certification initiatives] effective in achieving their public interest?*" (Vogel, 2008, p. 16). This resulted in an extensive body of studies that focused on the performance of VCI's.

Many researchers have tried to evaluate the performance of voluntary certification initiatives (Fuchs, Kalfagianni, & Havinga, 2009). The model of creating public value showed that there are three different approaches to defining the performance of VCI's. The most common approach is to evaluate the impact or public value of certification (see e.g. COSA, 2008; Hagen & Alvarez,

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<sup>5</sup> See for a more extensive discussion about the sustainability discourse and its effect on the public and private distinction in relation to crsting public value, Benington (2011)

2011b). Another approach is to assess the reliability or operational capacity of the certification process (Jahn et al., 2005) and finally performance can be evaluated in relation to legitimacy or the relations with the authorizing environment (Fuchs et al., 2009; O'Rourke, 2003). Here the different approaches are explained in relation to the three domains of public value.

Studies about the impact of voluntary certification focus on the environmental, social and economic impact, investigating the improvements at the producer level. These impact studies are very complex evaluations, which need to reconcile different interests and (scientific) perspectives on what should be measured and how they should be measured. The current trend is to favour large quantitative studies, with a counterfactual design. This design is the comparison between certified and uncertified farms (Hagen & Alvarez, 2011a, 2011b; Ruben, Fort, & Zúñiga-Arias, 2009). Research organizations such as the Committee on Sustainability Assessment (COSA) or LEI Wageningen UR set standards and develop specific expertise to conduct research, either commissioned or independent. Despite the consensus on the value of specific methods and the credibility of specific institutions, impact studies face difficulties to generalize findings due to the differences between certification schemes and the global scope of the policies and the technical complexity of the issues. Impact studies aim to assess the public value of voluntary certification initiatives because they focus on the actual changes caused by certification.

The second approach to assess the performance of certification is related to the operational capacity, such as the strength of the procedures to assure compliance of standards. Jahn et al., (2005) and O'Rourke, (2005) for example questioned if VCI's can make credible claims about the quality of the product. Studies about the operational capacity tend to focus on the certification procedures, the audits and their reliability. A curious discussion about operational capacity is for example that control is according to some scholars crucial to the efficiency of VCIs, while others have noticed that efficiency is not necessarily determined by the degree of control. As O'rourke (2005) described;

*“This [private] monitoring is generally unsystematic, with little oversight, no transparency, no sanctions for poor monitoring, and potential conflict of interest of monitors. This would appear at first blush a failure of nongovernmental regulation. However, somewhat surprisingly, this third party monitoring has actually led to increased levels of compliance”* (O'Rourke, 2005, p. 20)

The third approach to evaluate how effective VCI's are in achieving their public interest is not to assess the final impact on environmental, social and economic conditions or their degree of control, but to look at the legitimacy of the process of certification. This relates to the third domain of the strategic triangle, the authorizing environment. The question asked here is to what extent the process of certification produces legitimacy. Legitimacy is framed by scholars as the degree to which VCI's adhere to democratic norms. The democratic principles are defined by different aspects: participation, transparency and accountability (Fuchs et al., 2009).

1. Participation or consultation is defined as the access of state actors, business and civil society to information and decision making procedures.
2. Transparency is defined as the timely reliable and comprehensible access to information about the governance and performance characteristics of VCI's
3. Accountability is defined as the ability of the affected public or its representatives to intervene and adjust the certification policy.

The studies that focus on one domain of performance offer important insights. However, the public values framework shows that creating public value requires a good performance in each domain. To understand how information relates to the performance requires an evaluation of the relation between information and the public value, operational capacity and authorizing environment.

### Summing up insights

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Voluntary certification initiatives, such as UTZ Certified, are a specific policy arrangement that is a form of self-regulatory governance. Self-regulatory governance builds power to steer society through autonomy of stakeholders, legitimacy, the size of the represented group, social capital and/or leadership.

Voluntary certification is a specific form of self-regulatory governance. The common characteristics' of VCIs are that they are not enforced by public law, that the steering mechanisms use market structures and that they operate by defined standards for sustainability, motivate producers and suppliers to commit to these standards and monitor compliance. While these common characteristics explain voluntary certification initiatives as a policy arrangement in more general terms, there are also important differences within this group. These differences are based on the type of transactions (B2C or B2B), number of parties involved, the object of certification or the driving forces of commitment (brand or label driven).

The specific source of power of voluntary certification initiatives is information. Information about sustainable quality standards is its most important output in the form of a label to increase the transparency of the market. In order to produce this information VCIs need to control information flows. They need to define which information (or quality standard) is relevant. The need to offer stakeholders information in order to convince them to cooperate and they need to monitor information about compliance. In addition to this VCIs also use transparency about their operational procedures to increase their legitimacy.

To explore the role of information and map in detail how information influences the performance of VCI's, Moore's theory on public value and the strategic triangle is helpful. This model offers a management perspective and takes into account the different domains which define the overall performance. Performance is defined by the strengths of three domains together; the public value, operational capacity or authorizing environment. The aspects that define these

domains are based on the theory on public value and the performance of voluntary certification defined as<sup>6</sup>

**1. Public Value**

Mission, goals and results

*Related field of study: impact studies*

**2. Operational Capacity**

Operational procedures and quality of services or products

*Related field of study: efficiency and control of audits and certification procedures.*

**3. Authorizing environment**

Legitimacy defined as financial relations, participation or consultation, accountability, transparency and political acceptance.

*Related field of study: the (democratic) legitimacy of VCIs.*

These three domains have played a key role in this research as have been used as a framework for the research design, analysis and presentation of the findings.

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<sup>6</sup> The authorizing environment is based on Fuchs et al., (2009) and the domain of public value and operational capacity is based on Moore (1995)

In the previous sections the practical and theoretical context is explained as well as how Moore's model on public value was used to structure this research. In this section the research framework, the design, and process and the quality standards of this study are presented.

### Research framework

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This research aims to explore how information relates to performance, by questioning in specific:

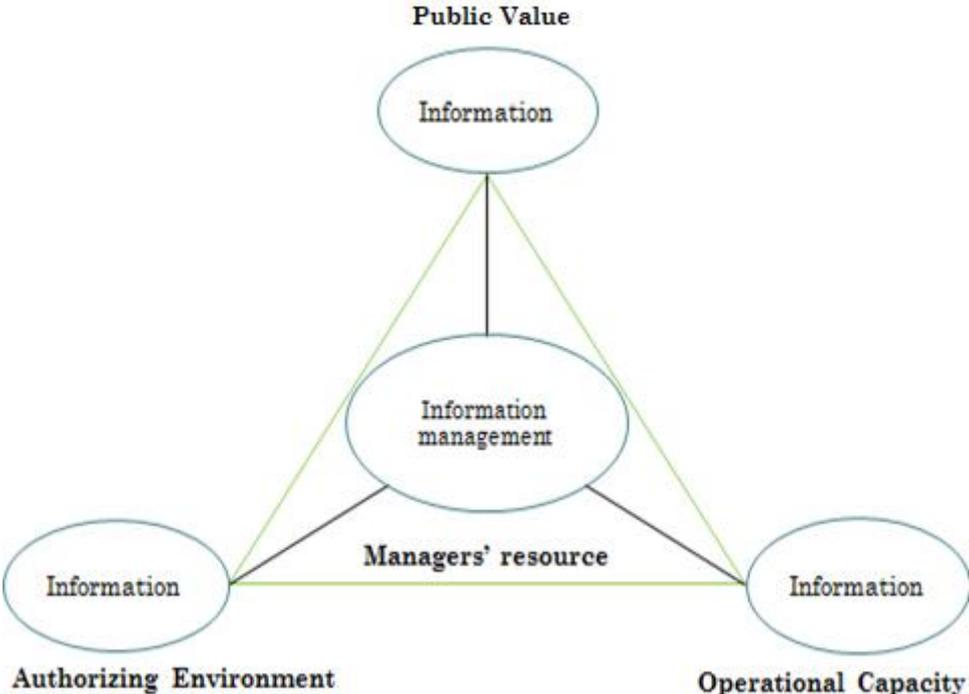
#### **How is information used to manage the performance of UTZ Certified's program?**

1. *How is the performance of UTZ Certified managed?*
2. *Which informational resources are used to manage the performance of UTZ Certified?*

The two sub-questions provide the structure for three analytical steps. The first sub-question is used to map what defines 'performance' and evaluate how these domains are managed, by using Moore's (1995) strategic triangle. The second sub-question is used to define how information relates to performance by describing the different informational resources and explaining how they relate to each domain of the strategic triangle. The last step was to combine the findings of both sub-questions to answer the main-question.

This research deals with two concepts, which could have different meanings in different context; performance and information. Performance is defined using the strategic triangle presented in chapter 2. Information was not specifically specified, because there was no research that defined information management in relation to Moore's concept of performance as public value. A general definition for information was used to demarcate the field of study. This definition is based on the distinction between 'data', 'information' and 'knowledge'. To make this distinction 'data' is defined as information that is not yet interpreted or meaningful for a specific purpose. 'Information' is defined as interpreted data and 'knowledge' is defined as information that is used to change a situation or the perception of a person (Russ-Eft & Preskill, 2009, p. 5).

The research framework is visualized in the figure below. Based on the strategic triangle, performance is separated in three domains. The research framework shows that the research aimed relate and integrate information in each domain. In chapter four it is described how the domains of performance are filled in by UTZ Certified. In chapter 5 it is described what informational resources there are and to which domain they belong. In the conclusion it will then be defined how information is managed in relation to each domain.



**Figure 3 Research framework**

Research design

For the purpose of this research a qualitative research design has been chosen. A qualitative research refers to the methods and sorts of information collected such as the use of interviews, observations and document analysis. This results in contextual data and detailed descriptions of the phenomena studied (Boeije, 2010; Eisenhardt, 1989; Lin, 1998). Qualitative data is useful for exploring and illustrating how information and performance are related because both concepts are very complex and without context difficult to concretize.

This qualitative research is based on two research methods; interviews and document analysis. The interviews were semi-structured. This refers to the degree to which the interview questions are used during the interview; which can range from completely predefined questions to an open conversation (Boeije, 2010, p. 62). The interviews were ‘semi’ structured because the question, during the interview were not predefined. The interview was guided by a set of broad topics, which left room to improvise and formulate relevant questions during the interview. The documents were analyzed to prepare for the interviews and find

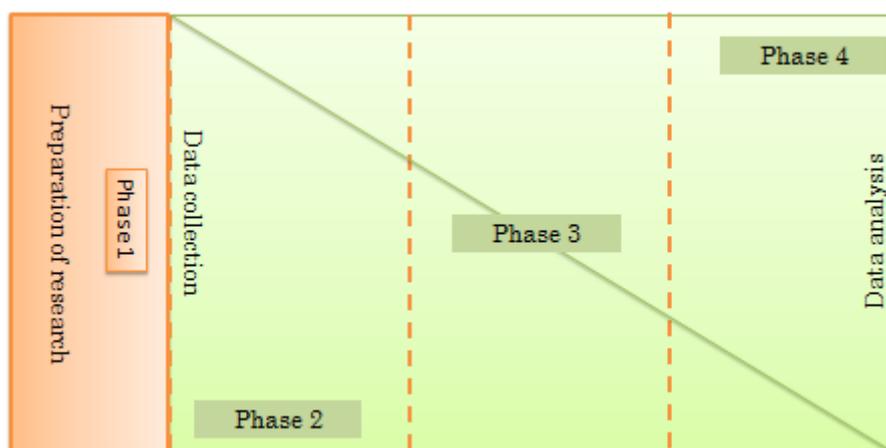
out more about the policy and management system of UTZ, complementary to the interviews.

Qualitative data collection methods force the research to weigh the benefits of ‘a large n’ or ‘a small n’ study (a small n study is generally referred to as a case study (Eisenhardt, 1989; Tight, 2010)). The scope of this research was limited to a single case: UTZ Certified. A case study design was chosen because it was the purpose to describe one case in detail to develop a model that depicts the relation between information and performance as concrete and accurate as possible.

After it had become clear that UTZ was suitable as a case study, the next step was to explore how the field of data collection could be brought into focus. Morse & Field, 1996 in Boeije, 2010, p. 34 advises to use the concept of maximization, which means that the data should be collected at the location where the topic of study manifests itself most. In the case of UTZ the location was the head quarter in Amsterdam. This is the location where the management and the majority of the staff processes all the information used to manage UTZ performance.

The research design of a qualitative study is not only defined by its focus, also the role of theory shapes the design (Tummers & Karsten, 2011). Theory can be used for the development and testing of hypothesis or it can be decided to use no theory at all, this can be best understood as a continuum. This research meets in the middle of this continuum. The role of theory was to identify the insights or rather lack of insights on the relation between information and performance and to explore relevant theories to define performance. As it should be clear by now, theory was used to only define performance, whereas the analysis of information was not structured. This basis offers the reason to label this study as ‘semi-exploratory’, however there is no such thing as ‘semi-exploratory’ research. This research can (second) best be framed as an exploratory study, because the data collection and analysis were organized according to Boeije’s (2010) guidelines for qualitative and exploratory research.

Boeije (2010) describes principles and guidelines that help to construct models from qualitative research. The principles are mostly derived from grounded and interpretive approaches (Glaser & Strauss, 1967). Although this study is not interpretive these principles were useful to explore how information relates to the strategic triangle. She offers guidelines to organize and structure the data collection and analysis in four phases, see figure 4. These phases have been applied to structure the research process of data collection and analysis.



**Figure 4 Research process**  
Based on Boeije (2010)

### Research process

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The data collection and analysis follow the phases described by Boeije (2010). It is explained for each of these phases how the data were collected and analyzed.

*Phase 1:* This phase demarcates the preparation for the research, consisting of developing a research focus, accessing the field and considering possible ethical issues and reviewing relevant literature to build a research framework.

*Phase 2:* This phase consists of an iterative process of first data collection and analysis. This process aims at collecting data to understand the field and developing codes to organize the data. These codes classify the data. In this phase the codes are based on a process of open coding. Open coding is a process of classifying the data without applying any hierarchical or predefined structures to the classification. Data about both information and performance was collected and analysed. In this phase the data collection takes up most of the time, see model 4. The phase is ended when no new categories emerge from the data.

During this phase the managers of each department in speaking terms called the Heads of Departments (HODs) were interviewed. They were interviewed to get an overview of the organization. The heads of departments were expected to have knowledge about the daily activities of their department and as middlemen also about the relation between the different departments and the perspective of the higher management called the executive team (ET). In two cases the manager of the department was not available and proposed one of his staff members as replacement.

**Table 1 Respondents (phase 2)**

<b>Respondent nr.</b>	<b>Function</b>	<b>Department</b>	<b>Duration</b>	<b>Language</b>
1	HOD	Member Support Team	52:14	English
2	HOD	Market Development	27:02	Dutch
3	HOD	Monitoring & Impact	44:49	Dutch
4	Staff	Standards & Certification	49: 19	English
5	HOD	Product Management	27:20	Dutch
6	Staff	Traceability	59:22	Dutch
7	HOD	Field Development	40:47	Dutch
8	HOD	HR & Finance	41:51	Dutch

The interviews were planned using the digital agenda of UTZ. An e-mail was sent which explained the purpose and design of the research. In this e-mail it was stressed that it would be a semi-structured interview with room to bring up new topics. The interview took place at UTZ Certified's headquarter in one of the meeting rooms (a space of carton walls centered in a spacious room where the staff worked). The topic list was provided to the respondent to give the opportunity to prepare and bring up topics they estimated as relevant to the research.

#### **Interview topics**

##### **1. General Description Department**

Mission UTZ, role of department, tasks of department, personal task, tasks of colleagues, resources department, and relation to other departments

#### *Performance*

##### **2. Performance UTZ**

Mission, legitimacy and operational capacity

#### *Information*

##### **3. General Knowledge of Department**

Professional knowledge, experiences, skills and education

##### **4. Collection process**

Information/data is collected, collection process, resources needed, limitations

##### **5. Processing**

Information/data processed. Resources needed. Limitations

##### **6. Reporting**

Information/data processed, Resources needed & Limitations

After an informal introduction permission was asked to record the interview with the assurance that the interviews would be anonymized. Each interview would then be prepared for analyses by transcribing the interviews. The interviews were transcribed in the language spoken during the interviews, either Dutch or English.

The documents used in this phase were collected to prepare for the interviews. The preparation consisted of understanding the organizational structure of UTZ, the policy framework, familiarization with the discourse and abbreviations used in the organization and understanding the role and resources of the departments. As temporary staff member of UTZ access was obtained to the shared hard drive where the staff can store documents to be shared and to the internal e-mail communications. The documents that were most influential in understanding UTZ and mapping the informational resources where:

1. Documents describing the policy framework of UTZ and activities of the departments.
2. The summaries of the 'Monday morning cafés which are weekly gatherings where the departments announce their activities or relevant news.
3. The presentations and videos of the strategy cafés, which are occasional meetings organized by departments to present and discuss specific topics.
4. The presentations of each department to introduce their activities to new staff members.
5. Strategic documents such as the annual reports and governance structures.
6. Documents from ISEAL Alliance, the umbrella organization for voluntary certification initiatives.
7. Files in which different information sources are organized, such as an overview of the training material, certified farmers, a list of auditors or summaries of feedback.
8. Documents that were used as informational resources, such as the audit reports or the 'Good Inside Portal'.

The analysis during this phase was based on the process of open coding (see research design). For the coding and analysis MAXQDA10, a text analysis computer program was used. The codes are presented in table two. For performance the codes were predefined based on the three dimensions of the strategic triangle. To explore information the process of open coding was used to develop a classification to capture all relevant aspects of information. For each department it was coded how information was processed and what was the content of the information. This structure was in line with the structure of the data emerging from the interviews. When the interviews and document analysis required new codes and the code structure fitted all the material, gradually the research moved towards the next phase.

**Table 2 Code tree (phase 2)**

Constructs	main category code	subcode 1	subcode 2
Performance			
	Mission		
	Organizational capacity		
	Impact		
	Legitimacy		
Information			
	processing MST		
		Medium	
		Storage format	
		Technology	
		Reporting	
			Internal reporting
			External reporting
	Processing MD	...	
	Processing FD	...	
	Processing S&C	...	
	Processing Trace	...	
	Processing M&E	...	
	Content MST		
		Type	
		Source	
		Meaning	
		Size	
		Function	
	Content MD	...	
	Content FD	...	
	Content S&C	...	
	Content Trace	...	
	Content M&E	...	

*Phase 3:* During this phase the aim was to organize the codes by developing a hierarchy in the classification, which is referred to as focused coding. The codes are basically reassembled in new ways after the process of open coding. During this phase the data collection and analysis focused on organizing the codes in such a way that they could be used to answer both sub-questions. In order to do this a categorization and hierarchy of the codes needed to be developed that would help to present the data in a clear and structured way. This phase ended when new data did not require a reorganization of the codes and the findings. Here the time spend on data collection and analysis are balanced, see figure 4.

The interviews in this phase were more focused on specific informational resources which where indicated to be relevant in relation to performance and about which additional information was needed. These additional topics were audit reports, training material and the code and code revision. Two interviews focused on the management of UTZ. One on strategic management and one on the ‘assurance system’ of the program, see table 3.

**Table 3 Respondents (phase 3)**

Resp. nr.	Function	Department	Topic	Duration	Language
9	Executive Manager	ET and Market Development	Management	49:56	Dutch
10	Staff	Standards and Certification	Auditing	37:39	English
11	Staff	Standards and Certification	Code revision	46:58	English
12	Staff	Standards and Certification	Credibility	47:25	Dutch
13	Staff	Field Development	Training	51:04	Dutch

The interview topics and the approach of the respondents differed from the protocol of the first round. In the second round of interviews invitations were made in person, to check the availability and knowledge of the respondent about the topic. Four of the five respondents were staff members. The interviews during this phase were open interviews with little structure. This was possible because the theme of the interview was already focused and the respondents were high educated specialists, able to select what would be relevant information to the research.

#### **Interview topics**

*(Specific topic: audit reports, training material, the code and code revision and strategic management)*

1. Task description/informational resources
2. Mission- Role information
3. Operational Capacity- Role information
4. Legitimacy-Role information

The additional documents collected during this phase were recommended or used by the respondents as background information such as an example audit report, a presentation on assurance, an overview of the training material and documents on the code revision.

For the purpose of the analysis first the additional interviews were coded using the existing structure, to then later rearrange all the coded segments to develop a hierarchical structure which could be used to answer each sub-question. The process of focused coding did change the structure of the data rigorously. The structure of the codes changed in two ways:

1. The shift from using the departments as the first category to selecting informational resources as the first categories to describe information.
2. Adding sub-levels to the three categories of performance and then integrating the codes of information as a third sub-level.

The shift from departments to informational resources was necessary, because there was too much overlap between the information used by the departments. Describing how information is used by each department, would have resulted in repetition and a complex description of the different informational resources. Adding layers to the three dimensions of performance was necessary to understand the specific aspects of what defines UTZ’s performance. These layers were developed based on a combination of data analysis and theoretical categories. For the dimensions, public value and operational capacity, the data showed there were extra levels. For the authorizing environment the sub-categories mentioned in the literature were used to structure the data. Organizing the coded segments of each domain of performance then paved the way to connect different management criteria. Please see the example in table 4, which shows the structure of the codes for the informational resource ‘codes’ in relation to the domain ‘authorizing environment’ on the level of ‘consultation’.

**Table 4 Code tree (phase 3)**

Main category	Subcode 1	subcode 2	subcode 3	subcode 4
<b>Informational resource</b>	<b>Domains performance</b>	<b>Public value</b>	<b>management criteria</b>	<b>management criteria</b>
Codes & revision	Authorizing environment	Consultation		
			Stakeholder composition	
				Time
				Knowledge
				Medium
				Language
				Believe system
			Consensus	
				Content
				Procedures
				Convincing

*Phase four:* The last phase of data collection and analysis aimed at developing ‘core codes’ to complete the research framework and define the relation between information and performance. A ‘core code’ can be used as an overarching label or code to cover the content of other categories. They account for a large portion of the data, appear often and make ‘the piece of the puzzle fit together’. Therefore the number of core codes is limited.

To develop these core codes most time is needed for analysis, while the data collection is reduced to a minimum. This type of coding is defined as theoretical coding, which is a creative process in which the researcher thinks of core categories and models to relate these core codes. The model needs to summarize the findings as well as be transferrable to other similar voluntary certification initiatives. This process of analysis requires more distance to the field, to spend more time analyzing than collecting data, see figure 4.

During this phase no more interviews were conducted. Only occasional feedback on certain ideas was asked from the respondents to support the validation of the analysis. This was done through personal and informal conversations and through e-mail. No more additional documents were collected. By reading the memo's, going over the coding segments and using visual representations to map to relations between information and performance, finally a theoretical code tree was constructed. This code tree or model is presented in chapter 6 as a model that describes the relation between information and performance.

### Research quality

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The quality of research can be judged by the degree the findings convincingly represent the social phenomena studied, which would be for this research the relation between performance and information. What is perceived as quality research can differ among research fields and traditions. Boeije (2010) offers specific criteria to assure the quality of exploratory research, which have been guiding this qualitative research (Boeije, 2010, pp. 168–186).

What is well known is that for quantitative research quality is perceived as objectivity and validity, which is based on statistical measures. Reliability refers to the consistency of the measures applied and validity refers to the degree that what is measured represents that which is intended to be measured. However the strategies of quantitative research cannot be applied, as this research is a qualitative exploratory design. Therefore, in order to achieve convincing conclusions instead of statistical measures of objectivity and validity other strategies have been used to represent the relation between performance and information: methodological accountability, triangulation and member validation.

Methodological accountability means accurately documenting how it was done and why it was done, in order to enable readers and involved participants to follow the reasoning of the research. Methodological accountability is integrated by documenting the choices and analysis of the researcher in each phase of the research and including these in the report.

While the previous strategies safeguard the reliability of the research design, triangulation and member validation help to safeguard the internal validity of the research to account for the degree that the findings reflect the relation between information and management at UTZ. Triangulation means that the topics of the research are examined from different angles. Different angles can be developed by applying different models or using different data collection methods. The interviews were used as the main source of analysis to check the degree to which documents represented the practice. And vice versa, after the interviews relevant documents were used to check contradictions between interviews or look up the official story set out in public documents.

In the end, the internal validity of the report has been checked by a procedure called member validation, which simply means that feedback from the members and respondents has been used to validate the findings. In order not to

overburden the members or respondents, their feedback was requested selectively. The data description was not presented to the members in its whole. First the respondents were asked to give feedback about the selection that related to the data they provided during the interviews. Only in the end the full report was offered to the members, whom the researcher trusted to be willing and interested to spend time on reviewing the findings.

For the external validity it is important to understand how the findings based on the case of UTZ Certified compares to other initiatives. UTZ Certified's mission and strategy is closest to the mission and strategy of Fair-trade and Rainforest Alliance (Internal documents 8 and 12). They are similar certification schemes mainly because their certification programs produce labels to identify sustainability standards for the same commodities, train and certify producers in the same region and the buyers of their certified commodities sell their products to consumers in the same country. There are however also important differences between these certification schemes; for example they emphasize different sustainability principles. Fairtrade is perceived as more socially and Rainforest Alliance as more environmentally orientated. And UTZ is in comparison a relative young initiative. From a general perspective UTZ can be seen as a typical example of a voluntary certification initiative. UTZ is aligned with the ISEAL Alliance's standards for certification procedures and therefore adheres to general principles developed to guide voluntary certification initiatives and safeguard their performance.

After the introduction, theoretical review, the methodological account now it is time to take a 'real look inside' and present the empirical data. Chapter four describes which aspects define the performance of UTZ Certified and Chapter five which informational resources are used to manage performance.

## Chapter 4 Inside UTZ: Performance

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This chapter offers a view on ‘*How the performance of UTZ Certified is managed*’. Performance is described in the next sections as the public value, operational capacity and relations with the authorizing environment of UTZ. The description of the public value clarifies the mission of UTZ. The description of the operational capacity explains how UTZ’s certification program works and what are the main services and products UTZ delivers. The description of the authorizing environment will explain how UTZ creates legitimacy through financial relations, accountability, consultations, transparency and political acceptance. In the conclusion these descriptions are summarized and it is concluded how the performance of UTZ Certified is managed

### Public value

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*“Our mission is to create a world where sustainable farming is the norm. This is a world where farmers implement good agricultural practices and manage their farms profitably with respect for people and planet, industry invests in and rewards sustainable production, and consumers can enjoy and trust the products they buy. Sustainable farming helps farmers, workers and their families to fulfill their ambitions and contributes to safeguarding the world’s resources, now and in the future”* (website UTZcertified<sup>7</sup>)

### Mission

The crucial point of this mission statement is according to most respondents to make sustainable farming the norm because it improves the lives of farmers. As one of the HOD’s explains the primary goal:

*“So, for me the final test case remains; does the farmer benefit from all of this? Is his life improving and can he live from this in a couple of years?”* (Respondent 3)

The focus on creating value through improving the lives of farmers was recurrent in all the interviews, however what it is or should be improving was more difficult to explain for the respondents: it was defined generally as better lives through better farming, e.g. through higher yields, better income, professionalization of the farm, healthier working conditions, risk management, children’s facilities etc. The meaning of better lives and better farming proved a flexible term which is only concretized in relation to the challenges of specific commodities and regions.

The strength of a good mission statement according to Moore is that it balances flexibility and specificity (Moore, 1995, 2000). Flexibility helps to adjust the strategy of the organization to fit its changing environment and create new opportunities to develop public value, while specificity helps to set focused and manageable goals. According to a senior staff member of the executive team, the strength of the new mission statement is that it is more specific and focuses on

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<sup>7</sup> <https://www.utzcertified.org/en/aboututzcertified/vision-mission> (29-10-2013)

improving the lives of farmers. Reflecting on the reason for a more specific mission statement for UTZ the ET member stated:

*“Heretofore this [the mission] was rather vague: Was it about sustainable supply chains or not? If you talk about sustainable supply chains it is much more than only farming: You could also talk about transport and maybe even about labor conditions at plants, well...that we don’t do. We have reduced it to better farming, where traceability and labelling is the strategy to achieve better farming. This makes it a clearer story”. (Respondent 9)*

The balance of UTZ’s mission statement between flexibility and specificity is valuable as well as challenging. Not defining the commodity produced by farmers is generally perceived as useful by the respondents. It enables UTZ to develop a cost efficient procedure by using their operational capacity for more products in new markets: They started with coffee and expanded this to cocoa and tea and now are exploring possibilities to develop certification programs for fruits and nuts. This is a good example of the value of a flexible mission statement. However there are also some respondents warning for the need to deal with the risks of a too generic mission and strategy.

Some more critical respondents perceived the mission as too abstract and too flexible. They pointed out that, not specifying the type of farmer in terms of financial or professional categories, results in conflicting interpretations of what is in the interest of farmers. Farmers with different levels of professionalism and social and economic status have different interests. While this concern is not shared in all levels of the organization a staff member with years of experience as a farmer ‘in the field’, expressed his concern in relation to this topic:

*“I see it as a problem that in UTZ they do not have a clear view on the level of professionalism of the farmers that they want to reach. Different farmers are all conflated to one group. I have worked in many countries, were some farmers are ‘farmer by default’. They have inherited a piece of land with some coffee trees and suddenly they are a coffee farmer. But, if they could sell rubber tomorrow then they would do that. We call them coffee farmer, why?” (Respondent 13)*

### **Strategy**

While the mission and value of UTZ is to safeguard the interest of farmers, the strategy as the ET member explained is labelling and traceability, in other words: a certification system. Labelling and traceability was originally the explicit mission of UTZ:

*“It is becoming increasingly important to be able to answer the questions “where does your coffee come from?” and “how is it produced?”. Utz Kapeh’s traceability and certification provide credible answers to those questions for each link in the coffee chain.” (UTZ Certified annual report 2004)*

### **Goals**

The majority of goals set are related to UTZ’s market strategy. UTZ as a voluntary certification initiative not only wants to develop a market, their aim is

to make their standards the norm in the entire market of a specific commodity. There is a great emphasis on goals in relation to market development. 30% of the annual report (6 out of the 19 pages) cover indicators which show the results of UTZ in relation to its strategy:

*“Through concerted efforts with other sustainability programs, we aim to certify 50% of total coffee, cocoa and tea production by 2020.”* Annual report 2012, p. 4-5

*“End of 2012, 13% of all cocoa produced worldwide, 8% of the global coffee harvest and 2% of all tea originated from almost 500,000 farmers that were UTZ Certified nearly 116,000 more than end of 2011”* (Annual report 2012, p. 4)

The respondents whose work is more distanced from the market, such as staff members of Field Development or Monitoring and Evaluation, mentioned that the strategy can be treated as if it were the mission of UTZ. One respondent of Standards and Certification expressed his concern over the focus on UTZ's strategy at the expense of the mission and questioned:

*“Are we going to make an exception to the general rule because this is in the interest of the market or are we making exceptions to the general rule because it offers benefits to the farmer?” (...)* *“I think that it is important for the ET to emphasize the mission more. Instead of only saying this when we have a coffee with friends we say here at UTZ; ‘yes’ we do something here that’s valuable, we really support farmers that live in terrible conditions. We are going to reach out and make a difference. That is something you have to drum into peoples’ heads. It has been marginalized, by the ‘market drive’; growth, growth, growth. What is it that grows?”* (Respondent 12)

The reasons for the focus on UTZ's market strategy were explained differently. For example it was explained that increasing the market was important because UTZ receives a substantive amount of their resources from the fees paid by members using the traceability services and market. Or for example that the staff members tends to focus on strategy more than mission because they work on specialized tasks and it is therefore more difficult to keep in mind the bigger picture.

In conclusion, the public value of UTZ Certified is to safeguard the interest of farmers of agricultural commodities by supporting farmers to professionalize their business according to sustainable standards. UTZ benefits from a relative general mission statement, mainly because it increases UTZ flexibility and enables organizational growth. This mission is challenging because it does not specify the type of farmers. This offers UTZ the opportunity to expand the program to certify more and different agricultural commodities and reach out to more farmers. However the interest of farmers can differ between different groups of farmers, e.g. more or less marginal, professional or wealthy farmers. This might challenge UTZ's public value because it does not define what is in the interest of farmers and what better lives, higher yields, better income, professionalization and healthier working conditions are.

The strategy of UTZ is to reward sustainable practices through creating a market in which the added value is transparent and by creating demand for substantive quantities of certified commodities, in other words: UTZ strategy is to support farmers by managing a certification program, suitable for mainstream instead of 'niche' products.

The goals of UTZ are defined as outputs of its market strategy. These outputs can be more easily translated into concrete and quantitative indicators than the impact of UTZ mission in terms of higher yields, better income. UTZ strategy; expanding the market-share of certified commodities is by some respondents referred to as of equal importance as the mission. The strong market orientation is by other respondents perceived as a risk to UTZ's mission. The perception that developing a market for UTZ' Certified's products is of public value itself, can be explained in relation to the earlier mission statement. This statement focused on creating a transparent market.

### Operational capacity

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UTZ operational capacity is explained first following UTZ's own classification of four different operational steps and in addition to these processes the operational capacity is explained as the capacity to produce services and products.

UTZ presents in four steps their operational process (Internal document); field development, standards and certification, traceability and market development, see, appendix 5. Each step is managed by separate departments, which carry the name of the specific operational task.

### Field development

*"We cooperate with partners to mainstream the sustainability of the production system. That's our line of work; therefore we work a lot with training material"* (Respondent 7)

The term 'field' refers to the regional or local areas where the commodity is produced, with reference to the farmers' fields. The department field development is responsible for the preparation of farmers for certification and for developing projects:

*"The department Field development is responsible for the improving the lives of farmers by helping them to improve continuously and raising the number of certified farmers"* (Internal document 8).

The aim of field development is to identify specific needs of farmers, and to assure that the production of certified products matches with the demand of certified commodities. Creating the interest of local farmers in UTZ certification is achieved by increasing awareness about the existence and knowledge of the program. Field development also establishes relations with regional or local

partners as well as building up the political acceptance of local governments. The information most central to these tasks is the management of training material.

### **Market development**

Market development is depicted at the opposite end of field development in the model depicting the 'building blocks' of UTZ.

*“What we do is to try to develop markets and for that we talk to all sort of buyers in diverse positions in the supply chain; trade, manufacturing and retail.”*  
(Respondent 2)

Market development is about creating and maintaining demand in the market of certified commodities or possibly new commodities. This job is called in speaking terms 'sales' and is a crucial part of the certification process. The strategy of the department is to meet with businesses along the supply chain, traders, manufactures and retail. As emphasized by a staff member of field development; 'sales' is about committing as many partners as possible to the UTZ program and in general to position UTZ as the preferred partner for sustainable sourcing (Respondent 2). The information on which market development depends is used to develop and support the 'sales' or 'lobby' strategies of market development. There are three different categories of information that market development uses for its operational process. This is information about supply and demand, information about UTZ's certification program and about the impact of UTZ's program.

### **Standards and certification**

Standards and certification is said to be 'the core' of the certification program because it is about controlling who is certified and what is certified.

*“I think S&C is the core of the organization because we set the requirements that all the members need to comply with, so it is very important everything is in place.”* (Respondent 4)

In concrete terms the work revolves around managing the development of new codes, managing the auditors and audit reports and handling complaints. The codes are the documents that list the standards, also called 'control points' with which the producers and members need to comply. The auditors are the staff of independent local organizations specialized in audits. These organizations, called the certification bodies, are responsible for sending summary reports of their audits to UTZ.

### **Traceability**

The traceability department is responsible for four activities which are product development, project management, office automation and software development.

*“Well, traceability is nothing more than a service provider, that's it. We don't develop products; we help others to develop them. We are a creative department.”*  
(Staff, traceability department)

Software development and product development is the key activity of the department. According to the respondent from the traceability team, the traceability team in Amsterdam invests approximately eighty percent of their time in the development of the traceability system called 'Octopus' as a product which is named the 'Good inside Portal (GIP)' of UTZ. Software development is the responsibility of a team that works in Pakistan and India. The IT system for traceability is "*the backbone of credibility*" (Internal document; Introduction course traceability) because it traces the certified products, manages the audit reports and is a tool used to control the labelling rights and fees of members. UTZ's traceability system is praised for its efficiency because it is able to combine different strategies to trace a product.<sup>8</sup>

The other departments help to facilitate and coordinate the work of these four departments, these departments have for example tasks that cross the distinction between the building blocks: The department monitoring and evaluation is responsible for producing information about the impact and input for the evaluation of the program, which requires knowledge about the different core tasks of UTZ certified. Product management coordinates product specific issues that cross cut the different departments. Partnership seeks and coordinates cooperation with third parties and coordinate special projects. Member support helps buyers, with questions about the program and controls the compliance of members with UTZ's labelling policy. Communications is responsible for the internal and external news, public statements and public relations. And finally the human resource and finance departments is responsible for supporting activities, such as contract, payments, housing etc.

### *Services*

The functional organizational structure and does not clarify the actual services in the end define the operational capacity. The management of these services require that not only the departments are managed well. It requires also that the departments can cooperate to develop services. In order to understand the operational capacity the quality of the services are more important than only the quality of the separate processes. Based on the interviews and the document analyses the following services have been distinguished:

- 1) A (digital) market of SD certified commodities.
  - a. Balancing supply and demand
  - b. Traceability system
  - c. Label
- 2) SD certified commodities:
  - a. Internationally accepted SD standards for agriculture
  - b. Practically feasible Code
  - c. Management of local trainers and auditors.

The service of creating a (digital) market of supply and demand is important to guarantee that certified commodities are available for reasonable prices. UTZ

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<sup>8</sup> The different traceability systems are, identity preserved, mixed Identity Preserved and Mass Balance.

therefore needs to balance supply and demand, which is the shared responsibility of field and market development. Based on expected (new) demands created by market development, UTZ looks for possibilities to certify new farmers in a specific area. Farmers can be certified even when there is no demand, but do not receive the UTZ premium as they cannot sell their product as certified (respondent 3). The traceability system is a specialty of UTZ and internally praised for its efficiency (respondent 6). This is not surprising as the original mission statement specifically focused on developing a traceability system, please see the previous section on public value.

The traceability service is not only part of UTZ's market place, as it became a marketable product on its own. The traceability program of UTZ is 'sold' to other certification initiatives (Better Cotton Initiative (BCI) & Round table on Sustainable Palm Oil (RSPO)) to support their certification program. The label is the end product that communicates the quality of the product to the consumers of the product. A good labelling system to differentiate between the claims a brand can make is crucial in order to assure that the brand does not make false claims about their commitment to the UTZ program.

To distinguish the market of sustainable products from 'normal' markets, a label needs to be produced that communicates the added value as in the sustainable quality of the product. The correct use of this label needs to be controlled. There are different ways to trace and process certified commodities, which have consequences for the claim and thus the message which needs to be communicated through the label.

The second service of UTZ is to create sustainable products, by developing the specific quality standards and assuring practical feasibility in the interest of the farmer. First it needs to be established what internationally accepted standards of sustainability are. Then these standards need to be translated into rules and control points that are practically feasible. Practical feasible means that they need to be affordable and can be implemented in different local contexts. In order to make sure that there are commodities that are produced according to these standards UTZ needs to instruct local businesses, organizations or trainers that teach farmers or producers on how to comply with these codes. Compliance is managed through procedures that control the risk on fraud, such as monitoring the compliance through audits and tracing the product along the supply chain. These audits are performed by independent organizations; the certification bodies.

The services of UTZ cross the organizational structure and therefore require a lot of coordination between different departments. Due to the growth and high number of new employees this coordination has become more complex. Experience is scarce and more people work in specialized fields, which require a higher amount of coordination. The interdepartmental coordination is therefore an important challenge for UTZ to manage their operational capacity.

In conclusion, the organizational capacity of UTZ is dependent on the quality of the operational processes, which are managed by the departments Field and Market Development and Standards and Certification and Traceability. Field and Market Development aim to develop the voluntary commitment to the UTZ program of producers and brands (retailers). Field Development maps the specific interests of farmers, manages the production of certified commodities and the relations with local partners as well as the political awareness and acceptance in 'the field'. Market Development or 'sales' creates the demand of brands for certified products. Traceability and Standards and Certification are the other two core operational processes necessary for the certification program. Traceability develops the software that enables a transparent market through a digital tracing system. Standards and Certification refer to processes of defining and revising the codes and controlling the compliance of certified members.

The outputs of these operational processes are two services and one product. These two services are the creation and management of a market only for sustainable products and the management of the production of commodities with extra sustainable quality. The creation and management of a market for sustainable products requires a balanced supply and demand; the tracing of UTZ certified commodities and the management of a label to distinguish certified products. The management of the production of commodities with extra sustainable quality requires control over the claims on sustainability such as the development of internationally accepted codes, practically feasible codes and the instruction of local trainers and auditors. UTZ has a well developed traceability system and software, which is of such a quality that it can be sold as a customized system and service to other certification initiatives.

### Authorizing environment

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In this section UTZ's relations with its authorizing environment are mapped. The relation with its authorizing environment can be observed as; 1) financial support, 2) accountability, 3) consultations, 4) transparency and 5) the political acceptance of the mission and strategy. However first it is summed up who are UTZ's stakeholders to later understand which stakeholders are more and less influential.

The stakeholders are divided into two types; the affected stakeholders and the public stakeholders. The affected stakeholders are all stakeholders that have a direct relation to the certification program. These are first of all *the farmers or producers*. The respondent referred to either farmers or producers. 'Farmer' refers to the people working in the field to produce the coffee and 'producer' refers to the businesses or estates that organize the production of a commodity. *The supply chain actors* are all the different companies that trade or process the (certified) commodity until it is sold to the consumers. The respondents differentiated different kind of stakeholders within this group; such as processors (companies that work the raw commodity) or retailers or brands (such as Ikea, Mars etc.). Then there are *the auditors, trainers and technical assistants*, who implement the certification program. The auditors are paid by the farmers or

producers, who want to be certified or recertified. Auditors are responsible for controlling the compliance of farmers with the code. The trainers prepare producers and farmers to be certified and teach them production and management techniques. The technical assistants are local actors with a specific expertise such as researchers or market analysts. Who are the *consumers* of certified products do not need clarification. The *related NGO's* are all the NGO's that in some way work with UTZ. This can be a partner in Amsterdam, as well as an organization operating in Brazil or Indonesia.

The public stakeholders are all the stakeholders that have an interest in UTZ's certification program but are not necessarily directly affected by the certification program. *ISEAL Alliance* is the overarching organization of voluntary certification programs that set quality standards for certification programs. UTZ is a member of ISEAL Alliance and has committed to their quality guidelines and standards. *The knowledge institutes* are the consultancies and universities that do (commissioned) research on the performance of UTZ certified or voluntary certification. Then there are the *NGO's that do not directly work with UTZ* but focus on similar public values (for example, sustainability of agricultural markets or poverty of farmers). Then there are *governments* of producing countries, often development countries and the governments of consuming countries, these are countries where people consume certified products, mostly the Netherlands and Germany, but also other western countries, see Appendix 1 UTZ Certified presence, countries . The *supra-national organizations* are influence the management and norms and values of international markets, such as several European institutions or the International Trade Centre (ITC). And finally there is the 'the public'. This is a category difficult to define. With the public in general a civil society is meant that has a stake in the public values that UTZ represents. This is in relation to sustainability often perceived as a (global) civil society.

#### *Affected stakeholders*

1. Farmers/Producers
2. Supply Chain Actors
3. Auditors
4. Trainers
5. Technical workers
6. Consumers
7. Partner NGO's

#### *Public stakeholders*

1. ISEAL Alliance
2. Knowledge Institutes
3. NGO's
4. Governments
  - a. producing countries
  - b. consuming countries
5. Supra national institutions
6. The public

UTZ maintains relations with all these stakeholders. In the following sections it is explored how strong these relations are and thus which relations define the performance of UTZ in relation to its authorizing environment most.

#### ***Financial relations***

The composition of UTZ Certified's financial relation is interesting because they receive a substantive amount, approximately seventy five percent, in exchange for delivering services and twenty five percent from funds (UTZ 2012, Annual Report). The money UTZ receives for their services are earnings from a program

fee paid by businesses that buy and sell UTZ certified products (e.g. coffee 0,01 cent per kilo cacao beans) and certification schemes that use UTZ's traceability system. The remaining twenty five percent they receive from funds as donations (Hivos, Initiatief Duurzame Handel (IDH), Dutch Agency Ministry of Economic Affairs, Nationale Postcode Loterij, and Irish Aid) (Annual report 2012, internal document 6).

The organizations that donate to UTZ are western and mainly Dutch organizations representing Dutch values of sustainability and civil society. This results in support from the (Dutch) public or consuming countries. Although UTZ receives remunerations for their services, the structure of UTZ is organized to be able to receive donations from public funds. This requires a specific legal structure and a mission that is supported and valued by public organizations.

These two different resources can cause confusion over which interests of stakeholders are more valuable to UTZ: public or private interest or both? After asking the respondents to reflect on the position of UTZ in relation to their business partners or members the respondents were not concerned about any power imbalance. First of all the respondents did not recognize incommensurable differences between public and private interest. The policy model shows how certification is based on the assumption that it is a private as well as public interest to support the farmers and the sustainability of the agricultural sector (Appendix 4). The fees paid by businesses are remunerations for the services offered by UTZ as well as a way to show commitment to a more sustainable market. Second of all in case of conflicting interests the staff members did not experienced that UTZ needed to sacrifice the interest of the farmers. And finally UTZ also invests in relations with other organizations, such as ISEAL Alliance to show commitment to their public values.

### *Accountability*

Accountability is defined as the ability of the affected public or its representatives to intervene and adjust the policy (Fuchs et al., 2009). In UTZ 'the affected public' have the opportunity to influence the policy through the governance structure of UTZ, see Appendix 2. UTZ Certified's governance structure is based on the division of responsibilities, checks and balances between five bodies: the supervisory board (SB), the UTZ executive team (ET), the staff, the Standards Committee (SC) and the Product Advisory Committees (PACs), for more information please see the publication of UTZ governance structure (UTZ Certified, 2013).

The SB, the SC and the PAC offer the opportunity to stakeholders to intervene and adjust the policy. The supervisory board of minimum five and maximum 13 persons, is the highest decision making body that needs to approve the strategic plans and budget annually. The board members do not represent the group of stakeholder of which they are part. While the board is the body with the most authority it does in the strict sense not increases the accountability of UTZ, because it is not a representative body.

The Standards Committee (SC) is the only body in which stakeholders are appointed as representatives and serves the accountability of UTZ. The SC advises on code-development and revisions and most importantly they approve of new codes and final revisions before the SB is asked for final approval. They also have the responsibility for dealing with complaints that cannot be dealt with by the staff due to possible conflict in interest. The SC consists of minimum of six and maximum of twelve members with expertise in standards and certification, specific issues relevant to the program or certified commodities. The members are nominated by the ET and appointed by the SB. To develop a balanced presentation of the external stakeholder the minimum of six positions are divided among three categories. The producer and supply chain representatives, NGO's, and experts on sustainability and certification. Each category is represented by a minimum of two members of which at least thirty percent has to come from origin or production countries.

The accountability, defined as the possibility for stakeholders to influence decisions of UTZ is limited to the standards committee, as they are the only body with representatives of UTZ's stakeholders. The relative small number of representative stakeholders is by the respondents legitimated by distinguishing UTZ from a public initiative and emphasizing the voluntary character of the program (internal document 12) and the importance of flexibility. In the interviews all respondents emphasized that staff members have a high level of independence and that flexibility and operational efficiency are highly valued within UTZ in opposition to hierarchy and bureaucratic structures. While there are limited possibilities for stakeholders to exert power over decision making structures, UTZ does value the input from stakeholders in decision making processes through consultations and advisory committees

### *Consultation*

The third type of relation with the authorizing environment is consultation or participation. Consultations are possible through the product advisory committees (PACs), via the code revision process and practically also via field trips, where stakeholders; mostly trainers, auditors and supply chain actors, have the opportunity to give feedback. As an answer to the question ‘How do you get aware of all the expectations and issues of the industry and the field?’ a staff member of standards and certification summed up:

*“I think for now it is really the code revision process, and I could imagine that there is the product advisory committee (PAC), this is also a channel of giving feedback and I think also through field and the individual feedback from different members and certification bodies”* (respondent 4)

The PAC consists of members who are selected based on their expertise on specific commodities or issues and the PAC advisory function; for example on the development, implementation and revision of product specific programs. On specific issues the consultation is obligatory. There are two PACs one for coffee and one for cocoa, with on average seven to ten members with product specific knowledge.

The code revision offers opportunities to comment on draft versions of new codes. Every five years the codes are revised according to the guidelines of ISEAL Alliance, the umbrella organization that aims at developing effective and legitimate voluntary certification procedures. These public consultations aim at integrating feedback from all stakeholders around the world. There are two rounds in which it is possible to provide feedback, before the final version is drafted and approved of.

*“So certified members, pretty much everybody that has some involvement with UTZ is co-owner of this code. This is the only document that is like that...The reason because of that is among others, that the code covers the production. So it has the most important impact on the farmers that are the main target of the idea of the certification and second of all because it is an ISEAL requirement”* (Respondent 11)

The code revision is important to develop practically feasible and internationally accepted standards. As a HOD formulated the relevance of practical feasibility for the UTZ program:

*“I think our code is powerful because we adjust it to the practical reality. That’s why we connect with the interest of farmers and the market situation of their products.”* (Respondent 7)

The interviews and the informal conversation with UTZ’s staff also brought up the importance of fieldtrips as a means of consultation. The experiences from these trips were shared during the weekly gathering of the staff and then shared with other staff members through a weekly gathering of all staff members called ‘Monday morning café’ and through an internal newsletter. During fieldtrips

contact with the farmers, auditors and trainers offered insight in strengths and limitations of the certification program and the degree to which the program supports farmers' interests. This information offers insight in value of the UTZ program for farmers and thus the relevance of their work. In addition to the fieldtrips, the UTZ's national offices are staffed by local experts with a solid knowledge of the local context and an extensive network in the relevant sector.

The three relations described are concrete relations with stakeholders in the authorizing environment. In addition there are two indirect ways for UTZ to relate to its stakeholders, which is through transparency and the political acceptance.

### **Transparency**

Transparency is an open relation with an interested but undefined public. This public is reached through transparency. Transparency is the access of information in a timely manner (Fuchs et al., 2009) and according to UTZ's staff members this is an issue of:

*“having no secrets”* (respondent 3)  
*“telling the story and telling it right”* (respondent 12).

To offer access to information in a timely manner UTZ uses its website as a public portal to information, such as annual reports, the certification protocols, governance structures etcetera. UTZ also sends out e-mails or newsletters to interested stakeholders. The main challenge according to the majority of the respondents is not the confidentiality of information. The challenge is to simplify the information and 'tell a simple story' as well as the credibility of the story. Staff members feel increased pressure to communicate about the results in other words impact of UTZ. As the head of department of market development explains:

*“I need arguments for the promise that we have impact on a farmer level. A promise is not enough, when you are ten years old you need evidence. You have to be credible; this was our vision and this is our impact.”* (Respondent 2)

Furthermore ISEAL Alliance has defined specific transparency requirements about the code development and impact. UTZ needs to comply with these requirements and is obliged to publish impact studies and the code revision procedures.

### **Political acceptance**

The most indirect way UTZ relates to its authorizing environment is through the general political acceptance of UTZ's perspective on development and sustainability. The public value advocated by UTZ; improving the lives of farmers through self-regulatory governance, is in line with the dominant political perspective on sustainable development in the European Union (Baker, 2005). This perspective argues that sustainable development is in the interest of both the private and the public sector and needs to be achieved through a model based

on consensus and cooperation. It is obvious that sustainable development is a generic term and that there are many perspectives on what is sustainable. The framework on sustainable development within UTZ is that promoting good agricultural practises through certification is now ‘the accepted way forward’ which is not a topic of debate internally.

The political acceptance of sustainability through a market mode of governance is not given. In this context the HOD of field development gave the example of the Indonesian government that challenges and opposes the interference of NGO’s in public affairs. In order to operate globally UTZ uses their abstract mission and dual financial structure to position itself with the dominant political framework in a specific region. For example a staff member of field development explained that in China sustainable development is valued to raise the quality standards and traceability of food after scandals. And as another example UTZ can in Indonesia choose to present itself as a business rather than an NGO to increase their political acceptance in Indonesia.

Since the ‘boom’ of certification initiatives ten years ago now the question about the value of certification itself is not only a question focused on UTZ, it is a general concern to maintain political acceptance. Knowledge institutes such as COSA or ISEAL are part of a wider community that discusses the value of voluntary certification to manage its political acceptance. In table 5 summarize the most strong and important relations with UTZ’s authorizing environment are presented.

**Table 5 Overview authorizing environment**

<b>Type of Relation</b>	<b>Description</b>	<b>Stakeholder</b>
<i>Accountability</i>	Standards Committee Product Advisory Committee <sup>9</sup>	Producers Supply Chain Actors NGO’s
<i>Consultation</i>	Stakeholder visits Code revision Product Advisory Committee Conferences Field trips	Producers Supply Chain Actors NGO’s Auditors Trainers Knowledge Institutes ISEAL
<i>Financial</i>	Public funds Membership fee Fee for traded unit commodity	Supply Chain Actors Government NGO’s
<i>Transparency</i>	Website E-mail Newsletter Label	Consumers Knowledge Institutes The Public NGO’s
<i>Political acceptance</i>	Market model sustainable development (consensus model)	ISEAL Alliance Knowledge Institutes NGO’s Governments Supranational trade initiatives The public

<sup>9</sup> During the writing of this report, three producer representatives have been chosen for the PAC committee in January 2014. This was not yet taken into account during the analysis and writing of this report.

To understand UTZ's authorizing environment two groups have been distinguished; the affected stakeholders and the public stakeholders. The affected stakeholders are all the stakeholders directly involved in the certification program, whereas the public stakeholders are the stakeholders with a shared interest. The table shows that the relations with the affected stakeholders are mostly managed through financial relations and consultations and less through a system of accountability. Two different kind of financial relations can be distinguished; the support received from public stakeholders with funds and the payments of supply chain actors for the services of UTZ. The relations with almost all type of stakeholders are managed through consultations, which are organized during many occasions such as the meetings of the product advisory committee, the code revision and field trips.

The relations of UTZ with representatives of the public stakeholders are just as the relations with the affected stakeholders managed through financial relations and consultations. The relations with public stakeholders that are not connected through financial relations or during the consultation are managed through transparency or political acceptance. Transparency is an open relationship. It is open in the sense that it UTZ relates to 'a public', which is difficult to define and even can be anonymous. The political acceptance of UTZ is an important aspect of UTZ relation to its authorizing environment. UTZ relates to the dominant political framework, which perceives the interest of sustainable development of markets, civil society and state as one and builds on consensus between these parties.

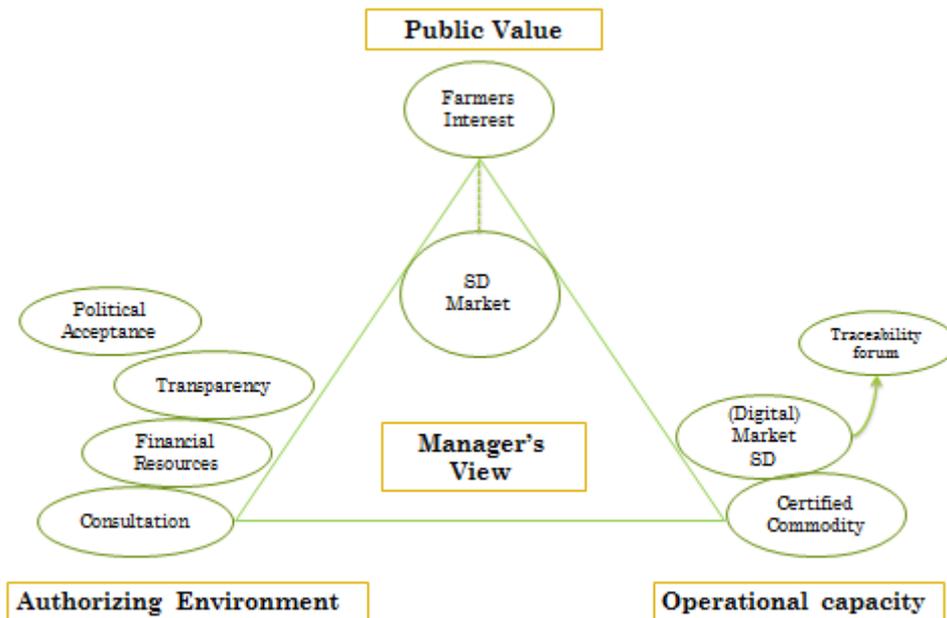
All the three domains that define the performance of UTZ Certified have been described in this chapter. In conclusion now it is assessed how the management of each domain is balanced and it is summarized what the strengths and challenges of the management of these domains are.

### Conclusion: performance

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The first goal of taking a look inside UTZ was to find out more about how the performance of UTZ certified is managed, which also leads to the first sub-question of this research: *'How is the performance of UTZ Certified managed?'*

To capture performance, it was defined as public value. According to Moore's theory on creating public value the management of performance at organizations which aim to achieve *public value* rather than financial value, requires the management of three domains: public value (as mission, strategy and goals), operational capacity (quality of services and products) and authorizing environment (financial support, accountability, consultations, transparency and political acceptance). How these three domains can be observed at UTZ Certified is described in the previous sections and here visualized in a strategic triangle of UTZ, see figure 6.



**Figure 5 Creating public value: UTZ Certified**

If the performance lacks in one domain this could, despite good performance in other domains, threaten the public value of UTZ. It is therefore not only important which factors define the performance in each domain, but also to find out how the attention is divided between these three domains and the strengths and challenges for UTZ to create public value.

### **Operational capacity**

The management of the performance of UTZ is mainly focused on safeguarding and increasing UTZ's operational capacity. The quality of its services is defined as practical feasibility and cost-efficiency and is evaluated as customer satisfaction. In relation to these criteria the performance of UTZ is especially strong in relation to:

1. A digital marketplace: *UTZ's market share is expanding.*
2. The production of certified commodities: *the volume of certified commodities as well as the number of commodities is growing.*
3. The traceability software: *the software is of such quality that it can be sold to other certification initiatives.*

It is not surprising that the quality of these services is strongly developed taking into account UTZ's former mission. The previous mission was defined as creating a transparent market, which required the development of these services.

The focus on operational capacity creates to a certain extent also value in the other two domains. Controlling the sustainability of products and the cost-efficiency of its services supports UTZ's strategy of mainstreaming sustainable standards because these qualities are important to stakeholders with a market

orientation. The strong orientation on managing the operational capacity also creates value in the authorizing environment. A growing number of certified members and growing volumes of commodities traded as UTZ Certified, results in growing financial resources through these fees. The focus on practical feasibility also increases the importance of consultations with the affected stakeholders.

Although UTZ's performance is strong where its operational capacity is concerned, there are also some challenges to maintain the quality of UTZ's services. The management of the operational capacity of UTZ is challenged by the strong organizational growth. The growing number of employees has decreased the availability of experienced staff and has complicated internal coordination, while at the same time the growing number of members and volumes of certified commodities have increased the workload. The internal coordination has mostly been based on more informal coordination mechanisms, for which now alternatives are explored such as the automation of operational processes.

Another challenge is to value the performance of the other two domains more equally in comparison to the operational capacity. The pronounced focus on managing the operational capacity could be better divided between the different domains. There is a growing awareness within UTZ that a strong operational capacity does not automatically lead to strong relations with its authorizing environment and that the relation between strategy and mission is not given:

*“If there will not be a change in the current mode of thinking, then this is a kind of titanic. We are there for the farmers, to make their lives better. If you cannot make a cacao tree grow better, there's no value in expanding the market”* (respondent 13)

### ***Authorizing environment***

The pressure to manage the relations with its authorizing environment differently has increased since UTZ got past its start-up phase and is now perceived as a well-established certification program. During the start-up phase it was enough to have a clear and promising story to convince stakeholders of the value of UTZ. Now it is important for UTZ to develop a clear and more importantly a *credible* story. To deal with this new demand, the management of credibility has become a new corner stone of its relation with its authorizing environment in addition to managing UTZ's alignment with international norms of sustainable farming to foster political acceptance.

The relations with UTZ's affected stakeholders are managed through financial relations and consultations. The relations with UTZ's public stakeholders are also managed through these relations as well as through transparency and political acceptance. As mentioned earlier the relations with affected stakeholders, market orientated stakeholders are partly based on shared values of cost-efficiency & practical feasibility. However these market values are not enough. The public value of UTZ is just as important.

To develop credibility is a challenge for UTZ, because the relation between strategy and mission is very complex and the perception of what is credible differs among stakeholders. First of all it is difficult to make explicit statements about the relation between strategy and mission. The quality of farmers' lives is not only dependent on their relation with UTZ, but is as well influenced by many other factors, which are uncontrollable for UTZ (e.g. the weather). Also the mission is relative general and difficult to define: the interests of farmers of different social status, producing different commodities, around the world can be diverse. Second of all it also differs among stakeholders what is perceived as a credible story. Generally it is looked upon as more credible, if the value of UTZ is assessed by independent third parties, such as knowledge institutes. Also quantitative information and statistical validity are strong tools to build credibility. UTZ invested much to increase the capacity to manage its authorizing environment through credibility by establishing a new monitoring and evaluation department. This department is responsible for managing an M&E system that is in accordance with ISEAL Alliance's (2009) Code of good practice for assessing impacts of social and environmental standards

Another challenge to increase the credibility is to convince stakeholders that UTZ can balance the interests of farmers with the interests of market parties. Therefore, the credibility of UTZ's public value also requires procedures that guarantee that the interests of farmers are accounted for.

### *Mission*

The management of the mission is an issue of creating awareness of new staff members about the value of UTZ mission for UTZ's performance and to develop willingness and capacity to critically reflect on the relation between the specific tasks of the staff, the organizational goals, strategy and mission. Four of the thirteen respondents pointed out in their own words that the management of the mission is overshadowed by the efforts to manage the operational capacity and authorizing environment.

This imbalance does not mean that UTZ does not improve or achieve its mission. It only means that there is no new formal management system to improve the relation between tasks, goals, strategy and mission. The reasons that the informal system is not adequate anymore is the strong growth of UTZ's program and number of staff members over the last years. Before UTZ consisted of a team of about fifteen staff members, who worked on multiple tasks and could reflect and learn through an informal system. Now UTZ counts over one hundred staff members, who most work on specialized tasks.

To increase its public value UTZ needs to develop the capacity of organizational learning. To do this UTZ faces at least three challenges. The first challenge is that staff members need to be aware of the value of UTZ's mission and to be knowledgeable about how their work contributes to this mission. Another challenge is to create an open environment that enables staff members to experience and learn about the interests of farmers. The third challenge is to

develop a clear view on what can be improved and to critically reflect on UTZ's ability to achieve its mission.

In table 6 the main insights about how UTZ manages its performance are summarized.

**Table 6 Management of performance I**

Public value		Operational capacity		Authorizing environment	
Mission	Management	Services	Management	Relations	Management
Farmer's interests  Market strategy	Focus farmers' interests	Digital market  Certified commodity  Traceability system	Efficiency & Control	Financial relations  Consultations  Transparency  Political acceptance	International community & Credible story
<i>Main Challenge: Organizational learning</i>		<i>Main challenge: Internal Coordination</i>		<i>Main challenge: Credibility</i>	

To capture and understand the role of information first it was necessary to explore which informational resources are used at UTZ Certified's headquarter. This was challenging as the organizational structure is different from the informational structure. The different departments can use the same information to manage the performance of UTZ for either similar or different purposes. For example market development and monitoring and evaluation both use the sales data. The following categorization of the informational resources is based on analysis of the interviews and documents, seven categories have been identified:

1. Codes
2. Audit reports
3. Training material
4. The (digital) market
5. Customer relations
6. Policy evaluation
7. Expertise staff

Each the category is described in two parts, content and management. The management of the informational resources is related to the domains of performance: public value, operational capacity or legitimacy.

### Codes

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*"The code is the heart of UTZ"* (respondent 4).

#### **Content**

The documents with the requirements that define the quality standards of the certified products are the core of every certification system: these are referred to as codes (see e.g. UTZ Certified 2009). The producers or members have to comply with these quality standards which are a predefined list of control points. The code consists of a fixed number of control points. There are many (over one-hundred) control points which are divided into different categories. For example in the second draft of the new generic code, there are 132 control points to be found (UTZ Certified 2013).

The codes itself mirror just the surface of a bigger resource of information. To develop and revise the codes multiple resources of information are used. There is information that helps members to work with the codes and there is the information which sets forth the guidelines on how to participate in the revision of the codes. To this category also belongs the information collected during the code revision process.

#### **Management**

The management of the codes is divided between two tasks; the development or revision of the code and the management of the documents about the code. The information is used to manage the public value, operational capacity as well as

the authorizing environment. A staff member of the code revision team explained his experiences with managing the code revision process:

*“The main difficulty is the size, the magnitude. There is nothing you can do by yourself. You need a very large involvement. For every open project you have to take into consideration many different relevant stakeholders or individuals. It is very stimulating. Everybody will have their own opinion. It is good to do, but it is also very challenging. You will have to make sure that every step you make, you ‘triple quarto’ check it. That is for sure the most complex part, because you have deadlines. You don’t have forever.”* (Respondent 11)

The codes influence the **public value** or mission of UTZ, because the codes and code revision define how sustainability is *operationalized*. This does influence the impact of the code on the farmers and therefore offers the possibility to *improve* the program during the code revision. However the summaries of the feedback showed that the revision was mostly focused at increasing the practical feasibility of the code, instead of *reflecting* and *openly discussing* the relation between the control points and UTZ’s mission. During the research no access was attained to the discussions about the draft codes and feedback. Therefore it is not clear if the code revision is a platform to reflect, learn about and improve UTZ’s public value. It was however clear that the mission of UTZ is non-negotiable during the consultation, nor was UTZ policy framework.

The management of the code revision and the code contributes to the **operational capacity** by safeguarding the *efficiency* of the program. The code revision team needs to make sure the international norms are translated into *practically feasible* control points and codes. For instance the accepted norms can only be reflected in a limited number of control points in order to make trainings and audits not too complicated or time intensive. The codes also need safeguard the costs of the program to keep them *affordable* for producers. Producers need to be able to implement the code with the motivation that they will financially benefit from it. This means the code cannot set requirements which would require expensive investments. The codes need to be *accessible* to the affected stakeholders. The code requires a certain degree of time and knowledge to be implemented. To make the codes more accessible UTZ developed additional documents about the codes and the implementation procedures. There are currently over one-hundred documents that contain information in eleven different languages about the rules or standards of the codes for the following commodities; coffee, cocoa and tea ([www.utzcertified-trainingcenter.com](http://www.utzcertified-trainingcenter.com)). A final point is that the code needs to be *scalable* in order to be efficient. The control points need to be applicable on a global scale. A code which would be too specific would limit the possibility to mainstream the standards. A generic code is useful as a basic structure for different kinds of agricultural commodities. The development of a generic code enables UTZ to efficiently use its knowledge and structures to expand the certification program to new type of agricultural commodities.

The code revision strengthens the **authorizing environment** of UTZ by increasing the alignment with *internationally accepted norms* during the code

revision and the consultation procedure. UTZ aims to receive feedback from both affected as well as public stakeholders. The focus on internationally accepted norms is also reflected in the composition of the only accountable body of UTZ, the Standards Committee: which consists of thirty percent of affected stakeholders and for the rest of stakeholders that represent or are accepted by the international community. *Transparency* about the codes is used to strengthen the relation with the public stakeholders. The codes are public documents. They can be downloaded from the website accompanied with extra material such as guidelines or checklists. To be transparent about the code revision, information about the revision and development procedures are published which is a requirement for all ISEAL members. The summarized feedback can also be downloaded during the consultation procedure. ([www.UTZcertified-trainingcenter.com](http://www.UTZcertified-trainingcenter.com)).

The codes are important resources as well as outputs of UTZ. They are the heart of the program and are used to manage the performance of UTZ with regard to all three domains. It supports the creation of public value by fine-tuning the control points which has a direct effect on the farmers. The codes strengthen the operational capacity mostly by increasing the practical feasibility of the program, keeping the program affordable, accessible and scalable. The information related to the codes, contributes to the authorizing environment by aligning UTZ's strategy with internationally accepted norms and building transparency about the program and the code revision procedures.

## Audit reports

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### *Content*

The audit reports are summary reports handed in by certification bodies after the auditors have performed a check or audit at the farm to control the compliance with the code. The audit reports contain information to verify the audit and additional information for monitoring and evaluation purposes. The content of the audit reports is well structured in the form of a questionnaire with closed and some open questions. The summary report offers information about:

1. Type of member & activities: this includes certified volume, type of certificate holder (group or individual) and number of group members or farms.
2. Questionnaire: this includes a certified area, the number of permanent and seasonal workers, non-compliances found actions taken to ensure compliance, and several questions that have been added for Monitoring and evaluation purposes (topics such as GAPs, gender equality and worker welfare).
3. Score compliance: this shows the number of control points complied with, but not which control points.
4. Certificate settings: this includes the start and end date of the new certificate, the date of first UTZ Certified certification and other certification schemes the member is certified for.
5. Confirmation questions: this section contains three short questions (Internal documents 14 and 15)

The summary audit reports are collected through a predefined format. They are handed in by the lead auditor as a digital word document. The lead auditor is the auditor of the certification body which carries the responsibility for the final audit report. The annual number of audit reports equals the number of certified members.

### *Management*

The audit reports are mainly used to manage the operational capacity. The audit reports do not directly influence the **public value** of UTZ. It is also explored how the audit report could be used to evaluate the quality of the control point and the performance of UTZ in relation to their goals. The audit reports offer *qualitative information* about the non-compliances found which could offer insight in the experiences of the farmers and auditors and offer information about the practical feasibility of the control points.

The audit reports are used to manage **the operational capacity**. The audit reports are used to assure the quality of certified products. The audit reports increase the control because they diminish the information gap between the consumer and the producer. Assurance needs to deal with a set of specific challenges: the correct transfer of information from the audit to UTZ. For example the audit reports can contain mistakes, as the staff member of standards and certification explains:

*“It seems very obvious but apparently sometimes CB’s come up with different dates and different things and then they ask us to modify it. So there is a need to check. Sometimes either they don’t know how to use the reporting system or they don’t pay attention...”* (Respondent 4)

The audit reports are also used to manage the *efficiency* of UTZ. The information collected through the audit reports is partly *automated* and digitally uploaded in the Good Inside Portal (GIP). When the reports have been uploaded they are manually processed and approved and a selection of the relevant information is inserted in a database. This database is an excel file with the information of the member. Processing the number of summary reports is time consuming, especially since the number of members is increasing. Therefore UTZ is building a fully automated system for the audit reports.

The audit reports are also used to strengthen the relations with the **authorizing environment**. The reports could be used to report about the impact of the program and building *a credible story* about UTZ’s performance. Especially the *quantitative information* about the producers is used to evaluate the performance of UTZ. However the value of the information collected from the audit report is debated. Because, the audit reports are mainly used to control the producers and auditors are not trained to verify and collect data for evaluation, the reliability of the information is therefore difficult to assess. It has therefore recently been explored which data is and isn’t useful to make credible claims about UTZ’s impact.

The audit reports are not public. Who is certified, which is the result of a positive audit report, is public information and contributes to *UTZ's transparency*. The website of UTZ offers the possibility to see per region which producers are certified. UTZ developed the possibility for traders to install a function that enables consumers of a product to trace the origin of the coffee, cacao or tea. The audit reports can only be public or transparent to a certain degree because of the confidentiality of business data and because of the complexity. A staff member from standards and certification department working for the assurance project team explained that transparency is also an issue of matching the information with the level of knowledge of the public.

*“About the process not much is shared (...) A certification body checks if everything is ok. We then receive a report. We say, yes it is ok, or for that point of protected area's or forestry we are not convinced, so it's a no. These considerations are shared between staff members of the standards and certification department. So these considerations are invisible to outsiders. One only sees unity. You are in or out, certified or not. Even one doesn't know if a farmer is in the program longer or shorter and thus works on a higher or lower level. Although we know it internally and private parties know it, the public doesn't. Basically there are many things unknown about the certification procedure. If we would tell this all in detail, people would be very surprised, because it is very technical and complex.”*  
(Respondent 12)

The audit reports are a powerful informational resource, because they generate an information flow between different levels in the market chain. Audit reports are mostly used to manage the operational capacity of UTZ. By decreasing the information gap between producer and consumer and checking the compliance of the member. The automation of the processing of the audit reports aims at increasing the efficiency of the program. The audit reports are possibly also valuable to assess the impact and develop a credible story about UTZ's performance. The opportunity to use the reports structurally to assess the public value of UTZ is still to be developed.

## Training material

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### *Content*

There are many documents available as training material. Recently, efforts have been made to collect and categorize the available material, which was spread out over different departments. Both respondents from the department field development pointed out that it was an enormous task to categorize the training material, expressing:

*“There are really over four hundred documents and tools!”* (respondents 7 and 13)

The training material covers a wide range of topics. The material is categorized in seven different topics: general information about UTZ, improving production, improving management, standards and certification procedures, traceability and training methods and material that doesn't fit in these categories, because they

cover special topics such as climate change or occupational health (Internal document, Excel file of training material).

The content of the training material is difficult to summarize, as it covers a wide range of topics. It ranges from complex and technical stories to more simplified and general information. For example, the training material, which cover the general information, are simple messages about UTZ's strategy without complex details about the program, while the information of the training material categorized as improving production and management is about specific and more technical and complex topics related to good agricultural and management practices.

### **Management**

The training material is used to manage two domains of performance, the operational capacity and the authorizing environment.

The training material is not used to fine-tune or evaluate **public value** of UTZ. It is used to capture knowledge about the strategy and public value which is not evaluated or contested anymore.

The training material supports the management of the **operational capacity** of UTZ by increasing the *control* and supporting the *scalability* of the program. The material supports the implementation by explaining certification bodies through extensive e-learning courses how to work with UTZ. The training material also offers information and training material to local trainers about the UTZ code. As such the training material is used to steer and support trainers as well as auditors in their discretionary space, which is the room they have to make decisions on how to implement the UTZ code. Because the code is generic and needs to be adapted to the specific context, the implementing stakeholders have an extensive degree of freedom and discretionary space.

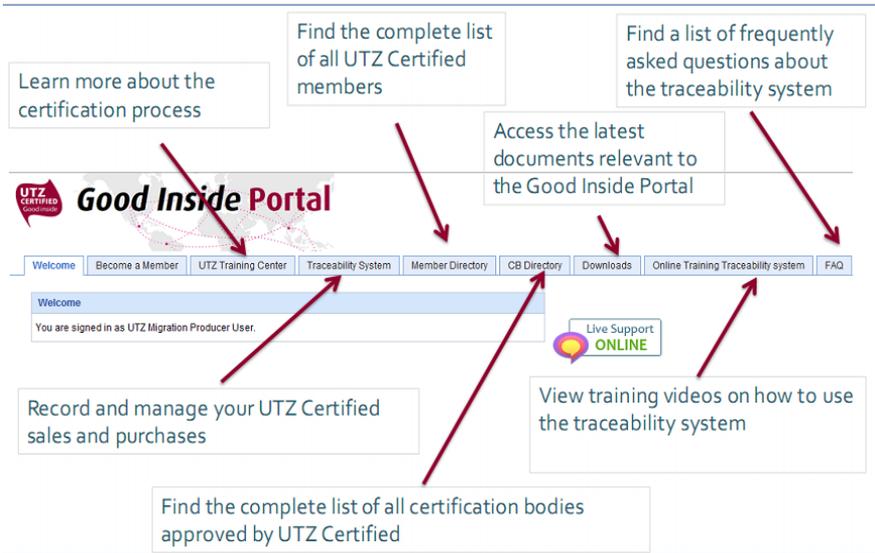
The training material is also a valuable resource for the management of the relations with **the authorizing environment**. The training material is used to tailor *a credible story* to the knowledge and time of specific stakeholders. The general public; such as consumers or businesses with no prior knowledge are offered material that helps them to understand the basic principles of UTZ and voluntary certification, while affected stakeholders with a higher level of knowledge are offered more technical and complex information. For example the material that is used for the general public explains UTZ's certification program in a simple one minute video and the training material is available in different languages. The training material is disclosed in many different formats to increase UTZ's *transparency*. In order to reveal the information it is important to offer a clear structure to search and find relevant material. As the manager of the field development department explained:

*“It's just very important to create some structure in the bulk of information and to classify them. So we can disclose the information in a useful way”* (respondent 7.)

There is the general website where the videos and explanation of the program can be found. This website links to another page where more training material such as a checklist to assess compliance with the codes can be downloaded in multiple languages. The member portal which requires a password offers information related to the specific interests of the member; e.g. auditors get access to the e-courses through this portal.

The training material is very important to manage the independent auditors and trainers who implement the UTZ program. It offers the opportunity to create as well as to control the discretionary space to fine-tune the program to the local context. The training material is also used to strengthen the relations with UTZ's authorizing environment by supporting stakeholders with different degrees of knowledge and time by offering stories with different levels of complexity and detail.

The (digital) market



**Picture 2 Good Inside Portal (GIP)**  
(Internal document 7)

**Content**

The good inside portal is the digital area where members sell and buy certified products. The GIP is also the digital system used to trace the products. The good inside portal is first of all an online marketplace of certified products and second of all, it traces the products from the moment of production to the moment they are sold for consumption up to the point when members can promote their wish to sell or buy a specific product. Members need to provide information; name, license, type of traceability program, stock of the certified commodity, and trading activities. They can manage their profile by updating information about their license, transaction history, their stock and trading activities (Internal document 16). In order to support the members, the good inside portal contains

also information about the certification procedure, offers training material, new downloads and contains a section with frequently asked questions.

The second type of information in the GIP is the information about the origin of the certified commodity, which is referred to as traceability information. In order to trace a product along the supply chain different strategies can be chosen by the members, these are restricted by the possibilities of the market structure of a specific commodity. The strictest form of tracing a product is when it is possible to trace the farm from where the certified commodity originates; this is called 'identity preserved'. Then there is the opportunity to trace the product while the product is mixed with uncertified products, this is called mixed identity preserved. And finally there is the possibility to not trace the product but only the license to sell a specific amount of certified commodity which is called 'mass balance'. Each system has influence on the claim that a retailer can make about its products to consumers (internal document, Introduction course traceability). The UTZ's label differs in small details to distinguish different claims, for example when different traceability systems are used or when different percentages of the commodity are certified.

### **Management**

The GIP is central to UTZ's certification program. The information used to build a digital marketplace and to trace the quality of the commodity is crucial for the operational capacity of UTZ and used as an input to strengthen the legitimacy of the program.

The digital market place and the traceability of UTZ's product are used only indirectly to learn and reflect on the **public value**. When members or departments face problems, the traceability department can assess if it is necessary to improve the (GIP) functions. Learning then is something that happens *incrementally* by tracing bugs and improving the system. However this does not automatically lead to reflecting on the relations between UTZ's strategy and mission.

The information of the digital marketplace is used to manage the **operational capacity** of UTZ. First of all it offers information to manage the supply and demand strategies of Field and Market Development efficiently. Both departments need to know how much new demand and supply they should create. This is important for the *practical feasibility* of the program. Too much supply and demand could make the costs for either sellers or buyers unequal. The management of a digital market also enables the accessibility of a market for quality products for producers in development countries. The *automated process* of this digital environment helps to develop *cost-efficiency*, as it requires less work and makes it easier for businesses to find other business partners.

The digital market is also important to manage the operational capacity of UTZ through increasing the *control* over information. Traceability diminishes the information gap between producers in the beginning of the market chain and businesses or consumers at the end of the market chain. For example the

traceability system is useful to make sure that the members do not sell more products as certified than they are allowed to. The digital system also makes it *practically feasible* to develop a global certification program, as it enables the tracing of otherwise invisible quality claims. And finally the information of the digital market place contributes to the *scalability* of the certification program. The combination of different traceability systems in GIP makes it possible to use the system for different market structures and thus different commodities. Not only brings the traceability system a competitive advantage because it enables the expansion of the certification program, it is also is valuable as a *product* or service.

The data in the GIP such as ‘sales and supply’ is analysed and used as an important resource to build a *credible story*. The information about sales and supply is an important resource to evaluate the performance of UTZ. Because supply and demand data is *quantitative data* it is useful to proof and convince stakeholders about the high output of the program. The information is often used in presentations *tailored* to the *norms* and *believes* of possible new members.

The information about the market place of UTZ is not public. The marketplace is a place where partners need to be able to bargain a deal, which requires a certain degree of confidentiality. This information however is accessible to UTZ’s staff that uses the information for the annual reports.

The digital market place is used in the first place to manage the operational capacity of UTZ. The information makes it practically feasible to manage a global marketplace and the balance between supply and demand. The traceability system makes it practically feasible to manage a separate market for products with otherwise invisible qualities and the efficiency and scalability of the traceability software is so valuable that it turns out as a valuable product in itself. Data about supply and demand is also analysed and used as information to build a credible story and as input for the annual report, to strengthen UTZ’s transparency.

### Customer relation

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Much time is invested in managing customer relations as the head of department of member support explains:

*“So I come in as a new member: Hey! I like ‘UTZ... you got me, I want to be with you guys so what now?’ And that’s where we start. So then we take care of the company itself, once they decided to register. And once they decided to be certified and receive a license. We really take them by hand and we try to make them comfortable working with us”* (respondent 1)

## **Content**

Information about customer relations is closely related to the digital market. This is information to attract and support new members. To target new members market information about important 'players' and market developments are collected and used. To attract new members, information is collected to build stories about the value of the UTZ program. And finally to support new members, information such as contact information, communications histories and frequently asked questions are used to build customer friendly support systems.

## **Management**

The information related to customer relations is used to manage the public value, the operational capacity and to strengthen the relations with UTZ's authorizing environment.

To increase UTZ's **public value** information about customer relations is used. UTZ's most clear goals where customer relations are concerned are the targets of mainstreaming UTZ's standards and the goals to reach a specific market share of the certified products. UTZ therefore is focused on its strategy on committing new brands that can buy and sell substantive amounts of certified products. For these reasons UTZ collects and uses information to monitor developments in the market of the commodities such as market research or analyzed data from the GIP system. The management of public value is limited to develop a good strategy to target new members and less on the relation between the strategy and the interest of farmers.

Customer relations are important for the **operational capacity** of UTZ to support stakeholders how to use the digital marketplace to increase *customer satisfaction*.

*"In general when you get to know the clients it works, which means no complaints. And to be honest, now I never hear screaming and shouting. When I joined there was really a lot of screaming because people did not know how to use the GIP portal. Now it is much better. (...) Now there is less tension and it is a more normal relationship."* (Respondent 1)

Information about the program is used to make the certification program more *accessible*. Member support helps members to work and understand the procedures and technical aspects of the program which needs to be tailored to the *cultural preferences* of members according to the manager of the member support department:

*"In the United States you need to explain several times...and they want to know again and again. Because if they make a mistake they are always afraid they might be sued. The Germans are 'super' prepared they are absolutely on top of everything. So you better be prepared and sharp too...and also answer quickly....The French you need to go and talk to them. They need to go and visit you. There is between countries a different knowledge on sustainability as well. So Germany and the Netherlands are highly developed. But other countries..."* (Respondent 1)

Customer relations do not only influence the operational capacity by increasing the accessibility of the program, customer relations also are used to *control* the correct use of the label. Each package a member wants to label as UTZ Certified need to be approved by member support.

The current system to manage UTZ operational capacity through customer relations is challenged by the organizational growth and because the information management is spread over multiple departments. A customer relations management system is developed to increase the *cooperation* and coordination between departments. UTZ aims at building a customer relation system, which follows the 'life cycle' of the member: from the first contact with a new member to the last. And an *automated* label approval system is developed for member support in which the approval is integrated in the GIP system.

Customer relation information strengthens the relations with UTZ's **authorizing environment**, mostly the affected stakeholders. UTZ uses *tailored* presentations or *stories* to *proof* and *convince* new members about the value of the UTZ program. What is perceived as proof and a credible story depends upon the norms and believes of the type of member and even more specifically the contact person, it depends on the *believe system* of the stakeholder. The executive manager explained:

*“So, we for example don't use standard presentations. It is important to really reflect on who do I visit; in which phase they are and what do I need for that. With whom specifically do I talk in that company? If I talk to a purchasing agent is that different from my talk with a marketer (...) Good quotes are useful, it is however dependent on who is the source, which determines the quality of the quote. Quotes from peers are very useful”* (Respondent 9)

Customer relations are public in the sense that UTZ discloses who their partners are. This information is simple: member/no member. This does not offer direct insight in the strategy of UTZ to commit members to UTZ's certification program; neither does it explain the specific type and degree of commitment of a member. Again transparency about private business is limited due to the confidentiality of market information in a competitive environment.

Customer related information is used to mainly manage the operational capacity of UTZ. A good customer relation system is important to support members to make it easier for new members to work with UTZ and meet their cultural preferences and support members with and control their labelling policy. To improve the operational capacity it is explored how the labelling approval can be automated and which system can be used to increase the cooperation between departments and store the customer information more efficiently. The information about customer relations is also used to tailor the story about UTZ to strengthen the relations with its authorizing environment and target new members

### **Content**

The information that is related to policy evaluation is organized in a system that distinguishes between outputs, outcomes and impacts. Outputs are concrete observable results, such as the number of members or supply and demand, market share etc. Outcomes are observable results or experiences related to the impacts, while the impact is the degree to which UTZ achieves its mission. The collection and management of this information is the responsibility of the monitoring and evaluation staff. The information is collected to reflect on, learn about and proof the value of UTZ's policy framework using a theory of change; this is a flowchart which visualizes the relation between outputs, outcomes and impacts (please see the infographic (2014) at [www.utzcertified.org](http://www.utzcertified.org))

### **Management**

Policy evaluation is used to strengthen the public value of UTZ and to strengthen the relations with UTZ's authorizing environment.

Although one might assume that policy evaluation is mostly used to increase UTZ's **public value**, by learning about new possibilities to improve UTZ's strategy or sharpen the mission of UTZ, the information collected for policy evaluation is not tailored to this purpose. The respondents that work for the department's field development and monitoring and evaluation emphasized the importance to *evaluate the relations* between goals, strategy and the policy framework to sharpen or *reflect on* the relation between the mission, strategy and goals of UTZ. However the current focus on building a story for UTZ's stakeholders requires different type of information. Proving requires independent long term research about the impact of UTZ, while learning requires *the involvement of UTZ staff* and information that can be collected in a relative *short feedback loop*. Impact studies for example may take up to three years. While the findings are credible, the information can be outdated and 'old news' for UTZ's staff.

The policy information is rather special, because it is the only informational resource that has no direct value for the **operational capacity** of UTZ.

The information collected for policy evaluation is used to manage the relations with the **authorizing environment**. Information about outputs, outcomes and impacts are used mostly to develop the *credibility* of 'UTZ'.

*"The proving part has priority within UTZ, as was referred to at this Monday morning café. Ten years ago we were new and everybody believed us on our word. However after ten years, time has come to proof ourselves and show that the production is indeed more sustainable and that there is no cheating. That we can guarantee that sustainable coffee and cocoa really improves the lives of farmers"*  
(Respondent 3)

In order to make the information about policy evaluation valuable to *proof* the impact of the program, it is important that the information is perceived as

objective and unbiased by the specific stakeholder. In relation to the general public UTZ achieves *independence* by commissioning research. It is however very challenging to increase the credibility of UTZ's mission and strategy based on this research, as the mission or desired impacts are part of complex social, economic and environmental systems. Therefore in addition to impact studies information about market outputs are often used as easier and more comprehensible indicators of performance.

In support of transparency, impact studies commissioned by UTZ are publicly disclosed as information to back up the annual report. The commissioned research is published on the UTZ website with an accompanying statement. Also reactions to external research not commissioned by UTZ are published on the website.

Policy evaluation is mostly used to strengthen the relations with UTZ authorizing environment which requires a different use of information than strengthening the public value. UTZ aims to collect information about the impact of UTZ as well as the output of UTZ. In order to proof the impact of UTZ the information needs to be from independent institutions, who generally take a longer time to evaluate the complex social and environmental impacts. The information should be used differently for the purpose of increasing UTZ's public value. To increase UTZ's public value the use of information should be more focused on learning about the relations between goals, strategy and mission. This requires involvement from the departments and staff and a shorter feedback loop between evaluation and the presentation of the findings.

## Expertise staff

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### *Content*

The last informational resource presented in this overview is the expertise of the staff of UTZ certified. The expertise relates to the information based on the knowledge of each staff member which is or cannot be categorized or disclosed through standardized systems. Experience or knowledge of the staff can be collected in or outside of UTZ: as education, cultural knowledge etcetera. The knowledge of the staff is very diverse and of a high level. The majority of the staff enjoyed some form of higher education, speaks multiple languages and have collected work experiences prior to UTZ. The number of staff within UTZ is expanding together with the program. Currently the employees that experienced the start-up years of UTZ are outnumbered by new employees. As the manager of the human resource department explained:

*“Most people are new: I think there are about sixty new people and ten old. Now the older staff members work in different functions, and therefore are kind of new in that function as well. And yes, I am new also”.* (respondent 8)

### *Management*

The expertise of the staff is important for the performance of UTZ. Interestingly the experiences and expertise of the staff seem most important to strengthen the public value of UTZ. The staff can reflect on and fine-tune UTZ's strategy and

mission. Also the expertise of the staff is important in relation to the legitimacy and operational capacity of UTZ and therefore a key resource to manage the overall performance of UTZ.

Staff members continuously receive information about the program. Therefore they learn continuously about the strengths and weaknesses of UTZ's **public value**: they *incrementally learn* about what works and what doesn't. However there are limitations to learn and reflect on the program on an *organizational level* and influence new strategies. Staff members work on specific tasks which makes it more difficult to keep in mind the overall mission. New staff members are constricted to their department and tasks, which makes it difficult to understand the work of staff members especially those working at other departments. UTZ still needs to develop a system to manage the *experience* of staff members. Currently there are structurally four different opportunities to share experiences at an organizational level; e-mail, a weekly gathering of the staff members at the 'Monday morning cafés', occasional presentation from departments to present issues to other departments and informal meetings between staff members. Interestingly the respondents experienced the possibility to reflect and discuss the value of the mission and strategy differently. One of the respondents with many years of experience in other organizations, who started six months ago, stated:

*"We have a mission to offer farmers a better future. How do we actually do that? We came up with a strategy, but how does that work? Monitor that and feed this to the people that work here! I think a Monday morning café is nice to attend. It however doesn't tell me if we achieve our mission and strategic goals. I would like to hear that: are we doing well enough?"* (Respondent 12)

Another respondent stated that he experienced UTZ as having an open attitude towards learning:

*"I think we learn when people talk to each other, which I often experience, because our culture is very open. If I bring up new questions, people are generally open to them. I think the culture of UTZ is very helpful to start meaningful conversations. Openness, transparency, not judging people when they make mistakes, curiosity and having an attitude that says it can always be better."* (Respondent 3)

In relation to learning five respondents emphasized that fieldtrips to producers and farmers had been important for them to become *aware* of the value of UTZ's mission. Listening to the experiences of others was also mentioned as very valuable learning experiences by the respondents.

Finally the expertise of staff members is crucial for the **operational capacity** of UTZ. The efficiency of the program is realized by the relative independence of staff members to make decisions. This is important since the hierarchical structure is limited. The managers of the departments officially meet once in two weeks, just as the executive team. While the supervisory board meets three times a year. Since the growth of the organization the operational capacity is

challenged by the problems to *coordinate* the work of the staff and departments. This is partly because it is very difficult to share the expertise and activities of the staff. The weekly meetings of all staff members are helpful tools to share information but not sufficient according to the respondents. In order to improve the management of information produced by the expertise and experience of the staff new possibilities for information management are explored, while writing this report an intranet system has been developed and launched.

The experience and knowledge of UTZ's staff members are used to manage the **authorizing environment**. The experience and knowledge offers information, useful to *tailor* and develop relationships with UTZ's stakeholders. UTZ's staff members are responsible for creating and maintaining good and personal contacts with stakeholders. They go to conferences, build partnerships and use their experience to construct stories that are perceived as credible by specific stakeholders.

The expertise of the staff is crucial to manage the public value of UTZ. The high level of expertise and independence of UTZ's staff enables improving the program step by step. The knowledge and expertise is very useful to build and maintain a network with its stakeholders and tailor the story of UTZ to the norms and beliefs of specific contact persons. The expertise of the staff contributes as well to UTZ's operational capacity. The high level of expertise creates a professional organization in which the staff can work independently to make decisions efficiently. However since the organizational growth challenges the informal coordination system new ways to disclose experience and information need to be explored.

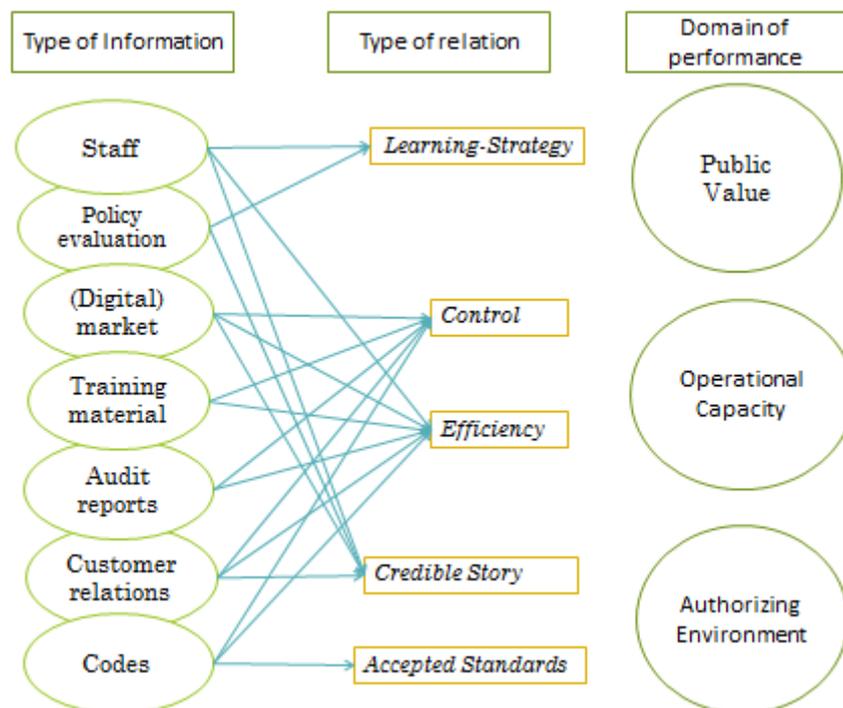
Now all the informational resources are described and it is explained to which domains of performance they relate. To conclude this chapter the findings will be summarized to answer the second sub-question.

## Conclusion: Information

The second goal of ‘taking a look inside’ UTZ finds its expression in the second sub-question of this research: ‘Which informational resources are used to manage the performance of UTZ Certified?’

The informational resources and relations were divided in seven categories; codes, audit reports, training material, the (digital) market, customer relations and expertise staff. The model shows the seven informational resources used to manage the performance of UTZ. This figure offers insight in the division between informational resources and the management domains.

The informational resources are used to manage the ability of learning and fine-tune UTZ’s strategy in order to increase its public value. They are also apt to manage UTZ’s control over and efficiency of its services to build operational capacity as well as to increase the international acceptance of UTZ’s standards and to develop a credible story to strengthen the relations with its authorizing environment. All informational resources except for policy evaluation are used to manage the operational capacity of UTZ, just as all resources in some way serve to reach out to its stakeholders except for the audit reports. Only a limited number of resources are specifically focused on creating a learning environment about UTZ’s mission and to fine-tune the strategy.



**Figure 6 Informational resources and management**

To conclude which informational resources are used to manage UTZ’s performance, figure 6 summarizes which informational resources are most useful for the different management criteria in each domain.

### **Operational capacity**

The capacity to use information to manage the efficiency and control of UTZ have been highly developed, which results in a strong operational capacity. Operational capacity is challenged by the recent organizational growth, which requires a new system to increase especially interdepartmental coordination of information management. The management criteria of this domain have been defined as control and efficiency. Information is used more specifically to increase practical feasibility, accessibility, scalability, customer satisfaction and cost-efficiency of UTZ's operational process.

To increase control UTZ uses the codes or control points and the labelling approval to check the compliance of the stakeholders. Audit reports and the traceability system are used to diminish the information gap between UTZ and its members and between producers and other supply chain actors and consumers. Another way UTZ creates control is by using training material to manage the discretionary space of the stakeholders and implementers (trainers and auditors).

The efficiency of the program is managed through making the program practically feasible, accessible (language, knowledge and geographically) and scalable with different sources of information. The codes make sure that normative standards are translated into practical control points that are feasible. The information about supply and demand, which is derived from the (digital) market, allows stakeholders to sell or buy certified commodities. Accessibility is guaranteed by using information, such as training material to lower language barriers as well as knowledge and geographical barriers. Information helps to make the program scalable. The codes are for example formulated in such a way that they are generic and operational procedures are automated. Finally to increase the efficiency of the program UTZ works with staff that can work independently and take responsibility for specialized tasks.

*In order to be able to use information for these specific management criteria, the informational resources need to have specific characteristics: They need to generate structured information flows (audit reports & digital market), to be systemized (training material, customer relations) and automated (digital market).*

### **Authorizing environment**

As a reaction to the increased pressure of UTZ's authorizing environment, UTZ needs to develop a strategy to proof its public value. The management criteria for this domain are defined as developing a credible story and aligning UTZ with internationally accepted standards. The informational resources used to develop a credible story focus in specific on tailored communication with regard to the available time and knowledge of the stakeholder of his or her norms and belief system.

In order to build and manage a credible story multiple informational resources are used. First of all a story needs to be constructed about UTZ's mission. To build a story the policy evaluation framework or theory of change delivers the

basis to construct a story. For the financial relations the story of UTZ's public value and strategy is tailored to the level of knowledge and belief system of specific stakeholders by using the expertise of UTZ's staff who can employ the training material to tailor their story and presentations as well as the communication channels of customer relations. The story of UTZ is made as accessible as possible for public stakeholders, which requires a story that is short, simple and attractive. To make the story credible, the policy framework is used to identify observable and measurable indicators of the mission, which is easier for market development than for public value. The audit reports and traceability system are resources to collect data about the indicators of UTZ's market position. To establish credible statements about the more disputed indicators of performance, UTZ invests and uses data of independent researchers and offers transparency about certified farms to motivate public stakeholders to trust UTZ's claims.

*Credibility requires information that is mostly quantitative (policy evaluation, supply and demand) and independent (third party policy evaluation). To make stories accessible and tailored to the norm and belief system of stakeholders different communication systems are needed (customer relations, expertise staff). UTZ perceives transparency mostly as a form of communication between UTZ and 'the public', which also requires the construction of a credible story (annual report).*

### **Public value**

The management UTZ's public value should improve the relation between mission, strategy and goal. Especially the relation between strategy and mission is difficult to evaluate and an important challenge for UTZ to create and safeguard its public value. The management to improve the relation between goals, strategy and mission is focused on specific criteria such as awareness, critical reflection, open discussions and learning.

The use of informational resources for internal learning is not as developed as for the operational capacity and the authorizing environment. Policy evaluation is expected to be used to evaluate UTZ's public value and to increase organizational learning. In UTZ however policy evaluation data are mostly used for the authorizing environment, which requires a different type of policy evaluation. The information collected for customer relation strategies and the expertise of UTZ's staff is mostly used to learn about the value of the mission and the strengths and weaknesses of UTZ's strategy and effectiveness of UTZ's goals. What is important for learning is the focus on relations, awareness about the situation and experience of farmers or stakeholders as well as implicit information which can only be transferred through learning by doing or face to face and through social interactions.

*The informational resources require different characteristics for managing public value, such as implicit knowledge and experiences (expertise staff), involvement and short feedback loops (expertise staff) capturing the contextual mechanisms and relations between goals, strategy and mission (qualitative policy evaluation) and participative information to define and relate to the interest of the farmers.*

In table 7, the table of chapter 4 is complemented with more detailed management criteria and a column showing which type of information should be used to manage the different domains of performance. The table does not show the balance between the different domains but instead emphasizes the different management criteria and the characteristics of the informational resources that would fit the management requirements of the three domains of public value. This table will be the basis for the final part, where it is concluded how information is used to manage the performance of UTZ Certified's certification program.

**Table 7 Management of performance II**

Public value			Operational capacity			Authorizing environment		
Mission	Management	Information	Services	Management	Information	Relations	Management	Information
Farmers' interests Market strategy	Learning Focus beneficiaries' interests Critical perspective open discussion	Contextual Participative Short feedback loop Staff involvement Experience	Digital market Certified commodity Traceability system	Efficiency & Control Practical Feasibility Affordable Accessible Scalable Customer satisfaction	Automated Control information flows Systemized	Financial relations Consultations Transparency Political acceptance	International community Credible story	Tailored Communication Proving Quantitative Independent
<i>Main challenge: Organizational learning</i>			<i>Main Challenge: Interdepartmental Cooperation</i>			<i>Main challenge: Credibility</i>		

## Chapter 6 Good Inside & Insights

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After this ‘Good look inside UTZ’ to understand how information is used to manage the performance of certification, it is possible to take a more distanced view and answer the main question to conclude this research and reflect on the general insights this case study can offer to UTZ and more in general on the relation between information and the performance of voluntary certification as a self-regulatory governance initiative.

### Conclusion : good inside

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This research aims at understanding: *How information is used to manage the performance of UTZ Certified’s certification program.*

Having defined what needs to be managed to create public value, how this is managed and having explored which informational resources are used for this, a model of three different usages of information for the management of the performance of UTZ Certified has crystallized.

Each domain of Moore’s (1995) strategic triangle which managers need to balance to create public value are characterized by different types of management criteria which require different sorts of information, see table 7. The differences of management and information requirements can be explained by three organizational environments. They are different because they relate to different social systems with specific boundaries and characteristic of social relations (for a detailed review on information and social systems or complexity theory please see e.g Daft & Lengel, 1986; Martens & Weelden, 2013; McElroy, 2000). These environments define how information is used to manage performance.

The domain of **public value** requires information and management which can relate to a **‘learning environment’**. The boundaries of this environment for UTZ are demarcated by the beneficiaries’ interest (the farmers) and sustainability. Both the boundaries of what influences the farmers interests as well as sustainability are open and dynamic. Not only UTZ, but many more (unknown) factors influence the social system centred on the interest of the farmer and sustainability. What is in the interest of farmers and what is sustainable might be defined differently by farmers and other stakeholders. And what influences both concepts might be largely unpredictable or unknown. To deal with this complexity and create public value the management of performance in this domain should be focused on organizational learning to create the capacity to adapt and innovate. As the respondents pointed out this learning requires an open and critical debate about the relations and mechanism between operational tasks, goals, strategy and mission and it requires an awareness and understanding of the beneficiary’s and stakeholders’ perspective on the value of the program. This demands information that is contextual, based on the involvement of the staff, with a short time and feedback loop and that can capture experiences and creativity and is possibly more participatory, which means that the information is constructed from different perspectives including those of the beneficiaries.

UTZ main challenge is to use information for the purpose of organizational learning. The organizational growth has limited UTZ capacity of organizational learning based on informal relations and a limited number of staff members. Developing a strong awareness and understanding about what are the interests of farmers and sharing experiences to learn on an organizational level require different information and communication mechanisms.

The domain of **operational capacity** requires information which can relate to the management criteria of a '**mechanical environment**'. This environment differs strongly from the first environment because the boundaries are defined and controlled by UTZ. UTZ can define who is involved under which preconditions and define clear rules about the relations between the organization and the involved stakeholders. The management is focused on building a well-coordinated system to increase control and efficiency by making the certification program accessible, feasible and scalable and the management diminishes the information gap in the supply chain and establishes rules. This calls for information that can be automated, controlled and systemized.

The current challenges in this domain are to increase the interdepartmental coordination by making the information streams more accessible and make the processing of information more efficient. To do this UTZ is categorizing its information, such as the training material, new software, such as intranet and information management systems such as a customer relation management system.

The management of the **authorizing environment** demands information and management that can relate to a '**political environment**'. The boundaries of this environment are not controlled by UTZ, but can still be known. The authorizing environment can be mapped just as the norms and believe system of influential stakeholders. UTZ's authorizing environment is defined by the consensus in the international community on what is in the interest of the farmers and what is sustainable. The legitimacy is determined by the consensus on how policies should be evaluated. This environment requires a management framework which fosters the capacity to identify the authorizing environment and the specific norms and beliefs that define what is perceived as credible and what is public value and maybe even more to influence what is perceived as a credible story. The credibility of the story is not only dependent on the international community, but also in specific on the norms and beliefs of stakeholders. The management of the authorizing environment therefore needs to take into account the available time, knowledge, preferred communication medium, language and belief system of UTZ's stakeholders. The information used to construct a credible story therefore should enable tailored communication to be convincing, which is achieved mainly by proving the public value of UTZ with for example independent quantitative information.

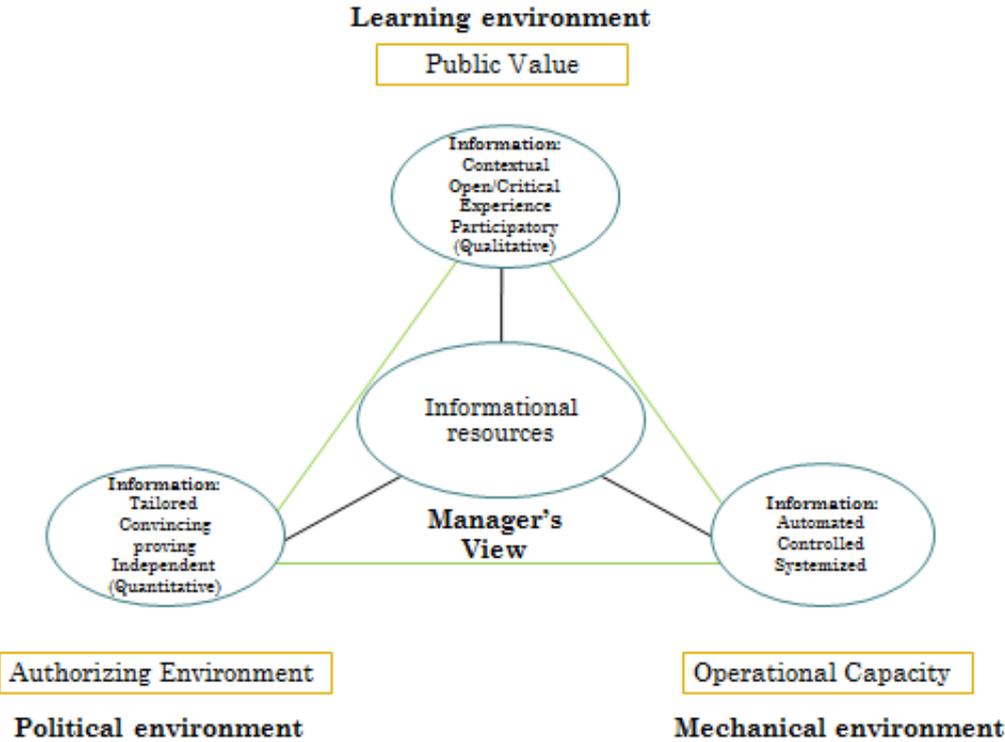
The challenge in this domain is to define and increase the credibility of UTZ in relation to specific stakeholders. The past years much was invested in building up monitoring and evaluation capacity for the purpose of increasing UTZ

credibility. The challenge in specific is to develop a system or strategies to tailor UTZ credibility to the specific norms and believes of different stakeholders.

The use of information to manage the performance of UTZ Certified requires a balance between using information for learning, mechanical and strategic or political purposes. Currently the focus is on using information for the latter two. This balance is in line with the findings that the management of UTZ’s is focused on creating operational capacity and maintaining its good relations with its authorizing environment.

To conclude, creating public value is supported when information is used for organizational **learning**. Creating operational capacity will benefit from information that is used to reduce complexity and create a systematic **mechanical** environment, like a clock work where everything is perfectly coordinated. The strength of the relations in the authorizing environment will increase when information is used more strategically or **politically**. The main conclusion of this research is that information should be used in three distinctive ways to manage the performance of UTZ depending on the different organizational environments, which vary in relation to their boundaries and complexity. The findings, summarized in figure 7, about how information should be used offer practical and theoretical insights which are discussed in the last section of this research report.

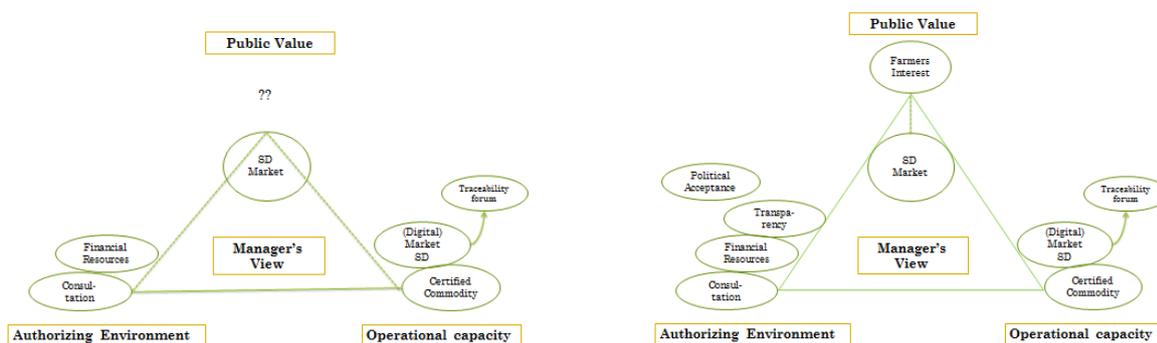
**Figure 7 Creating public value: Information management**



## Discussion: good insights

What should now be discussed over a cup of tea or coffee? The findings of this report questioning ‘how information is used to manage the performance of UTZ Certified’ offer practical insights into UTZ’s management as well as an input to more theoretical discussions which are definitely worth a coffee break.

It is crucial for UTZ or any other private certification initiative, to keep the three domains in balance to each other. The specific risk is that it is difficult to attribute a good performance to either creating private or public value or both. If the balance is lost, there will be the immense risk of creating meaningless labels which is already known as ‘*green washing*’.



**Figure 8 Managing public and private value**

Please take a look at figure 8, above. There are two triangles, a smaller one between operational capacity, authorizing environment and strategy and a bigger one between operational capacity, authorizing environment and mission. In the smaller triangle the management of UTZ’s private value is visualized: Operational capacity will bring financial support through fees and contribute to its strategy of mainstreaming their standards by increasing market shares. As UTZ’s strategy to achieve its mission is mainly focused on mainstreaming certification, there is a special risk that increasing market shares, good services and high revenues through fees could be mistaken for indicators of achieving their mission. Therefore UTZ needs to pay special attention towards managing the relation between their strategy and mission. This report explains the necessity of different information management systems for each domain of performance and concluded that information for managing public value is needed most. The management criteria in relation to public value offer the basis for the following suggestions:

- *Publishing an internal magazine containing stories of staff members about their work experiences, trips and insights. These stories can be summarized in a special bi-annual edition reflecting on common or especially important experiences in relation to the mission of UTZ.*

- *Increasing the awareness of new employees about the value of UTZ's mission by letting new staff members explore, discover (e.g. field trips, experiencing the work of different departments, interviews with stakeholders) and finally present to other staff members how they define and value UTZ's mission. This would offer the opportunity of developing a fresh perspective on UTZ's public value.*
- *Setting up a participatory evaluation project in which farmers can tell their stories through video and pictures. This can increase the awareness among farmers as well as among UTZ's staff and management concerning the value of certification.*

The findings of this report can also be of value to other **voluntary certification** initiatives. The model of public value reveals the mechanism of voluntary certification which could lead to creating labels that do not contribute to significant changes on the ground. Creating public value through market mechanism can create policies in which the lack of public value is not identified and corrected. This risk increases when the market strategy is used as an indicator of performance, or for instance when voluntary certification initiatives can be sustained solely on private funds. In order to manage the performance of voluntary certification initiatives effectively Moore's (1995) model of creating public value offers a useful guide to focus on the different domains of performance.

Integrating information into Moore's model offers a good structure to communicate and distinguish the importance of different usages of information for all voluntary certification initiatives. The required information management system in the different domains of performance is however dependent on the complexity of the organizational environment in these domains. The final model integrating information in Moore's model is therefore not expected to be relevant for all VCIs. For example a voluntary certification initiative focused on reducing the Carbon dioxide (CO<sub>2</sub>) has in comparison to UTZ's public value, a much more focused mission and would require different sorts of information in the domain of public value. The relevance of the findings of this research for other VCIs is dependent on the similarity between the environments of each domain of performance.

The final model, see figure seven, should be applicable to organizations that have similar organizational environments. As explained earlier, comparable VCIs to UTZ Certified are Fairtrade as well as Rainforest Alliance. They to a great extent strive to achieve the same sustainable public value for comparable products and operate in the same regions. This means that the composition of stakeholders and the sort of issues in each domain of performance are expected to be most similar to UTZ Certified. To validate the findings of this research (summarized in model 7) and check to what degree these findings could be generalizable, it would be very interesting for future research to verify the model by comparing how information is (and should) be used at Fairtrade and Rainforest Alliance in addition to UTZ Certified.

The insights about how information is used to manage the performance of UTZ offer an input to the theoretical discussion between **scholars of public administration** about two concepts related to governance: transparency and informational governance.

This research unexpectedly offers a new perspective on the purpose and criteria useful for *transparency* (a timely, reliable and comprehensible access to information) in relation to different environments. Defining transparency not only in relation to the authorizing environment to increase legitimacy (Fuchs et al., 2009) is enlightening because it makes it clear that transparency can require different sorts of information in specific environments.

Transparency can be used in an environment where information is 'objective'. This is an environment where the norms and beliefs of stakeholders do not matter. Transparency in this case is an operational output which diminishes the information gap between stakeholders and increases control in an operational environment.

In a complex environment where the dominant norms and beliefs of stakeholders are defined through political acceptance, transparency is a political tool. In this politically defined environment it does not suffice to offer information, but it is also important to explain by whom and how the information is produced. In this domain transparency concerning information which is presented as independent and neutral is a political instrument and not an operational output.

In an even more complex environment where it is important to learn about different norms and beliefs, transparency should serve the purpose of learning. Transparency should support stakeholders to define and possibly adjust their position. This requires producing and presenting information under consideration of the different perspectives of stakeholders.

Defining the different purposes of transparency in relation to the stakeholders relevant for the different domains could make transparency more meaningful as a concept of governance. In contrast this research also indicates that it is pointless to use information as a characteristic of a specific form of governance.

This research has proven it very difficult to demarcate let alone define *informational governance*. Defining informational governance would require a research design that could compare the relative importance of information in relation to other resources of governance, which could easily result in practically meaningless discussions. This research found that a comparative design to identify the relative importance of information would not be worthwhile. The current use of the term informational governance is first of all used to emphasize information as a tool in a mechanic environment and second of all information is not a clearly defined or demarcated concept.

The concept of informational governance is problematic because it assumes that information is neutral. Informational governance is based on the assumption that

more information diminishes the information gap and empowers people to valorize the negative impact of businesses. In the case of UTZ this would for example only define governance in relation to information as an output of the operational domain and would neglect the political process of defining what are good and negative impacts (see for a detailed discussion on the problematic concept of neutrality and certification Boiral & Gendron, (2011)).

The problem of informational governance also is that it does require a definition of information which demarcates it from other resources, which is very problematic. The common but simple definition of information used in this report can be used as an example. To explore informational governance, information is not defined, but only demarcated as not being data or knowledge. This demarcation is already problematic because it assumes a hierarchy between data, information and knowledge. Where data are neutral, information is interpreted data and knowledge is applied information. During the research it was very difficult to distinguish between data, information and knowledge. This problem can be illustrated with help of the following example: When UTZ receives its audit reports these can be perceived as data which are processed as information in order to create knowledge upon which it is possible to act. The data they collect however require knowledge about which information is relevant and what data are necessary to collect the information. That information is an important resource of governance cannot be disputed. However without a clear demarcation or a positive definition of information further comparative research on informational governance would only result in trivial discussions. Further research on how information is used however is useful, to understand how self-regulatory governance works and strengthen or confront the findings of this research.

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## Reports

*Derived from [www.utzcertified.org](http://www.utzcertified.org) consulted between June 2013 -January 2014*

UTZ Certified (2009), codes

UTZ Certified (2013), generic draft code estates

UTZ Certified (2013), UTZ certified's governance structure and procedures

Theory of Change infographic (2014)

UTZ certified (2014), UTZ certified Impact Report

*Derived from [www.isealliance.org](http://www.isealliance.org) consulted between June 2013 -January 2014*

ISEAL Alliance (2010a), Code of Good Practice for Assessing the Impacts of Social and environmental standards systems.

ISEAL Alliance (2010b), Setting Social and Environmental Standards v5.0.

*Derived from [www.sustainablecommodities.org](http://www.sustainablecommodities.org) consulted January 2014*

International Institute for Sustainable Development (IISD) and International Institute for Environment and Development (IIED) (2014). The State of Sustainability Initiatives Review 2014: Standards and the Green Economy. ISBN 978-1-894784-45-0

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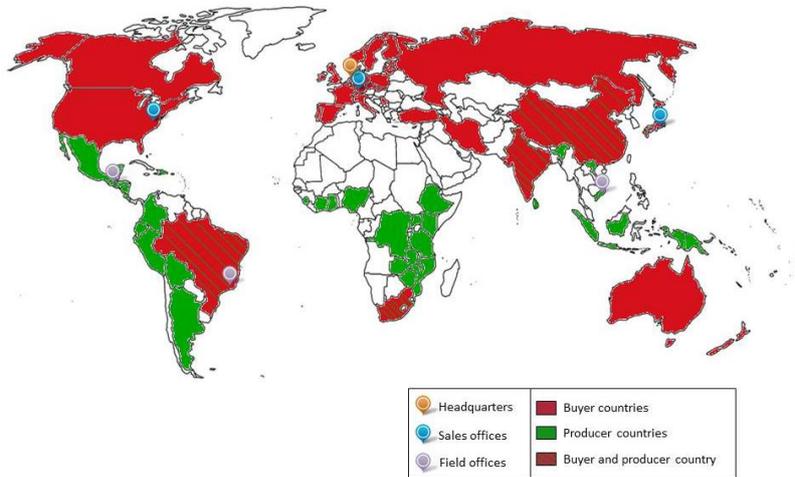
<http://www.isealliance.org>

### **UTZ certified internal documents:**

1. Name and logo update\_new layout
2. UTZ CERTIFIED Mainstream and financials
3. 110714 UTZ World Map
4. Organogram
5. UTZ Governance Structure Sept2013
6. 160613 Twining Workshop UK
7. GIP: SCA\_Coffee\_Final Simona&Guillaume2
8. Introduction Course Field development
9. Introduction Course Governance
10. UTZ Training Strategy 2014-2015
11. Introduction Traceability
12. Strategy Café UTZ and other standards
13. Strategy Café Market Development
14. Example Summary report Audit
15. Using audit data for M&E purposes Current opportunities and recommendations for future improvements (2013)
16. PDF: GIP - Marketplace Functionality
17. UTZ training Materials Database 2013

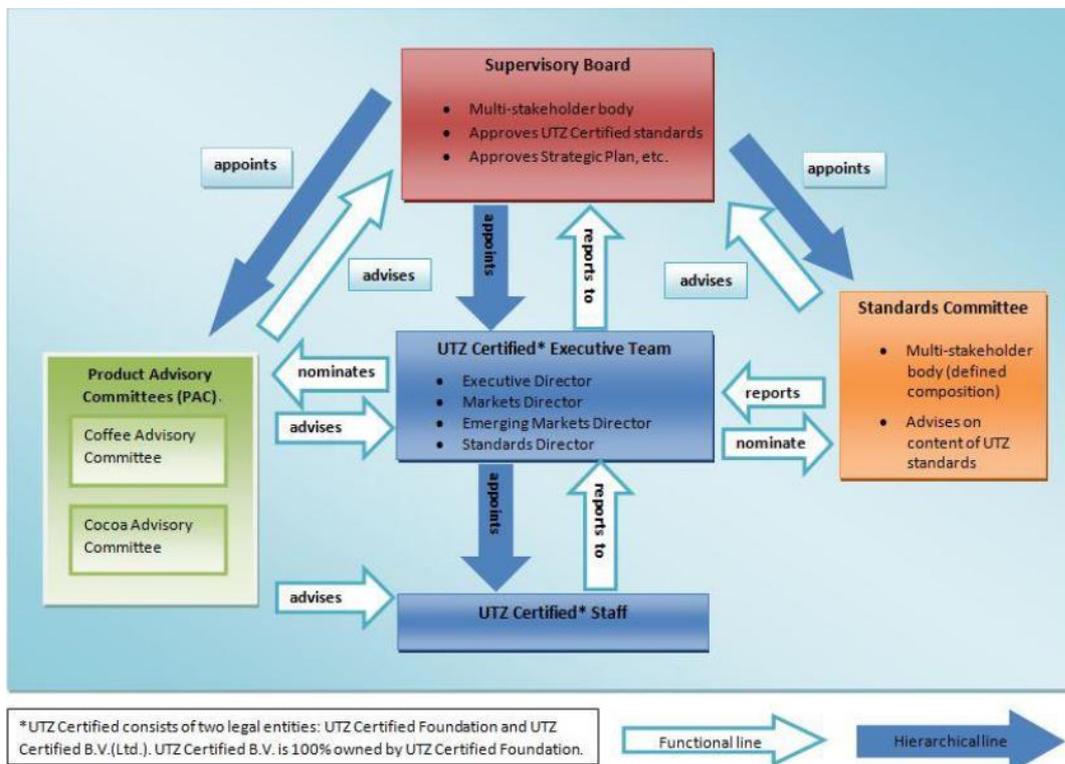
## Appendix 1 UTZ Certified presence, countries

Internal document 3



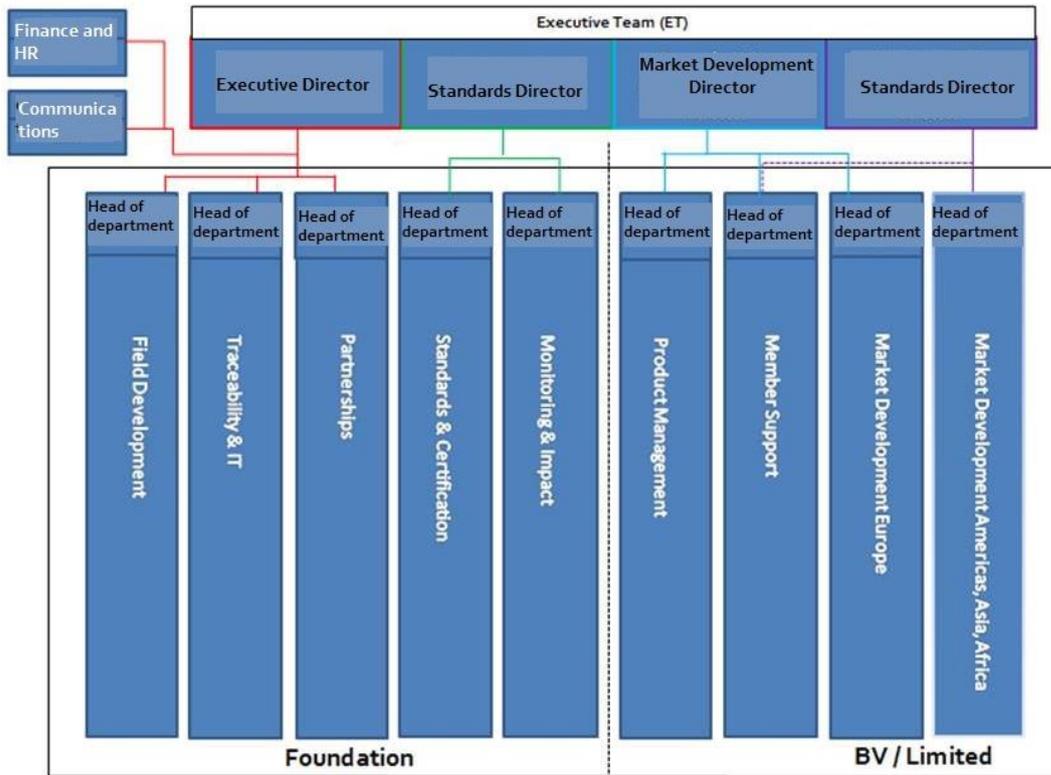
## Appendix 2 Management structure

Internal document 5

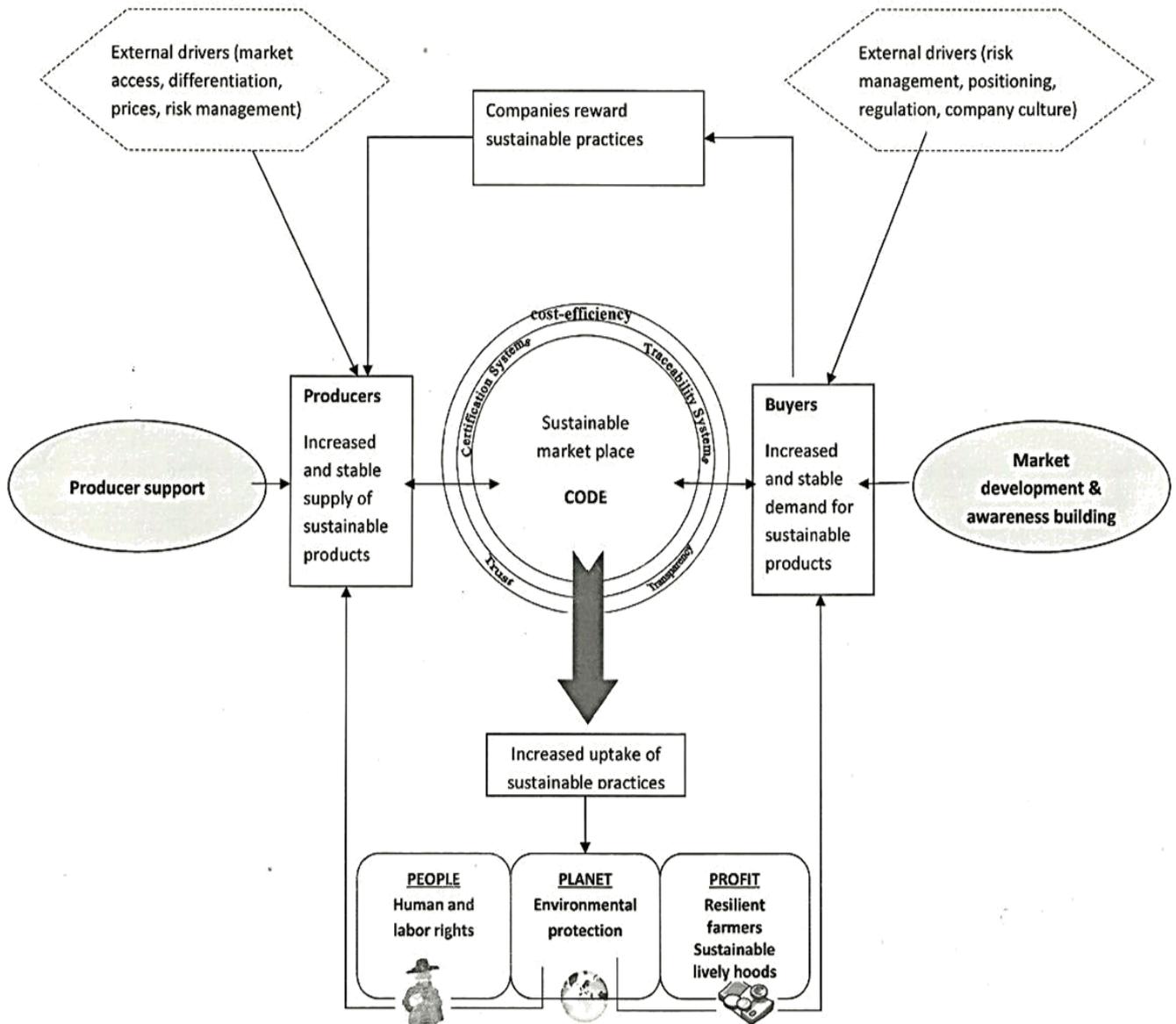


## Appendix 3 Organogram

Anonymised internal document 4



## Appendix 4 Policy framework



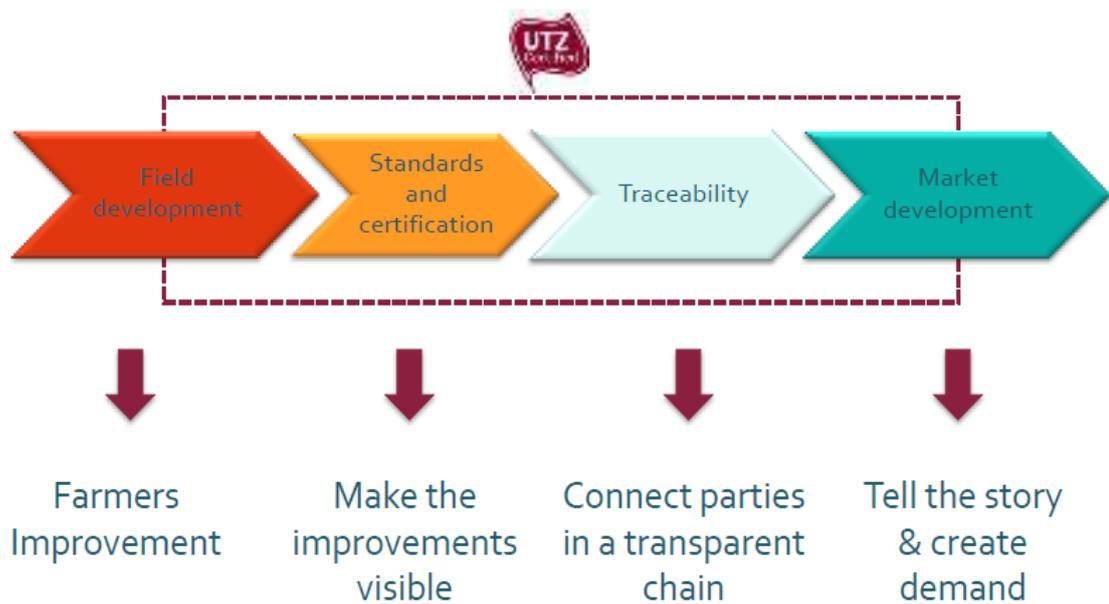
This model shows the theoretical policy framework of UTZ Certified as a brand driven label. The external drivers show what the incentives are for producers and buyers to voluntarily commit to certification standards. The inner circle, the sustainable marketplace depicts the sustainable marketplace created through the certification process. The two outer layers are the activities of UTZ which protect this sustainable marketplace: UTZ develops the certification system and the traceability system, which needs to be cost efficient and trustworthy and transparent. The two ovals at the sides are two other fields which are developed by UTZ in order to safeguard and maintain the sustainable market, where there needs to be a consistent supply and demand. UTZ aims to support producers in order to develop a stable supply of sustainable products and develop markets through increasing awareness and expand the market. While the circles depict the fields in which UTZ is active the square fields depict how sustainability is achieved. The lines show the reciprocal relation between sustainability and a stable market. UTZ's strategy thus focuses on four different domains: certification systems, traceability systems, bounded by standards of cost-efficiency and trust and transparency, supporting producers and developing markets. As the model shows, UTZ is responsible for developing a strategy that connects and aligns the interest of producers and buyers in sustainable practices.

## Appendix 5 Work process

Internal Document: Introductions Course, Partnerships and Product Management.



### The UTZ building blocks



*I would like to end this report with a personal note about the importance of defining 'good food' in relation to a more specific political definition on sustainability and governance. Public administration is in traditional government systems (in theory) separated from politics. A public administration scholar is therefore not used to interfere with political discussion. However self-regulatory governance requires a new role of public administration scholars. Self-regulatory governance cannot rely on state mechanisms to solve political conflicts and applies less obvious and possibly less accessible ways solve conflicts. Self-regulatory governance therefore requires a certain political awareness from scholars of public administration and everybody involved in self-regulatory governance, especially when the political framework is argued to be in the interest of everybody, such as human rights or sustainability.*

*Pursuing sustainability requires a specific political interpretation of whose interests need to be safeguarded and how and in relation to this also which governance initiative is appropriate. The dominant framework on sustainability is based on the idea that we are all in it together and we should all cooperate to achieve change. With this discourse conflicting interests and open debate are effectively wiped of our sustainable plates. As consumers we can choose to buy something sustainable, but not influence what is defined as sustainable. This might prevent difficult and complex discussions at the dinner table, but impairs the development of political tastes.*

*What I learned is that certification initiatives relate to the current dominant perspective on sustainability, which assumes that sustainability can be valorized because it is both in the interest of public and private interests. During my time at UTZ I have heard often that it is clear that certification was the most practical way forward. My experience is that it indeed is the most accessible and practical to buy certified food (until my budget allowed it). However I also believe that making a market system better that has already caused so much damage is not an alternative to systematic changes. Being aware of this ambiguity I came to understand and value UTZ's approach to sustainability and certification.*

*This is therefore not a criticism to certification as a policy initiative; however it is a personal critic to public administration as well as politicians who not identify the political character of governance or more specific voluntary certification initiatives. It is their responsibility to explain alternative solutions and systems.*

*Between all the categorizations of certification I did not find one that categorized different governance approaches for a sustainable agricultural market, which would in my opinion be a very interesting and relevant question for future research.*