



Developing an organizational typology of criminals in the meat supply chain



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ABSTRACT

The European Horsemeat Scandal of 2013 highlighted the increasing organization and sophistication of the contemporary food criminal. This study aims to develop a more sophisticated understanding of the typology of the food criminal in terms of their modus operandi and how individuals and organized crime groups develop criminal business models and networks in the context of meat supply. This research initiates a synthesized literature review across the seemingly disparate academic disciplines of food and agricultural policy, business theory and criminology in order to characterize the modes of operation at work in such networks. A conceptual framework is developed that considers the actors and drivers involved in criminal activity using the meat supply chain as an example.

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Introduction

The European Horsemeat (or Horsegate) Scandal of 2013 has brought the issue of food fraud to the fore and has highlighted the 'dark side' of the meat trade. The scandal evidenced a widespread contempt for consumers and their ability to make informed choices especially with regard to the species of animal they consumed. To the active food fraudster in the meat supply chain, animals are trafficked as a source of protein in exchanged for financial gain. The animal's slaughter, processing and eventual consumption in homes and restaurants are all necessary stages in an extended illicit food supply chain. Yet, our understanding of the modus operandi and modus vivendi of the food fraudster in the meat and processed food supply chain from an organizational and motivational perspective is minimal. Consequentially, there is little critical academic study of the relationship between supply chain organization and food criminals. Therefore in this paper, we make an attempt to bridge the gap by describing, explaining and theorizing the challenge of mitigating the activities of those individuals, and the associated criminal and commercial organizations.

In this type of food fraud the animals are commoditized, often being stolen or illegally slaughtered through organized activities, including the poaching of game animals, prior to entering the supply chain, (Budiansky, 1999; FSA, nd). In the exploitation of

animals for pure profit we consider the issue of business ethics (Desmond, 2010; Jones et al., 2005) as otherwise inappropriate protein sources, enters into the supply chain and might be fraudulently used to substitute for more expensive animal protein (Ballin, 2010; Williams, 2008). In addition to fraudulent practice, this, in the instance of pig protein, also renders the meat product haram (not permitted and unlawful) in terms of the halal meat supply chain (Nakyinsige et al., 2012). In connection with the United Kingdom (UK) Foot and Mouth Disease (FMD) outbreak of 2001, suspicions that meat had been illegally imported, illegal movements of sheep, to the spreading of disease with criminal intent, criminal compensation claims, and so on, underpinned the metaphor and the reality of criminality which were intertwined at almost every turn in the FMD narrative (Nerlich et al., 2004: 104; NAO, 2002).

The concept of food fraud and wider food crime

Fraud involving food is an ancient practice particularly whenever there is the lure of an easy profit. There are always people ready and willing to exploit others (Gallagher and Thomas, 2010; Shears, 2010). We are concerned here with the deliberate contamination of food for malicious intent or criminal gain (Manning et al., 2005). Economically motivated adulteration (EMA) has been described as "The fraudulent, intentional substitution or addition of a substance in a product for the purpose of increasing the apparent value of the product or reducing the cost of its production, i.e. for

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economic gain” (see Spink and Moyer, 2013: 3). Collectively, food fraud encompasses the deliberate and intentional substitution, addition, tampering, or misrepresentation of food, food ingredients, or food packaging; or false or misleading statements made about a product for economic gain (Spink and Moyer, 2011a, 2011b; Grundy et al., 2012). Intentional food crime also encompasses food defense consisting of the set of actions taken in response to the intentional acts designed to cause harm. Food industry malpractices such as fraud are often driven by the need to compete with other businesses that perhaps have better economies of scale and to compete with corporate manufacturers, food service companies and food retailers who increasingly operate as oligopolies. The profits from food supply chain fraud have been described as being comparable to cocaine trafficking, with fewer risks (Mueller, 2007). As an example the ‘Eurovet scandal’ in which a businessman/ farmer set up a company to import and sell unlicensed veterinary medicines earned the perpetrators between £6 and 13.5 million pounds (Smith and Whiting, 2013). The fraudster supplied medicines that enhanced growth but which were not always legal in the country sold.

The question arises as to whether food fraud and wider food crime can be modeled as being enacted by lone individuals within a business setting, or whether such food crime is driven by a conspiracy of practice across a wider food supply chain or through organized criminal networks. A typology of food criminals must encompass both examples, as one model does not fit all thus the categorization of food crime and food criminals is further developed in this paper. Historic examples of food crime in the UK such as Operation Aberdeen and Operation Fox follow the conspiracy of practice model. Operation Fox involved passing condemned poultry back into the human food chain. As up to 1000 tonnes of rotten meat that should have been used for pet-food was redirected into the human food chain, the ten businessmen involved over eighteen premises were charged with conspiracy to defraud. Operation Aberdeen involved similar crimes of redirecting of waste meat. Six of the ten defendants were convicted and jailed for six years. In both the Operation Aberdeen and Operation Fox scenarios, although the numerous businessmen involved and convicted were not members of an organized crime group in the traditional sense, they were, nevertheless known to the police and the authorities for previous crimes of dishonesty or infractions of business legislation (Manning and Smith, 2015). In both examples, the criminals operated from within recognized business structures as opposed to organized criminal structures. The crimes involved group led and conspiracy driven models committed by industry insiders. This facet of the crimes appears to have been overlooked at the time (see Section ‘Transactional and transformational approaches to contextualizing the food criminal and their actions’ below). The crimes happened because unscrupulous food fraudsters saw and exploited an opportunity to make money from waste products because at the time there was little industry supervision or scrutiny. In all likelihood, the authorities lacked a pre-existing mental model (such as the one developed later in this paper) to help them appreciate that there was industry wide scope for such criminal practices. Nevertheless, Operations Aberdeen and Fox led to the setting up in the UK of the Food Fraud Data Base in 2006; The National Food Standards Agency (FSA) Task Force in 2007; and The Food Fraud Advisory Unit (FFAU) in 2009 and thus triggered the organization of UK authorities against food crime.

Food crime operates at many levels and can be a global, national or a localised issue. It spans the contexts of both urban and rural crime and criminality. Food crime can be committed in both short and long supply chains. The horsemeat scandal demonstrates the intricate nature and the complexity of long food supply chains. In that instance, the chain involved a food processor in France, its subsidiary in Luxembourg, a subcontractor in Cyprus, a meat trader

in the Netherlands, abattoirs in Romania, and a number of food businesses in the UK, Ireland and across Europe selling the end products (NAO, 2013). The report determines that since 2003 there have been a number of policy and market factors that might have increased the likelihood of food fraud, for example:

- Food fraud is harder to trace because of the increased complexity of the food supply chain;
- The European Union (EU) has expanded, increasing the entry points for food from the rest of the world and there is the potential for variability in the effectiveness of controls;
- There are additional pressures on suppliers to cut supply chain costs, in the light of pressure on household budgets; and
- Pressure on food availability worldwide has increased the cost of many ingredients and foods.

The European Parliamentary Research Service (EPRS, 2014) in their briefing document “Fighting Fraud” highlight the reasons they believe led to the horsemeat incident namely the 2008 financial crisis and rising food prices driving a demand for cheap food, and more specifically cheap protein, the complexity of food supply chains, pressure on control services, the low risk of detection, the lack of focus on detecting food fraud and lastly the lack of a strong deterrent (penalties). Simultaneously, the 2008 financial crisis caused a number of additional horses to face slaughter because their owners could no longer pay for their keep, and the legal trade in horses was affected by this “over-supply”. The scandal also demonstrates some of the challenges of maintaining product integrity and minimizing food crime if a food commodity changes hands frequently, on paper even if not in practice, over a range of national boundaries. There is also a local model of such substitution in a regional area, where again the “product” passes through several regulatory boundaries e.g. in the UK, at county level, it can change its identity e.g. horsemeat from the slaughter house can reappear as meat labeled as beef further down the supply chain. Manning and Smith (2015) identify that local and niche focused foods are at as much risk of food fraud as global chains where there is opportunity for individuals to substitute, falsify or mislabel.

A more sophisticated understanding of the organizational and operating practices of the food criminal in terms of their modus operandi and how individuals and groups develop criminal business models and networks will enable politicians, policy makers, investigators and academics to better understand the criminal individuals and the enterprises involved in food crime of which a part is food fraud. Therefore, the aim of this research is to:

- Provide a synthesized literature review across seemingly disparate academic disciplines of food and agricultural policy, business theory and criminology; and
- Consider the modes of operation at work and develop a conceptual framework that considers the organizational dynamics, actors and drivers that interweave in criminal activity associated with animals and the meat trade with a view to enabling their mitigation.

Categorizing food crime from an organizational perspective

There is an increasingly blurred line between illegitimate commercial activities [criminologically associated with corporate or white-collar crime] and illegitimate economies and economic transitions [criminologically related to organized and professional crime] (see Croall, 2009a: 166). Croall (2009b) categorized food crime as food poisoning, food adulteration and food fraud, misleading indications i.e. false claims such as low fat, misleading descriptions e.g. the use of the words “natural”, “traditional”, “pure”, misleading pictures i.e. depictions on packaging that do not reflect

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