Evaluation of sustainable performance through labeling: the case study of Moroccan hand craft SME’s

Abdellah ZRAIDI et Razane CHROQUI

Université Hassan 1er, Ecole Nationale des Sciences appliqués Laboratoire: Analyse et Modélisation des Systèmes et Aide à la Décision (LAMSAD), Berrechid-Maroc

ABSTRACT

Keywords: Sustainable performance, Performance measurement, Labeling, Handcraft

Sustainable performance has become a new component that firms must take into consideration to validate their performance. In the same time labeling is one of the most known tools used by companies to certify their sustainable practices.

This paper explore to what extent labeling could enable companies to evaluate their sustainable performance. To do this a literature review will be conducted to highlight one tool of performance measurement, which is labeling. And we will illustrate our findings by a case study which describes the sustainable performance measurement in hand craft sector.
Introduction

Sustainable performance measure has become a new component of overall performance measure, to which enterprises pay more attention, seen that’s a source costumer attraction and getting competitive advantages. Evaluation of sustainable performance, however, is a challenging task in context of handcraft sector due to the smallness of handcraft organizations, often mono craft actor or SME’s.

In the past companies underestimated, and sometimes ignored, environmental protection factors, thus they had to determine adequate strategies to promote the “ecological compatibility” of a product and adopt models more aware of the purchase (Malandrino & Proto, 2008). At the same time, they were obliged to design systems to improve, estimate and communicate their own performances with all the stakeholders and especially inform the consumers about decisions concerning the eco-efficiency.

This voluntary approach led to the distribution of international and community national instruments going from, standards recognized regarding certification of quality management systems and environment management, to more advanced ethical and social standards (Malandrino & Proto, 2008).

An organization’s performance in relation to the society in which it operates and to its impacts on the environment has become a critical part of measuring its overall performance and its ability to continue operating effectively. This is, in part, a reflection of the growing recognition of the need to ensure healthy ecosystems, social equity and good organizational governance (Katie Bird ISO 26000).

Labeling is one of the solutions used in sustainable performance validation and that could facilitate to handcraft actors the task of sustainable performance evaluation.

In Morocco the national label of the crafts “Morocco handmade Label” appears as an instrument of the promotion of the quality of the Moroccan craft product, thrown in 2013 this label aimed at protection of the national heritage as well as the strengthening of the.
brand image of the craft product with cultural contain.

In the literature labeling is known as a marketing tool, nevertheless the approach adopted by the Moroccan ministry of crafts can appear as a hybrid approach which more than marketing principles it is inspired by steps of quality certification.

In our article, we try at first to highlight both concepts (labeling and sustainable performance), and then we explain the role of labeling in sustainable performance evaluation. To do this a literature review will be conducted to more understanding our main concepts. And we will illustrate our findings by a case study which describes the establishing of “Morocco Handmade Label”.

1. Labeling and sustainable performance: definition and link

1.1 Labeling

Companies try to validate their knowledge, specific skills and other processes by various bodies (ISO certification, accreditations, labels, etc. ...). During the validation of the qualities of the observed organization, the label administrator body observes and confirms its own quality criteria. However, the influence of these management tools on the performance of the organization (certified or labeled) requires focusing on a certain number of performance indicators in order to deduce the most useful solution for the Moroccan SME. A label is a small piece of paper or plastic or similar material, attached to an object and giving information about it (New Oxford Dictionary).

The labeling is a means of communication with the consumers (Shaw, Hogg, Wilson, Shiu, & Hassan, 2006), the information supplied by labeling can take two forms is a certification delivered by a third party independent of the firm or it can be the object of an autonomous declaration (Dekhili & Achabou, 2014). most part of consumers demand to the producers to communicate their ethical practices (Mortimer, 2010), and labeling is one of the averages to make it (Castaldo, Perrini, Misani, & Tencati, 2009).
Different types of labels are possible to convince the customer, as an example: Fair trade labels, eco-labels, organic food labels, forest certification labels, marine certification labels, and anti-slavery labels (Castaldo et al., 2009). In spite of the diversity of labels the consumer finds a difficulty to making sure of the credibility of the information supplied by these labels (Clemenz, 2010), which requires, often, the integration of the state in the organization of these labels in addition to the private actors (Koos, 2011).

The consumers tend to pay more for a product, which respects the environment in its techniques of production; nevertheless, companies find a difficulty to convincing the consumer of their environmental protection, one of the solutions to remedy this problem is the labeling (Mason, 2006), which allows companies to increase their competitiveness by responding the greater environment request of friendly products (Clemenz, 2010).

1.2 Sustainable performance

According to (Székely & Knirsch, 2005), the sustainability approach can be defined as a process that allows companies to integrate their economic challenges, environmental objectives and strategies, and optimize the balance between the three.

The Commitment to a sustainable development approach becomes a need that moves from internal business motivation to the need dictated by stakeholders and its external environment.

Beyond customers, investors put pressure on companies to adopt sustainable practices. In countries where these practices are, emerging the role of the state is crucial to encouraging organizations to adopt this kind of practice.

The establishment of sustainability in a company is about creating a balance between the three dimensions economic, social and ecological.

Several companies tend to take the sustainable aspect into account in implementing their strategies. They face a major challenge that is measuring their sustainability performance. Before embarking on the path of sustainable development the company must review its
strategy, be informed about legal requirements, and evaluate all its management structures.

1.3 The link between labeling and sustainable performance

One of the challenges to be explored is to demonstrate the link between sustainability and economic performance and to show how Sustainability parameters can be converted into quantifiable indicators.

There are various approaches to measuring sustainable performance. One of these approaches proposed by (Szekely & Knirsch, 2005) is Accreditation processes and Standards and codes. Labeling is an accreditation process and in the same time contains standards and codes.

2. Labeling: from the international context to the craft SME in Morocco

2.1 Labeling: from the international context to the craft SME in Morocco

2.1.1 Labelling: a historic overview

In 1977 it was the design of the first Eco label: "Angel blue". Later and in 1988, Canada set up the "Eco-logo". After that it is in Austria where was born "Green Spot" in 1990, Always in Austria and in 1991 is create "Umweltzeichen Bäume" at the same time with French "NF-ENVIRONMENT". In Germany it was established "Milieuker" in 1992. Then in Spain Eco label "AENOR-MEDIA ambient". Many labeling programs are private programs, such as American "Green Seal", or public programs, as "Flower" or "Milieuker", and there are other programs such as "Angel blue "or the “Eco-logo”, are "hybrid" programs seen that their certification process involves several stakeholders which are private, and public (Lavallée & Barentsein, 2004).

2.1.2 State motivations for labeling

In Morocco and since 2006 the label CSR of the CGEM was a reference in labeling, indeed in the objective to involve companies in logic of sustainable development, a label created in 2006 by the General Moroccan Confederacy of Companies (CGEM). The latter consists of a guide of evaluation containing nine axes declined in objectives, which the certified companies necessarily have
to respect (Gautier & al, 2016). In 2008 we began to speak about the labeling in the agricultural sector with the coming into of the law N° 25-06, concerning the distinguishing brands of origin and quality, promulgated by the Dahir N° 1-08-56 of May 23rd, 2008.

The National Strategy of Labeling in the Crafts sector appears as an instrument of quality products promotion of the crafts and protection of the Moroccan craft heritage by the design of a panel of labels and brands (vision 2015 of the crafts: contract schedules 2006-2015).

The analysis of the performance of the sector through a flashback over 9 years of implementation of the Vision 2015, reveals a progress of the turnover of the sector at an annual average growth rate of 10 %, exceeding the initially fixed 9 %, the overtaking of 65 % of the aimed added value, the rate of creation of SME crafts more than 200 %, and an employment growth with an annual average growth rate of 2.2 % (Panorama the 9th edition).

According to "the law N° 133-12 concerning the distinguishing features of crafts products" the national handmade label is the gratitude that a product get a set of qualities and a set of specific characteristics, and therefore, presents a high quality level, upper to that of the similar products because of his conditions of production and manufacturing and, where necessary, his geographical origin (Official bulletin N 6466 of May 19th, 2016).

The labeling in the handcraft sector joins in a quality approach, which aims at the excellence.

**Figure 1: quality approach adopted in the sector of crafts**

![Quality Approach](image-url)

**2.2 The influence of labeling on SME’s performance**
2.2.1 SME’s characteristics

The setting-up of certification processes in SME requires the taking into consideration of certain characteristics appropriate to the SME such as: the important weight of the owner in the management of the company, the often informal management of the human resources, the modes of organization of the work based generally on the versatility (low horizontal division) and the strong hierarchical control, with the direct supervision as the main mode of coordination.

In the strategic plan, SME have a strong dependence with their environment and certain actors among whom the contractors who, more and more, fix rules of the game and influence the practices of these SME (El Abboubi and Cornet, 2007). SME tend to have smaller teams of management (often one or two individuals), they are strongly influenced by the owner and his personal qualities, and they have not much control over their environment. The owners’ leaders of these companies. Often undertake in several tasks at the same time (Benaicha, 2014).

Few labels and certification adapt themselves to the realities of the SME. The various characteristics of the SME, such as their size and little resources which they can invest in such a process, establish a brake in the process of labeling. So several of them join such approach to respond the requirements of their contractors, themselves were involved in a process of labeling with the obligation of conformity for their stakeholders (El Abboubi and Cornet, 2007).

2.2.2 SME’s motivations for labeling

In handcraft sector SME play an important role in the development and the structuring of the sector, through their capacity to associate the traditional craft skills and the modern techniques, what gives rise to a production high range and an increasing productivity, on the other hand SME establish a convenient frame allowing the craftsmen to adapt itself to an economic situation in continuous transformation, and opening new perspectives of export and financing.
A labeling strategy allows in SME to protect and value the Moroccan heritage through an approach of certification which guarantees the transcription and the respect for elements which establish the Moroccan heritage, as well as the strict respect for the regulations of the countries of destination allows in SME to reach new export markets. An approach of labeling also allows to value the product and to increase the income of the SME.


3.1 The labeling project

After the launch of the operation, 1000 production units applied for the obtaining of the « Moroccan handmade Label). Among these units, we find SME, mono-craftsmen, cooperatives and reference actors.

The labeling was made in way, to give priority to the cities where the crafts are the most developed (Marrakesh, Fes, Casablanca, etc.) while watching the regional representativeness.

3.2 Geographical distribution of production units

<table>
<thead>
<tr>
<th>Production Units</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>FES-SECCRIER</td>
<td>19</td>
</tr>
<tr>
<td>MARRAKECH-TIZI-OCTOUBER-AL-HADIZ</td>
<td>16</td>
</tr>
<tr>
<td>ESSAOUIRA-GOURARID-EN-CHEN</td>
<td>11</td>
</tr>
<tr>
<td>VENDÔS-FASSALET</td>
<td>9</td>
</tr>
<tr>
<td>OUMARO CASABLANCA</td>
<td>9</td>
</tr>
<tr>
<td>MOHAMED CASABLANCA</td>
<td>7</td>
</tr>
<tr>
<td>TAENZER-TEJOUAN</td>
<td>5</td>
</tr>
<tr>
<td>ORIENTAL</td>
<td>5</td>
</tr>
<tr>
<td>DELROUCA-ABBA</td>
<td>5</td>
</tr>
<tr>
<td>GHARBI CHABRIA-BEN-HISSEN</td>
<td>4</td>
</tr>
<tr>
<td>TAAR-AL-MOKKAMA-TAQINATE</td>
<td>3</td>
</tr>
<tr>
<td>TARAS-AGAL</td>
<td>3</td>
</tr>
<tr>
<td>OULID-DEC-DAHAB-LAGOUTRA</td>
<td>3</td>
</tr>
<tr>
<td>SARI-OU-SBOULOUR-SAIDA-EL-HAMRA</td>
<td>3</td>
</tr>
<tr>
<td>JABLAN-EAT-SEHARAPPA</td>
<td>3</td>
</tr>
<tr>
<td>CHAOUI-OU-ALMAJA</td>
<td>3</td>
</tr>
</tbody>
</table>
The distribution of 108 certified Production units by sector reveals a strong presence of the sectors "Wood" and "the pottery / ceramic", followed by the sectors "sewing / embroidery", "leather / leather store" and "the carpet / weaving".

**Figure 4:** distribution of production units according to him crafts sectors

SME represent almost 50 % of the certified production units in 2015.

**Figure 5:** distribution according to the type / status of the production units

3.2 “Morocco handmade label” criteria

The national Label is based on the definition of three levels of membership. Every level is defined by different requirements, which add up so that their contents incite the various actors of Moroccan crafts to progress towards the product excellence and the affairs conduct.

**Figure 6:** The three levels of labeling

3.2.1 The criteria of labeling for the level 1

The level 1 contains 5 generic criteria presented in the (figure 7). They are basic criteria which focus essentially on the handmade mode of fabrication, and the use of the local raw material, as well as the respect for the...
minimal level of legal conformity towards the national right.

**Figure 7: the criteria of labeling for the level 1**

3.2.2 The criteria of labeling for the level 2

The level 2 contains 10 generic criteria presented in the (figure 8) . They are criteria which base themselves essentially on the best practices of management.

**Figure 8: the criteria of labeling for the level 2**

3.2.3 The criteria of labeling for the level 3

The level 3 contains 5 generic criteria presented in the (figure 9) . They are criteria which focus essentially on the corporate social responsibility.

**Figure 9: the criteria of labeling for the level 3**
Conclusion

Our initial objective was to highlight the labeling which is an emergent concept in the Moroccan market, especially that there is confusion between this concept and that of the certification seen that these two steps have common objectives as well as similar processes. After we highlight the concept of sustainable performance and we try to demonstrate the link between labeling and sustainable performance measuring.

After the conceptual delimitation, we called on to a case study on the application of the labeling in the Moroccan context. The case study introduces « the Moroccan handcraft label » and try to clarify the link between labeling and SME’s performance evaluation.

Our objective behind the case study was to better explain to producers how to obtain, the “Moroccan handmade label” and what is the process of acquisition? As well as the different criteria for labeling.

Bibliographies

- Castaldo, S., Perrini, F., Misani, N., & Tencati, A. (2009). The missing link between corporate social responsibility and
- Sophie Lavallée and K. Barentsein, (2004), "the regulation and the international harmonization of the programs of ecolabels on products and services" International magazine of business law, pages 47 - 77.
- Panorama of the 9th crafts edition of the National Monitoring center of the Crafts.
- Official bulletin N 6466 of May 19th, 2016.