Pure horsemeat was sold as ‘diced beef’ to shoppers on market stall. The horsemeat food-labelling scandal began when Irish food inspectors announced in mid-January that they had found horse in frozen beef-burgers made by firms in Ireland and Britain, and sold by a number of supermarket chains including Tesco, Iceland, Aldi and Lidl. Since then, a growing number of stores and companies across Europe, including Findus and Nestle, have recalled beef ready-meals after tests found they contained horse DNA. (www.dailymail.co.uk, 24 March 2013)

Introduction

In the wake of increased consumer awareness of sustainability, internationalization of the food industry, as well as recurring scandals such as the one described in the quote above, one could presume that the demand for labels, vouchsafing the content and production means of foods and other consumers’ goods, would have increased. A prerequisite for why these regulatory systems, auditing activities and labels are at all sought after and requested, is that there is a lack of trust, or knowledge, between consumers and the producers of the goods that the consumers are buying. If consumers did have perfect information about the producers and their methods, the labels and regulatory regimes would not be needed. However, as these scandals make apparent, they do not, which has been discussed in terms of an information asymmetry. Thus, due to uncertainty and lack of trustworthy information, consumers do not know whether to trust producers, which therefore is a problem that producers, prior or in response to a scandal, seek to overcome. Hence a market emerges for labels to convey information, and thereby create trust in the consumer goods. Thereby, chains of trust are created, where the introduction of a middleman, the regulator as a guardian of trust (Shapiro 1987), seems to enable producers to make consumers trust their products, even if consumers do not necessarily trust the producers themselves.

The purpose of this paper is to explain how institutional or system trust in eco-labels is established through the establishment of chains of trust, and to further our understanding of the interplay between control and trust in the context of eco-labeling. For this we study two examples of chains of trust aiming to bridge the lacking trust between consumers and producers. More specifically, we analyze how these chains of trust, which involve a number of control activities, are created and upheld through actions of various actors involved.
While there are many different kinds of labels available, such as fair trade or denotation of origin, eco-labels present a common and well-established case of such labeling. On this basis we have chosen two such labels for our analysis, both available on the Swedish market: Bra Miljöval (Good Environmental Choice), used primarily on household chemicals and paper products, regulated by the Swedish Society for Nature Conservation (SSNC), *Naturskydsföreningen*, and KRAV (“Requirement”), used mainly on foods, and guaranteeing not only organic, but also, in the cases of animal production, ethical production. KRAV is administered by an organization with the same name, which seeks to develop organic standards and promote the KRAV-label (see labels in Figure 1 below).

![Figure 1 The KRAV label on bananas and the Good Environmental Choice label on cleaning soap](image)

In our examination of trust production in this context, we have focused our attention on the complexity of labeling organizations’ need to convince both producers and consumers about their role as a meaningful and trustworthy middleman. In order to understand how this chain of trust is created and made effective, we study how the labeling organizations produce trust, and what their work of trust creation entails. Thereby, we are able to contribute to recent discussions on personal vs impersonal trust, by exploring how a chain of trust that is able to replace personal trust with institutional trust is constructed, and furthermore, how context influences trust creation, by highlighting how the labeling organizations seek to create a context where their labels are necessary.

In order to understand how the chain of trust is created, we pose the question *How do labeling organizations work to handle the duality embedded in the building of a chain of trust between consumers and producers?,* and thus investigate what Good Environmental Choice and KRAV do to convince end customers, with whom they do not have a direct business relationship but whose demand for labeled products they depend on, that what they provide contributes to added trust. What Good Environmental Choice and KRAV do to convince producers, with whom they do have a business relationship and thereby depend on economically, that the auditing procedure behind the label provides trust to customers without pushing the control dimension too far as it could lead to distrust and non-compliance.

**Chains of trust**

Building on Luhmann (1979) and Möllering (2001), we propose a view on trust as essentially a means through which to overcome uncertainty by reducing complexity. Trust enables the trustor to act as if only one (positive) outcome were possible, as if it were certain that the
trustee will be trustworthy. Due to the complexity of modern society, such certainty is rarely possible in the market for consumer goods. Rarely, if ever, is the consumer able to gather information directly from the producer and form a bond of personal trust. Instead, consumers are dependent on others that have processed the information. Trust in consumer markets therefore does not take the form of personal trust, but rather trust in authority. Therefore, an understanding of how trust is created in this context requires an understanding of how “authority is permitted to be authority”. (Luhmann 1979, p 52) In modern consumer markets, due to the complexity resulting from specialization and differentiation of labour, trust is placed not personally in the producers, but in what essentially is “a chain of strangers” (Shapiro, 1987, p 626), which processes information about the producers in a manner that allows the middle men to claim with trustworthy authority that the product in question can be trusted to have certain qualities. Agents such as labeling organizations thus facilitate exchange in dispersed markets, and enable complex societies with a high level of social diversity.

Three different kind of trust may be differentiated in this context: thick interpersonal trust, thin interpersonal trust, and institutional trust (Khodyakov, 2007). Thick interpersonal trust, based on personal knowledge of the other party, is what would be the case if producers and consumers were able to interact directly, and form a personal bond. It is trust based on familiarity and strong interpersonal ties. However, as we have seen, this kind of trust is rarely available on consumer markets, due to the increased complexity and diversification of modern society. Thin interpersonal trust may take its place, which is trust based not on personal knowledge, but on reputation and guarantors. This guarantor is someone you do trust through personal knowledge, and this intermediary is then used by the trustor to gain information about the trustworthiness of the trustee. Both forms of interpersonal trust are by nature reciprocal, and the result of interaction, either directly between trustor and trustee, or using an intermediary. Institutional, impersonal or system trust, by contrast, is non-reciprocal. It is trust in abstract systems, not requiring any encounter between actual people. It is often regarded as arising when personal trust is not available, a solution to situations where direct interaction is not possible. (Shapiro, 1987)

Depending on the nature of the relationship between the intermediary and the trustor, intermediaries may be used to create both interpersonal and impersonal trust. Intermediaries may act as guardians of trust, offering a delegated, impersonal generic social control – such as for example a government body for food safety – in which case they create impersonal trust. Or, these intermediaries may have a personal relationship with both trustor and trustee, in which case they create thin interpersonal trust. In the former case, these guardians of trust solve the problem of how to make people trust in abstract systems, not necessarily an easy task, by setting up control systems, audits etc, which seem trustworthy enough that their control of the trustee may be trusted, so to speak. This control may be formal control or social control, but it serves as a distinction between the guardian of trust creating impersonal trust, and the intermediary creating thin interpersonal trust: the guardian of trust controls the trustee, the intermediary trusts the trustee. In the former case, the trustor trusts the guardian’s control system, in the latter, the intermediary’s judgment of character and trustworthiness. This trustworthiness may be created in different ways, one of the main corner stones is however that they are independent from the trustees, and thus have no interest in deceiving the trustors. If they are paid for by the trustees, they instantly run the risk of loosing credibility in the eyes of the trustors, as one
would expect that they may not dare reporting failure to live up the norms and expectations, since that would presumable mean loosing your client.

Like all trustees, both guardians of trust and intermediaries have the opportunity to abuse the trust bestowed upon them, and thus need to give the trustor reason to trust them. This opportunity for abuse is typically counteracted by adding more of the same, another agent who will control the controller, and thus ensues an inflationary spiral of escalating trust relationships, where added control only increases uncertainty and possibility of deceit. (Shapiro, 1987) Auditing, it would seem, does not necessarily increase trust, but instead decreases it. The reason for this being that the organization that is audited thereby also gains an insight into the auditing system, and its flaws and shortcomings. Audit systems, instead of functioning as guardians of trust, therefore run the risk of being trust wreckers, partly because of their customer relationship with those who are audited, and partly because audit systems are not trustworthy on closer acquaintance (Walgenbach, 2001).

There is an old saying that “trust is good, but control is better”, and it is sometimes suggested that trust is what remains if control is not available. However, this complementary view of the two concepts has been put into question, suggesting instead that trust and control are rather to be seen as substitutions for reaching positive expectations of others (Bijlsma-Frankema and Costa, 2005). Both control and trust thus serve to reduce uncertainty and increase predictability, but they arrive there on to some extent mutually exclusive roads. While both require some sort of interaction to take place between the two parties, in the case of formal control, the aim is to monitor and possibly deal out sanctions if the agreed expectations are not met – in the case of trust, however, the aim is cooperation. Trust is therefore not easily combined with control (Rousseau et al, 1998; Möllering 2009), as the request to monitor vital for formal control signals distrust, and distrust has a tendency to be reciprocated. Both trust and distrust have a strong tendency to be enforced, and so if distrust is signaled, then a vicious circle of further distrust is not unlikely. (Vlaar, Van den Bosch and Volberda, 2007) As in the case of audit systems above, an increase in control may cause a decrease in trust. The irony of trust is that by trusting, the trustor invites deception, as bestowing trust also means being vulnerable to deceit. Those who trust act as if only positive outcomes were possible, and thus have no need to monitor – only the one who distrusts, and fears deceit, feels the need to check. (Shapiro, 1987)

Since trust and control have different requirements, they may be complements in that one remains possible where the other is not – control requires the possibility to monitor and enforce consequences if the requirements are not met, which is not always the case, but with trust, there is no such need. Trust on the other hand requires an expectation that the other is benevolent and trustworthy – if no such expectations seem plausible, then control may still enable collaboration.

**Method**

KRAV and Good Environmental Choice are two well-known Swedish labeling organizations in the sustainability field, established almost simultaneously in the 1980s and originally constituted as organizations that both decide the criteria of the standards used for certification, and perform certification audits based on such standards. However, whereas
KRAV since then has sold out its certification function to be handled separately by certification firms working in competition on the certification auditing market, Good Environmental Choice has kept the monitoring function within the labeling organization inhouse. This means, in turn, that the middleman position differs for the two labels: in the KRAV setting there are at least two parties in the middle of the chain of trust, which has become a commonly used organizational solution for many labeling and certification schemes today (Bartley 2007; Bernstein and Cashore 2007). In the case of Good Environmental Choice the same organization both writes and controls the monitoring function and is thus alone in its middleman position. This difference in how the chain of trust is constructed makes it interesting to compare the cases.

Moreover, the ownership and organizational form differ between the cases: whereas KRAV is a meta-organization (Brunsson & Ahrne 2008) which was initiated by organic farmers as an effort to create a new market niche and through a label promote their products towards consumers (Tamm Hallström 2012), Good Environmental Choice is a labeling initiative that is part of the 100 years old, non-profit, environmental association the Swedish Society for Nature Conservation (SSNC) and is constituted by its members being individuals. Although both initiatives are organized as non-profit organizations, KRAV is to a larger extent driven by business interests within organic agriculture and retailing industries, whereas Good Environmental Choice is part of a social movement organization. As the organizational form could have an impact on the perception of the labeling organization as a trust provider (cf. Brunsson 1991), also from this perspective it becomes interesting to compare the two labeling organizations with their different backgrounds and organizational forms.

The empirical material about these two organizations was collected during the fall of 2012 for a case study of KRAV (Tamm Hallström 2012), and the early spring of 2013 for a case study of Good Environmental Choice (Grettve 2013, forthcoming) respectively. A total of 12 interviews have been conducted (1 hour long, all recorded and transcribed). During interviews with representatives of the two labeling organizations we posed questions about how they perceive their role as a middleman and how it is justified, what tension and dilemmas they confront in their daily practice, why they have changed the way of organizing their business activities over time, what stakeholders they regard central (e.g. consumers, producers, retailers, accreditation bodies) and what characterize their relationship with such stakeholders. We have also interviewed other organizations such as certification firms, retailers in the food industry, producers, accreditation bodies and consumer organizations to ask about their views on the value, organization and workings of the two labeling schemes. The material will be complemented by a few additional interviews in the late spring of 2013, in particular with representatives of retailers.
The production of uncertainty

Since Eco-labels to some extent compete with each other, it means that they have also created their own market: the market for eco labels. And in order to sustain this market, there needs to be such a high level of uncertainty or distrust, that producers deem it worthwhile or even necessary to give their product an eco-label. Irredeemable uncertainty requires trust to be overcome, but trust also requires uncertainty – if consumers are not uncertain, then there is no need to create trust through the introduction of Eco-labels. In order to ensure their market, the organisations behind the labels therefore could be said to be not only in the business of creating trust, but also in the business of creating the underlying uncertainty that makes the trust they create necessary. To some extent, this is a task that has already been done when it comes to food, as consumer’s risk perception of foods has gone up in later years, and their trust in food safety has declined, as a result of widely publicized food scandals as the one cited in the beginning of this paper. However, in the Nordic countries, trust in food remains at a comparatively high level. Risk perception in these matters has less to do with objective, scientific facts of production means, and more with the result of political and cultural negotiations. (Chen, 2008) Therefore, it is a risk culturally constructed, which may be influenced by agents of the market, trying to influence public perceptions.

Characteristic of labeling organizations as guardians of trust in markets is their need to be perceived as filling a meaningful and trustworthy role by both producers buying their trust services, and consumers buying labeled products. More specifically, labeling organizations need to convince producers to voluntarily comply with the requirements of the labeling scheme in order to obtain the right to use the label on their products, which entails the producer entering a business relationship with the labeling organization. The producer pays for the standard that lists the requirements of the label and for the engagement of an auditor that comes on a yearly basis to verify compliance with these requirements. In return, the labeling organization offers to the producer the right to use the label on the product, given correct compliance. The service they are offering is thus the trust of the consumers.

However, this business relationship is based on the presumption that the producer is convinced that consumers in fact do lack trust and therefore will demand and pay for products that carry the label at hand, and that they find this particular label trustworthy. In other words, the producers must be convinced that there is an added value coming from the time and resources invested in becoming labeled.

The situation is made more complex by the fact that there are typically several labels available for the same type of products, such as the FSC and PEFC labels in the field of sustainable forestry products. There is competition among labeling organizations meaning that these organizations need to compete for their customers, the producers, while convincing them that what their particular label is the solution to the lack of trust of the consumers. The labeling organizations thus must create a market for trust, both by influencing public opinion, thus creating uncertainty about the products on sale, and secondly by convincing producers that they are able to solve the problem they have just created. The trust experts such as eco-labelling organisations produce, it has been argued, is by nature systemic rather than interpersonal or interorganisational, as they together with other experts such as auditors, PR experts, and so on, create an expert system, in which their
customers place their trust. (Bourne, 2013) As in all system trust, there is the risk of skepticism from the trustors, the consumers, if the expert’s control system is not trustworthy, and from clients, the producers, if they cannot deliver the trust of the consumers as promised.

Our two empirical examples, KRAV and Good Environmental Choice (GEC) show two different approaches as to how to accomplish this, which demonstrate the difficulties of the problem. KRAV, being a producer’s organization from the outset, had comparatively little problems in trying to convince the producers that they had their best interest at heart, and that the problem of uncertainty existed, as it was the reason why the organization was started in the first place. One of the founders explains how he himself had been farming organically for decades, but found it difficult to communicate this to the consumers in an effective manner, and what distinguished what he was doing from for example bio-dynamic agriculture. There was already a demand for ecological foods, the problem to be solved was how to communicate to the customers that his products belonged to that group – and that others, in spite of giving that impression, did not. Also, retailers did not want to buy from each farmer individually, but requested something larger scale, which could be sold all over the country. As a consequence of this starting position, KRAV did not have difficulties gaining the trust of the producers, the challenge lay instead in making the consumers trust their label. Here, the starting position was less advantageous, as they were clearly not independent of the producers, and therefore presumably could not be trusted to monitor them. Instead of trying to gain the trust of the consumers directly, this was achieved by collaboration with consumer organisations such as SSNC, who thus acted as guardians of trust: they were already trusted by the consumers, and as they stood as guarantors of the independence and quality control of KRAV, consumers trusted KRAV too.

GEC, by comparison, had the opposite starting position, as it is the label of SNCC itself. They could with more credibility increase the uncertainty of the consumers, which their label would be the solution to, since one of the key aims of GEC is to inform and influence consumers and politicians about environmental dangers, and which products are environmentally sound, and which are dangerous. As a result of their lobbying, and others like them, it became apparent to producers that they did indeed have something to gain from choosing a more environmentally friendly way of production, and communicating this to the consumers. GEC strategically chose to direct their label towards those product groups where improvements could be made in environmental terms, and where there was no good independent label which could be supported instead (as was the case with agricultural products and KRAV). Their challenge was instead to convince producers that their label was useful, which was accomplished by the increase in uncertainty, and thereby demand for labeling, for the customers.

The difficulties of being a middle man begins to emerge, in that the role of the intermediary is to gain the trust of a consumer, who does not trust the producer, that the labeling organization will be able to control and monitor the producer – which, however, is difficult to claim with credibility given that they have no power over them beyond voluntary compliance, and thus one of the essentials of control, to enforce that the other follows the formal rules set out, is not necessarily there. Even worse from a trust perspective, they are not only powerless, but also dependent on the producers, as the producers are also their clients.
Part of the reason why KRAV and GEC are nevertheless able to appear trustworthy to the consumers is undoubtedly that both organisations are clearly primarily ideologically motivated: their purpose is not to make as much business as possible, but to promote environmentally sound products. Therefore, they can with some credibility claim that when put in a position where they have to choose between a client’s money and being strict with their standards, they will choose the latter. However, a large part of the explanation lies in how the chain of trust is constructed, which we will look closer at in the next section.

**The double role of the middle man**

Consumers seemingly take limited interest in exactly how the control of the labeling organizations is attained, they trust the system, and leave it at that. It is therefore the producers that they distrust, not the labeling organizations. On the contrary, a great deal of trust seems to be bestowed on the labeling organizations, with little need for control. From the consumer’s perspective, the chain of strangers has only three parts: the consumer, the intermediary or guardian of trust, and the producer. Since there is very rarely any direct interaction between consumers and labeling organisations, this trust could be labeled as system, or impersonal trust. To the consumers, KRAV and GEC thus appear as guardians of trust, and they seemingly trust in their control system that it is trustworthy enough to ensure the compliance of the producers. Why are consumers not more skeptical? One reason, as given by KRAV, might be that there have not been any scandals in the media concerning Swedish eco-labels. As far as the Swedish consumer knows, KRAV or GEC have never been wrong, never given the label to a product which did not comply with the rules. Also, the alternative to trusting the labels is cumbersome, involving massive search for information about the products, and so trusting the label presents a convenient solution to the uncertainty that many consumers feel about which product presents the environmentally sounder choice.

However, being trusted by the consumers, and controlling the producers, presumably puts the labeling organizations in a situation where they are ill-equipped to entice the trust of the producers, which in turn is likely to make their compliance with label requirements less likely. If the trust of the consumers is attained by appearing as a guardian of trust, with a reliable control system, there remains the second half of the trust chain, from labeling organization to producers. A labeling organization needs to convince producers that consumers believe that there is a substantial value coming with a product that carries the label at hand – it should not be an “empty” marketing tool for producers that rather would increase distrust (Walgenbach 2001), but something that contributes with relevant information about the producer and thereby adds trust. Moreover, organizations in the middleman position need to be convincing about its independence from the producer (cf. Shapiro 1987; Tamm Hallström and Gustafsson 2013 forthcoming). Although the labeling organization has a business relationship with the producer, and thus is economically dependent on the producer, it needs to be convincing about its independence from the producer and about its role in serving the interests of the end consumers (Tamm Hallström and Gustafsson 2012). This potentially puts the labeling organization in a tricky position vis-à-vis the producers, as they need to build a relationship that combines good customer relations, an ambition to control, and independence. Control and independence might well go together, but not in combination with being a business partner.
The solution to this dilemma lies in the labeling organization with an intermediary position, which performs the controls on producers. However, the controls are not made to serve its own interests or to overcome its own concerns about non-trustworthy practices of the producer, but on behalf of distrusting consumers producers. Thus, the middleman may perform controls without signaling distrust, that otherwise would jeopardize the business relationship with their client, the producer. This, however, is not enough, and we found that the chain of trust, which from the consumer’s perspective consisted of three links: producer-labeling organization-consumer, in fact has many more links. Since the consumer’s trust for the labeling organization is system trust, they trust an abstract system, which they are not likely have intimate knowledge of as there is no interaction between them. Thus, the system trust enables the link between labeling organization and producer to be something of a black box. We found that from the producer’s perspective, the link between producer and labeling organization is not so much a direct relation, as a web.

In other words, the chain in fact consists of a different number of links depending on what perspective one takes. Moreover, the number that one views plays a crucial role in terms of trust. From a consumer perspective, the chain has only two links, those coming between the labeling organization and consumers and producers. However, in studying chains of trust, it becomes apparent that there are a number of other actors in the field that articulate concern which can explain that accreditation emerges in many areas, which is a certification of the certifiers to assure that the control of the controllers is organized in a trustworthy way (Tamm Hallström and Gustafsson 2012). In these contexts the value of independence is commonly used to legitimize the control function, that is, a third, independent party in relation to the consumer and the producer performing the certification audit (Tamm Hallström and Gustafsson 2013 forthcoming). Still, consumers do not seek all this information about the control aspects of labels and seem to trust labeling organizations as such, as a system. Should consumers see too much of the numerous links that together form a long chain of trust, it would jeopardize the value of the label and the trust bestowed on the labeling organization. One interviewee reflected on the diluted responsibility that comes with too long chains of trust.

The spin-off [when the certification function within KRAV was sold out; authors’ comment] /.../ has had the result that no one is responsible anymore. In other words, before there was a place to which people could turn and get answers to their questions and concerns, or if there were irregularities or you suspected there to be irregularities, a person who actually handled the question. That’s lacking today. There is KRAV, there are four or five independent certification companies, there is the Ministry of Agriculture, the National Food Authority, the Consumer Agency and who the heck are you to turn to if you don’t trust an ecological product? In other words, who owns the problem? There is no one who owns the problem. I think that’s the biggest weakness. (Interview with one of the founders of KRAV, July 2012)

In this quote, the interviewee does not mention the national accreditation body that controls the certification firms, nor the European and International meta-accreditation bodies that control the national accreditation bodies, which indicate that there are yet more
links of the chain of trust than those mentioned above. The distance of mistrust between each link seems sufficiently small to enable cooperation and compliance along the chain, which in turn enables a situation where it is possible to combine the economic dependence deriving from the business relationship between producer and labeling organization, or between the certification firm and the accreditation body, with the role of independent guardians of trust that perform controls on another party. How the chain of trust is constructed and interlinked through a division of activities and roles among several actors, is however shadowed when taking the perspective of the consumers. Still, all these control activities forming long, and partly shadowed, chains of trust, are made possible with reference to consumer interests and being justified as measures to create trust for consumers. Between labeling organization and producer, and the intermediaries between them, the trust at hand is not system trust, as they have by necessity interaction, but rather thin personal trust, which in turn enables collaboration, and make them appear to each other not as abstract systems, but as partners – which may be critical at times, but do so with your own good at heart, and with the clear benefits of offering the legitimacy needed to make the control system seem trustworthy to the clients, while not being controlling enough to jeopardize the relationship and the thin interpersonal trust between the links of the chain. The chain of trust is thus a chain of strangers only from the consumer’s perspective – from the producer’s perspective, they are a chain of interpersonal or interorganizational collaborations.

**Conclusion**

The concept of trust chains, is, as we have seen, a complex issue, and requires quite a lot of organizing and work in order to present a solution to bridging the uncertainty and lack of trust between consumers and producers. This complexity also explains why such a complex chain is needed: the producers need someone to appear as a guardian of trust to the consumers, someone the consumers trust, and who they can believe will be able to monitor and control the producers – which the consumers themselves usually cannot. The consumers need to buy these products, and need someone they can trust when making their choices. Thus, given that the labeling organizations find themselves in (or have created) a context where there is uncertainty and lack of predictability, there is a task for them, as consumers and producers lack the means themselves to create this trust. We have shown how the dilemma of the intermediary, having the double role of controlling the producer while having them as a client, is solved by creating a chain that to the consumer appears to have only three links, enabling the intermediary to act as a guardian of trust, and the consumer to have trust in the abstract expert system that the label represents. From the producer’s perspective, the chain has many more links, and resembles a web rather than a chain, held together mainly by thin interpersonal trust, and through adding more links, it becomes possible to combine a working relationship based on trust, with the controlling function in the eyes of the consumer.
By adding the dimension of different kinds of trust, we are thus able to further our understanding of chains of trusts, and how system trust, and trust in abstract systems, is created.

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