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SOLUTION OF THE QUESTION OF CSR AND MARKETING CHALLENGES

The topic of sustainability has taken center stage around the world and has driven the attention and focus of a growing number of powerful voices and interests around the world. Constantly increasing competitive and social tension forces companies to find new approaches in business behaviour. Increasing needs force companies to support these demands sustainably. Initiatives of corporate social responsibility (CSR) should be incorporated into strategy in every business entity. The purpose of this paper is to determine the importance of CSR and new marketing approaches through sustainable marketing in business activities. In order to fulfill defined objectives of the paper were collected and used primary and secondary sources of information, as well as the method of interview using a questionnaire (total number of respondents was 120 agrifood entities).

Keywords: *Corporate social responsibility, sustainability, sustainable marketing*

Introduction

Over the years, companies have started to recognise that they are responsible for their actions, which has developed into having a positive impact on stakeholders, the environment and society.¹ CSR is a concept whereby companies voluntarily decide to respect and protect the interests of a broad range of stakeholders with contributing to a cleaner environment and a better society through an active interaction with all.² This concept also poses important questions still difficult to resolve (International Chamber of Commerce). As a strategy considers social, economic, ethical and ecological aspects of business operations, but also exposes the issues involved in creating the right work relationships.³ Current definitions about CSR are more about integrating social and environmental behaviour into the business, instead of just taking responsibility for their actions.⁴ Many companies see CSR as an easy way to improve sales, enhancing a

¹E. Horská – E. Nagyová: *Marketingové prístupy k udržateľnosti agrosektora na Slovensku*. SLOVENSKÁ POĽNOHOSPODÁRSKA UNIVERZITA, Nitra 2013.

²R. Mullerat: *Corporate Social Responsibility: The Corporate Governance of the 21st Century*. KLUWER LAW INTERNATIONAL, The Netherlands 2011. p. 4.

³W. Trela – A. Krasnodebski – E. Kornalska – J. Gálová: *The Synergies Between Corporate Social Responsibility and Employer Branding: best practice from Poland*. In: *Sustainability in business and society: global challenges - local solutions*. WYDAWNICTWO EPISTEME, Kraków 2013. p. 41-59.

⁴European Commission. 2011. A renewed EU strategy 2011-14 for Corporate Social Responsibility. European Union. Available at: <http://eurlex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2011:0681:FIN:EN:PDF>

company's image and attracting investors.⁵ Coombs & Holladay claim that corporation's CSR initiatives should be driven by the organization's vision and purpose.⁶

It is important to acknowledge that sustainability is no way an objective, scientific or neutral concept, but rather a normative or subjective topic, which always contains a set of implicit or explicit values.⁷ Sustainability is an development that meets the needs of present generations without compromising the ability of future generations to meet their needs.

The term of sustainable marketing is not new in the world, marketing began focus on sustainable development in 90s of the 20th century. Sustainable marketing by creating ecological and social value creates also added value for customers.⁸ CSR concept as we understand is the concept of implementation 3P to thinking and doing business, and therefore we can say that is closely related to the concept of sustainable marketing but we find a difference in that is not specifically focused on customers and marketing.⁹

Aims and Methods

The aim of this paper is to determine the importance of CSR and new marketing approaches through sustainable marketing in business activities and to highlight to the application of CSR activities in agrifood entities in Slovakia. In order to fulfill the defined objective of the paper were collected and used primary and secondary sources of information. The theoretical part is divided into CSR, sustainability and sustainable marketing. Sustainable marketing includes a definition of the concept, as well as benefits of sustainable marketing. Underlying data for the theoretical part were gained from published sources, such as books and articles, as well as the internet. When processing of individual underlying data and formulating conclusions of paper were used methods of analysis, synthesis, induction, deduction and the comparative method.

For the purpose of the present paper marketing research was conducted. Marketing research was realized in 2014 by the method of interview using a questionnaire. The research was focused directly on agrifood companies in Slovakia. The research involved 120 chosen companies. The questions were asked concerning on the implementation CSR in agrifood entities.

For deeper analysis of the obtained results, there were set out assumptions about the correlation between the reasons for the introduction of social responsibility and the place where the agrifood company is situated (city, village), as well as between the most frequent orientation of the agrifood company and the place where it is situated (city,

⁵ B. Emery: *Sustainable Marketing*. PEARSON, Harlow 2012.

⁶ W. T. Coombs – S. J. Holladay: *Managing Corporate Social Responsibility: A Communication Approach*. WILEY-BLACKWELL MALDEN, MA: 2011

⁷ W. Visser – D. Matten – M. Pohl – N. Tolhurst: *The A to Z of Corporate Social Responsibility: A Complete Reference Guide to Concepts, Codes and Organisations*. JOHN WILEY & SONS, West Sussex 2009.

⁸ R. Donovan – N. Henley: *Principles and Practice of Social Marketing*. CAMBRIDGE UNIVERSITY PRESS, Cambridge 2010.

⁹ J. Paluchová - R.B. Prokeiová: *Udržateľné tendencie v spotrebiteľskom správaní : asociačné pravidlá, udržateľný marketing a zodpovedná spotreba*. SLOVENSKÁ POĽNOHOSPODÁRSKA UNIVERZITA, Nitra 2013

village). To test the dependence were used Pearson's chi-square test and Cramer's contingency coefficient.

Research results and discussion

CSR from Viewpoint of Sustainability

Corporates have to grapple with an ever-growing list of key issues that cover the three pillars of sustainability - social, environmental and economic. A sustainable business acts to achieve short, medium and long term success. Sustainable means successful today and tomorrow.

Continual population growth, technology progress in form of the Industrial Revolution, the creation of mass production made continuous economic growth and growth in consumption possible. This came at a high price. Climate change, loss of biodiversity, a rapid depletion of non-renewable resources and even on resources, which are deemed renewable, to name only a few of the environmental issues the world is facing.

Consumers are aware of and worried about these issues. Besides environmental impacts, consumers also express their concerns about the social impacts of products they purchase and more than ever demand 'green' products.

Nevertheless, consumers expect companies to be socially responsible and operate in an environmentally friendly way, and do more than just comply with legal regulations. At the same time, marketers are confronted with unsustainable consumer behaviour and have to lead consumers towards more sustainable consumption.

These challenges, which marketers have to face, cannot be solved by means of conventional marketing. Instead there has to be a change in conventional marketing practices.

Nevertheless, CSR approaches are often end-of-pipe solutions instead of changing processes within the company. Overall, CSR has to be practiced carefully.

There are, however, certain tools companies can utilize, which help to implement CSR or sustainability into business operations and communicate those efforts to stakeholders:

- Standards - can help companies to integrate social and environmental responsibilities into their operations.
- Sustainability reporting - a sustainability report should inform readers about an organization's environmental, social and economic performance (GRI 2012). However, there is no general standard which is used by all organizations reporting on sustainability, which is why reports vary greatly in quantity and quality. Reports can be utilized to present just the goals a company sets itself or to indicate positive performance, which then lacks evidence. Thus, sustainability reports are still regarded with suspicion by some because there are still companies which use these reports to improve their image. Nevertheless, there are standards for sustainability reporting, such as the guidelines of the Global Reporting Initiative (GRI). The aim is

that companies keep track of their performance and impacts, while reporting in an accountable and transparent way to stakeholders.¹⁰

- Labelling - labels enable companies to communicate sustainability to consumers at the point of sale, which is often where the ultimate purchase decision is made. Typical consumer products which carry labels are food, household appliances, wood- and paper-based products and cleaning supplies. Labels can be divided into environmental and social labels, which focus on either single or multiple attributes, which can concern characteristics of the product, the whole life-cycle or how a business operates.¹¹ Labelling can also be used to indicate recycled content and how to recycle or dispose of products.¹²

Why to apply CSR into business

More companies than ever before are investing in corporate social responsibility activities such as cause-related marketing, minority support programs and socially responsible manufacturing practices. Consumers patronize these companies because they see personal benefits from the CSR initiatives and because the initiatives resonate with their own values.

At present the principles of responsible business acquires more and more companies. There is a direct proportion in increasing demand for evidence of benefits in this enterprise. These questions are asked by customers, employees, government, community and the shareholders of course. They are most interested in the financial effect of such an approach to business. None of the defenders CSR claim that the company should give up its primary legitimate objective of making a profit instead of devote charity.

They try to show that if firms attempt to generate profits also added interest in the overall functioning of society and the environment will benefit not only themselves, but also society.

CSR advocates argue that "being good is good from financial reasons "that the enhancement of society and environment brings to companies financial gain through increased reputation and employee productivity.

Benefits that the implementation of CSR brings are shown in Figure 1.

¹⁰ D. Martin – J. Schouten: *Sustainable Marketing*. PEARSON PRENTICE HALL, Upper Saddle River 2012.

¹¹ J.A. Ottman: *The New Rules of Green Marketing: Strategies, Tools, and Inspiration for Sustainable Branding*. SHEFFIELD, Greenleaf 2011.

¹² F.M. Belz – K. Peattie: *Sustainability Marketing: A Global Perspective*. WILEY 2009.

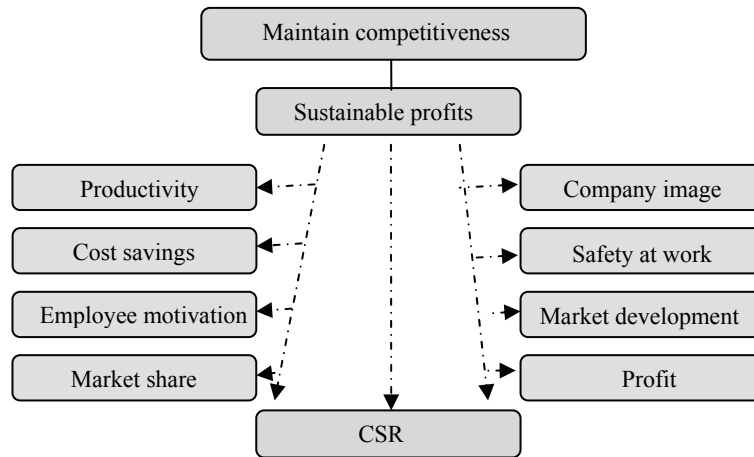


Figure 1: Benefits of CSR

Source: Adapted and elaborated based on Münstermann (2007) ¹³

The existence of social responsibility offers companies a number of advantages. However, the problem still remains detection, quantification and evaluation of these benefits.

New Approaches- Marketing Challenges and Implications

At present, marketing management needs to be adapted to new conditions periodically. This leads to the development of modern approaches. The biggest difference between the modern approaches and the approaches from the past is that nowadays companies do not only consider its own profits and customers' needs and wants, but they also take into account the society at large. There are more approaches which deal with this aspect.

A strategic approach to CSR is increasingly important to the competitiveness of enterprises. It can bring benefits in terms of risk management, cost savings, access to capital, customer relationships, human resource management, and innovation capacity.¹⁴

Marketers, as communicators and influencers of culture, are in a privileged position to make a difference to their companies' 'triple bottom line'. However, marketing departments have traditionally been quite reluctant to integrate CSR and sustainability agendas into their work.

CSR concept as we understand is the concept of implementation 3P to thinking and doing business, and therefore we can say that is closely related to the concept of sustainable marketing but we find a difference in that is not specifically focused on customers and marketing.

¹³ M. Münstermann: *Corporate Social Responsibility – Ausgestaltung und Steuerung von CSR – Aktivitäten*. Wiesbaden 2007.

¹⁴ O.S. Idowu – L.W. Filho: *Global Practices of Corporate Social Responsibility*. SPRINGER, Berlin 2008.

Sustainable marketing

Sustainable marketing embraces the idea of sustainable development, which requires a change in the behaviour of virtually everyone, including both producers (responsible business) and consumers (responsible consumers).¹⁵ Considering all specific features of agrifood business and food market, we can think about the possibilities how to implement sustainability features into marketing practice in those areas. Figure 2 can help to understand the concept of combining traditional marketing with new approaches in the area of relation of combining traditional marketing with new approaches in the area of relation and triple dimensions (market/society/planet). It is evident an important role of eco-marketing, ethical marketing and in generally, modern approach, considering the aspect of proper and long-lasting professional relations (Figure 2).

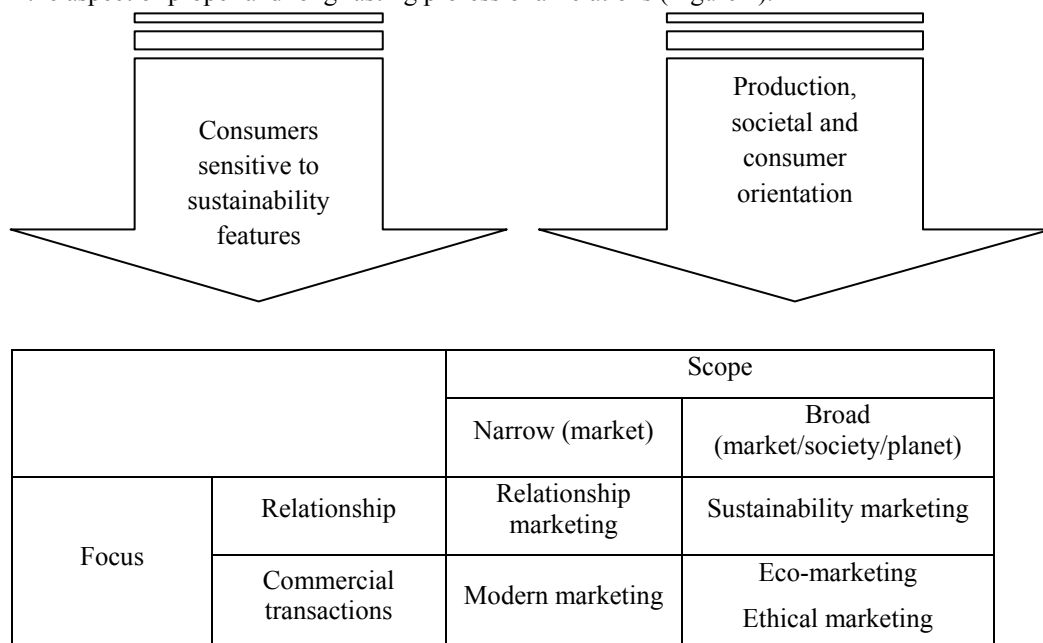


Figure 2 Towards sustainability marketing
Source: Adapted and elaborated based on Belz and Peattie (2009)¹⁶

Sustainable marketing is a tool of improving competitive ability and position in the market as well as the necessity for more sustainability. Sustainable marketing is concerned with sustainable development and offers marketers a holistic approach to make the products and the companies themselves more sustainable.

The concept of sustainable marketing is based on the following steps: the analysis of socio - environmental problems, the analysis of customer behavior, the values and

¹⁵ E. Horská – I. Nagyová. Marketingové prístupy k udržateľnosti agrosektora na Slovensku. SPU, Nitra 2013.

¹⁶ F.M. Belz – K. Peattie: *Sustainability Marketing: A Global Perspective*. WILEY 2009.

objectives, as well as sustainable marketing strategy, sustainable development of the marketing mix and on marketing sustainable transformation.

Application of the concept of sustainable marketing means:

- new business opportunities,
- improve corporate reputation,
- motivated and productive employees,
- better relationship with society and stakeholders,
- cost savings,
- environmental responsibility,
- quality products and services,
- profitability of the company.

Sustainable marketing is finding a long-term or short-term relationship between the organization and customers, where sustainable marketing is moving towards to creating long-term goals in the area of obtaining resources from nature and their return back, whether in the form of environmental and ecological benefit or sales promotion of green products and their impact on consumers, the environment and future generation of companies and consumers.^{17,18}

Results of the research

Primary data for meet the objectives of the paper were obtained through marketing research, which was attended by 120 agrifood companies. The aim of the first question was to determine if chosen companies apply corporate social responsibility into their business practise. Research results indicate that 104 entities incorporated CSR into their strategy to achieving sustainable positive results. The next table (Table 1) shows the difference between companies which are situated in city and in village and apply or don't apply CSR.

Table 1: Difference between village and city

POSSIBLE ANSWER	VILLAGE	CITY	SUM
Yes	55	49	104
No	10	6	16
			120

Source: Results of the research

We can see that 84,6 % of all companies situated in village practice CSR and there are 89,1 % companies from city with a positive access to CSR. We can conclude that business entities from city are more aware of importance corporate responsibility and its benefits as well.

¹⁷ G. Wells: *Sustainable Business: Theory and Practise of Business under Sustainability Principles*. EDWARD ELGAR PUBLISHING LIMITED, UK 2013.

¹⁸ E. Smutka – M. Mansoor. 2010. EU, Visegrad Countries and External Relations with Ukraine. p. 54-96. In BIELIK, Peter et.al. *Economics, Social Policy and Citizenship in the European Union: Evidence of V4 Countries and Perspectives for Ukraine*.

A healthy environment and healthy style of living goes hand in hand with a healthy and valuable survival of everyone's life. The next chart shows the most targeted area of CSR in agrifood companies (Figure 3). The research found, that the most targeted area of CSR is environment protection which accounts for 27 % of all answers. Almost one-fifth (19 %) of companies indicated health and safety of employees as an important area. The third biggest area with 16 % share is communication. Next targeted areas are development and human resource management with 15 % share, innovation with 12 % share and finally, sport and healthy lifestyle with 11 % share. From the chart follows that organizations are the most focused on environment, health and safety of employees and communication.

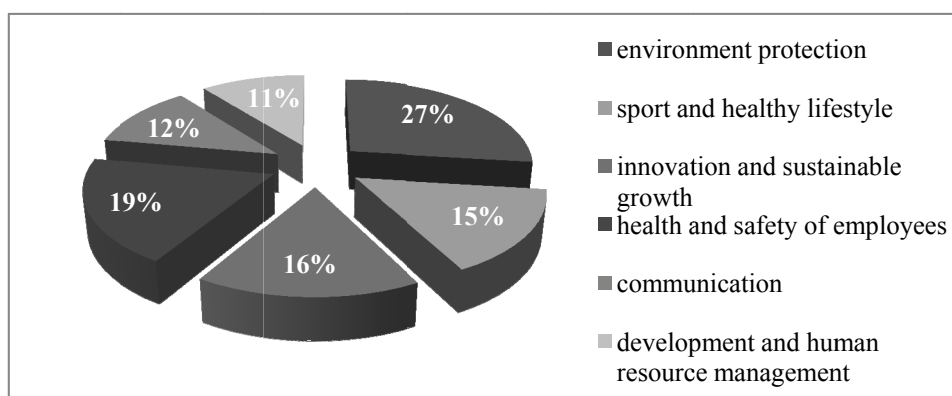


Figure 3: The most targeted area of CSR in agrifood companies
Source: Results of the research

In connection with the issue of the most targeted area of CSR in agrifood entities, there has also occurred the question relating to the relationship between the most frequent orientation of the agrifood entity and the place where it is situated (city, village). For the evaluation of the interdependence, respectively the independence between the mentioned variables have been used the methods of Pearson's chi-square test (Table 2) and Cramer's contingency coefficient (the result of Cramer's contingency coefficient were equal to 0.052836, what can be interpreted as a weak relationship between tested variables) based on which results the null hypothesis cannot be on the level of significance 5 % adopted and adopted must be the H_1 hypothesis talking about the interdependence between tested variables. From the Figure can be seen, that while companies which are situated in the village as the most frequent orientation the environmental protection, companies situated in the city state the innovation and sustainable growth.

Table 2: The relationship between the most frequent orientation of the agrifood company and the place where it is situated (city, village)

The most frequent orientation of food stores	Place where the food store is situated		Together
	City	Village	
Environment protection	7	21	28
Sport and healthy lifestyle	10	6	16
Innovation and sustainable growth	12	5	17
Health and safety of employees	9	11	20
Communication	3	9	12
Development and human resource management	9	3	12

TC = 16.054 □ CV = 11.07

Source: Results of the research

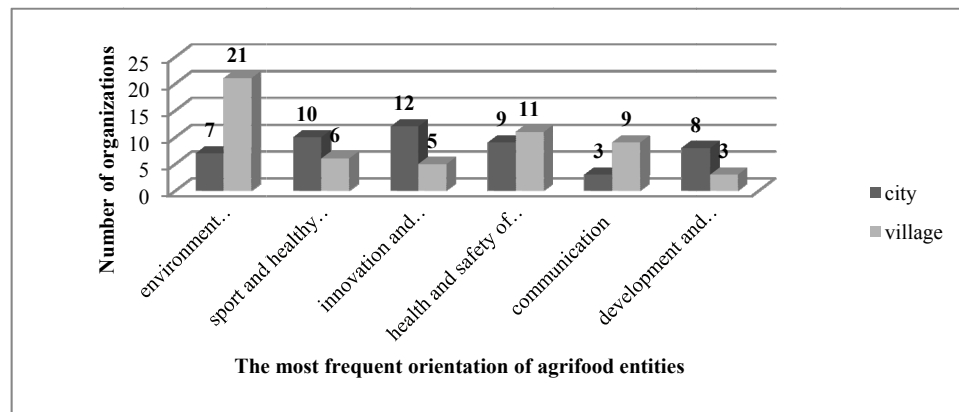


Figure 4: The relationship between the most frequent orientation of the agrifood company and the place where it is situated (city, village)

Source: Results of the research

In response to the evaluation of the question regarding to reasons for the introduction of social responsibility in agrifood entities, was subsequently verified the interdependence, respectively the independence between the chosen answer and the size of food store's sales area, which has been evaluated with the use of Pearson's chi-square test (Table) and Cramer's contingency coefficient (the result of Cramer's contingency coefficient was equal to 0.05215501, what can be interpreted as a weak relationship between tested variables). Based on the results of both mentioned tests, it can be stated, that the H_0 hypothesis must be on the level of significance 5 % rejected and adopted must be the H_1 hypothesis talking about the interdependence between tested variables. The relationship between tested variables is also reflected in the Figure , from which it can be seen, that while companies which are situated in the village mostly state as the reason for the introduction of CSR the increase of customers' satisfaction and concern for the

environment, companies which are situated in the city state the concern for the environment, increase of customers' satisfaction and the reduction of costs.

Table 3: The relationship between the reasons for the introduction of social responsibility and the place where the agrifood company is situated (city, village)

The most frequent orientation of food stores	Place where the food store is situated		Together
	City	Village	
Cost reduction	10	7	17
Public education	0	1	1
Increase customer satisfaction	14	21	35
Concern for the environment	19	26	35
Increase in reputation	6	0	11

TC = 9.685 □ CV = 9.488

Source: Results of the research

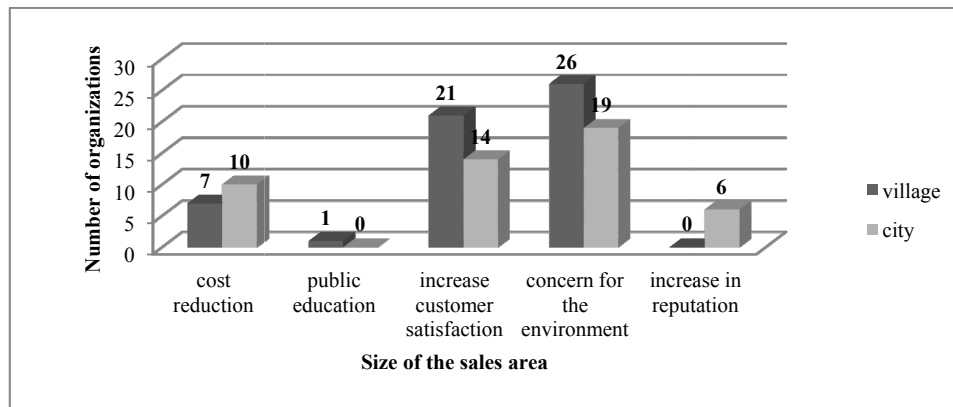


Figure 5: The relationship between the reasons for the introduction of social responsibility and the place where the agrifood company is situated (city, village)

Source: Results of the research

Conclusion

New approaches bring great benefits to companies, of which the most important is the overall competitive advantage. Undoubtedly CSR is clearly inspiring corporate governance and management at the dawn of the twenty-first century. The new approach to sustainable business is a commercial opportunity. The alternative is a business risk. In practice, this means that companies that have adopted the concept of CSR deliberately set high ethical standards. They also try to minimize negative impacts on the environment, maintain and care about their employees. For entity this brings opportunity to differentiate it from the competitors, become a requested business partner and attractive employer.

The research found that the most targeted area of CSR is environment protection followed by health and safety of employees and on the third important place is sport and healthy lifestyle. We can confirm that consumers patronize the company because they

see personal benefits from the CSR initiatives and because the initiatives resonate with their own values.

We can formulate one important recommendation for the practice in the area of CSR - in future, public pressure will be so strong that all companies will be forced to respect and apply all the principles arising from the concept of CSR. It can be stated that consumers are becoming more sophisticated and they buy product when expecting more than functional benefits. In addition to factors such as price and quality, they take also ethical, social and environmental criteria into account.

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