# CORPORATE SOCIAL RESPONSIBILITY IN PRODUCTION SEGMENT AND SERVICES

Bc. Barbora Kučková

Univerzita Tomáše Bati ve Zlíně
Fakulta multimediálních komunikací
Ústav marketingových komunikací
akademický rok: 2009/2010

# ZADÁNÍ DIPLOMOVÉ PRÁCE
### (PROJEKTU, UMĚLECKÉHO DÍLA, UMĚLECKÉHO VÝKONU)

| | |
|---|---|
| Jméno a příjmení: | **Bc. Barbora KUČKOVÁ** |
| Studijní program: | **N 7202 Mediální a komunikační studia** |
| Studijní obor: | **Marketingové komunikace** |
| Téma práce: | **Společensky zodpovědné podnikání ve výrobní sféře a sektoru služeb** |

Zásady pro vypracování:

1. Zpracujte literární rešerši k tématu, věnujte pozornost jeho aktuálnosti v oblasti marketing managementu výrobních firem a podniků služeb.
2. Stanovte cíle, metody a hypotézy práce.
3. Na základě primárního šetření analyzujte rozdíly v řízení a vnímání efektu CSR ve výrobních firmách oproti službám.
4. Verifikujte hypotézy a z výsledků rešerše a analýz vyvoďte návrh obsahu vzdělávacího semináře pro manažery firem, týkající se aplikace CSR ve výrobní a terciární sféře s důrazem na komunikační plán této akce.

Rozsah práce:

Rozsah příloh:

Forma zpracování diplomové práce:    tištěná/elektronická

Seznam odborné literatury:

JANEČKOVÁ, L., VAŠTÍKOVÁ M. Marketing služeb. Praha : Grada Publishing, 2001. 179s. ISBN 80-7169-995-0.

KOHOUT, J. Veřejné mínení, image a metody public relations. Praha : Management Press, 1999. 124 s. ISBN 80-7216-006-6.

KOTLER, P.. ARMSTRONG, G. Marketing. Praha : Grada Publishing, 2007. 856 s.ISBN 80-247-0513-3.

MICHALOVÁ, V. Manažment a marketing služieb. Bratislava : Netri, 2006. 216 s. ISBN 80-969567-1-X.

PACHINGEROVÁ, M.KUBIČKOVÁ, V. – ŠUTEROVÁ, V., Manažment podniku služieb. Vybrané problémy. Bratislava : Ekonóm, 2006. 191. ISBN 80-225-2145-0.

PAYNE, A. Marketing služeb. 1. vyd. Praha : Grada, 1996. 248 s. ISBN 80-7169-276-X.

Vedoucí diplomové práce:          **Ing. Martina Juříková, Ph.D.**
                                  Ústav marketingových komunikací

Datum zadání diplomové práce:     **1. prosince 2009**

Termín odevzdání diplomové práce: **26. dubna 2010**

Ve Zlíně dne 1. prosince 2009
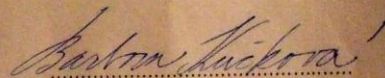
doc. MgA. Jana Janíková, ArtD.                    Mgr. Ing. Olga Jurášková
        *děkanka*                                        *ředitelka ústavu*

## PROHLÁŠENÍ AUTORA
## DIPLOMOVÉ PRÁCE

Beru na vědomí, že

- odevzdáním diplomové práce souhlasím se zveřejněním své práce podle zákona č. 111/1998 Sb. o vysokých školách a o změně a doplnění dalších zákonů (zákon o vysokých školách), ve znění pozdějších právních předpisů, bez ohledu na výsledek obhajoby [1];
- beru na vědomí, že diplomová práce bude uložena v elektronické podobě v univerzitním informačním systému dostupná k prezenčnímu nahlédnutí;
- na moji diplomovou práci se plně vztahuje zákon č. 121/2000 Sb. o právu autorském, o právech souvisejících s právem autorským a o změně některých zákonů (autorský zákon) ve znění pozdějších právních předpisů, zejm. § 35 odst. 3 [2];
- podle § 60 [3] odst. 1 autorského zákona má UTB ve Zlíně právo na uzavření licenční smlouvy o užití školního díla v rozsahu § 12 odst. 4 autorského zákona;
- podle § 60 [3] odst. 2 a 3 mohu užít své dílo – diplomovou práci - nebo poskytnout licenci k jejímu využití jen s předchozím písemným souhlasem Univerzity Tomáše Bati ve Zlíně, která je oprávněna v takovém případě ode mne požadovat přiměřený příspěvek na úhradu nákladů, které byly Univerzitou Tomáše Bati ve Zlíně na vytvoření díla vynaloženy (až do jejich skutečné výše);
- pokud bylo k vypracování diplomové práce využito softwaru poskytnutého Univerzitou Tomáše Bati ve Zlíně nebo jinými subjekty pouze ke studijním a výzkumným účelům (tj. k nekomerčnímu využití), nelze výsledky bakalářské/diplomové práce využít ke komerčním účelům.

Ve Zlíně 23.4. 2010

Jméno, příjmení, podpis

## ABSTRAKT

Marketingové prostredie prechádza zmenami, preto manažéri hľadajú metódy, ktoré by ich spoločnosti udržali dlhšie na trhu. Za pomerne novú konkurenčnú výhodu sa považuje koncept zodpovedného podnikania (ZP). Premena podnikateľského prostredia je natoľko signifikantná, že ovplyvňuje aj štruktúru výrobkov a služieb. Teoretická časť práce ponúkne matice vzťahov medzi ZP, prevádzkovateľmi služieb a výrobcov. Analýza odhalí, či sa nástroje ZP líšia u výrobcov a pri službách. Project zhrnie odporúčania pre manažérov, ktorí chcú implementovať ZP do cieľov podniku, pričom dôraz bude kladený na komunikačný plán tejto akcie.

Kľúčová slova: Zodpovedné podnikanie, Trojitá výsledovka, Planéta, Zelené technológie, Výrobky a služby, Nehmotnosť, Marketing zmien, Zákaznícky prístup

## ABSTRACT

The marketing environment is changing therefore companies have to look for different methods how to stay in the market. Corporate social responsibility (CSR) is considered as a new competitive advantage. Since the transformation of business is huge it affects also the structure of goods and services. The theoretical part of the thesis compiles matrixes between CSR and production segment and services. Analysis examines if CSR tools differ in use in production segment and services. Project brings recommendations for managers who plan to incorporate CSR with the focus on communications strategy.

Keywords: Corporate Social Responsibility, Triple Bottom Line, Planet, Green Technologies, Goods and Services, Intangibility, Marketing of Changes, Customer Approach

## ACKNOWLEDGEMENTS

I hereby declare that the print version of my Master's thesis and the electronic version of my thesis deposited in the IS/STAG system are identical.

# CONTENTS

# INTRODUCTION

## Motivation

The marketing environment is going through significant modifications. Some of these changes are caused by fast growth of new technologies and concerns about the fate of the planet. Market approaches, company structures, customers and employees priorities are in the process of alternation. Critique of current marketing strategies has triggered more responsible way of thinking known as Corporate Social Responsibility.

The CSR concept is a mostly voluntary business model in which companies do not focus solely on their profit but also well-being of other stakeholders such as people and planet. Companies which want to be the leaders of changes and gain the competitive advantage already understood the importance of the concept. Since the marketing changes are so huge that even goods and services are transforming or merging, I found it innovative to analyse similarities and differences of CSR practices between production segment and services that are yet unexplored.

## Objective of the Diploma Thesis

The theme *Corporate Social Responsibility in Production Segment and Services* predetermined the thesis to be more theoretical or scholastic. It is caused by unstable conditions of examined subjects. The objective of the work is to find out if the same CSR tools are applied on goods and services. The thesis will discover CSR and goods and services within recent marketing rules. Crucial is also a question if features of tangible and intangible products and movement from mass marketing to customer approach are fundamental in various applications of CSR tools. Deeper analysis of CSR reports will discover concrete examples of responsible solutions in both examined fields. The output of the thesis will be a project designed as recommendations for managers who would like to implement the CSR concept into their companies.

## Structure of the Diploma Thesis

The Diploma Thesis is divided into three parts: *Theory, Analysis* and *Project*.

The first section, *Theory,* sets the theoretical background. It consists of four chapters: *Marketing of Changes, Corporate Social Responsibility, Goods and Services, Methodology.*

Chapter One, *Marketing of Changes,* describes a transformation of society with focus on marketing area. Philip Kotler, Peter Drucker and Gustáv Tomek foresaw the changing environment and its impact on marketing strategies and the structure of companies. Marketing practices of last decades are not suitable for 21$^{st}$ century, they come under sharp criticism. This situation is connected with fear for ecology, higher expectations of customers and employees and a widening gap between rich and poor people and vanishing stocks of non-renewable resources. Companies search for better marketing directions of leading their activities.

Second chapter, *Corporate Social Responsibility*, is dedicated to recently applied way of marketing thinking. The idea represents a new approach of companies towards so-called stakeholders, groups that influence or are influenced by a firm. The concept is based on an idea that every corporation, firm, enterprise or company is part of a society. Therefore, its responsibility is not only production of profit, but also taking care of the environment, customers, employees, etc. Stakeholders are classified into one of three categories: People, Profit or Planet, that are grouped by a term triple – bottom – line.  Topic maps the evolution of the CSR concept, norms, defines stakeholders and ways of implementing CSR into a company.

Third chapter, *Goods and Services,* analyses traditional and modern marketing applied on tangible products and intangible services. The comparison is derived from alternation of mass marketing into customer approach. Traditional marketing mix knows four P´s for goods and seven P´s for services. Modern marketing claims that the theory of 7 P´s can be applied to both production segment and services. The situation is a result of merging of goods and services, where each tangible product can be turned into a service if tailored to customer´s demands.

Fourth chapter, *Methodology,* defines the core hypothesis and sub – hypotheses, targets of the work and method of research that will be used to verify the hypothesis.


Analytical part, *Planet,* applies findings of theoretical background for deeper examinations of steps taken by companies to reduce their influence on ecology. Research is based on CSR solutions of firms that take care of their environmental impact. The chapter is focused on goods and services separately.

The third part is a project, *Environmental CSR Guide for Production Segment and Services*, which serves as recommendations for managers who would like to implement the CSR concept into their companies with the focus on environment. The guide pinpoints the basic rules of CSR incorporation with emphasis on new trends in environmental CSR and specifics of applying "green tools" in production segment and services. A fictive example of communications strategy of CSR tools for both segments is included.

# I.    THEORY

# 1 MARKETING OF CHANGES

*The future ain´t what it used to be.*

*Yogi Berra[1]*

Every few centuries, there is a major breakthrough. Society transforms itself. The view of the world, the core values, the social and the political structure, the art and the key organisations; all these are reevaluated. Then, after fifty years, a whole new world is born. The beginning of the 21st century is just a starting point of changes which have appeared approximately thirty years ago and are only now about to develop to their full potential. The changes are a base for structure modification of enterprises – fusions, sales or new alliances; workforce alternation and innovation of higher education.[2]

Political, economic and technological changes influence the society, especially in the aspect of opinions on its working life. Nowadays, a trend inclines towards post - material values. The life expectances are growing, too. Societal and political changes are initiated and connected with globalisation in the sense of cultural interconnections, growing of global markets, global competitive advantage and competitiveness or global strategic decisions. The result of binding economies and formation of internationally operating companies causes the alternation of corporate culture.[3]

The guru on incoming economic and social trends, Peter F. Drucker, predicted several forthcoming events. In his book *Management Challenges for the 21st Century* he described changing paradigms in management, declining birth rate, competitiveness at global level, rising inhomogeneity between economical and political subjects, growing of new economies. Technologies and information bind into information technologies. Knowledge management comes forward with effective use of human resources. Life expectancy had been prolonging therefore Drucker emphasised on self – management of every person and planning of the second part of life. As the most important management challenge for this century Drucker considers *being the leader of changes[4]*. It is impossible to prevent change, but being ahead of them should be the keystone – otherwise an organisation does not have

---

[1] Kotler, 2007, p. 55
[2] Drucker, 2006, p. 51
[3] Tomek, 2004, p. 1-2
[4] Drucker, 2001, p. 75

any chance to survive. The leader of changes searches for the right changes and knows how to use them effectively.

Companies of the future are going to have a new structure – consisting only of top management - the rest is cooperation with external suppliers.[5] Drucker foretold previously in the 1990´s that worldwide changes would influence existence of enterprises in their current form. New structure is certainly related to the rising importance of services. The percentage of GDP from services rose to 69% in 2005.[6] A service represents crucial part of multiple – levels product and final competitive ability. Manufacturing companies are becoming factories for services.[7]

Marketing experts are aware of already existing and upcoming changes that influence a business model used for decades. Extension of the modification seems so huge that the first sub- hypothesis I state touches the core of existence of CSR concept and development of goods and services.

Sub - hypothesis:  *Transformation of business has started the boom of corporate social responsibility and changed marketing of goods and services.*

Therefore, one objective of the theoretical part is to find out to what extension new trends in marketing are influencing the concept of CSR, production segment and services. These hypothesis and targets and other, not stated yet, will lead me to the answers on the core hypothesis: *Production segment and services use different CSR tools.* The core hypothesis is derived from the current knowledge of marketing mix and characteristics of both segments.Another task for theoretical part is to find suitable factors of CSR to be able to compare it in the field of services and manufacturers in the analytical part.

## 1.1   The Social Criticism of Marketing

Marketing is *„the social process by which individuals and groups obtain what they need and want through creating and exchanging products and value with others"*[8]. If the

---

[5] Drucker, 2006, p. 25
[6] World Resources Institute: *GDP: Percent GDP from services.* [Online]
[7] Tomek, 2004, p. 2-3
[8] Marketing teacher: *What is Marketing?* [Online]

marketing strategies do not meet the expectations of involved participants, the concept of marketing is criticised. Critics blame marketing for four main threats[9]:

### 1.1.1 The impact on society as a whole

People meet daily a countless number of marketing strategies. The most visible are communication tools like advertising, PR, sales promotion, direct marketing or personal selling, their strong manipulative power influence people in having similar attitudes, e.g. not being thin or extremely beautiful means to be part of low – class.

### 1.1.2 Creating false needs and excessive materialism

Akio Morita from Sony, the specialist on forthcoming customer needs, says: *"Our plan is to lead the public with new products rather than ask them what kind of products they want. The public does not know what is possible, but we do."*[10] The materialism changes appreciation of traditional values into greediness for possession.

### 1.1.3 The impact on other types of business

Unfair commercial practices, buying of competitor companies and strategies that create barriers of market entry for other companies are the main negatives. Damage to the markets is caused by marketing management that prefer purchase of competitive businesses instead of own innovation of their products; using the power of expensive communication or practices beyond the moral limit.

### 1.1.4 The impact of marketing on individual consumers

Surveys indicate that consumers do not perceive marketing positively. They feel threatened by:[11]

• unfair trade practices

• pressure selling

• products of poor quality and dangerous goods

• planning of moral obsolescence of products

• poor service to the disabled or otherwise disadvantaged consumers

• high prices

---

[9] Kotler, 2007, p. 783
[10] Entrepreneur: *Akio Morita.* [Online]
[11] Kotler, 2007, p. 783-798

**Unfair trade practises** correlates especially with deceptive advertising, packing and prices. Misleading advertising promotes exaggeratedly performance of the products, attract to goods that are not stocked or involves competitions of doubtful quality. Marketing strategies in packing produces bigger size of wrappings with smaller content or shows misleading design of the product. Prices of products are often understood incorrectly, because of ambiguous wholesale´s pricelist.

Sellers and dealers are often accused of **pressure selling**. Their performance and appearance are trained to persuade a customer. Goods like jewels, cars and realties are said to be sold, not bought. A consumer seldom buys something that he does not need.

Misleading appears also in the description of **the quality of products and their safety**. Consumers can presume that the products they use are healthy, because of e.g. nutritional values displayed on the packing, so they consume it in higher amounts. Unfortunately, such products can be even dangerous.

Companies are charged with their deliberate **planning of moral obsolescence of products**. These products are old before the needed change. New trends force people to buy more often. Firms tend to wait with innovations until the old stock is gone.

"Redlining" and "weblining" are tools which are used to define types of customers and causes economical discrimination. Better customers get more information and better prices than those with "low value". **Poor services to the disabled or otherwise disadvantaged consumers** are another of criticised marketing strategies.

Disagreement with marketing policy that evokes **high prices** focuses on three spheres – distribution, communication policy and business mark – ups. Chart 1 describes arguments against and opinions of proponents of high – prices marketing accused by critique.

Social criticism of marketing is the mirror of marketing practises. Critique is always a good way to revalue affairs and serves as a stepping stone for involving new practises into strategy of organisation.

Chart I - **Critique on High Prices**[12]

| CRITICS | PROPONENTS |
|---|---|
| **Distribution prices** | |
| -greediness of distributors<br><br>-sales commission is not worth their services<br><br>-too many intermediaries in the distribution chain (ineffective, poor quality, unnecessary and duplicate services)<br><br>-an extra cost paid by the consumer in higher prices of products<br><br>-consumer pays an extra costs in the higher price of products | -distributors do work instead of producers or consumers<br><br>- prices reflect the value of services required by consumers (convenience, spacious shops, diverse supply of goods, longer opening hours, discounts, ..)<br><br>-operating-cost grows, retailers have to raise prices<br>-high competitiveness of retailers causes low margin<br>-discount retailers (Wal-Mart, Best Buy) push competitors to cost-cutting and maintaining of low prices |
| **Communication policy** | |
| -price increases due to financing of expensive communication policy (up to 40% of the price at which the producer sells retail products)<br>-costs for packaging, advertising, sales promotion add psychological, not a functional value | -brand gives the feeling of constant quality<br>-consumer pays extra cost for psychological advantage (sense of attractiveness, wealth, excellence)<br>-potential consumers are aware of the existence and benefits of the brand through communication policy<br>-competitive reasons - if manufacturer does not react to the efforts of competition, it may lose brand awareness<br>-companies know about the high cost of advertising, so they try to handle with finances wisely |
| **Business mark – ups** | |
| -criticism of the pharmaceutical industry (pill for 5 cents costs $ 2)<br>-price policy like funeral service tactics (emotions) and high margins for car and TV repair | -margins of pharmaceutical industry - research, production and testing of new product<br>-Better Business Bureau and state authorities deal with cases of deception of consumers |

---

[12] Adopted from Kotler, 2007, p. 783-798

## 1.2 Enlightened Marketing

Marketing strategies are in systematic progress. Changes in the society influence insight to marketing. New trends in business are composed in effective, innovative and responsible way. There have arisen different types of marketing in foreground. Kotler[13] grouped five marketing approaches by expression *Enlightened Marketing*.

*Value marketing* invests sources into long – term creating of new value for customer. Many of marketing strategies e.g. little packing changes do not mean the real improvement of the quality of the product. Enlightened Marketing calls for real value in long horizon of time.

*Innovative Marketing* is applied by companies that systematically look for new products and marketing strategies. Firm that overlooks improved ways of enterprising is on the way of losing its customers in favour of competition.

*Sense – of –Mission Marketing* suggests focussing not only the product terminology but also consider the wider concept of the society. Employees work with higher feeling of being useful when company defines its mission within society.

Companies can recognise and satisfy true needs of their target segment in *Consumer Oriented Marketing*. Long-term relationship with customers which is mutually advantageous is possible to gain only through eyes of customer.

*Societal marketing* is equivalent to corporate social responsibility. Company makes decision according to three factors - customer´s needs and expectations, company´s interests and long – term interests of the society. Company which look only after its own interests shows its ignorance to both the customers and the society.

Marketing managers can expect huge possibilities and options in the new millennium. Developments in technologies are already visible in the all spheres of business; from communications, information technologies, Internet to healthcare and entertainment; and are source of exciting marketing opportunities. However, these chances are bordered by socio – economic, cultural and environmental factors. Marketing specialists are allowed to work within these conditions. Companies that will be able to create new values for customers in the concept of corporate social responsibility will gain the highest success.[14]

---

[13] Kotler, 2007, p. 810
[14] Kotler, 2007, p. 824

# 2 CORPORATE SOCIAL RESPONSIBILITY

*The political tradition of ancient thought, filtered in Italy by Machiavelli, says one thing clearly: every prince needs allies, and the bigger the responsibility, the more allies he needs.*

*Silvio Berlusconi[15]*

Italian politician Silvio Berlusconi described the chain reaction caused by being responsible. Once you start to walk this way, you influence the others. You, as a CEO, want your suppliers to behave the same way as you do, because they can affect image of your brand. Your employers treat your customers according some moral values, so these consumers want also the rest of the companies to treat them in the same manner. You want others to know and follow your example, so you write and publish a report. Consciousness about concept of corporate social responsibility spreads exponentially and interconnects developed countries with developing, profit with sustainable development, production with protection.

Corporate social responsibility is a relatively new approach of companies towards so – called stakeholders, groups that a firm influence or are influenced by, but it already belongs to the hottest issues of these days. People can see what damage has been caused by irresponsible marketing management of companies. Especially, the Generation Y feels that they have to clean the mess after generations who focused on mass production. Effectiveness, human rights and environment are targets of new economy focused on balance – work & life, profit & responsibility, saving the Earth for next generations.[16]

CSR has become an issue naturally. It would be useless to blame managers of late decades for mass marketing that have caused plenty of problems: company first - employees and customers second, work first - private life second, production first - watching after environment is waste of time, etc. In my opinion, there was not a space for CSR after WW2. Five years of war left people around the world in poverty and depression. The mass production was just the result of having nothing. People wanted to forget the war conditions, so greediness, consumerism and materialism took place. But trends and needs

---

[15] Woopidoo: *Responsibility Quotes.* [Online]
[16] Paton, N.: *Bagging a green job.* [Online]

of people are changing, and the concept of CSR represents new consciousness based on knowledge and effectiveness.

## 2.1 Evolution of CSR

Corporate Social Responsibility, Corporate or Business Responsibility, Corporate Citizenship, Corporate Governance, Community Relations, Business Ethics, Sustainable Development – these all are expressions that cover the way of leading a business in a responsible way. The prime aim of business is to make a profit. Additional feature, represented by *responsibility,* involves also the social and the environmental element. Together, the CSR concept interconnects three categories known as triple – bottom – line. 3 Ps. People, Planet, Profit.

The European Commission defines CSR as „*a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis".*[17]

„*Corporate Social Responsibility (CSR) aligns business operations with social values. CSR integrates the interests of stakeholders—all of those affected by a company's conduct—into the company's business policies and actions. CSR focuses on the social, environmental, and financial success of a company—the triple bottom line, with the goal being to positively impact society while achieving business success,"*[18] CSRwire, the world's number one resource for corporate social responsibility news.

Mallen Baker, strategic advisor on corporate social responsibility, thinks that "*CSR is about how companies manage the business processes to produce an overall positive impact on society".*[19]

To sum up the above mentioned definitions, *CSR is mostly a voluntary concept, in which a company acts as a member of the society, identifies its stakeholders within triple – bottom – line and incorporate their needs and values within the strategic and day-to-day decision-making process.*

---

[17] European Commission: *Corporate Social Responsibility.* [Online]
[18] CSRwire: *What is Corporate Social Responsibility (CSR)?* [Online]
[19] Baker, M.: *Corporate Social Responsibility – What does it mean?* [Online]

### 2.1.1 Forerunners

Responsible business is not newly established activity, though the term CSR is. Baťa, Carnegie, Rockefeller, Ford, Hewlett and Packard were visionary leaders. Andrew Carnegie, founder of U.S. Steel, articulated two principles he believed were necessary for capitalism to work. The charity principle demanded more fortunate members of society to assist its less fortunate members (the unemployed, disabled, sick, elderly). The stewardship principle required businesses and wealthy individuals to see themselves as the stewards, or caretakers, of their property. Carnegie's view was that the rich hold their money "in trust" for the rest of society. It is function of business to multiply society's wealth by increasing its own through prudent investments of the resources that it is caretaking. [20]

### 2.1.2 CSR Norms

The end of 20th and the beginning of 21st century are marked by growing concerns over the environmental and social issues. In 1976, the **Guidelines for Multinational Enterprises**[21] were released. The Guidelines provide voluntary principles and standards for responsible business conduct in areas such as employment and industrial relations, human rights, environment, information disclosure, combating bribery, consumer interests, science and technology, competition, and taxation. **ISO 14001**[22] was first published in 1996 and is often seen as the corner stone standard of the ISO 14000 series. This standard specifies the actual requirements for an environmental management system. It applies to those environmental aspects which the organization control and over which it can be expected to have an influence. Standard ISO 14001 is applicable to any organization that wishes to:

- implement, maintain and improve an environmental management system
- assure itself of its conformance with its own stated environmental policy
- demonstrate conformance
- ensure compliance with environmental laws and regulations
- seek certification of its environmental management system by an external third party organization

---

[20] Freeman, E., Liedtka, J.: *Corporate social responsibility: a critical approach - corporate social responsibility no longer a useful concept.* [Online]
[21] Organisation for Economic Co – operation and Development: *Guidelines for Multinational Enterprises.* [Online]
[22] Environmental Management Systems: *ISO 14001Environmental Management.* [Online]

- make a self-determination of conformance´

**The Kyoto protocol**[23] appeared a year later, on 11 December 1997. The protocol originated in Japan is an international agreement linked to the United Nations Framework Convention on Climate Change. It sets binding targets for 37 industrialized countries and the European community for reducing greenhouse gas (GHG) emissions. Developed countries are principally responsible for the current high levels of GHG emissions in the atmosphere as a result of more than 150 years of industrial activity, the Protocol places a heavier burden on developed nations under the principle of "common but differentiated responsibilities." The Kyoto Protocol is meeting its targets through three market – based mechanisms:

- Emissions trading – known as "the carbon market"
- Clean development mechanism (CDM)
- Joint implementation (JI)

The mechanisms help to stimulate green investment and to reach emission targets in a cost-effective way.

European leaders have realised that Europe is grappling with new issues: globalisation, demographic shifts, climate change, the need for sustainable energy sources and new security threats. The result of negotiations between EU member countries in an intergovernmental conference, in which the Commission and Parliament were also involved, was the signing of **The Treaty of Lisbon**[24] on 13 December 2007, now approved by each of the EU´s 27 members. The Treaty entered into force on 1 December 2009. *"To become the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion"*[25] is a strategic goal of the treaty followed also by an European document **Green Paper - Promoting a European framework for Corporate Social Responsibility**[26]. This Green Paper aims to launch a wide debate on how the European Union could promote corporate social responsibility at the European and international level, in particular on how to make the most of existing experiences, to encourage the development of innovative practices, to bring greater transparency and to increase the reliability of evaluation and

---

[23] United Nations Framework Convention on Climate Change: *Kyoto Protocol*. [Online]
[24] Europa. *Taking Europe into 21st century*. [Online]
[25] The Club of Rome: *Lisbon European Council 23 and 24 March 2000*. [Online]
[26] Commission of the European Communities: *Green Paper*. [Online]

validation. It suggests an approach based on the deepening of partnerships in which all participants have an active role to play.

The idea of corporate social responsibility is supported by growing number of initiatives like **CSR Europe**[27] that was founded in 1995 by senior European business leaders in response to an appeal by the European Commission President Jacques Delors. It has since grown into leading European business network for corporate social responsibility with around 75 multinational corporations and 27 national partner organisations as members. CSR Europe is a platform for:

- Connecting companies to share best practice on CSR

- Innovating new projects between business and stakeholders

- Shaping the modern day business and political agenda on sustainability and competitiveness

**The Global Reporting Initiative (GRI)**[28] is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework. The latest version of guidelines is known as G3 Guidelines. The framework sets out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance.

### 2.1.3   Scandals of Corporations

Corporate responsibility is promoted as a voluntary concept. But scandals of companies have converted *nice to have* concept into *must have*. The issue touches crime against humanity, business ethics and environment.

*"Not long ago the concerns of ecologists were as irrelevant to business planners as those of ethicists are today. "Green" has gone from being a disparagement to becoming a badge that no smart company would risk being without. Ethics are similarly en route to becoming a strategic imperative."* says John Dalla Costa[29], the founder of the Centre for Ethical Orientation.

The most fatal mistake humankind has made is crime against the environment. The time, when we start to feel it, it has already burst out as a global warming. Destructive thunders,

---

[27] CSR Europe: *About us.* [Online]
[28] Global Reporting Initiative: *What is GRI?* [Online]
[29] Interpraxis: *Quotations from Business and Thought Leaders on Ethics and CSR.* [Online]

cyclones, floods or melting glaciers disturb our daily lives. Greenhouse gas emissions are causing environmental troubles worldwide in long - term horizon. The scientists do not really know how terrible impact it can have on humankind.

More clearly are perceived wrong steps of corporations. Corporate faux – pas can be represented by Shell, Enron, Nike or Nestle. Dutch and British oil company Shell[30] conspired with a military government to silence peaceful opposition which had only wanted to point at deadly toxic poisons released from oil burning in Nigeria, but the nine of them were executed. American sportswear supplier Nike[31] was criticised for child labour when picture of Indonesian boy under sixteen sewing a football had appeared in 1990´s. Swiss packaged foods corporation Nestlé[32] survived boycott in 1977 when its infant formula replacing breast – feeding caused health problems and deaths to many children in less developed countries. The formula should have been mixed with water, but water was contaminated often in these countries. Enron[33] scandal had far reaching political and financial implications because it lied about its profits and stands. At that time, America´s seventh largest company was accused of a range of shady dealings, including concealing debts so they didn't show up in the company's accounts.

One example of scandal turning into firm´s image rescue, because of its responsible answer, illustrates Johnson & Johnson. In 1982, the leading pain – killer medicine Tylenol[34] caused seven deaths in Chicago. Company followed its guideline of *protecting people first and property second*. Although Johnson & Johnson knew they were not responsible for the tampering of the product, they assumed responsibility by ensuring public safety first and recalled all of their capsules from the entire country which caused a loss of more than 100 million dollars. Nowadays, Tylenol still belongs to favourite pain – killers.

CSR is still held on a voluntary basis, but two European governments have already committed their corporations to obligatory reporting on CRS activities – Sweden in 2007 and Denmark in 2009. Even Peter Drucker, the visionary on marketing trends said: *"Be responsible. Self – regulate your activities. Otherwise, the bureaucracy that replaces*

---

[30] Peach – Lips: *Shell Oil Execution Scandal Case Settlement $15.5 Million.* [Online]
[31] Boggan, S.: *Nike admits to mistakes over child labour.* [internet]
[32] Wikipedia: *Nestlé boycott.* [Online]
[33] BBC News: *Enron scandal at – a – glance.* [internet]
[34] Interactive Media Lab: *Effective Crisis Management.* [Online]

*pluralism will step in the foreground and will cause terror and Stalinism. Efficient and responsible management is the only alternative and protection against the terror.*"[35]

### 2.1.4 First Supporters of CSR

In 1970s, the concept already exists on the paper. And it has found its first supporters. In a school gym class, Ben Cohen and Jerry Greenfield found they hated running but loved food. Since 1978 they have prepared *"the best possible ice cream in the nicest possible way"*[36]. Ben & Jerry´s first scoop shop was opened in a renovated gas station with an innovative hodgepodge of reused, refurbished, secondhand, and non – standard materials, such as scrap sheets of aluminium (from the local newspaper) which they used to patch the building´s leaky roof. They celebrated their first anniversary by giving free scoops of ice creams on that day. Now it is held worldwide. In 1985 company started to fund community-oriented projects provided with 7.5% of the company's annual pre-tax profits. Ben and Jerry wrote and published Homemade Ice Cream and Dessert Book in 1987. In the same year firm begins feeding a pig farm with its ice cream waste. In 1988 Ben & Jerry´s introduced the company´s 3 – part Mission Statement – product, social and economic mission, which inspired a number of already-environmentally-conscious employees to begin developing the framework for a companywide environmental program. They started with data collection. Employees practised literally the dumpster watching to measure waste. Three key types of trash were targeted to tackle with - plastic, paper and cardboard. Company has started recycling process and in the first year, the project saved more than $17,000 in hauling and landfilling costs.

## 2.2 Triple Bottom Line

Triple bottom line, abbreviations "TBL" or "3BL, refers to three aspects of business according to corporate social responsibility - People, Planet and Profit – that should lead to sustainable development. *"Sustainable development is a pattern of resource use that aims to meet human needs while preserving the environment so that these needs can be met not only in the present, but also for future generations."*[37] Brundtland Commission talked about development that *"meets the needs of the present without compromising the ability of*

---

[35] Drucker, 2006, p. 26
[36] Ben & Jerry: *History.* [Online]
[37] Wikipedia: *Sustainable development.* [Online]

*future generations to meet their own needs."*[38] Sustainable development ties together concern for the carrying capacity of natural systems with the social challenges facing humanity.

In practical terms, triple bottom line accounting means expanding the traditional reporting framework to take into account ecological and social performance in addition to financial performance.[39]
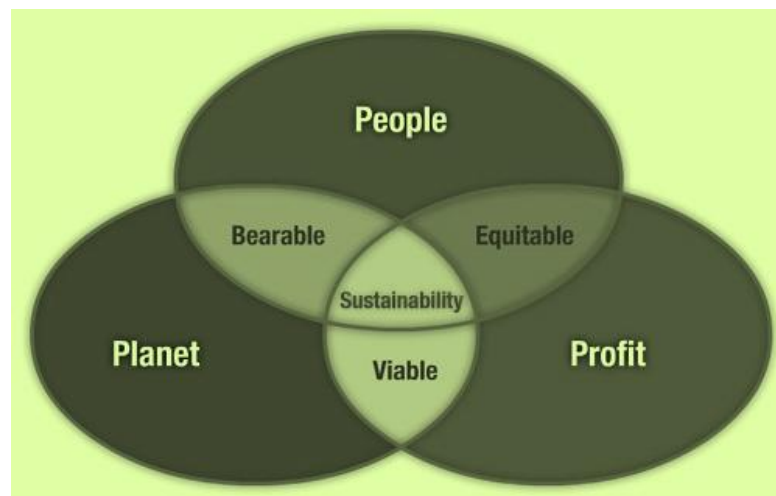


Picture 1 - **Triple Bottom Line**[40]

*People* relates to fair and beneficial business practices toward labour and the community and region in which a corporation conducts its business. *Planet* refers to sustainable environmental practices. Finally, *Profit* is the bottom line shared by all commerce, conscientious or not.[41]

The concept of TBL demands that a company's responsibility should consider stakeholders rather than shareholders. In this case, stakeholders refers to anyone who is influenced, either directly or indirectly, by the actions of the firm. According to the stakeholder theory[42], the business entity should be used as a vehicle for coordinating stakeholder interests, instead of maximizing shareholder (owner) profit.

---

[38] United Nations: *Report of the World Commission on Environment and Development.* [Online]
[39] Wikipedia: *Triple Bottom Line.* [Online]
[40] Adopted from EarthCycles Corporation: *Triple Bottom Line.* [Online]
[41] Wolf, L.: *Triple Bottom Line Networks.* [Online]
[42] Wikipedia: *Stakeholder Theory.* [Online]

Earth Cycles Corporation[43] claims that triple bottom line is designed to prevent six main problems. Environmental part deals with *pollution* and *greenhouse* gasses. Social sphere fights against *poverty* and *unemployment*. Economic impact is formed by *capitalism* and *consumerism*. Triple bottom line creates tools that should reduce harm to the ecosystem, impact on the earth´s temperature, lack of sources essential for minimum standard of well – being and uncontrolled production.

Chart II - **Triple Bottom Line[44]**

| Profit | People | Planet |
|---|---|---|
| Corporate Governance | Employment policy (healthcare, safety, education, training) | Ecological production, goods & services (ISO 14 000) |
| Code of Ethics | | Protection of natural resources |
| Rejection of corruption | Employment of minority and vulnerable groups | |
| | | Investment in environmental technologies |
| Transparency | Work-life balance | |
| Preservation of intellectual property | Equality of genders | Ecological corporate culture (recycling, energy conservation, etc.) |
| | Refusal of child labour | |
| Investor Relations | | |
| | Human rights | |
| Supplier Relations | | |
| Customer Relations | Philanthropy and volunteerism | |

## 2.3  Stakeholders

Stakeholders involve all people, institutions or organisations which influence or are influenced by the corporation.[45]

1. Identify stakeholders
2. Lead a dialogue with stakeholders
3. Find suitable issues of dialogue for suitable stakeholders
4. Communicate your CSR activities (GRI)

---

[43] EarthCycles Corporation: *Eliminating the Idea of Waste* [Online]
[44] Adopted from Petříková, et al., 2008, p. 93
[45] Petříková, et al., 2008, p.89

### 2.3.1 Identify stakeholders

Stakeholder´s groups vary from firm to firm, as well as the importance of each of them. CSR should begin with identification of stakeholders and follow by finding the strategy how to satisfy and harmonize their expectations.

How to identify stakeholders? [46]

Answer two questions "Who influences the corporation?" and "Who is influenced by corporation?" List all the answers and use *Stakeholder Matrix*. Stakeholders are identified according their expectations and possible influence.
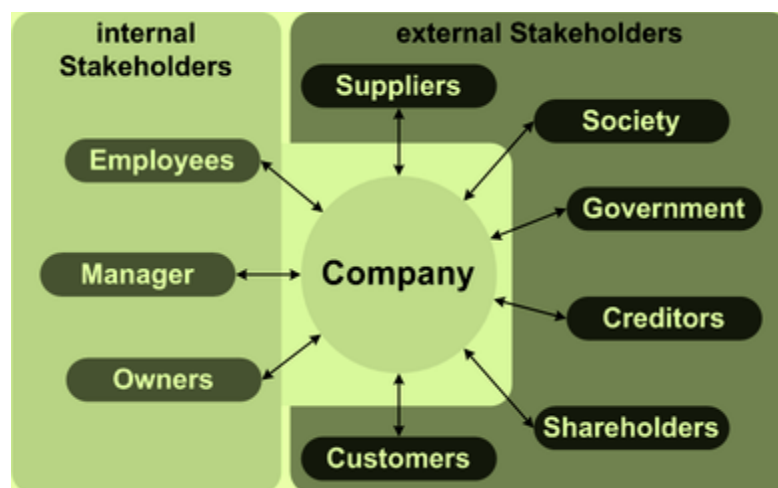


Picture 2 – **Identification of Stakeholders**[47]

### 2.3.2 Lead a dialogue with stakeholders

Every enterprise becomes a part of the community since its existence. Dialogue is a tool how to prevent conflicts.

Dialogue follows the identification. A corporation that thinks about itself as *responsible* should open itself and show the stakeholders its interest in their opinions, both inside and outside the company.

Dialogue can be a longlasting process but it can build trust on both sides, disagreements can be replaced by progress. Relationships between company, public sphere and public are the best possibility.

---

[46] Levine, R.: *3 Great Examples of a Stakeholder Analysis Matrix.* [internet]
[47] Adopted from Wikipedia: *Stakeholder (corporate).* [Online]

Another useful result of dialogue is spreading of *best practices.* Supplier – customers relationship is good example. If the buyer firm has a strong responsibility consciousness, it can ask its suppliers for the same thinking. This leads to direct and effective CSR spreading.

### 2.3.3 Key dialogue issues

Matrix for identification the key issues for stakeholders (Chart III) is useful tool how to lead effective dialogue. Issues should be renewed according to the changing interest of stakeholders, otherwise the stagnation can cause negative influence.

Chart III – **Matrix of CSR Issues and Stakeholders**[48]

| STAKEHOLDERS / CSR ISSUES | Investors | Employees | Customers | Suppliers | Community |
|---|---|---|---|---|---|
| Values and Managing Strategy | X | X | | | |
| Transparency | X | | X | X | |
| Working Conditions | | X | | | |
| Impact of Product | | | X | X | X |
| Social Impact | | X | | | X |
| Environmental Impact | X | | X | | X |

### 2.3.4 Communicate your CSR activities[49]

Communications strategy should be involved in CSR planning. Stakeholders have right to know which activities are undertaken to support responsibility of corporation towards its stakeholders. Communication strengthens relations between stakeholders and company and evokes much needed feedback.

Current media are interested especially in catastrophic messages that are more attractive. But methods exist that can ease communication with media. Find partners among NGOs, develop creative projects, involve celebrities, identify suitable target areas or become an

---

[48] Adopted from Petříková, et al., 2008, p. 92
[49] Petříková, et al., 2008, p. 93

expert. Result effective is decision to focus on one area or phenomenon deeply in long term until you get to status of expert or leader in the field.

*Media relationship* can support some partners – they usually choose innovative and interesting projects. Cooperation with media requires knowing its rules and being able to prepare CSR report in proper format and language.

*Web pages* are the most used information channel. They can involve also presentation of CSR activities among the list of products and services.

*Products* themselves can serve as communication channel of CSR ideas. Wrappings and labels target a large audience, because they go to the hands of customers and can communicate all types of different messages like results of project in the period of time.

Option focused on internal employees and business partners represented by *internal forms of communication* – internal magazines, displays and CSR presentation on employee's events.

## 2.4  Critique on Corporate Social Responsibility

Most authors claim a positive attitude towards corporate responsibility. Understanding its real effect calls for examining of both positive and negative aspects.

A significant opponent was accomplished American economist of 20th century, Milton Friedman. He warned against CSR in his book "*Capitalism and Freedom*" (1962) and also later in the article "*The Social Responsibility of Business is to Increase its Profit*" published in The New York Times Magazine, 1970.

Milton Friedman blames[50] businessmen who promote CSR for *"undermining the basis of a free society"*. Managers who believe that that business is not only profit but has got also some social ends are *"preaching pure and unadulterated socialism"* according to Friedman.

The American economist does not believe that *business* can have a responsibility. Only *people* have responsibilities. People are especially corporate executives who are agents of individuals who own corporations. Therefore, the primary responsibility of manager is to an owner, he manipulates with *his* money. Proprietors aim is to reach the highest profit.

---

[50] Friedman, M.: *The Social Responsibility of Business is to Increase its Profits.* [internet]

Friedman points to an existence of constitutional, parliamentary and judicial provisions to control responsibility. Within CSR the concept the manager is simultaneously self – selected legislator, executive and jurist.

Executive is a servant of the principal. *"This justification disappears when the corporate executive imposes taxes and spends the proceeds for "social" purposes. He becomes in effect a public employee, a civil servant, even though he remains in name an employee of a private enterprise."*[51] He sees this as *"the basic reason why the doctrine of "social responsibility" involves the acceptance of the socialist view that political mechanisms, not market mechanisms, are the appropriate way to determine the allocation of scarce resources to alternative uses."*

Response to Friedman´s critique came from *Bath Consultancy Group*. Author Simon Cooper has agreed with Friedman´s 1970´s article headline in his report *"CSR - Milton Friedman was right"*. Friedman wrote: *"There is one and only one social responsibility of business - to use its resources and engage in activities designed to increase its profits, so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud."* Cooper elaborates on 'the rules of the game' that are evolving quickly, as well as the range of issues that companies are expected to address expands over time. Friedman could not have predicted how pervasive "the rules of the game" would be. Companies of 21st century are different, CSR issue is a component of success. *"Doing CSR well enhances reputation, motivates staff, attracts customers and therefore, as Friedman required, increases profits".*[52]

Since the existence of CSR concept in the Fifties in the 20th century, both protagonists and opponents used to argue especially with theoretical reasoning. Therefore, many studies appeared in 70s and 80s. Unfortunately, results were ambiguous, nobody could proclaim it has exactly neither a positive or negative influence on business. As a consequence of this, the Nineties were weaker on research methods, experts were back to theoretical approach. CSR needs more advanced research methods to be analysed. According to Jiří Kukačka[53] who summed up considerable critics on CSR in his bachelor thesis *"Společenská*

---

[51] Friedman, M.: *The Social Responsibility of Business is to Increase its Profits.* [internet]
[52] Cooper, S.: *Milton Friedman was right.* [Online]
[53] Kukačka, 2008, p 34

*odpovědnost firem – mikroekonomický prístup"* (CSR – A Microeconomic Approach), the absurdity of seizing the issue is caused by vagueness of the whole concept.

I do not agree with the vagueness of corporate social responsibility. CSR is closely related to effectiveness, because the concept is about investing into reasonable sources. Marketing specialists can measure the return of investments from eco – friendly manufacturing processes or to prepare a questionnaire about employee satisfaction. Vagueness is connected more with the image part. It is hard to measure public relations but companies know it works. Image is an important part of the CSR concept. The image attracts potential investors, customers and employees to the company. Good image makes prosperous relationships within the community, calms down environmentalists, maintains the reliance of suppliers and purchasers and this is the aim of successful marketing.

Friedman denied the concept, because he considered the State as a sufficient control for responsibility of companies. Unfortunately, the process of constituting a new law takes a long time, since the problem has appeared. And people know, that great amount of companies regulate their activities according the idea *everything which is not forbidden is allowed. "It has become clear that it is not acceptable anywhere in the world to produce goods in unsafe or exploitative conditions. These are real business risks for global companies,"[54]* claims Ceres, the national network of investors and environmental organizations.

---

[54] Connor, M.: *Sustainability: 20 Expectations for Companies by 2020.* [internet]

# 3   GOODS AND SERVICES

Goods and services merge – but on conditions of services.

Christian Grönroos[55]

Almost any physical product can be turned into a service if the seller makes efforts to tailor the solution to meet the most detailed demands of the customer. For example, a machine is still considered goods, but the way of treating the customer with an appropriately designed machine is a service. A growing number of manufacturing companies is changing their focus. They claim, they are becoming service businesses.[56]

Authors[57] Joseph Pine and James Gilmore in their book *The Experience Economy* state that nowadays it is much harder to distinguish products and services. Consequence of this is development of so called *economy of experience*. It creates customer values on higher level. Companies differentiate their offers not only through goods and services. Marketing and distribution channels bring a special experience to customer. Example of this can be shown at a birthday cake:

*Mothers used to prepare birthday cake by themselves in the past. They bought flour, sugar, butter and eggs for low prices. Later on, they paid $1-2 for baked dough from firm Betty Crocker. Services started to develop and mothers ordered ready cakes in bakeries for $10-15, ten times higher price than basic ingredients. Busy parents do not order cakes at all and do not prepare celebration parties for their kids. They turn to firms like Chuck E. Cheese´s Discovery Zone or the Mining Company to arrange the party instead of them. They do not mind to paying $100 for it. Cake is included in the price. Nowadays companies try to gain competitive advantage in the field of unique experience.*

Goods and services exist outside the human being. Experience exists in a person´ s mind as emotions or intellectual, spiritual or physical knowledge.  Experience appears when a company tries to create unique a event through their products or services.

*One taxi driver has decided to become the best taxi driver in the world. He offers sandwiches and beverages inside of his cab, arranges sightseeing trips around the city and*

---

[55] Grönroos, 2005, p. 45
[56] Grönroos, 2005, p. 45
[57] Kotler, 2007, p. 383

*sings Frank Sinatra. He is funny and the taxi journey turns into an experience. Once he asked a customer if he wanted to go the same way one more time. He nodded and paid twice as much, just because he had liked it. The service he offered – taxi – created a base for something brand new.*

A company offers both goods and services in the market place.[58] Goods and services are cooperating as a whole even within one firm, independently on company´s manufacturing or service specialisation. Consumers expect *all – in – one package* – product with plenty of additional services or services with materialized parts. Clients require the entire service of quick information and advice, polite employees, delivery, maintenance which accompany the chosen product or the added value in form of extra products that can help to experience the given service more deeply. Physical products and services are part of the marketing mix, they have got a core and typical features. Chapter *Goods and Services* is also focused on the characteristics of services that are unusual for physical products.

## 3.1 Marketing Mix

### 3.1.1 Traditional marketing mix

Marketing mix is a bundle of strategic marketing tools that help marketers to structure their approach to the market place. The base of marketing mix for both goods and services consists of Four Ps: Product, Price, Place, Promotion.

### *Product*

Product may refer to a single item or a unit, a group of equivalent products, a grouping of goods or services, or an industrial classification for the goods or services.[59] According Kotler, a *product[60] is anything that can be offered to a market for attention, acquisition, or use, or something that can satisfy a need or want. Therefore, a product can be physical goods, a service, a retail store, a person, an organisation, a place or even an idea. Products are the means to an end wherein the end is the satisfaction of customer needs or wants.* A product consists of three layers - core, actual and augmented product.

---

[58] Kotler, 2007, p. 382
[59] Wikipedia: *Product (business)* [Online]
[60] Kotler, P.:*Five Product Levels.* [Online]
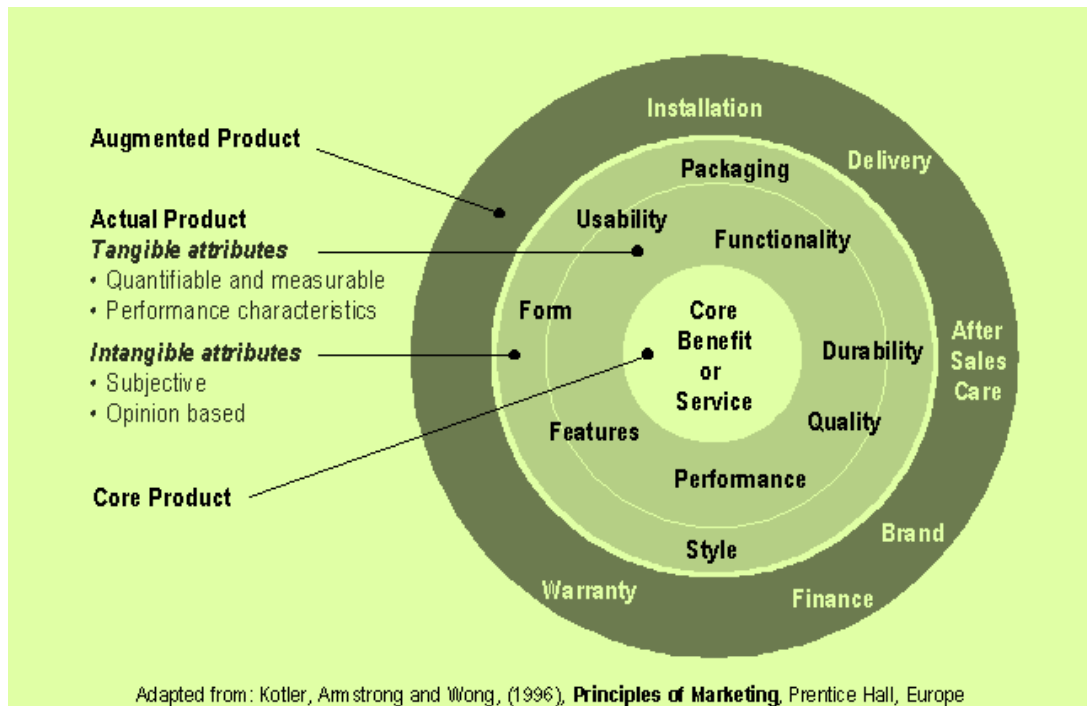
Picture 3 – **Layers of Product**[61]

**Core product** is "*dominant intangible benefit or satisfaction a customer expects from a good or service he or she buys. Generally, a non-rational factor (such as the sleekness and shine of a new-model car) supported by rationalization ("excellent resale value"), is 'the product' for the customer, and varies from person to person".* [62] **Actual product** is built around the core product and consists of measurable tangible aspects of a product, such as functionality, performance, durability, features, quality level or intangible styling or design. **Augmented product** offers additional consumer´s benefits and services such as warranty, delivery, finance, customer care or installation.

Functional differences between services and goods: [63]

- Impossibility to stock services

- Distribution channels are short if any

- Patent protection does not exist (except copyright)

- Mass production does not exist → hard to standardize

- Impossibility to wrap services

---

[61]Adopted from http://www.betterproductdesign.net/images/enhanced_product.gif
[62] Business Dictionary: *Core Product.* [Online]
[63] Juříková, 2005, p. 5

- No samples
- Intangibility of services does not allow creating of economic theory of offer, demand, costs
- Restrictions in concentration
- Cash value is expressed in different measures (quality, willingness, warranty)
- Symbolism results from effort not possession

### *Price*

Price is the amount of money that consumers are willing to pay for a product or service. Profitability, volume, meeting the competition and prestige are four main **pricing objectives**. A company increases its prices so that additional revenue equals the increase in product production costs; the firm focuses mainly on *maximizing its profit*. Volume pricing objectives is about *increasing sales* rather than an immediate increase in profits. *Nonprice competition* like location and service are subjects for pricing known as meeting the competition. *Prestige* in pricing deals with highly priced products bought as symbols of status.

In addition to the four basic pricing strategies, there exist five **price-adjustment strategies**: discount pricing and allowances, discriminatory pricing, geographical pricing, promotional pricing, and psychological pricing. *Discount pricing* and allowances involve cash discounts, functional discounts, seasonal discounts, trade-in allowances, and promotional allowances. *Discriminatory pricing* occurs when organisations sell products or services at two or more prices. These price varieties may be based on differences such as the age of the customer, location of sale, organization membership, time of day, or season. *Geographical pricing* is focused on the location of the customers. Products can be priced differently in distinct regions of a target area because of demand differences. *Promotional pricing* happens when a firm temporarily prices products below the price list or below cost. Products priced below cost are called loss leaders. The aim of promotional pricing is to increase short-term sales. *Psychological pricing* considers prices by looking at the psychological aspects of price. For example, people frequently perceive a relationship between product price and product quality. [64]

---

[64] The Chartered Institute of Marketing: *Marketing Mix.* [Online]

*Place*

Element of place refers to having the right product, in the right location, at the right time to be purchased by consumers. The product is placed through channel of distribution, comprised of interdependent manufacturers, wholesalers, and retailers. Time, place and possession utilities must be fulfilled when meeting a customer. Consumer ask for having a product available at the time, located where easily required, accompanied with provided services with as few obstacles as possible.

*Promotion*

Promotion is a communication process that takes place between a business and its various publics. Publics are those individuals and organizations that have an interest in what the business produces and offers for sale. Thus, in order to be effective, businesses need to plan promotional activities with the communication process in mind. The elements of the communication process are: sender, encoding, message, media, decoding, receiver, feedback, and noise.
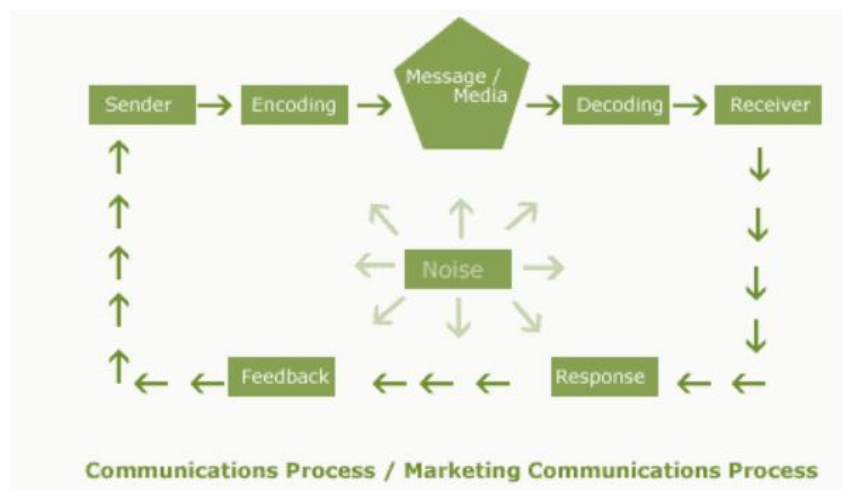


Picture 4- **Marketing Communications Process**[65]

Promotion has its own promotion mix. Four basic tools are advertising, sales promotion, public relations, and personal selling. Literature adds direct mail, sponsorship, trade fairs and exhibitions.

---

[65] Adopted from Marketing Teacher: *Promotion.* [Online]

### 3.1.2 Marketing Mix in Customer Approach

Movement tendencies from mass marketing influenced also marketing mix. Niche marketing uses modulated marketing mix in customer approach. The Four Ps are changed into The Four C´s. [66]

- Product → Consumer
- Price → Cost
- Place → Convenience
- Promotion → Communication

*The Product* is replaced by *Consumer* or *Capable*. Consumer model refers to satisfying the customer needs. Individual capabilities focused on specific industry create a custom solution.

*The Price* is replaced by *Cost* that reflects the total cost of ownership. Several factors affect Cost, including but not limited to the customer's cost to change or implement the new product or service and the customer's cost for not selecting a competitor's product or service.

Rise of the Internet and hybrid models of purchasing have caused that *the Place* is becoming less relevant and *Convenience* stands forward. Convenience is about easier opportunities of finding, buying of product.

*The Promotion* is replaced by *Communication* that involves any form of communication between an organisation and the consumer.

### 3.1.3 Marketing Mix of Services

The service sector has come to dominate economic activity in developed countries and marketing is far more customer orientated than ever before. Traditional marketing mix was extended to customer approach and also focused on services. In the case of services, three more P´s were added to Product, Price, Place and Promotion.

---

[66] Wikipedia: *Marketing Mix.* [Online]

*Physical evidence*

The intangible character of services means that a customer can not evaluate the service before its consumption. This feature raises the risk of buying the service. Physical evidence represents a proof of some existence of a service. It can be presented in various forms such as an image of building or office where the service is provided, a brochure listing the types of services, or the clothes of employees.[67]

The physical layout of production units such as factories was not very important to the end consumer because they never went inside the factory in the days when manufacturing dominated the economy. However, today customers come into contact with products in retail units and they do expect a high level of presentation. Physical layout is not only relevant to stores, but also to the layout and structure of virtual stores, and websites. Pleasant waiting areas, reading materials, access to coffee is standard equipment waiting in hairdresser´s. Nowadays students expect a higher level of accommodation and learning environment. Air passengers ask for stimulating environments such as interesting departure lounges and activities for their children. [68]

*People*

People are an important element of any service or experience. Services tend to be produced and consumed at the same moment. Service is altered to meet the individual needs of the person consuming it. Customers buy from people that they like, so the attitude, skills and appearance of all staff need to be first class.[69] On the other hand, a customer as a part of the services, influence the quality of the service, too. Organizations should focus on proper selection, training and motivating of their employees.[70]

*Process*

Processes involve the methods of providing a service. It is essential to know whether the services are helpful to the customers.[71] The focus is on the way of providing. For example, a client goes on a cruise - from the moment that he arrives at the dockside, he is greeted; his baggage is taken to his room. He is gets two weeks of services from restaurants and evening entertainment, access to casinos and shopping. Finally, he arrives at the

---

[67] Vaštíková, 2008, p. 27
[68] The Times: *The extended marketing mix (7Ps).* [Online]
[69] Marketing Teacher: *People and Services Marketing.* [Online]
[70] Vaštíková, 2007, p. 27
[71] Behera, M.: *The 7Ps of Marketing Mix.* [internet]

destination, and his baggage is delivered to him. This is a highly focused marketing process.[72] Analyses of processes, creating of schemes, their classification and simplifying the complicated chain of steps are important for improving the process.

The 7 Ps – the Product, the Price, the Place, the Promotion, the Physical layout, the People, the Processes are parts of modern marketing mix that is relevant both in the service sector and to any form of business where meeting the needs of customers is given priority.[73]

## 3.2 Specifics of Services

### 3.2.1 Characters of services

*Service intangibility* is the most characteristic feature. Other three features (inseparability, perishability and variability) rest on intangible attribute. Unattainable physical components like looking at service or tasting, touching or hearing the service evoke insecurity in customers, because they are not able to evaluate the quality of the service before the purchase and consumption itself. Communication and mutual interaction is part of marketing of services.

*Service inseparability* refers to connection of service and its producer. Person who creates the service is part of it, because customer is often present. Both of them influence the quality of final output.

*Service perishability* correlates with impossibility to stock the service for delayed use. It is easier to deal with the feature when demand is consistent. Changing demand can cause problems to the provider.

*Service variability* depends on who? how? when? and where? was the service offered.

### 3.2.2 Improvements of services

#### *Tangibility as a marketing tool of services*

Customers want to lower their insecurity. They try to work out the signals that can help them to choose the right service. Consumers observe factors they can verify before the buy like image and place of provider or equipment. Task for marketing of services is to provide

---

[72] Marketing Teacher: *Process and Services Marketing.* [Online]
[73] Marketing Teacher: *Process and Services Marketing.* [Online]

some tangible products to intangible services. The process is vice versa to way of manufacturers who try to add services to tangible products.

Examples:

- Passenger has only a train ticket in advance that represents commitment to transport him/she from place A to place B with luggage and on time.
- Some hotels are well – known for their quality of service, though a guest can find both kind and fast receptionist and slow and unwelcoming one. Even the quality of one employee can vary due to tiredness and other circumstances.
- Traffic companies own more vehicles, which would be needed in constant demand during the day, just to cover traffic peak.
- Companies providing recreation offer discount in the period outside the season to attract more customers.
- Restaurants hire part – time employees on busy hours.

### *Service Profit Chain*

Both manufacturing companies and services use *marketing mix* to find their market position and distinguish themselves from competition. Services that are different in character apart from goods ask for additional marketing tools.

Physical products are standardised and wait for customer, but services are created by interaction between employee and consumer. Kotler[74] can see relations between *profit* and *the quality of services*. It consists of five stages:

1. Quality of services within company: choosing and training of employees, suitable working environment, support of those employees who interact with customers
2. Happy and productive employees: high comfort, loyalty, efficiency
3. Better quality of services: more effective satisfying of needs of customers
4. Comfortable and loyal customers: happy customers use service repetitively and suggest it to other customers
5. High profit and healthy increase: good economic results of the whole firm

Profit and growth of company begins with taking care of customers. This 5 - level - chain approves that 4P (External Marketing) is not enough in the sphere of services. Picture 3

---

[74] Kotler, 2007, p. 423 – 427

shows *three forms of marketing of services* that includes also Internal and Interactive Marketing. *Internal Marketing* is focused on training and motivation of employees who should work as a team to provide comfort for customer. Each employee must be customer orientated. Internal marketing comes before External Marketing. *Interactive Marketing* is important during providing a service where the customer is present. Customer judges not only *who* provides the services but also *how* it is provided.

Competition and expenses are increasing, while productivity of workforce and the quality are decreasing, the situation calls for improved marketing of services. It stands in front of three main issues – distinguish from competition, increasing of the quality of services and productivity of workforce.
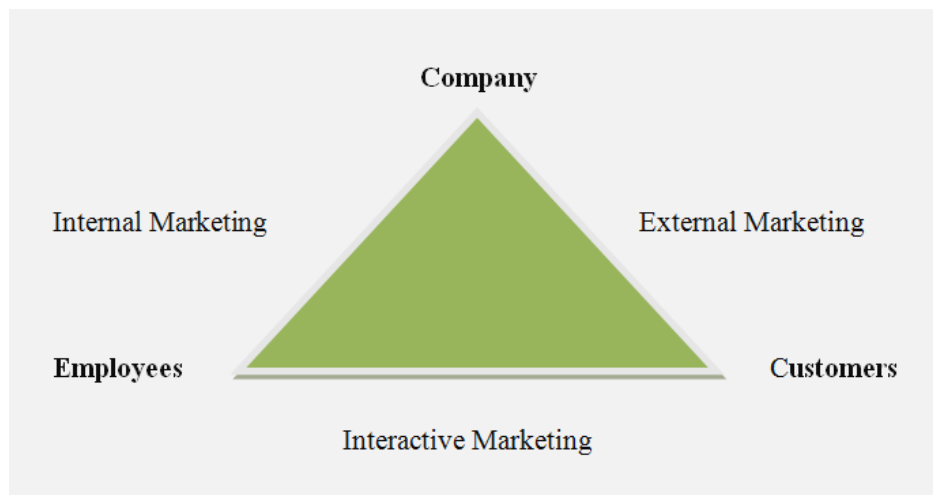


Picture 5 - **Three Forms of Marketing of Services**[75]

Knowing *customer´s expectations* in the field of quality is the fundamental factor for increasing the quality of services. This type of research is more complicated in the case of services than in manufacturing. Opinions on the quality of hair - cut will vary more than the opinions on hair dryer. According to Kotler, the best way to measure the quality of services is the amount of customers who return again and purchase the service repeatedly. The ability of company to retain customers depends on how well it can meet customer´s needs and wishes.[76]

---

[75] Adopted from Kotler, 2007, p. 427
[76] Kotler, 2007, p. 428

The service provider tries for high quality and its duration, but it depends on the interaction between employees and customers. Even the best companies can provide delivery delays, burnt food or arrogant staff. Though companies can not wholly avoid mistakes, they can learn how to handle them. In addition, successful problem solving can help its reputation and profit even more as if it were all on the first attempt. Companies should not only seek to improve the quality of services and thereby reduce the number of errors, but also get better when problems arise.

### 3.2.3 Types of services

Chart IV – **Classification of Services according the Intangible Principle**[77]

| Degree of intangibility | Services for manufacturing | Services for consumer |
| --- | --- | --- |
| Intangible services | safety, communication systems, franchising, fusions, acquisition | museums, saleroom, employment agencies, entertainment, education, tourism |
| Services as an added value to tangible product | insurance, maintaining, engineering, advertising, packing design | housing agencies, translation, servicing, photo service |
| Services enabling tangible product | warehouse, transport, stocking, finance, architecture, factoring, contract research and development, e - commerce | retail, vending machine, mailing, rental, mortgage, charity, e - commerce |

---

[77] Adopted from Vaštíková, 2007, p. 15

Chart V – **Sectoral Classification of Services**[78]

| Sector | Type of service | Character of service |
|---|---|---|
| **Third sector** | Restaurant, hotels, hairdressers, cosmeticians, laundry, dry cleaning, maintaining of home appliances, handwork, home services | Original housework |
| **Fourth sector** | Transport, trade, communications, finance, administration | gaining effectiveness because of dividing of responsibilities |
| **Fifth sector** | Health care, education, recreation | Services change or improve the consumer |

---

[78] Adopted from Vaštíková, 2007, p. 13

# 4 METHODOLOGY

In the beginning of the theoretical part I stated hypotheses and main goals of the work.

Hypotheses:

1. **Production segment and services use different CSR tools.**
2. **Transformation of business has started the boom of corporate social responsibility and changed marketing of goods and services.**

Goals:

1. **Approve if CSR tools in production segment and services are different.**
2. **Find out if transformation of business has impact on CSR and marketing of goods and services.**
3. **Choose suitable features of CSR and characteristics of goods and services and face them with each other. Find out if the results confirm or contradict the different usage of CSR tools in production segment and services.**
4. **Create a guide for managers with recommendation about CSR – Planet tools focused on the communications strategy.**

The answer on the core hypothesis "**production segment and services use different CSR tool**" will be partly built at the end of this chapter after comparison of CSR features and characteristics of goods and services.

The sub – hypothesis **"transformation of business has started the boom of corporate social responsibility and changed marketing of goods and services"** is possible to approve because of knowledge of previous chapters.

The first part of the sub – hypothesis **"transformation of business has started the boom of corporate social responsibility"** is dedicated to corporate social responsibility. In the past, company took care especially for their profit. They still do and CSR is still mostly a voluntary concept. Though, the environmental and social impact of companies is so huge, that managers must understand they have just two options. Either to self – regulate their activities in the sphere of "People" and "Planet" or governments will push firm´s responsibility through legislative powers. Therefore, development of the concept of

corporate social responsibility is highly influenced by business transformation and triggered off its boom. Business circumstances are even that tough that they pushed CSR from CAN HAVE concept to MUST HAVE concept. It is caused by fear for planet, social concerns that appeared after scandals of corporations and raising interest of people for these issues.

I need to compare the approach and structure of goods and services within knowledge of traditional and modern marketing (Chart VI) to be able to confirm the second part of the sub – hypothesis "**transformation of business has changed marketing of goods and service**".

Chart VI – **Goods and Services in Traditional and Modern Marketing**[79]

| Traditional marketing | | Modern marketing | |
|---|---|---|---|
| Goods | Services | Goods | Services |
| Easy to distinguish | | Goods and services merge<br><br>Every product can be turned into a service | |
| **4 Ps** | 7Ps | 7 Ps | 7 Ps |
| **Tangible** | Intangible | Accompanied with service | Attempts to materialize |
| Mass marketing | | Customer approach | Quality falls down with amount |
| **Separability: manufacturer - customer** | Inseparability: provider - customer | Every department becomes sort of marketing department – customer approach | Inseparability: provider - customer |

Traditional *marketing mix* talks about four and seven Ps. Physical services are treated according Product, Price, Place and Promotion. Services got additional three Ps, namely Processes, People and Physical evidence. Though, modern marketing claims that all 7 Ps are suitable for both services and goods included.

---

[79] Own customization of the chart

First attempts to distinguish services from goods have lead to their intangibility. Although, it is still the main feature, how to figure out which one is which, the competitiveness and new customer approach caused, that manufacturing companies provide their products with services and services made the services as much tangible as possible. Therefore, every product can be turned into a service, and products and services merge.

Above stated reasons are sufficient background for confirmation of the sub – hypothesis **"transformation of business has changed marketing of goods and services"**.

The thesis interconnects several fields – goods, services and corporate social responsibility. In addition to comparison of three different areas, the research is made in changing environment of marketing, caused by considerable transformation of political, economical, cultural and other spheres. None of the marketing gurus like Philip Kotler or Peter Drucker did not dare to foretell the extension and the real impact of forthcoming changes. Therefore, my examination of the core hypothesis is based on traditional marketing thesis accompanied by newly discovered knowledge of marketing mutations and supported by examples of CSR practises in both production segment and services. To affirm or contradict the core hypothesis **"production segment and services use different CSR tools"** applying of features of goods and services on triple – bottom – line is needed. The aforementioned differences between physical products and services and their new role in marketing and economy (Chart VI) will be confronted with three pillars of CSR – Profit, People and Planet.

### *Profit*

*Profit* deals with corporate governance, code of ethics, rejection of corruption, transparency, preservation of intellectual property, investor, supplier and customer relations. All subjects seem to have similar CSR usage, but customer relations can be affected by differences in goods and services.

Customer relations are part of business of both services and manufacturers. Customer relations are according to traditional marketing connected with *inseparability of provider and customer.* But on the other hand, the new customer approach considers connecting of every department of manufacturing company with customer orientated tendencies. Therefore, the field of *Profit* do not offer enough differences in theoretical background to continue with deeper analyses.

*People*

This part of 3BL refers directly to additional P *"people" in marketing mix* of services. However, again, the customer approach can be applied which demands that 7Ps are as suitable for production sphere as for services. It is as important to motivate People (employers) in manufacturing firm such as in services.

*Planet*

Physical evidence and intangibility are factors I applied to "Planet". Though, it could be said again, that 7 Ps are equivalent for both spheres, factor of intangibility is still the most remarkable feature. It is the keystone how to separate service from a physical product. Especially, when intangibility of services could lead to conclusion, that manufacturing companies cause more harm to environment because they produce tangible, physical products and these consume some material in process of production which outputs into emissions and waste.

I tried to derive differences of using CSR tools between goods and services from the theoretical background of the thesis. The majority of activities in fields People, Planet and Profit seem to be similar. Until now, the core hypothesis **"production segment and services use different CSR tools"** seems to be partly contradicted.

The limited extension of the thesis does not allow me to analyse all three pillars. Therefore, the comparison of goods and services according traditional and modern marketing and their connection to triple bottom line has lead me to decision, that the most significant part for examining the differences is "Planet". The analysis in this field can partly discover how similar are CSR tools used in production segment and services.

In the analytical part of the thesis I will be researching CSR tools of the pillar Planet applied on goods and services. The quantitative research will be suitable because it represents *"use of sampling techniques whose findings may be expressed numerically, and are amenable to mathematical (statistical) manipulation enabling the researcher to estimate (forecast) future events or quantities"*.[80]

Information will be collected from secondary data obtained from CSR reports, articles in CSR magazines and European Union case studies. I will choose 100 companies which are active in corporate social responsibility. Only examples of firms that really use CSR in

---

[80] Business Dictionary: *Quantitative Research.* [Online]

their business can reveal the differences. I will look for CSR tool and methods that companies producing goods or services prefer. This should give me numbers which can finally confirm or distract the core hypothesis **"production segment and services use different CSR tools"**.

# II.        ANALYSIS

# 5   PLANET

A term *Planet* [81] refers to sustainable environmental practices. Companies focused on triple bottom line concept endeavour to benefit the natural order as much as possible or at the least do no harm and curtail environmental impact. They try to reduce their ecological footprint by managing their consumption of energy and non-renewables, reducing manufacturing waste as well as rendering waste less toxic before disposing of it in a safe and legal manner. The uppermost idea of TBL is *cradle to grave thinking* that describes the life cycle of a product. It determines what the true environmental cost is from the growth and harvesting of raw materials to manufacture to distribution to eventual disposal by the end user. Often environmental sustainability is the more profitable for a business in the long run. Arguments that being eco - friendly costs more are often destroyed when the course of the business is analyzed over a period of time. Moreover, sustainability reporting metrics are better quantified and standardized for environmental issues than for social ones.

## 5.1   Planet in Danger

Water, oil, fossil fuels, minerals are the most known sources in danger. But parts of the nature are also oceans, forests, savannah and tundra that are constantly degraded. This "free service" is more important for existence of mankind than non-renewable sources alone. Woods are not only the source of material but also water reservoir; oceans have impact on the whole climate. Healthy environment processes natural and even communal or industrial waste; this is how it copes with extreme weather changes.[82]

Specific sources are not the one who is in real danger, but the whole systems are. They are the only sponsors of life. Biosphere serves mankind - we can not live without it. This service has infinite market value.[83]

---

[81] Wikipedia: *Triple Bottom Line.* [Online]
[82] Petříková, et al., 2008, p. 107
[83] Petříková, et al., 2008, p. 108

### 5.1.1 Emissions

Worldwide emission levels from human activities have increased significantly over the past 200 years as industrial activity, electricity infrastructure, and transportation have developed. Regulation and new development practices have been implemented to reduce the rate of emissions in many countries as greater understanding of the impacts of increasing emissions. However, high levels of emissions are still being produced each year. They can be categorised *greenhouse gas emissions* (GHG) which affect climate change and air *quality emissions*.

**Greenhouse gas emissions**[84] come from four main sources:

- the burning of fossil fuels to make electricity
- industrial, commercial and residential burning of fossil fuels for heat and the use of other emission-producing processes
- the burning of fossil fuels to power transportation
- the emissions produced through agriculture and miscellaneous activities
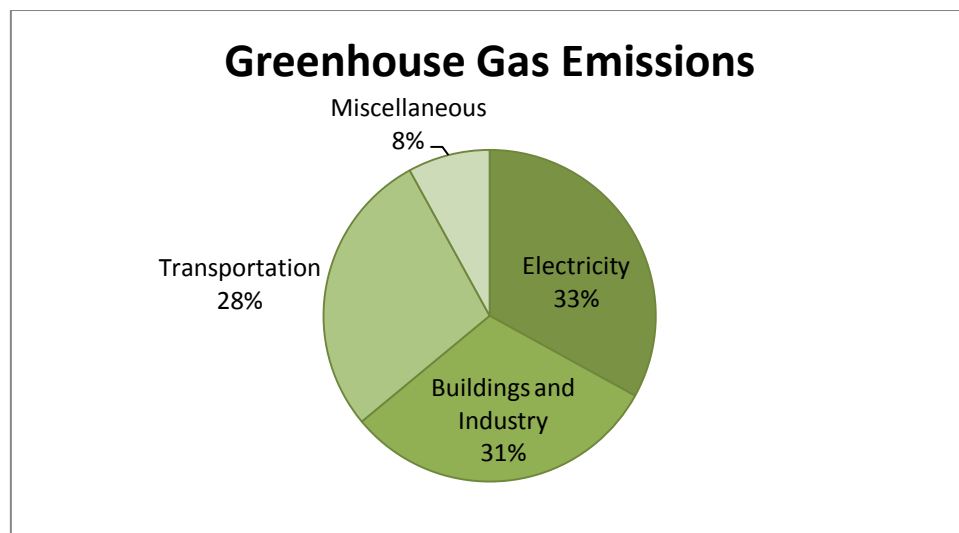


Graph 1- **Greenhouse Gas Emissions**[85]

The primary GHG emissions are caused by Carbon Dioxide ($CO_2$), Methane ($CH_4$), Nitrous Oxide ($N_2O$), Halocarbons (CF) and Sulfur Hexafluoride ($SF_6$). *Carbon dioxide*

---

[84] Renewable Energy Trust: *What are Emissions?* [Online]
[85] Adopted from Renewable Energy Trust: *What are Emissions?* [Online]

and *Methane* are gasses that occur in the atmosphere naturally. On the contrary, human activities have raised their amount significantly to that point, that the natural cycles can not absorb them, so they remain in the atmosphere. Fossil fuel burning, use of nitrogen-based fertilizers in farming, and emissions from industrial processes are main sources of *Nitrous oxides*. *Halocarbons* are man-made chemicals, commonly used in refrigeration and air conditioning technologies and electric system infrastructure.[86]
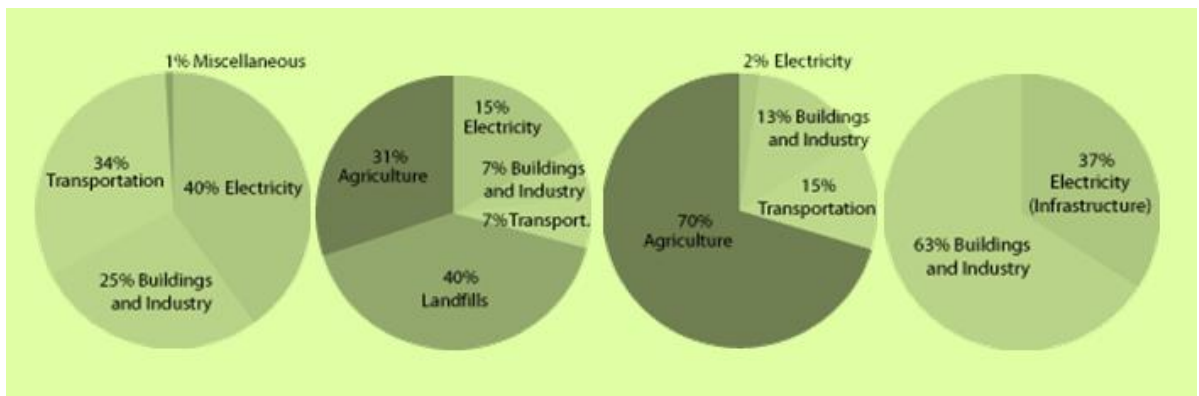


Graph 2 - **Sources of emissions of CO2; CH4; N2O; CF and SF6**[87]

Scientists are especially afraid of atmospheric levels of methane, the greenhouse gas which is much more powerful than carbon dioxide. NH4 have risen significantly for the last three years and has lead specialists to fears that a major global-warming feedback is beginning to kick in. This natural gas is locked up in Arctic area, but it could be released as the permafrost is melted by global warming. Global warming would cause uncontrollable runaway warming effect. This is believed to have happened at the end of the last Ice Age – a very rapid temperature rose in a matter of decades.[88]

**An air pollutant**[89] is any substance in the air that can cause harm to humans or the environment. Pollutants may be natural or man-made and may take the form of solid particles, liquid droplets or gases.

---

[86] Renewable Energy Trust: *What are Emissions?* [Online]
[87] Adopted from Renewable Energy Trust: *What are Emissions?* [Online]
[88] McCarthy, M: *Methane levels may see 'runaway' rise, scientists warn.* [Internet]
[89] Environmental Protection Agency: *Air Pollutants.* [Online]
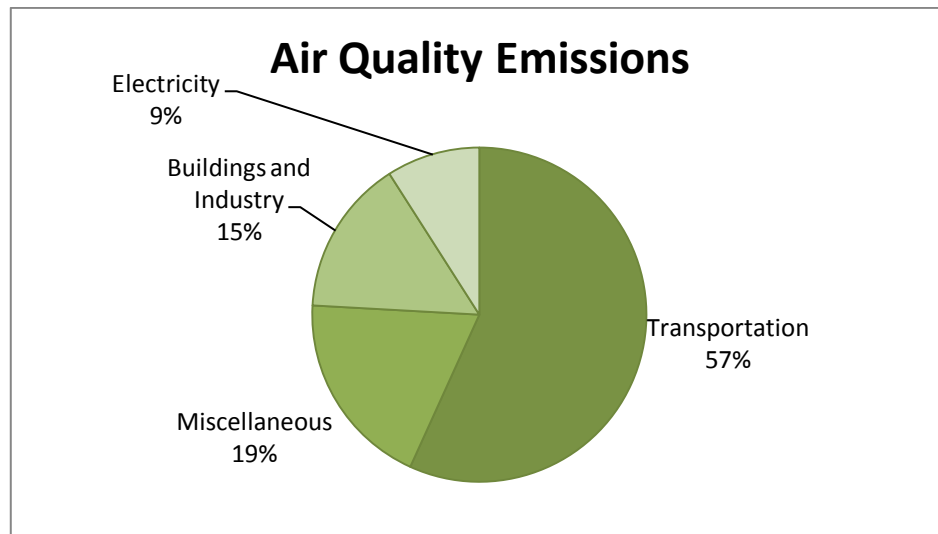
Graph 3 - **Air Quality Emissions**[90]

## 5.2 Sustainable development

Protection against negative influences of human activities is roofed by expression *sustainable development.* The term describes activities that should protect and save the nature for next generations. Sustainable development is a part of corporate social responsibility, relating to the *Planet* part of 3BL. Sustainable development is a goal supported by institutions of European Union, environmentalists and finally also by growing number of companies. They use different tools how to deal with their ecological impact. The work *Společenská odpovědnost organizací (Corporate Social Responsibility)*[91] suggests several options how to protect the environment:

- Environmental policy (cooperation with stakeholders on environmental events, training of employees on environmental impact, choosing responsible suppliers)
- Saving of sources (economising of costs can involve energy savings – proper insulation, renewable sources, energy – saving technologies, regulators of heating, solar panels, water savings, using water from production process)
- Separation and Recycling
- Shopping policy (buying recycled materials like office paper)
- Products and wrappings
- Transportation

---

[90] Adopted from Renewable Energy Trust: *What are Emissions?* [Online]
[91] Petříková, et al., 2008, p. 110

### 5.2.1 Cradle to Cradle

"Cradle to cradle" or "C2C" is used to describe a sustainability model which is imitative of natural processes, with the goal of enriching and benefiting the environment even as products are manufactured and used. The principle of this concept is that in nature, there is no waste: when a tree falls, it isn't thrown away, but it is rather broken down into component parts which benefit the surrounding environment. Using "C2C" techniques, manufacturers can mimic nature and ensure that little to nothing is wasted.[92]

Authors William McDonough and Michael Braungart, in their book Cradle to Cradle,[93] claim that the conflict between industry and the environment is not an indictment of commerce but an outgrowth of purely opportunistic design. The design of products and manufacturing systems growing out of the Industrial Revolution mirrored the spirit of the day and yielded a host of unintended yet tragic consequences. The book is a manifesto calling for the transformation of human industry through ecologically intelligent design.

### 5.2.2 Methods of Analyses

Companies who care about sustainable development use various tools how to achieve their goals in this area. The aim of my research is based on possible differences in ecological practices preferred by manufacturers and providers of services. The goal of the whole analyses is to approve or disconfirm the hypothesis:

*Production sphere and services use different CSR tools for the protection of planet.*

Physical evidence and intangibility are fundamental factors why I presume that enterprises of goods and services choose various environmental approaches. The analysis is based on secondary data. Data were obtained mostly from CSR reports released by companies, European Union analyses, magazines on corporate social responsibility or home pages of corporations. Classification analysis method was used to determine the environmental tools applied in companies. Over fifty reports were studied, but thirty companies were chosen for deeper exploration, fifteen from each sector. Because of unexpected slowness and complicacy of the research, the aim of examination of 100 was not kept. In agreement with Ing. Juříková, Ph. D. who have lead my thesis, I moved slightly from quantitative research to qualitative research. I used comparative analysis through which I tried to gain insight into companies´ behaviour via secondary data analyses. I chose 30 companies that were

---

[92] Wise Geek: *What does „Cradle to Cradle" mean?* [Online].
[93] McDonough, W.: *Cradle to Cradle: Remaking the Way We Make Things* [Online]

considered as responsible according to magazine Forbes (Appendix III), European Commission or newspapers on CSR. The research showed that companies of production segment and services use 13 CSR tools (Chart VII). The exact usage of CSR tools in 30 examined companies is illustrated in Appendix I and II. Ways of using these 13 CSR methods are presented in chapters Planet in Goods and Planet in Services.

CSR tools were compared within various types of businesses to include as much CSR tools as possible. Manufacturing segment is presented by car industry, information technologies, ice – cream, furniture, paper, pharmaceuticals, shoes, cosmetics and power company. Services include a law firm, e – shop, bank, transport companies (airlines, shipping, delivery service), dry cleaning, hairdressers, fast food, hotel and topography service.

Chart VII – **CSR Tools**[94]

| Environmental practice | Explanation |
| --- | --- |
| **Footprint** | Compares human demand on nature with the biosphere's ability to regenerate resources and provide services. Companies try to lower impact of their activities on the environment. |
| **Efficient product** | The product itself is environmentally friendly. In services it refers to products that accompany the process of providing a service. |
| **Energy efficiency** | Consuming less energy to provide the same level of energy service. |
| **Alternative sources** | Protect non-renewable sources, health of both people and environment. |
| **Waste management** | Collection, transport, processing or recycling of waste materials. |
| **Packaging** | Using effective ways and ecological materials of packaging. |
| **Transport policy** | Effective ways of leading a vehicle, planning the journey, using more ecological means of transport or looking for alternative solutions where travelling is not needed (videoconferences). |
| **Ecological partnerships** | Companies cooperate with other green enterprises or NGO to gain their environmental goals. |
| **Ecological expectations from suppliers/customers** | Companies support or even pressure their suppliers and customers to behave ecologically. |
| **Green plant** | Plants, factories and processes of manufacturing are more environmentally friendly. |
| **Green building** | Buildings and offices are planned or transformed according to ecological demands. |
| **Investing in environment** | Companies support sustainable development by investing into protection of environment. |
| **CSR norms** | Companies try to create CSR norms in their sector of business. |

---

[94] Own customization of the chart

## 5.3 Planet in Goods

Graph 4 displays that companies in manufacturing sphere are concerned about footprint they produce. Therefore, they implement tools that could lower their negative impact like waste management, recycling especially. Renewable sources are suitable alternatives to traditional materials. Often the product itself is ecological and developed in more environmental factories. Energy efficiency is the basic for lowering firm´s costs. Following examples of companies show how exactly were tools from Graph 4 used to save the environment by manufacturers.
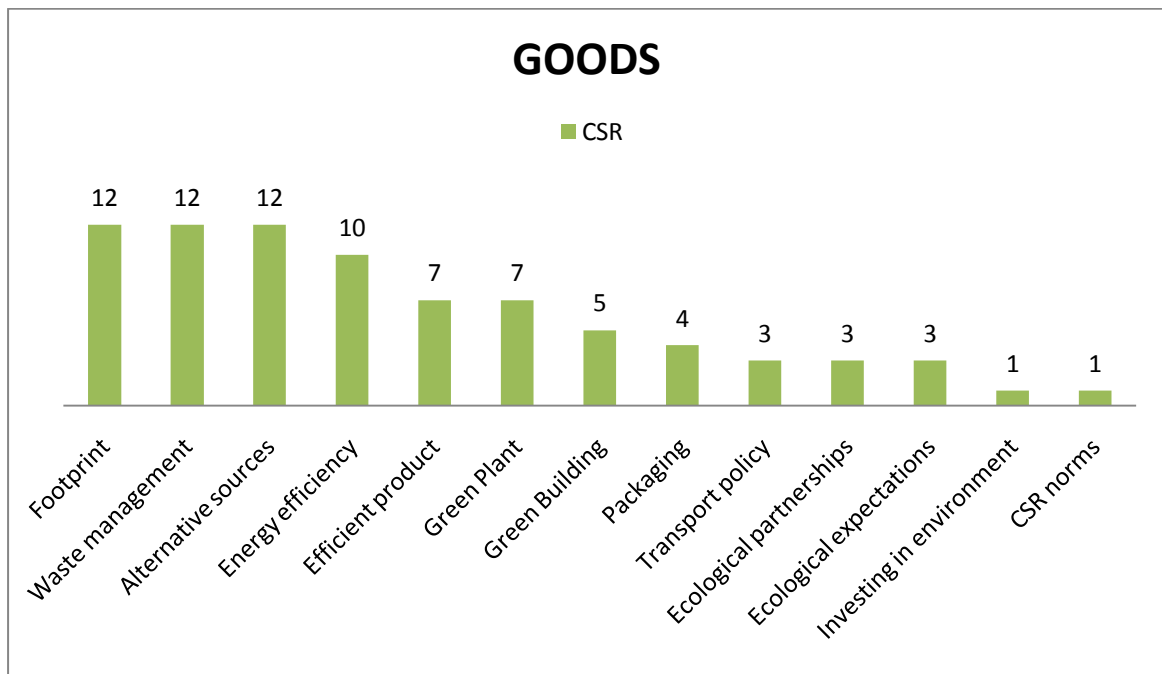


Graph 4 – **CSR in Goods**[95]

### *Furniture Manufacturer*

*Herman Miller*, a leading dealer of office furniture, manufactures products according and even beyond *Cradle to Cradle Design Protocol*. The company evaluate new product designs in three key areas:[96]

- Material Chemistry and Safety of Inputs - What chemicals are in the materials and are they the safest available?

---

[95] Own customization of the graph
[96] Herman Miller: *Environmental Product Summary: Aeron Chair.* [Online]

- Disassembly - Can the firm take products apart at the end of their useful life, to recycle their materials?
- Recyclability - Do the materials contain recycled content, and more importantly, can the materials be recycled at the end of the product's useful life?

The company utilises materials that already contain a percentage of recycled content. Its newest steel storage systems are constructed from 60% recycled materials and the award winning Aeron chair contains 66% recycled material. Every product is designed to last through many years of reliable performance before being recycled, in whole or in part, when it reaches the end of its long working life. Herman Miller´s prime objective is to minimise waste in the manufacturing process. Where waste is unavoidable the firm has made significant strides in recycling to minimise its contribution to landfill. It currently recycles up to 95, or 2600 ton, of waste from UK manufacturing facilities per year. This recycled content is then put to a wide variety of uses; for example wood dust waste is composted and used as a commercial land-filler or soil improver.[97] Herman Miller uses environmentally safe and healthy materials; design for material reutilization such as recycling or composting; renewable energy and energy efficiency; efficient use of water, maximum water quality associated with production; and instituting strategies for social responsibility.[98]

### *Writing Instruments*

*Pilot*, a producer of writing instruments, developed a pen made from recycled plastic bottles. A product called "Bottle to Pen" looks like a bottle, too. It shows that everyday products can have a second life. 89% of its components are made from recycled material.[99]

### *Car Industry*

The car industry continuously develops green cars. A car newsletter What Green Car[100] set *Top 10 cars for 2010* which are fuel – efficient and low emission - two are fully electric, two are petrol-hybrid, one is a "plug-in hybrid", and at least three will launch with the latest Gasoline Direct Engine (GDI) or EcoBoost turbocharger/direct injection technology. Most of well – known car brands took place in the chart with their green models: Peugeot

---

[97] Herman Miller: *Environmental Policy Statement.* [Online]
[98] Herman Miller: *Cradle to Cradle.* [Online]
[99] Pilot Pen: *Bottle to Pen: Another first from Pilot!* [Online]
[100] What Green Car: *Top 10 Green Cars to Watch in 2010.* [Online]

iOn electric, Nissan LEAF electric, Toyota Plug-in Prius hybrid, Audi A1, Toyota Auris hybrid, Citroen DS3 HDi, Volvo S60, Ford C-MAX, Honda CR-Z hybrid, BMW 5 Series.

Automobili *Lamborghini* installed photovoltaic system at its premises in Sant'Agata Bolognese. The biggest integrated system in Emilia Romagna's industrial sector will enable, together with other interventions, a reduction in $CO_2$ emissions of 30%. The operation affects important areas of the business: the production plant, sales offices, the customer service department and "Centro Stile".[101]

*Lumag*,[102] a medium-sized enterprise of the motorisation industry tries to manage all waste produced within its premises and collects, stores and processes its products after they have been removed from the vehicles. The materials received from recycling can be judged as raw materials of components used for the production of new brake system elements.

### *Chemistry*

*Henkel*[103] uses ingredients based on renewable raw materials to optimize the overall characteristics of products, wherever this is compatible with ecological, economic and social considerations. Henkel optimises products packaging. The 20-wash load pack accounts for 90 percent of all sales of Persil. An analysis showed that the plastic pouch required 80 percent less packaging material than the carton pack. Through this measure, Henkel save 1,100 metric tons of packaging material per year. The corporation increases the proportion of packaging that can be recycled. Company regularly test options for using bioplastics as packaging materials, though none of them has yet satisfied the high demands on Henkel´s packaging materials.

The *Roquette*[104] enterprise, a processor of starch converts four vegetables into raw materials essential to industry. Extracted from maize, wheat, potatoes or peas are transformed into raw materials and firm produces more than 650 by – products such as starch products, sugars and dietary fibres, derivatives of fermentation and fine chemistry products, proteins and their derivatives, fibres, oils, soluble products and bioethanol. It supplies a wide range of food and non-food industries throughout the world.

---

[101]Volkswagenag: *Automobili Lamborghini reduces its factory CO2 emissions by 30%.* [Online]

[102]Corporate Social Responsibility in SMEs: *Environment-oriented CSR Activities of European SMEs.* [Online]
[103] Henkel: *Sustainable Products.* [Online]
[104] Roquette: *Roquette Group´s Leadership.* [Online]

The *L'Oréal Libramont* plant opened a biomethane centre which employs state-of-the-art technology to transform biomass from local farmers and the agro-alimentary industry into methane gas, which provides electricity and heat to the L'Oréal Libramont plant. Plant now uses 100% green energy and is carbon-neutral.[105]

### *Shoes Industry*

Green shoe manufacturer *SoleRebels*[106] produces handmade shoes from organic cotton and recycled tires. Roofed by name "b* kind" they are intended for vegans, vegetarians and anyone who wants a good looking footwear processed without cruelty. Recycling is a way of life in Ethiopia, because of lack of resources, everything is valuable.

---

[105] L´Oréal: *Corporate Press Release.* [Online]
[106] Kučková, B., Kišša, M.,: E*tiópske Ekologické Topánky na Webe.* [Online]

## 5.4 Planet in Services

Energy efficiency plays the major role of environmental practice in services (Graph 5). It is followed by attempts to lower the footprint. Waste management is another important factor. Surprisingly, service companies use efficient products. Though they can not create them, these products are part of process of providing a service. Firms are also focused on their transport policy and using alternative sources. Services are divided to the third and the fourth sector.

**SERVICES**

■ CSR

| Category | Value |
|---|---|
| Energy efficiency | 12 |
| Footprint | 11 |
| Waste management | 10 |
| Efficient product | 9 |
| Transport policy | 7 |
| Alternative sources | 7 |
| Ecological partnerships | 6 |
| Green Building | 4 |
| Ecological expectations | 4 |
| Packaging | 4 |
| Investing in environment | 2 |
| CSR norms | 2 |
| Green Plant | 0 |
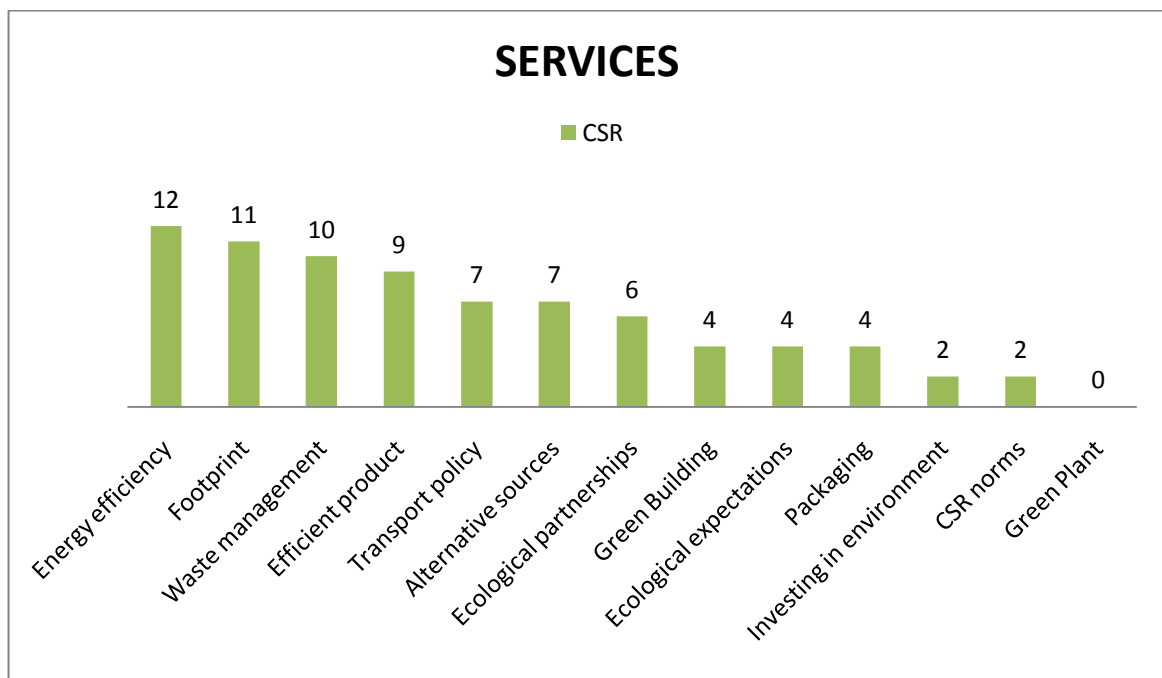
Graph 5 – **CSR in Services**[107]

### 5.4.1 The Third Sector

*Hairdressers*

The small Norwegian hairdresser *Maja′s Salong*[108] follows a CSR approach in the fields of waste management, sorting and recycling, energy-saving by turning down lights at night as well as not using more water, shampoo and other hair treatment products than necessary.

---

[107] Own customization of the graph
[108] Corporate Social Responsibility in SMEs: *Environment-oriented CSR Activities of European SMEs.* [Online]

Moreover, the company is actively engaged in the development of standards for ecologic certification in the hairdressing sector. These activities are not only ecologically valuable but save money by reducing costs, too.

### *Hotel*

*Novotel Paris Montparnasse*[109] is the first pilot hotel under the "High Environmental Quality Certificate". The high performance level of the hotel is attained by a harmonised relation with the environment, management of waste, careful administration and maintenance, comfortable acoustics, visual comfort and healthy spaces.

For better insulation:

- The windows - Argon gas replaced air in the gap of the double windows
- The terrace - insulation was reinforced by 12 cm polyurethane, instead of 8cm
- The facade - increased performance of the insulation from an average of 0.038 to 0.032
- The boiler - reinforced insulation on the outside of the boilers

Improvement of the performance of electric systems and lighting through:

- Air conditioning operating by demand (there is a regulation of the water circuit that passes through the air conditioners' terminal units)
- Recovery of energy (through group refrigerator condensers and double-flux ventilation)
- Double lighting of corridors through sensor detectors and timers
- Automatic graduation of artificial lighting in the ground floor (hall, reception and restaurant) and timer in the offices

Usage of energy with lower environmental impact:

- Central heating and the production of hot water by means of the Paris Urban Heating Company (warmth is distributed in the form of vapour and hot water and produced through the energetic improvement of waste)

Rooms transformed into environmental cocoons:

- A 22% decrease in the consumption of heating in comparison to older rooms

---

[109] CSR Europe: *Ecological Hotel.* [Online]

- Choice of electrolux minibar which consumes little energy

- Installation of double-flush in the bathroom

- Utilizing mix valve mechanics (robinet) or thermostat for showers and sinks

- GuT certificate for carpeting

- Wood certificate for furniture

- Using water-based paints

### *Restaurant*

*McDonald's* is focused on improving its environmental performance, both in its supply chain and in restaurants. The restaurant level considers three main fronts:[110]

- Energy efficiency – Find further ways to increase energy efficiency in restaurants to save money and reduce environmental impact.

- Sustainable Packaging & Waste Management – Continue exploring ways to reduce environmental impacts of consumer packaging and waste in restaurant operations.

- Green Restaurant Design – Enhance current strict building standards to incorporate further opportunities for efficiency and innovation in the design and construction of restaurants.

McDonald's also envisions influencing the sourcing of its materials and ensuring the design of its products, its manufacture, distribution and uses minimize lifecycle impacts on the environment. McDonald´s is committed to ensuring that animals are free from cruelty, abuse and neglect. Specific animal welfare practices vary slightly across the McDonald's System, but they are always driven by the latest scientific research, advice from respected animal welfare experts.[111]

### *Home Services/Maintaining of Home Appliances*

*Utilities in 10 U.S.* states offer some rebate and free pick-up of old appliance if a customer decides to contact a company *Appliance Recycling Centers of America*, which oversees the appliance recycling process. ARCA's system can prevent up to 95 percent of the recyclable materials in old refrigerators and freezers from entering the waste stream.[112]

---

[110] McDonald´s: *Environmental Responsibility Offers Double Green Benefits*. [Online]
[111] McDonald's: *Animal Welfare at McDonald's.* [Online]

[112] Admin2: *Environment: Recycling Tired Appliances.* [internet]

### 5.4.2  The Fourth Sector

#### Finance

The US's two largest banks, *Citigroup* and *Bank of America*[113] have decided to invest billions of dollars to mitigate climate change over the next decade. Citigroup has already invested $10 billion in helping fight climate change. It plans to lower its own greenhouse emissions 10% by 2011 across its global facilities. Bank of America has a program that is putting more gas efficient cars on the road for its employees with a $3,000 hybrid vehicle reimbursement program. Both institutions are constructing greener buildings and putting up more environmentally efficient offices. Citigroup financed $2.15 billion ownership of a wind portfolio that brings new wind developments to market. It offers environmentally friendly investments and investment in sustainable building projects. $2 billion of private equity should go over the next ten years to clean technologies and renewable energy sources. Individual consumers at the banks can choose climate friendly credit cards, mortgages and other banking products. Citigroup will plant a tree for each customer that chooses a paperless statement while Bank of America consumers can choose an eco-friendly credit card that for every dollar spent on the card, bank will contribute to an environmentally organization.

#### Administration

*Addleshaw Goddard*[114], a law firm, takes into account green issues such as its travel policy, premises, purchasing and working practices - for example, all its financial reports and other management information are generated and distributed electronically, rather than on paper. The company encourages the use of video conferencing whenever practicable and has got a number of recycling projects, including recycling office furniture, paper, cups, lightbulbs and printer toners.

#### Transport

*Shipping companies*[115] are already highly attuned to compliance with international requirements to protect the environment. Energy management is a key aspect of the CSR

---

[113] Odell, A.: *Banking on the Future: The Two Biggest US Banks to Dedicate Billions to Halting Climate Change.* [internet]
[114] http://www.addleshawgoddard.com/view.asp?content_id=779&parent_id=663
[115] Mansoorian, K.: *Shipping´s Voyage to a Sustainable Future.* [internet]

report. Fuel consumption is of crucial importance. By having a formal system to measure fuel costs companies can actually discover ways to reduce costs and save energy.

*British Airways*[116] were the first airlines to report on environmental performance. Main focus is on:

- How to fly - Minimising the impact through a more efficient operation
- What to fly - Minimising the impact through the latest technology including airframes, engines and alternative fuels
- What to buy - Ensuring to fully reflect the cost of the  impact on the environment through economic based tools such as emissions trading

Future goals:

- Zero waste to landfill in the UK by 2010
- Improve the carbon efficiency by 25% by 2025 - reducing the grammes of carbon dioxide per passenger kilometre from 111 to 83 grammes
- Reduce the average noise per flight by 15% by 2015
- 50% reduction of CO2 emissions by 2050

Strategy of achieving the goals:

- Climate change - to ensure airlines fully contribute their share of global carbon dioxide emission reductions by 2050
- Waste - focus on reducing, reusing, recycling and responsible disposal of waste
- Noise - reducing impact on local communities around the airports
- Air quality - improving air quality for communities around the airports

### *Communications*

*France Telecom* is planning to reduce greenhouse emissions limiting its networks and buildings´ energy consumption, reducing CO2 emissions from its fleet of vehicles and from business travel, increasing the proportion of energy from renewable sources, encouraging the development of telephone handsets that use less energy via firm´s eco-design partnerships.

---

[116] British Airways: *Environment.* [Online]

France Telecom aims to optimise waste management - waste from the networks, offices and call centres or customer waste. Customers´ and employees´ mobiles and accessories are collected and then sent to treatment organisations. Reusable handsets are reconditioned and sold to new customers, mobiles that can no longer be used are dismantled and the various components recycled at plants adapted to each type of material. Telecom wishes to help consumers reduce their impacts, by promoting more environmentally friendly products and services. Company optimizes vehicle fleet management, consolidates and virtualizes IT infrastructure, implement paper-free workflows and develop remote personal services.

### *Trade*

Construction enterprise specialized in topography, land moving and excavation services *Javierre*[117] runs environmental management systems containing a number of procedures for identifying environmental impacts as well as for successfully managing these impacts beyond the existing minimum legal requirements. Javierre assesses its suppliers' degree of compliance with the existing social and environmental legislation. For this purpose, the firm annually requests documented proofs in order to ensure that the aforementioned aspects are complied with.

---

[117] Corporate Social Responsibility in SMEs: *Javierre S.L.* [Online]

## 5.5   Cooperation

"*Goods and services merge,*"[118] and "*Companies of the future are going to have a new structure – consisting only of top management - the rest is cooperation with external suppliers.*"[119] - two quotes by Peter Drucker and Christian Grönroos entirely described the situation that is happening with CSR practices.

Marketing witnesses the enlarging number of alliances that starts to cooperate. Services and manufacturers are joining their forces in examining an effective and sustainable solution.

### 5.5.1   Cooperation of Production Segment and Services

#### *British Airways & Solena Group*

British Airways decided to source a portion of its jet fuel made from municipal waste in the U.K. The London-based plant will be built by Solena Group, a biofuel manufacturer, and is expected to be fully operational by 2014. Manufacturer estimates that the plant will convert 500,000 tons of waste into 16 million gallons of jet fuel annually. 16 million gallons is the equivalent of 2% of the company's usage at London's Heathrow Airport, and that BA hopes to source 10% of its total fuel usage from waste-to-energy processes by 2050.

The process should be environmentally beneficial in two ways. Firstly, organic municipal waste stored in dumps produces large quantities of GHG methane. The plant will divert this waste from the landfill and convert it into biofuels.  Secondly, replacing traditional jet fuel with biofuels reduces the amount of GHG and particulates emitted into the atmosphere, reducing the environmental footprint of the airline.[120]

#### *Retailers & Manufacturers*

Bamboo plant has eco-friendly reputation - it grows quickly, it doesn't need pesticides or much water, it pulls carbon dioxide out of the air, and it can be used in a nearly unimaginable range of products. Since knowing this, companies have been quick to integrate bamboo into product lines. There are now bamboo shirts, skirts, socks, underwear, furniture, floors, paper, plates, sheets, towels, plates, bowls, spoons, kitchen

---

[118] Grönroos, 2005, p. 45
[119] Drucker, 2006, p. 25
[120] Anon: *British Airways to Local Source Biofuels.* [internet]

utensils, keyboards, cleaning wipes...practically enough items to outfit an entire house made with bamboo everything. Bamboo goods are proliferating at major mainstream retailers like Wal-Mart and Target, and being used in clothing both from eco-centric firms and more mainstream ones like JCPenney and Banana Republic.[121] Method, a cleaning-products company, uses bamboo for cleaning wipes, aroma rings as well as some of its packaging. Totally Bamboo sells more than 300 different bamboo-based products. Asus produces Bamboo notebooks.[122] This aligns with the natural lifespan of the bamboo, and the manufacturing process uses less energy than traditional metal alloys that are refined from petrol.

### *Dry Cleaning & Hollywood*

Two major Hollywood studios have hit on a cost-efficient way to cultivate goodwill among their environmentally conscious employees and the vocal and dedicated green actors who work on their lots. 20th Century Fox and Universal have turned over their tons of annual dry-cleaning to a local company committed to eliminating single use plastic dry-cleaning bags, 300 million pounds of which overflow landfills and clog waterways in the United States every year. The Green Garmento[123] is the first affordable, reusable, multi-purpose garment bag that can efficiently replace the dreaded single-use plastic bags. It is designed to hold multiple garments and is easily loaded and unloaded through a full-length zippered side opening.

### *Taxi Service & Car Manufacturers*

A taxi cab that runs on the latest hydrogen fuel cell technology is being developed with the aim of being prepared for full road trials in time for the 2012 Olympics. The car looks and drives just like a standard London black cab with a cutting-edge technology by sports carmaker Lotus. Hydrogen cars allow transport fuel to be generated from renewable energy. Solar and wind plants could be used to drive the process of splitting water into hydrogen and oxygen – and the hydrogen piped to filling stations. Iceland has already begun constructing a hydrogen grid using geothermal energy. Hydrogen vehicles in the UK are likely to be powered by fuel derived from oil. The intent is to retrofit a powertrain that has zero tailpipe emissions. But also it has to deliver some very important ideas: a

---

[121] Bardelline, J.: *Growing the Future of Bamboo Products.* [internet]
[122] Asus: *Bamboo.* [Online]
[123] Nathanson, J.: *Hollywood Studios Say No to Plastic Dry-Cleaning Bags and Yes to The Green Garmento.* [internet]

reasonable range, very quick refuelling time and no modifying the passenger or driver space. By 2012 there would be six hydrogen filling stations in the London. Around 20-50 taxis would be in operation by then as part of the *Black Cabs Go Green* programme, as well as 150 hydrogen-powered buses. Mainstream manufacturers are also interested in hydrogen. Daimler, Hyundai, Honda and Toyota have announced plans to have fuel-cell vehicles available for the consumer market by 2015. There is a global drive to reduce $CO_2$ emission levels. [124]

### *Transport Company Bart & LG Mobile Phones*

LG Mobile Phones has joined forces with BART, of the San Francisco Bay Area, to redefine convenience in mobile device recycling.   LG is has outfitted six BART stations with recycling receptacles, encouraging routine customers to drop off their mobile phones, chargers and accessories, from any manufacturer.  LG has taken the initiative to educate on the benefits of mobile device recycling. Only 10% of sold mobile phones get recycled and most people do not know where to recycle them.  To make the process as effortless as possible, LG is choosing high traffic areas to place receptacles. [125]

### *Information technology & Consumer technology*

IBM and Cisco help the City of Amsterdam in its quest to become the European Union's first smart city. Companies will help develop an energy management system using 500 smart meters installed in participating households, giving each a glimpse of their individual energy consumption. The Smart City pilot project serves as a testing ground to prove that smart grid technologies can better manage energy use and transmission while also reducing electricity outages and congestion. Also Google has partnered with General Electrics to lobby the government to push for smart grid support and bringing energy monitoring to businesses and residences.

---

[124] Jha, A.: *Hydrogen taxi cabs to serve London by 2012 Olympics.* [internet]
[125] LG Electronics: *Recycle While You Ride With LG Mobile Phones and Bart – Bay Area Rapid Transit.* [Online]

### 5.5.2   Cooperation with Non-Governmental Organisations

Environmentalists are also changing their system of working – instead of suing companies for nature destructive behaviour, they try to cooperate with them, while showing them better alternatives how to make things more eco – friendly. For example, *Environmental Defense Fund* combats climate change through persuading service companies like WalMart, McDonald's or FedEx. *"The whole idea is to change the world,"* says Fred Krupp, the president of EDF. *"If you want to change the world, it's important to work with some of the big forces in the world."*[126]

*WalMart*, the world's largest retailer, is being advised on how to take its immense supply chain and get them to be greener. Krupp took the former WalMart CEO, Lee Scott, for a trip to show him the effects of global warming on maple trees. Scott had epiphany that getting ahead of these issues could be a good offensive strategy and good for business. WalMart's current sustainability initiatives are having a major impact on the retailer's suppliers. Flat-screen televisions are still sold at WalMart, for example, but nowadays they are energy efficient. WalMart has something very precious that its vendors want, which is shelf space. WalMart and EDF are being contacted by suppliers who say that if the new standards determine "whether or not we get shelf space, we want to know what we can do to meet or exceed expectations."

The *McDonald's* engagement with EDF first involved reduction of packaging but later addressed the issue of antibiotics in chickens used by the fast food chain in its sandwiches. Working with their suppliers and the pharmaceutical industry, the company was able to cut the volume of antibiotics it used by 90 percent. The foodservice retailer demonstrates its green thinking on several fronts - energy, packaging, anti-littering, recycling, logistics, communications, greening the restaurants, greening the workplace, sustainable food and supplier leadership.[127]

*FedEx* worked with EDF to find ways to reduce emissions from its worldwide fleet of delivery trucks, resulting in 96% less soot and 50% more fuel efficient vehicles.

---

[126]Connor, M.: *Game Change: Environmentalists Advise WalMart on Sustainability.* [internet]
[127] McDonald's: *McDonald's 2009 Global Best of Green.* [Online]

## 5.6 Results of Analyses

I made secondary data analyses of CSR tools used in production segment and services to find out what type of methods they apply and which of these methods are preferred. The comparison of CSR tools applied on goods and services showed that both spheres use the same 13 methods: footprint, energy efficiency, waste management, alternative sources, efficient product, transport policy, green building, ecological partnerships, green plant, ecological expectations from suppliers/ customers, investing in environment, CSR norms. Though, there is one exception – green plant. The output of services is not a tangible product, therefore they do not need plants. Nevertheless, British Airways cooperates with company who is building a factory that will supply planes with biofuels.

The amount of 30 examined companies is not a number that is sufficient to reveal preferences of CSR tools in production segment and services. More complex quantitative research is needed. Experts who would like to create such a research can build upon the 13 CSR methods I summarised.

# III.    PROJECT

# 6 ENVIRONMENTAL CSR GUIDE FOR PRODUCTION SEGMENT AND SERVICES

## 6.1 Characteristics of the Project

Project *"Environmental CSR Guide for Production Segment and Services"* serves as recommendations for managers who have decided to lower the negative impact on planet caused by companies they work for. The guide explains benefits of this concept of responsibility by explaining the basic steps to be done for defining company´s stakeholders. Consequently it touches the new structure of goods and services. The main part is dedicated to current trends in CSR that are applied in responsible companies represented both by production segment and services. Fictive example of communications strategy of CSR for both segments is provided. Action should be framed by norms and followed by reporting. The concept asks for measurement of profitability, therefore financing and risks sections are included.

Project is based on a research of thirty responsible companies. Production segment and services apply identical tools to protect the environment. In some cases the way of applying even the same tool differs. It is caused by intangibility of services where tangible products only accompany the provided service. Although they are important part of that service.

## 6.2 Objective of the Project

The goal of the project is to explain managers the current situation of changing marketing environment, employees and customers preferences and inspire them through CSR trends focused on the protection of the planet to incorporate the model, too.

## 6.3 Be ahead of changes

Our society embraces the era of changes. The transformation is so enormous that it affects even inner priorities of people. Affected by guilt due to human impact on the planet, we fear its destructive power and its ability to "pay us back". The higher life expectancy and

possibilities the developed world has got, the more inhabitants feel the gap between their standards of living and conditions of poor countries. People start to feel more responsible towards the rest of the world and try to find possibilities how they could affect and change something on their own. Playing different roles in their lives gives them the option of speaking for themselves. As customers they can make choice in the process of buying. This role allows them to favour one brand over another. As employees, who represent precious human resources, they can give higher priority to a company with values they identify. And as managers they should understand the upcoming situation and find the power to change firm´s marketing flow to meet the expectations of the market.

Customer approach is currently one of the hottest marketing challenges. It appeared in the crisis of mass marketing and it has pushed corporations to accept new ways of thinking with the focus on fulfilling consumers wishes. People in the role of customers and employees appeal to companies and ask them to consider not only firm´s profit but also the impact on humans and the planet which are influenced by company´s activities. This has evoked new direction of marketing called corporate social responsibility.

Corporate social responsibility is a voluntary concept which interconnects three fields of impact identified by a term triple – bottom – line. 3BL represents interests of stakeholders – all of those who are affected by company´s conduct. It is built upon three pillars – Profit, People and Planet (Chart VIII).

Chart VIII – **Triple Bottom Line**[128]

| Profit | People | Planet |
|---|---|---|
| Corporate Governance | Employment policy (healthcare, safety, education, training) | Ecological production, goods & services (ISO 14 000) |
| Code of Ethics | | |
| Rejection of corruption | Employment of minority and vulnerable groups | Protection of natural resources |
| | | Investment in environmental technologies |
| Transparency | Work-life balance | |
| Preservation of intellectual property | Equality of genders | Ecological corporate culture (recycling, energy conservation, etc.) |
| Investor Relations | Refusal of child labour | |
| Supplier Relations | Human rights | |
| Customer Relations | Philanthropy and volunteerism | |

Mass marketing was concerned especially about the profit. New demands expect searching for other aspects contained in classes of People and Planet. Although, CSR is not philanthropy. An important goal of business is to produce a profit. But it is possible and nowadays even necessary to be profitable without negative impact on stakeholders.

## 6.4 Get started – identify your stakeholders

Before choosing and applying corporate social responsibility, it is crucial to identify the company´s stakeholders – they vary from firm to firm, as well as their importance. Managers will gain expectations of stakeholders and their possible influence by answering two questions "Who influence the corporation?" and "Who is influenced by corporation". Identification is followed by dialogue which is the tool for avoiding conflicts and helps to set the key issues for both sides.

---

[128] Adopted from Petříková, et al., 2008, p. 93

## 6.5 CSR in Production Segment and Services

Chart IX - **Environmental Practices**[129]

| Environmental practices | Amount of companies (Goods+Services) | GOODS place | SERVICES place |
|---|---|---|---|
| 1. Footprint | 23 (12+11) | 1. | 2. |
| 2. Energy efficiency | 22(10+12) | 2. | 1. |
| 3. Waste management | 22(12+10) | 1. | 3. |
| 4. Alternative sources | 19(12+7) | 1. | 5. |
| 5. Efficient product | 16(7+9) | 3. | 4. |
| 6. Transport policy | 10(7+3) | 6. | 5. |
| 7. Green Building | 9(5+4) | 4. | 7. |
| 8. Ecological partnerships | 9(6+3) | 6. | 6. |
| 9. Packaging | 8(4+4) | 5. | 7. |
| 10. Green Plant | 7(7+0) | 3. | 0 |
| 11. Ecological expectations from suppliers/ customers | 7(3+4) | 6. | 7. |
| 12. Investing in environment | 3(1+2) | 7. | 8. |
| 13. CSR norms | 3(1+2) | 7. | 8. |

Fight for consumer, brought up by customer approach, has caused that goods and services merge. Almost any physical product can be turned into a service if the seller makes effort to tailor the solution to meet the most detailed demands of the customer. It is complicated to distinguish goods and services. The traditional marketing mix has changed. Marketing experts believe that the well – known 7 Ps of services represented by 4 Ps of goods

---

[129] Own customization of the chart

(product, price, place, promotion) and added by 3 extra Ps of services (physical evidence, people, process) can be applied to any form of business where meeting the needs of customers is given priority.

Has this evolution of mutual transformation got any impact on application of the concept of CSR? Do the four fundamental features of services (intangibility, inseparability, perishability and variability) have any impact on the choice of CSR tools? Is the direction of customer approach marketing so powerful that it does not distinguish between goods and services and allows managers to use the same CSR methods?

Different characters and marketing mix of goods and services, based on intangibility, used to and still does distinguish them. Though, merging tendencies of goods and services make them closer. Both services and manufacturers are in touch with tangible products and both provide services. Therefore, a research focused on comparison of ecological practices between production sphere and services showed that almost all practices can be applied on both sectors. Sample of thirty responsible companies was examined and thirteen CSR tools stepped into the forefront (Chart IX).

### 1. Footprint

Footprint compares human demand on nature with the biosphere's ability to regenerate resources and provide services. Lowering the footprint has got a double mission. Firstly, it represents the true reason why the "planet concept" began. All practices undertaken in this direction exist because of compensating the footprint. On other hand, footprint also belongs to CSR tools, because not all of companies try literally to decrease the footprint. Though, it should be the goal of applying green strategies and therefore, it is the keystone or platform of other green inventions.

**Production segment & Services:** It could be supposed that services would have less developed goals for Earth protection, because they do not create any tangible product, so consequently they would be not damaging the environment as much. However, footprint caused by service providers is connected with the processes, materialised products they use for providing a service or even an administration. Production of either tangible or intangible products is not the fundamental feature for choosing certain CSR tools. It depends on the complex system of firm´s activities. Both spheres cause harm to the environment. The footprint goal or tool placed at 1. and 2. position in the research. Both

types of companies do care about their footprint impact and design their other activities according to this main goal.

### 2. Energy efficiency

Energy efficient use refers to using of less energy to provide the same level of energy service. Responsible companies realised they can spare their costs when they create a plan for energy usage. Many of them even implemented new technological systems and create energy by themselves.

**Production segment & Services:** Renewable energies are currently very trendy, followed by effective usage of water, electricity or heating in manufacturing or service processes, transport policy or building operations. Physical laws prove that any energy can be transformed into other type of energy. Both manufacturing and service companies search for solutions how they could create energies by themselves and be able to provide energy supplies even for environment. Efficiency is the most important tool especially for services since processes are one fundamental part of their marketing mix and since they do not produce goods.

### 3. Waste management

Managing of waste involves collection, transport, processing or recycling of waste materials. Waste represents unwanted or unusable material. It arises as a product of manufacturing process, providing of service, replaced material, etc. Most waste is possible to recycle; waste gets second chance for living as a result of "cradle to cradle" thinking according which the life of material does not end in the landfill.

**Production sphere:** Manufacturers are predetermined to waste production from their mission of business. The production of goods creates the great amount of waste itself. Unused material from production lines can be transformed into something else – residual wood from furniture production could serve as a source of heating.

**Services:** Though services do not create tangible product, they still produce waste. For example a hairstylist cuts customer´s hair. She uses water, hair products, lightning while cutting hair. Service providers should look at every tangible thing they work with, think about its life cycle in the company and find more efficient way of managing it as a waste.

### 4. Alternative sources

Developing and using of alternative resources has come into focus when statistics showed the unstoppable amount of resources that are not possible to renew. Scientist started to look

for alternative possibilities either by developing new materials or testing features of existing materials.

**Production segment:** Manufacturers use alternatives especially in two ways. They produce goods from alternative materials (furniture by Herman Miller which is fully made from recycled material; pens by Pilot which give seconds chance to bottles, shoes made from tires by Solerebels) or they develop goods that can work on alternative sources such as hybrid cars.

**Services:** Alternative sources are used especially by transport companies. For these companies it is almost obligatory to search for different types of fuels, since they belong to the biggest polluters.

### 5. Efficient product

Efficient product is in some aspect more eco – friendly that its forerunner. It could use less energy, or produce lower amount of pollution or save non-renewable sources.

**Production segment:** Companies can either produce efficient products directly such as Henkel´s Persil which can remove stains at 20 degrees instead of the normal 30 or 40 degrees which saves energy consumption of washing or Intel produces energy saving microprocessors. Next possibility is to buy efficient product that would be part of the business, but not produced in the company such as machines or even a green factory.

**Services:** The power of service providers is the possibility to choose efficient product which accompanies their service. Retailers can offer shelf place for efficient products. Transport companies choose if to buy a vehicle with effective fuel consumption. Banks can use online deliveries of account statements instead of post.

### 6. Transport policy

CSR strategy in transportation is a crucial element in environmental protection, because it causes 28% of all greenhouse gas emissions and 57% of air quality emission. Car, plane and ship parks are examined according to three main questions: *What to drive (fly)? How to drive (fly)? What to purchase?* Responsible transport starts with good choice of means of transport. The Market offers vehicles that enable to use renewable sources of energies. There exist alternative fuels to fossil fuels like biofuels, biomass, hydrogen or electricity. They save the non – renewable resources and provide lower air pollution. Another important rule is the strategy of driving a car or flying a plane. Every driver, pilot or captain should practice the effective eco - driving/-flying tactics that save more fuel.

Technologies give us the option to avoid travelling as well. Videoconferences are suitable substitute of business trip and they are less time consuming and much cheaper.

**Production segment & Services:** Ecological transport policy is hugely used by both sectors, since both sectors offer the transport service – either for own employees or customers.

### 7. Green Building

**Production segment & Services:** Companies try to transform their offices or buildings into smart or green workplace. New architectural plans for buildings are projected with the focus on energy savings, often powered by renewable sources such as wind, solar or geothermal systems. Material used for building protects construction from energy loss, orientation of offices allow daylight to fulfil the space as long as possible during working hours. Increased performance of insulation, air conditioning by demand, automatic graduation of artificial lighting, warmth distributed in the form of vapour and hot water and produced through the energetic improvement of waste are some of upgrades for greener buildings and offices.

### 8. Ecological partnerships

**Production segment & Services:** Rocket rise of knowledge and development of technologies have caused tied specialisation of companies. Marketing trends guru, Peter Drucker believed that enterprises of future would consist only of top management and the rest would be the cooperation of external suppliers. He could be right, because we witness the growing number of alliances. Alliances occur between intersectoral industries where production sphere cooperate with sector of services; but also in the conversation between commercial corporations and non – governmental organisations, labour and environmental movements and even between competitive firms. The used – to – be enemies are linking together their know – how to be able to stay in the market. So far goes the fear of losing customers, knowledgeable human sources and market share.

### 9. Packaging

Effective packaging refers to usage of such a style of wrapping or material that is able to recycle, that does not consume too much of place in the transportation or is not created from precious resources.

**Production segment:** Companies take care for type of packing of their products already in the manufacturing process.

**Services:** Packaging in services correlates with goods accompanying the service itself. Retailers and e – shops wrap products into more effective packages that do not burden the environment so much. Dry cleaning use reuse bags instead of those for one usage.

### 10. Green Plant

Buildings and industry cause 31% of green house gas emissions and 15% of air quality emissions. These numbers are crucial for rethinking of manufacturing processes.

**Production sphere:** The trend shows development of industries dealing with waste management. Number of companies whose mission is to transform waste into energy or fuels or give the material second chance as a new type of product is growing. Other class of manufacturing enterprises try to change their existing factories into more green versions. They create centres or install special systems which cause less $CO_2$ emissions or produce energies able to supply the plant.

**Services:** Research did not show that service providers have any ecological factories. But British Airways were very close to it. They cooperate with biofuel manufacturer who is going to supply airlines with jet fuel made of waste. So services can directly support building of plants which apply waste management in their business and help services to have more eco-friendly processes.

### 11. Ecological expectations from suppliers/ customers

**Production segment & Services:** Enterprises cooperate with other enterprises. Choosing responsible suppliers belongs to practise, that rise the growth of CSR among companies exponentially. If you demand on cooperating with responsible firms, your suppliers will start to think ecologically. Managers can provide customers with benefits when they choose a greener service such as online bank statements instead of post delivery.

### 12. Investing in environment

Companies support sustainable development by investing into protection of environment.

**Production sphere:** Manufacturers have their own centres or support a laboratory where researches work on better understanding of environmental progress.

**Services:** Line of business of banks allows them to invest into green ideas.

### 13. CSR norms

**Production segment & Services:** Companies take part in formulating and creating CSR laws in their part of business. They can spread CSR consciousness via their own example.

## 6.6   Communications Strategy: Cooperation of Toyota & Taxi Drivers

The aim of the communications strategy is to show on a brief example how companies can communicate their eco – friendliness. Communications mix will be applied on both production segment and services. Manufacturer is presented by Toyota and service by taxi drivers. This type of cooperation between taxi drivers and manufacturers already exists; it is planned for the Olympic Games 2012 in London. For the purpose of showing just some of the promotion possibilities for both sectors, I decided not to involve such a huge event as the Olympic Games, because they would need a giant communications mix. The situation of the project is fictive.

### 6.6.1   Background

Toyota is revolutionary in production of green vehicles. Its ecological cars for 2010 are Toyota Plug – in Prius hybrid and Toyota Auris hybrid. The car manufacturer plans to place them onto the market and start a boom in selling of hybrid cars. The firm wants to start cooperation with taxi drivers, because managers think that the more passengers would travel by green taxis, the more people would start to think about buying a hybrid. People are currently afraid of having a hybrid car, because they think it is not enough powerful and they are afraid of lack of filling stations. Toyota expects these passengers, after the experience with a green taxi, to think: "Having a hybrid car can not be so complicated, when so many taxi drivers are driving it. There must be several filling stations for them and even the taxi journey was fast enough."

### 6.6.2   Cooperation of Toyota and Taxi Drivers

#### *Toyota´s Communications Strategy towards Taxi Drivers*

Toyota connects with taxi drivers' organisations and private taxi drivers. It has developed a plan of advantages for taxi drivers:

**Single – shot discount**: Toyota is only in the process of placing the new hybrids into market. Market is always suspicious to new products, but Toyota does not want to wait for trend setters until they would explore the benefits. The company wants to speak to big target group since the beginning. Therefore, every taxi driver gets a discount for every single car he buys.

**Pyramid discount:** Every taxi driver who buys a car will gain a personal account in Toyota. He gets a discount from the original price of the bought car for every other taxi driver or customer he persuades to buy hybrid from Toyota. The more people he persuades the higher discount he gets.

**Filling stations:** Toyota provides one filling pipe at filling station just for taxi drivers.

**Service:** The service for cars is provided. Toyota opens a course for drivers of hybrid cars where they can learn how to repair simple problems on the car and how to drive efficiently.

### Taxi Drivers´ Communications Strategy towards Passengers

Taxi drivers decided that the hybrid car, advantages provided by Toyota and concerns of people about the fate of the Earth are reasons sufficient enough to buy the car. Now they have new benefit to their service – ecological vehicle. If they want to attract passengers to this advantage, they have to promote it. Toyota can help them to promote their service financially and with realisation of changes on car. Though, taxi drivers are usually single persons who do not have extra money for expensive advertisements. They can work only with things and skills they have got: a car and human body.

**The Car:** The car is a materialised product to their service. Ecology is connected with green colour. Eco – taxis would be green. Since the most taxis are yellow, *green taxi* would attract more attention.

Usually, the *lightning signboard* at the top of the car shows either the word "Taxi" or a telephone number. The title can be rewritten into "Taxi Earth", "Eco - Cab" or "Green Taxi". Bystanders would know that the taxi works on eco – drive. Since people are interested in saving the planet, they would prefer green taxi.

A message of ecological services and even the vehicles of Toyota can be promoted by a *slogan on the car.* "Today. Tomorrow. The Earth." It is almost an example of subliminal advertising, because most of people know the slogan "Today. Tomorrow. Toyota." "The Earth slogan" refers to saving the planet for next generations.

Inside the cab can be *leaflet* which says "The more of green taxis, the sooner the Earth is healthy." The material (from recycled paper) would contain case studies and graphs. These would compare inefficient driving and ecological driving. The whole material should persuade customers to choose rather to travel by the green taxi than the yellow one.

Toyota can sponsor *"Free Eco Drive"* for some period of time. Taxi drivers would transport people without charging them, but Toyota would refund them the drive.

**Human body:** Human body is represented by the taxi driver himself, because service is known for its inseparability of customer and provider.

Taxi driver can profit from being together with customer while driving him. He can talk about the benefits of the car and *communicate with customer* if he asks. If he persuades a customer that hybrid cars are good idea, he makes a double service – he promotes its own business and the car manufacturer, too. The taxi driver can even become *a dealer of Toyota*.

Personality of every taxi driver can distinguish them between each other. They can create their *own ways how to promote* their own taxi.

### 6.6.3   Summary of Communications Strategy

Communications Strategy for Toyota cooperating with taxi drivers use wide spectrum from communications mix. Toyota uses personal selling to persuade taxi drivers to buy their cars. Within the sales promotion it reaches for discounts and premium car service. Taxi drivers use their car as place for advertising. The sign and the slogan promote both ecological taxi service and the car producer. Drivers create positive public relations supported by the leaflet inside the car. Cooperation of taxi drivers and Toyota brought up also sales promotion by free journey for passengers. Taxi drivers can become the dealers of Toyota.

## 6.7   Norms

Managers should not forget that ecological sphere has its rules. The growing concerns over the environmental issues boosted the boom of norms that serve as guidelines. The most important is ISO 14001 which specifies the actual requirements for an environmental management system. It applies to those environmental aspects which the organization control and over which it can be expected to have an influence. Emissions trading, clean development mechanism and joint implementation are the pillars of The KyotoProtocol. Sustainable development is guaranteed by The Treaty of Lisbon and Green Paper document.

## 6.8 Reporting

Part of corporate social responsibility is reporting. There exist companies offering norms for reports such as Global Reporting Initiative. Communicating CSR initiatives improves firm´s image and spreads further the consciousness of environmental responsibility. Folder with CSR reports belongs to the most visible folders on homepages of green companies.

## 6.9 Financing

Financing of environmental CSR activities differ from company to company and from the type of environmental improvement. It is crucial to examine the deepness of the application. Operations that are connected to transformation of factory, product or energy supplies would be expensive. Such fundamental change ask for plenty of preparation such as laboratory testing, architectonic or design plans, measurements, removing of current systems or products, installation of new one, time lost, etc. It is because this modification is the core of production process. But companies can start with cheaper option: waste separation, duplex printing, efficient light bulbs, etc.

Most environmental improvements are similar for both manufacturing companies and services. Though, service providers have it easier in one aspect - they are free from production process, so they can just replace tools they use for accompanying the service without any production.

## 6.10 Risks

Risk in implementation of environmental CSR tools depends on several factors. First complication lies in the potential expense. Though, every company should look into future and measure benefits from the long – term efficiency, because it can save costs or even produce profit. When joining alliances the whole idea can fail because of unprofessional partners. Another unpleasant obstacle is disintegration of information or the high number of different norms. Also fast technological progress can raise the question if implemented innovation would not be outdated in the time of finishing it.

## CONCLUSION

The Diploma Thesis *Corporate Social Responsibility in Production Segment and Services* is based on knowledge of changing business environment that causes new ways of marketing thinking and transforms traditional marketing mix of goods and services. Mass marketing has turned into customer approach and enterprises are obliged to find competitive advantage to be able to stay longer in the market. Corporate social responsibility is considered as one option of competitive advantage. The CSR concept represents dialogue between company´s stakeholders divided into three categories known as *Profit, People and Planet* and grouped by the term triple bottom line. The idea of CSR is that a company behaves as a citizen therefore it should take care not only of its profit but also of its social and environmental impacts. Since the concept is still not applied in every enterprise and options of CSR are not deeply examined I tried to create a guide with recommendations for managers who would like to incorporate CSR with focus on production segment and services and their communications strategy. To compile the guide I needed to verify the core hypothesis which claimed that *production segment and services use different CSR.* The theoretical background consisting of features of CSR and new trends in marketing mix of goods and services led me to findings that CSR tools used in both segments are not very different. Therefore, I researched it more deeply and compared *environmental CSR tools applied on goods and services.* I presumed that the intangible feature of services would make difference here. But since goods and services merge their marketing mix is becoming more similar and also the marketing tools are more uniform. The comparative analysis of thirty responsible companies was carried out and discovered that thirteen CSR tools are preferred in both production segment and services. Some of them are used in production segment and services differently which is related to the fact that services do not produce tangible products but goods are accompanying the provided service. The recommendations collected in the project *Environmental CSR Guide for Production Segment and Services* give us the glimpse of new trends in CSR. For example intersectoral alliances are popular in achieving a CSR goal, because they can even lower the risk of implementation of CSR presented by constantly changing business environment and development of new technologies. Each company should measure if higher investment into CSR would bring a competitive advantage. Communications strategy of CSR should remember that the advantage of CSR is that it improves an image of responsible company. Therefore, it is crucial to present company´s effort. Managers should write a CSR report

and publish it on their homepage and send to CSR magazines. Every part of undertaken activity should express responsibility – energy efficient buildings, offices and plants; using hybrid cars; applying waste management, looking for renewable materials, placing a term "eco" where possible. In CSR is responsible behaviour the best communications strategy, because promoting it is not sufficient if the reality is the opposite.

I believe that my Diploma Thesis discovered new matrixes between CSR, goods and services and offered several possibilities how to apply the concept within the changing marketing environment.

# BIBLIOGRAPHY

## Monographs:

- ❖ DRUCKER, P. *Drucker na každý den: 366 podnětů, jak dělat správné věci.* Praha : Management Press, 2006. 431 s. ISBN 80-7261-140-2.

- ❖ DRUCKER, P. *Výzvy managementu pro 21.století.* Praha : Management Press, 2001. 187 s. ISBN 80-7261-021-X.

- ❖ GRÖNROOS, CH. *Service management and marketing: a customer relationship management approach.* West Sussex : John Wiley & Sons Ltd, 2005. 394 s. ISBN 0-471-72034-8.

- ❖ JANEČKOVÁ, L. - VAŠTÍKOVÁ M. *Marketing služeb.* Praha : Grada Publishing, 2001. 179s. ISBN 80-7169-995-0.

- ❖ JUŘÍKOVÁ, M. *Marketingový výzkum I a II - metodologie Studijní opory V pro studijní program Mediální a komunikační studia*, učební texty vysokých škol, 1. vyd. UTB Zlín, 2005. ISBN 80-7318-317-X.

- ❖ KOHOUT, J. *Veřejné mínení, image a metody public relations*. Praha : Management Press, 1999. 124 s. ISBN 80-7216-006-6.

- ❖ KOTLER, P. - ARMSTRONG, G. *Marketing.* Praha : Grada Publishing, 2007. 856 s. ISBN 80-247-0513-3.

- ❖ MICHALOVÁ, V. *Manažment a marketing služieb.* Bratislava : Netri, 2006. 216 s. ISBN 80-969567-1-X.

- ❖ PACHINGEROVÁ, M. - KUBIČKOVÁ, V. - ŠUTEROVÁ, V., *Manažment podniku služieb. Vybrané problémy.* Bratislava : Ekonóm, 2006. 191. ISBN 80-225-2145-0.

- ❖ PAYNE, A. *Marketing služeb.* 1. vyd. Praha : Grada, 1996. 248 s. ISBN 80-7169-276-X.

- ❖ PETŘÍKOVÁ, R. a kol. *Společenská odpovědnost organizací.* Město : DTO CZ, 2008. ISBN: 978-80-02-02099-8.
- ❖ TOMEK,G. – VÁVROVÁ, V. *Střety marketingu. Uplatnění marketingu ve firemní praxi.* Praha : C. H. Beck, 2004. 216 s. ISBN 80-7179-887-8.

- ❖ VAŠTÍKOVÁ, M., *Marketing služeb – efektivně a moderně.* Praha : Grada Publishing, 2008. 232 s. ISBN 978-80-247-2721-9.

## Theses:

- ❖ GELOVÁ, J. *Vybrané aspekty společensky odpovědného chování firem v českém a slovenském podnikatelském prostředí.* Praha: Univerzita Karlova. Fakulta sociálních věd. Institut sociologických studií, 2008. 118 s. Vedoucí diplomové práce PhDr. Pavel Kuchař, CSc.

- ❖ KUKAČKA, J. *Společenská Odpovědnost firem – mikroekonomický přístup.* Praha : Univerzita Karlova. Fakulta sociálních věd. Institut sociologických studií, 2008. 118 s. Vedoucí bakalářské práce Prof. RNDr. Jiří Hlaváček, CSc.

❖ PETŘÍČKOVÁ, I. *Corporate Social Responsibility – prostředek naplnění cílu Lisabonské strategie?* Praha: Univerzita Karlova. Fakulta sociálních věd. Institut politologických studií, 2008. 95 s. Vedoucí diplomové práce PhDr. Irah Kučerová, Ph. D.

❖ TÓTHOVÁ, Z. *Investing in Environmental Markets.* Praha: Univerzita Karlova. Fakulta sociálních věd. Institut ekonomických studií, 2007. 112 s. Vedoucí rigorózní práce Prof. Ing. Michal Mejstřík, CSc.

## Online Sources:

❖ Admin2, 2010. Environment: Recycling Tired Appliances. *Business Ethics: The Magazine of Corporate Responsibility,* [internet] 20 March. Available at: http://business-ethics.com/2010/03/20/1141-environment-recycling-tired-appliances/ [Accessed 29 March 2010].

❖ Anon, 2010. British Airways to Local Source Biofuels. *Sustainable Life Media,* [internet] 17 February. Available at: http://www.sustainablelifemedia.com/content/story/design/ba_to_local_source_biofuels [Accessed 29 March 2010].Asus. n.d. *Bamboo.* [Online] (Updated 04 March 2010) Available at: http://www.multimediamarketing.com/mkc/marketingmix/ [Accessed 29 March 2010].

❖ Baker, M., xxxx. *Corporate Social Responsibility – What does it mean?* [Online] Available at: http://www.mallenbaker.net/csr/definition.php [Accessed 23 February 2010].

❖ Bardelline, J., 2009. Growing the Future of Bamboo Products. *GreenBiz,* [internet] 09 July. Available at: http://www.greenerdesign.com/news/2009/07/09/growing-future-bamboo-products [Accessed 16 July 2009].

❖ BBC News, 2002. Enron scandal at – a – glance. *BBC News,* [Internet] 22 August. Available at: http://news.bbc.co.uk/2/hi/business/1780075.stm [Accessed 12 April 2010].

❖ Behera, M. 2008. The 7Ps of Marketing Mix. *Ezine articles,* [internet] 11 September. Available at: http://ezinearticles.com/?The-7Ps-of-Marketing-Mix&id=1486721 [Accessed 23 February 2010].

❖ Ben & Jerry. n.d. *History.* [Online] Available at: http://www.benjerry.com/company/history/ [Accessed 12 April 2010].

❖ Boggan, S., 2001. Nike Admits To Mistakes Over Child Labour.*The Independent,* [Internet] 20 October. Available at: http://www.independent.co.uk/news/world/americas/nike-admits-to-mistakes-over-child-labour-631975.html [Accessed 23 February 2010].

❖ British Airways, 2010. Environment. [Online] Available at: http://www.britishairways.com/travel/csr-environment/public/en_gb [Accessed 31 March 2010].

❖ Business Dictionary. n.d. *Core Product.* [Online] Available at: http://www.businessdictionary.com/definition/core-product.html [Accessed 16 April 2010].

❖ Business Dictionary. n.d. *Quantitative Research.* [Online] (Updated 04 March 2010) Available at: http://www.businessdictionary.com/definition/quantitative-research.html [Accessed 23 July 2005].

❖ Commission of the European Communities, 2001. *Green Paper.* [Online] EUR – Lex.europa.eu. Available at: http://eur-lex.europa.eu/LexUriServ/site/en/com/2001/com2001_0366en01.pdf [Accessed 17 March 2010].

❖ Connor, M. 2010. Sustainability: 20 Expectations for Companies by 2020. *Business Ethics: The Magazine of Corporate Responsibility,* [internet] 14 March. Available at: http://business-ethics.com/2010/03/14/1710-sustainability-roadmap-20-expectations-for-companies-by-2020/ [Accessed 16 April 2010].

❖ Connor, M., 2010. Game Change: Environmentalists Advise WalMart on Sustainability. *Business Ethics: The Magazine of Corporate Responsibility,* [internet] 16 March. Available at: http://business-ethics.com/2010/03/16/0600-game-change-how-environmentalists-advise-walmart-on-sustainability/ [Accessed 31 March 2009].

❖ Cooper, S. n. d. *Milton Friedman was right.* [Online] Bath Consultancy Group. Available at: http://www.bathconsultancygroup.com/documents/CSR%20-%20Milton%20Friedman%20was%20right.pdf [Accessed 03 March 2010].

❖ Cooper, S. n. d. *Milton Friedman was right.* [Online] Bath Consultancy Group. Available at: http://www.bathconsultancygroup.com/documents/CSR%20-%20Milton%20Friedman%20was%20right.pdf [Accessed 16 April 2010].

❖ Corporate Social Responsibility in SMEs. 2005. *Environment-oriented CSR Activities of European SMEs.* [Online] Available at: http://www.csr-in-smes.eu/index.php?tab=5&child=4 [Accessed 04 March 2010].

- ❖ Corporate Social Responsibility in SMEs. 2005. *Javierre S.L.* [Online] CSR and competitiveness – European SMEs` Good Practice. Available at: http://www.csr-in-smes.eu/downloads/case_studies/Javierre%20S.L.%20Spain.pdf [Accessed 23 April 2010].
- ❖ Coster, H., 2010. The 100 Best Corporate Citizens. *Forbes,* [internet] 03 March. Available at: http://www.forbes.com/2010/03/02/100-corporate-citizens-leadership-citizenship-ranking_2.html [Accessed 03 March 2010].
- ❖ CSR Europe. 2006. *Ecological Hotel.* [Online] Available at: http://www.csreurope.org/solutions.php?action=show_solution&solution_id=468 [Accessed 23 March 2010].
- ❖ CSR Europe. n.d. *About us.* [Online] Available at: http://www.csreurope.org/pages/en/about_us.html [Accessed 17 March 2010].
- ❖ CSRwire, LLC., n.d. *What is Corporate Social Responsibility (CSR)?* [Online] CSRwire, LLC. Available at: http://www.csrwire.com/pdf/WhatIsCSR.pdf [Accessed 23 March 2010].
- ❖ EarthCycles Corporation. 2009. *Eliminating the Idea of Waste* [Online] Available at: http://earthcyclescorp.com/Triple_Bottom_Line.html [Accessed 12 April 2010].
- ❖ EarthCycles Corporation. 2009. *Triple Bottom Line.* [Online] Available at: http://earthcyclescorp.com/images/triple-bottom-line1.jpg [Accessed 12 April 2010].
- ❖ Entrepreneur. 2010. *Akio Morita.* [Online] Available at: http://www.entrepreneur.com/growyourbusiness/radicalsandvisionaries/article197676.html [Accessed 10 March 2010].
- ❖ Environmental Management Systems. 2002. *ISO 14001Environmental Management.* [Online] Available at: http://www.iso14000-iso14001-environmental-management.com/iso14001.htm [Accessed 15 March 2010].
- ❖ Environmental Protection Agency, n.d. *Air Pollutants.* [Online] Available at: http://www.epa.gov/ebtpages/airairpollutants.html [Accessed 31 March 2009].
- ❖ Europa. 2009. *Taking Europe into 21$^{st}$ century.* [Online] Available at: http://europa.eu/lisbon_treaty/take/index_en.htm [Accessed 15 March 2010].
- ❖ European Commission. n.d. *Corporate Social Responsibility.* [Online] Available at: http://ec.europa.eu/enterprise/policies/sustainable-business/corporate-social-responsibility/index_en.htm [Accessed 13 March 2010].
- ❖ Freeman, E., Liedtka, J., 1991. *Corporate social responsibility: a critical approach - corporate social responsibility no longer a useful concept.* [Online] Available at: http://findarticles.com/p/articles/mi_m1038/is_n4_v34/ai_11015279/ [Accessed 10 March 2010].
- ❖ Friedman, M. 1970. The Social Responsibility of Business is to Increase its Profits. *The New York Times Magazine,* [internet] 13 September. Available at: http://www.colorado.edu/studentgroups/libertarians/issues/friedman-soc-resp-business.html [Accessed 12 April 2010].
- ❖ Global Reporting Initiative. n.d. *What is GRI?* [Online] Available at: http://www.globalreporting.org/AboutGRI/WhatIsGRI/ [Accessed 17 March 2010].
- ❖ Henkel. 2010. *Sustainable Products.* [Online] Available at: http://www.achesonindustries.com/sustainability/sustainable-products-14471.htm [Accessed 04 March 2010].
- ❖ Herman Miller, 2010. *Cradle to Cradle.* [Online] Herman Miller. Available at: http://www.hermanmiller.com/About-Us/Environmental-Advocacy/Cradle-to-Cradle-Certification [Accessed 30 March 2009].
- ❖ Herman Miller, n.d. *Environmental Policy Statement.* [Online] Herman Miller. Available at: http://www.hermanmiller.co.uk/our-business/environmental-concerns/ [Accessed 30 March 2009].
- ❖ Herman Miller, n.d. *Environmental Product Summary: Aeron Chair.* [Online] Herman Miller. Available at: http://www.hermanmiller.com/MarketFacingTech/hmc/products/Aeron_Chairs/EPS_AER.pdf [Accessed 30 March 2009].
- ❖ Interactive Media Lab. n.d. *Effective Crisis Management.* [Online] Available at: http://iml.jou.ufl.edu/projects/Fall02/Susi/tylenol.htm [Accessed 12 April 2010].
- ❖ Interpraxis. n.d. *Quotations from Business and Thought Leaders on Ethics and CSR.* [Online] Available at: http://www.interpraxis.com/quotes.htm [Accessed 20 March 2010].
- ❖ Jha, A., 2010. Hydrogen taxi cabs to serve London by 2012 Olympics. *Guardian,* [internet] 22 February. Available at: http://www.guardian.co.uk/environment/2010/feb/22/hydrogen-taxi-cabs-london-2012-olympics [Accessed 24 February 2010].
- ❖ Kotler, P. n.d. *Five Product Levels.* [Online] Available at: http://www.provenmodels.com/16/five-product-levels/philip-kotler/ [Accessed 16 April 2010].

❖ Kučková, B., Kišša, M., 2010. *Etiópske Ekologické Topánky na Webe.* [Online] Available at: http://zodpovednepodnikanie.sk/zp-na-slovensku-a-vo-svete/etiopske-ekologicke-topanky-na-webe/ [Accessed 04 March 2010].
❖ L´Oréal. 2008. *Corporate Press Release.* [Online] Available at: http://www.loreal.com/_en/_ww/index.aspx?direct1=00006&direct2=00006/00002 [Accessed 04 March 2010].
❖ Levine, R. 2009. 3 Great Examples of a Stakeholder Analysis Matrix. *Bright Hub,* [internet] 13 May. Available at: http://www.brighthub.com/office/project-management/articles/3713.aspx#ixzz0lq3KA72D [Accessed 23 April 2010].
❖ LG Electronics, Inc., 2009. Recycle While You Ride With LG Mobile Phones and Bart – Bay Area Rapid Transit. *Press Release 2003-2004.* [Online] Available at: http://www.lg.com/us/press-release/article/recycle-while-you-ride-with-lg-mobile-phones-and-bart-bay-area-rapid-transit.jsp [Accessed 08 July 2009].
❖ Mansoorian, K., 2007. Shipping´s Voyage to a Sustainable Future. *Det Norske Veritas.* [internet] 26 April. Available at: http://www.dnv.com/press_area/press_releases/2007/shippingsvoyagetoasustainablefuture.asp [Accessed 31 March 2010].
❖ Marketing teacher. 2000. *What is Marketing?* [Online] Available at: http://www.marketingteacher.com/Lessons/lesson_what_is_marketing.htm [Accessed 10 March 2010].
❖ Marketing Teacher. 2003. *People and Services Marketing.* [Online] Available at: http://marketingteacher.com/Lessons/lesson_people.htm [Accessed 16 April 2010].
❖ Marketing Teacher. 2005. *Promotion.* [Online] Available at: http://www.marketingteacher.com/Lessons/lesson_promotion.htm [Accessed 16 April 2010].
❖ Marketing Teacher. Xxxx. *Process and Services Marketing.* [Online] Available at: http://marketingteacher.com/Lessons/lesson_process.htm [Accessed 23 April 2010].
❖ McCarthy, M., 2010. Methane levels may see 'runaway' rise, scientists warn. *The Independent,* [internet] 22 February. Available at: http://www.independent.co.uk/environment/climate-change/methane-levels-may-see-runaway-rise-scientists-warn-1906484.html [Accessed 24 February 2010].
❖ McDonald's, 2009. Animal Welfare at McDonald's. [Online] Available at: http://www.aboutmcdonalds.com/mcd/csr/about/sustainable_supply/animal_welfare_at.html [Accessed 31 March 2010].
❖ McDonald's, 2009. Environmental Responsibility Offers Double Green Benefits. [Online] McDonald's. Available at: http://www.aboutmcdonalds.com/mcd/csr/report/environmental_responsibility.html [Accessed 31 March 2009].
❖ McDonald's, 2009. McDonald's 2009 Global Best of Green. [Online] Available at: http://www.aboutmcdonalds.com/mcd/csr/about/environmental_responsibility/best_of_green.html [Accessed 31 March 2009].
❖ McDonough, W., n.d. *Cradle to Cradle: Remaking the Way We Make Things* [Online] Available at: http://www.mcdonough.com/cradle_to_cradle.htm [Accessed 30 March 2009].
❖ Nathanson, J., 2009. Update: Hollywood Studios Say No to Plastic Dry-Cleaning Bags and Yes to The Green Garmento. *CSRwire,* [internet] 02 June. Available at: http://www.csrwire.com/press/press_release/27053-Update-Hollywood-Studios-Say-No-to-Plastic-Dry-Cleaning-Bags-and-Yes-to-The-Green-Garmento [Accessed 11 July 2009].
❖ Odell, A., 2007. Banking on the Future: The Two Biggest US Banks to Dedicate Billions to Halting Climate Change. *Social Funds,* [internet] 16 May. Available at: http://www.socialfunds.com/news/article.cgi/2294.html [Accessed 31 March 2010].
❖ Organisation for Economic Co – operation and Development. Xxxx. *Guidelines for Multinational Enterprises.* [Online] Available at: http://www.oecd.org/department/0,3355,en_2649_34889_1_1_1_1_1,00.html [Accessed 15 March 2010].
❖ Paton, N., 2009. Bagging a green job. *Times Online,* [internet] 12 September. Available at: http://business.timesonline.co.uk/tol/business/career_and_jobs/article6832108.ece [Accessed 12 March 2010].
❖ Peach – Lips. n.d. *Shell Oil Execution Scandal Case Settlement $15.5 Million.* [Online] Available at: http://peach-lips.com/2009/06/09/shell-oil-execution-scandal-case-settlement-15-5-million/ [Accessed 20 March 2010].

- ❖ Pilot Pen. 2006. *Bottle to Pen: Another first from Pilot!* [Online] Available at: http://www.youtube.com/watch?v=PkPhktKYW5A&feature=fvw [Accessed 30 March 2009].
- ❖ Renewable Energy Trust, 2005. *What are Emissions?* [Online] Available at: http://www.masstech.org/cleanenergy/important/envemissions.htm [Accessed 31 March 2009].
- ❖ Roquette. 2009. *Roquette Group´s Leadership.* [Online] Available at: http://www.roquette.com/delia-CMS/t2_print/topic_id-1122/company-profile.html [Accessed 04 March 2010].
- ❖ The Chartered Institute of Marketing. n.d. Marketing Mix. [Online] Available at: http://www.multimediamarketing.com/mkc/marketingmix/ [Accessed 23 February 2010].
- ❖ The Club of Rome. 2000. *Lisbon European Council 23 and 24 March 2000.* [Online] Available at: http://www.clubofrome.at/events/2006/brussels/lisbon-strategy-2000.html [Accessed 15 March 2010].
- ❖ The Times 100. n.d. *The extended marketing mix (7Ps).* [Online] Available at: http://www.thetimes100.co.uk/theory/theory--the-extended-marketing-mix-%287ps%29--319.php [Accessed 23 July 2005].
- ❖ United Nations Framework Convention on Climate Change. n.d. *Kyoto Protocol.* [Online] Available at: http://unfccc.int/kyoto_protocol/items/2830.php [Accessed 15 March 2010].
- ❖ United Nations. 1987. *Report of the World Commission on Envitonment and Development.* [Online] (Updated 16 December 1999) Available at: http://www.un.org/documents/ga/res/42/ares42-187.htm [Accessed 12 April 2010].
- ❖ Volkswagenag. 2010. *Automobili Lamborghini reduces its factory CO2 emissions by 30%.* [Online] Available at: http://www.volkswagenag.com/vwag/vwcorp/info_center/en/themes/2010/02/automobili_lamborghini_reduces_its_factory_co2_emissions.html [Accessed 04 March 2010].
- ❖ What Green Car. 2010. *Top 10 Green Cars to Watch in 2010.* [Online] Available at: http://www.whatgreencar.com/news-item.php?Top-10-green-cars-to-watch-in-2010 [Accessed 23 April 2010].
- ❖ Wikipedia, 2004. *Stakeholder (corporate).* [Online] Available at: http://en.wikipedia.org/wiki/Stakeholder_%28corporate%29 [Accessed 16 April 2010].
- ❖ Wikipedia. 2003. *Marketing Mix.* [Online] Available at: http://en.wikipedia.org/wiki/Marketing_mix [Accessed 16 April 2010].
- ❖ Wikipedia. 2005. *Stakeholder Theory.* [Online] (Updated 06 February 2010) Available at: http://en.wikipedia.org/wiki/Stakeholder_theory [Accessed 12 April 2010].
- ❖ Wikipedia. 2006. *Product (business)* [Online] (Updated 04 March 2010)Available at: http://en.wikipedia.org/wiki/Product_%28business%29 [Accessed 16 April 2010].
- ❖ Wikipedia. 2007. *Sustainable development.* [Online] (Updated 25 March 2010) Available at: http://en.wikipedia.org/wiki/Sustainable_development [Accessed 25 March 2010].
- ❖ Wikipedia. 2008. *Triple Bottom Line.* [Online] Available at: http://en.wikipedia.org/wiki/Triple_bottom_line [Accessed 12 April 2010].
- ❖ Wikipedia. n.d. *Nestlé boycott.* [Online] Available at: http://en.wikipedia.org/wiki/Nestl%C3%A9_boycott [Accessed 27 March 2010].
- ❖ Wise Geek. n.d. *What does „Cradle to Cradle" mean?* [Online] Available at: http://www.wisegeek.com/what-does-cradle-to-cradle-mean.htm [Accessed 30 March 2009].
- ❖ Wolf, L. 2008. Tripple Bottom Line Networks. *Elephant Journal,* [internet] 25 November. Available at: http://www.elephantjournal.com/2008/11/triple-bottom-line-business-networks-svn-balle-b-corporation/ [Accessed 12 April 2010].
- ❖ Woopidoo. n.d. *Responsibility Quotes.* [Online] Available at: *http://www.woopidoo.com/business_quotes/responsibility-quotes.htm* [Accessed 10 March 2010].
- ❖ World Resources Institute. 2007. *GDP: Percent GDP from services.* [Online] Available at: http://earthtrends.wri.org/searchable_db/index.php?action=select_countries&theme=5&variable_ID=216 [Accessed 10 March 2010].

## LIST OF ABBREVIATIONS

3BL     Triple Bottom Line

ARCA    Appliance Recycling Centers of America

BA     British Airways

C2C     Cradle to Cradle

CF     Halocarbons

CH4     Methane

CO2     Carbon Dioxide

CSR     Corporate Social Responsibility

EDF     Environmental Defense Fund

EU     European Union

GHG     Greenhouse Gas Emissions

N2O     Nitrous Oxide

SF6     Sulphur Hexafluoride

## LIST OF FIGURES

## LIST OF CHARTS

## APPENDICES

Appendix I            **Planet in Services**

Appendix II           **Planets in Goods**

Appendix III          **100 Best CSR Firms according to Forbes**

Appendix IV           **Environmental CSR in Herman Miller**

Appendix V            **Environmental CSR in McDonald´s**

# APPENDIX I : PLANET IN SERVICES[130]

| COMPANY | FOCUS | Footprint | Efficient product | Energy efficiency | Alternative sources | Waste management | Packaging | Transport policy | Ecological partnerships | Ecological expectations | Green Plant | Green Building | Investing in environment | CSR norms |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Addleshaw Goddard | law firm | | | 1 | | 1 | 1 | 1 | | | | | | |
| Amazon | e-shop | 1 | 1 | 1 | | 1 | 1 | 1 | | | | | | |
| Appliance Recycling | recycling | | | | | 1 | | | | | | | | |
| Bank of America | bank | 1 | 1 | 1 | | | | | 1 | | | 1 | 1 | |
| British Airways | transport | 1 | 1 | | 1 | 1 | | 1 | 1 | 1 | | | | |
| Citigroup | bank | 1 | 1 | 1 | | | | | 1 | | | 1 | 1 | |
| FedEx | transport | 1 | 1 | 1 | 1 | 1 | | 1 | | | | | | |
| France Telecom | communications | 1 | | 1 | 1 | | | 1 | 1 | | | | | |
| Google | IT | 1 | 1 | 1 | 1 | | | 1 | | | | | | |
| Green Garmento | dry cleaning | | 1 | | | 1 | 1 | | | | | | | |
| Javierre | topography | | | | | | | | | 1 | | | | 1 |
| Maja´s Salong | hairdresser | | | 1 | | 1 | | | | | | | | 1 |
| McDonald´s | fastfood | 1 | | 1 | 1 | 1 | 1 | | 1 | 1 | | 1 | | |
| Novotel Paris Montparnasse | hotel | 1 | | 1 | 1 | | | | | | | 1 | | |
| Taxi | transport | 1 | 1 | 1 | 1 | 1 | | 1 | 1 | | | | | |
| Wal - mart | retailer | 1 | 1 | 1 | | 1 | | | | | | 1 | | |
| SUMMARY | | 11 | 9 | 12 | 7 | 10 | 4 | 7 | 6 | 4 | | 4 | 2 | 2 |

---

[130] Own customization of the appendix

| COMPANY | FOCUS | Footprint | Efficient product | Energy efficiency | Alternative sources | Waste management | Packaging | Transport policy | Ecological partnerships | Ecological expectations | Green Plant | Green Building | Investing in environment | CSR norms |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| *Ben & Jerry* | ice - cream | 1 |  | 1 |  | 1 | 1 |  | 1 | 1 |  | 1 |  | 1 |
| *Herman Miller* | furniture | 1 |  | 1 | 1 | 1 |  |  |  | 1 | 1 | 1 |  |  |
| *Intel* | microprocessor | 1 | 1 | 1 |  |  |  |  | 1 | 1 | 1 | 1 |  |  |
| *Lumag* | car industry | 1 |  |  | 1 | 1 |  |  |  |  |  |  |  |  |
| *Pilot* | writing instruments |  |  |  | 1 | 1 |  |  |  |  |  |  |  |  |
| *Toyota* | car industry | 1 | 1 | 1 | 1 | 1 |  | 1 |  |  | 1 |  |  |  |
| *Henkel* | chemicals | 1 | 1 | 1 | 1 | 1 | 1 |  |  |  |  |  |  |  |
| *Solerebels* | shoes |  |  |  | 1 | 1 |  |  |  |  |  |  |  |  |
| *L'Oréal* | cosmetics | 1 |  | 1 | 1 |  |  |  |  |  |  | 1 |  |  |
| *Lamborghini* | car industry | 1 |  | 1 |  |  |  |  |  |  | 1 | 1 |  |  |
| *Roquette* | alternative sources | 1 |  | 1 | 1 | 1 |  |  |  |  |  |  |  |  |
| *Solena Group* | energy | 1 | 1 | 1 | 1 | 1 |  |  | 1 |  | 1 |  |  |  |
| *Microsoft* | IT technology | 1 | 1 | 1 | 1 | 1 |  | 1 |  |  | 1 |  | 1 |  |
| *Johnson & Johnson* | pharmaceuticals |  | 1 |  | 1 | 1 | 1 | 1 |  |  |  |  |  |  |
| *International Paper* | paper | 1 | 1 |  | 1 | 1 | 1 |  |  |  | 1 |  |  |  |
| **SUMMARY** |  | **12** | **7** | **10** | **12** | **12** | **4** | **3** | **3** | **3** | **7** | **5** | **1** | **1** |

---

[131] Own customization of the appendix

## APPENDIX III A : 100 BEST CSR FIRMS ACCORDING TO FORBES

| COMPANY | 2010 RANK | ENVIRONMENT RANK |
|---|---|---|
| Hewlett-Packard Co. | 1 | 3 |
| Intel Corp. | 2 | 1 |
| General Mills, Inc. | 3 | 14 |
| International Business Machines Corp. | 4 | 2 |
| Kimberly-Clark Corp. | 5 | 11 |
| Abbott Laboratories | 6 | 89 |
| Bristol-Myers Squibb Co. | 7 | 35 |
| Coca-Cola Co | 8 | 39 |
| Gap, Inc. | 9 | 70 |
| Hess Corporation | 10 | 7 |
| Cummins Inc. | 11 | 27 |
| Campbell Soup Co. | 12 | 24 |
| Pepsico Inc. | 13 | 61 |
| Microsoft Corp. | 14 | 50 |
| Procter & Gamble Co. | 15 | 85 |
| Newmont Mining Corp. | 16 | 53 |
| Merck & Co., Inc | 17 | 38 |
| Colgate-Palmolive Co. | 18 | 76 |
| EMC Corp. | 19 | 22 |
| Baxter International Inc. | 20 | 10 |
| Wal-Mart Stores, Inc. | 21 | 135 |
| Johnson Controls Inc | 22 | 9 |
| Nike, Inc. | 23 | 98 |
| Cisco Systems, Inc. | 24 | 15 |
| PG&E Corp. | 25 | 49 |
| Occidental Petroleum Corp. | 26 | 138 |
| Verizon Communications | 27 | 101 |

## APPENDIX III B: 100 BEST CSR FIRMS ACCORDING TO FORBES

| COMPANY | 2010 RANK | ENVIRONMENT RANK |
|---|---|---|
| H.J. Heinz Co. | 28 | 32 |
| Mattel, Inc. | 29 | 94 |
| Xcel Energy, Inc. | 30 | 13 |
| Monsanto Co. | 31 | 122 |
| 3M Co. | 32 | 116 |
| Texas Instruments Inc. | 33 | 20 |
| Johnson & Johnson | 34 | 19 |
| Avon Products, Inc. | 35 | 62 |
| Dominion Resources Inc | 36 | 188 |
| Xerox Corp | 37 | 34 |
| Dell Inc. | 38 | 8 |
| Green Mountain Coffee Roasters, Inc. | 39 | 110 |
| Hormel Foods Corp. | 40 | 91 |
| Eaton Corp. | 41 | 44 |
| Brown-Forman Corp. | 42 | 57 |
| Duke Energy Corp. | 43 | 102 |
| Mckesson Corporation | 44 | 107 |
| Mosaic Company | 45 | 87 |
| United Parcel Service, Inc. | 46 | 6 |
| Wisconsin Energy Corp. | 47 | 117 |
| Oracle Corp. | 48 | 141 |
| McDonald's Corp | 49 | 170 |
| J.C. Penney Inc. (Holding Co.) | 50 | 45 |
| ExxonMobil Corp. | 51 | 126 |
| Starbucks Corp. | 52 | 157 |
| Applied Materials Inc. | 53 | 42 |
| ITT Corporation | 54 | 100 |

# APPENDIX III C: 100 BEST CSR FIRMS ACCORDING TO FORBES

| COMPANY | 2010 RANK | ENVIRONMENT RANK |
|---|---|---|
| Consolidated Edison, Inc. | 55 | 125 |
| Chevron Corp. | 56 | 232 |
| Citigroup Inc. | 57 | 30 |
| Kellogg Co. | 58 | 86 |
| Air Products & Chemicals Inc. | 59 | 66 |
| Staples, Inc. | 60 | 80 |
| Sempra Energy | 61 | 244 |
| Yum! Brands Inc. | 62 | 172 |
| McGraw-Hill Cos., Inc. | 63 | 150 |
| Albemarle Corp. | 64 | 63 |
| Raytheon Co. | 65 | 183 |
| Symantec Corp. | 66 | 23 |
| Weyerhaeuser Co. | 67 | 31 |
| Sherwin-Williams Co. | 68 | 148 |
| Union Pacific Corp. | 69 | 146 |
| Advanced Micro Devices Inc. | 70 | 5 |
| Southern Company | 71 | 136 |
| JPMorgan Chase & Co. | 72 | 43 |
| FPL Group, Inc. | 73 | 209 |
| Pepsi Bottling Group Inc. | 74 | 68 |
| Accenture Ltd | 75 | 84 |
| Deere & Co. | 76 | 201 |
| Medtronic, Inc. | 77 | 55 |
| Life Technologies Corp. | 78 | 33 |
| Quest Diagnostics, Inc. | 79 | 199 |
| Allergan Inc. | 80 | 69 |
| Walt Disney Co. | 81 | 115 |

## APPENDIX III D: 100 BEST CSR FIRMS ACCORDING TO FORBES[132]

| COMPANY | 2010 RANK | ENVIRONMENT RANK |
|---|---|---|
| Alcoa Inc. | 82 | 12 |
| Freeport-McMoran Copper & Gold Inc. | 83 | 21 |
| Sara Lee Corp. | 84 | 147 |
| International Paper Co. | 85 | 17 |
| Lubrizol Corp. | 86 | 65 |
| Exelon Corp. | 87 | 41 |
| Ford Motor Co. | 88 | 18 |
| CVS Caremark Corp. | 89 | 202 |
| Coca-Cola Enterprises Inc. | 90 | 29 |
| State Street Corp. | 91 | 71 |
| E.I. DuPont De Nemours & Co. | 92 | 99 |
| Conagra Foods, Inc. | 93 | 212 |
| Owens Corning | 94 | 47 |
| Northeast Utilities | 95 | 217 |
| Ball Corp. | 96 | 46 |
| TJX Companies, Inc. | 97 | 337 |
| Boeing Co. | 98 | 78 |
| Sigma-Aldrich Corp. | 99 | 189 |
| Phillips-Van Heusen Corp. | 100 | 134 |

[132] Coster, H.: *The 100 Best Corporate Citizens.* [internet]

# APPENDIX IV A : ENVIRONMENTAL CSR IN HERMAN MILLER

## Forward from the President of Herman Miller International

For any organisation, behaving responsibly towards the environment should be more than just a statement of intent. At Herman Miller it's an attitude that permeates every part of our business; as it has done for more than 50 years. In order to share our environmental goals and communicate clearly with
stakeholders our environmental programme has been consolidated under the title, 'Policy 53', reflecting the environmental aims of the organisation since 1953.

## 2020 Enviroment goals

In 2004 we established the 'Perfect Vision' programme. The initiative established a target date of 2020 to meet a precise and challenging list of sustainable goals:

- Zero VOC (volatile organic compounds) emissions to air
- Zero hazardous waste
- Zero solid waste to landfill
- Zero process water consumption
- 100% renewable electrical energy use
- 100% of sales from DfE (Design for Enviroment) approved products
- 100% of owned or leased company buildings achieve USGBC (United States Green Building Code) LEED (Leadership in Energy and Enviromental Design) silver certification

We are committed to being 80% of this objective by 2010 and have already achieved target in some areas.

With continuing improvements in technology and a strong commitment among Herman Miller employees, we fully intend to reach these goals. And to make sure we're on track, we measure our performance against these targets and the process is managed by an in-house environmental specialist.

In order to help meet our 2020 vision, Herman Miller has a documented Environmental Management System (EMS) that satisfies requirements of ISO 14001:2004. The EMS is fully integrated within the company's overall management system and we comply with statutory duties, relevant legislation, regulations and other applicable requirements concerning the environment. We have a procedure to identify the environmental impact of our activities, products and services. It includes emissions to air, releases to water and land, use of raw materials and natural resources.

We are one of the founder members of the 'Furniture Industry Sustainability Programme', launched in 2006 in the UK by the Furniture Industry Research Association (FIRA) and

# APPENDIX IV B : ENVIRONMENTAL CSR IN HERMAN MILLER

Office Furniture and Filing Manufacturers' Association (OFFMA). It is a focus for the development of new industry standards and has become established as the trade's premier forum on environmental and quality matters.

## A greener future

Our global client base is highly challenging in its desire for Herman Miller to continue its progress in designing and manufacturing sustainable furniture solutions. With this challenge at the forefront of our minds we see our 2020 goals as a minimum standard only.

With the development of low carbon technologies, we commit ourselves to the prevention of pollution, reduction of waste and continual environmental improvement with the intention of reducing the level of $CO_2$ emissions generated by our activities, not just in the UK but worldwide.

We aspire to excellence in all our endeavours and environmental management is no exception. All employees have my full support in the implementation of this policy.

## Designing for the environment

Our long-term emphasis on product durability, innovation and quality demonstrates that our company has designed environmentally sensitive products for decades. Today, Herman Miller furniture products come with a 12-year warranty – in use, their lifespan is much greater. As proof, one need only consider the many classic Herman Miller products manufactured in the 1950s that are still being used today. And, as Herman Miller continues its 'journey towards sustainability', designing with consideration for environmental impact remains a fundamental part of our corporate strategy.

Our Design for the Environment (DfE) team is responsible for developing environmentally sensitive design standards for Herman Miller products. It has initiated a protocol to guide this effort – McDonough Braungart Design Chemistry's (MBDC) cradle-to-cradle design protocol.

## Raw materials

### Sustainable forests

Herman Miller purchases woods that are sourced only from sustainably managed forests. To qualify, the wood cannot be harvested faster than it is being replenished. In accordance with the Forest Stewardship Council (FSC), it is our policy to avoid using wood that has been illegally harvested, wood from genetically-modified trees, timber from threatened

# APPENDIX IV C : ENVIRONMENTAL CSR IN HERMAN MILLER

high conservation value old-growth forests and wood harvested from forests where traditional and civil rights are violated - as detailed in 'CITES' publications.

We have implemented a chain of custody procedure to ensure compliance with FSC criteria, and source wood from FSC-certified forests. If demand exceeds availability from these sources, we will only purchase from PEFC-certified (Programme for the Endorsement of Forest Certification) supplies or from forests which are assured to be sustainably managed.

### Recycled materials

It is our aim, wherever possible, to utilise materials that already contain a percentage of recycled content. Our newest steel storage systems are constructed from 60% recycled materials and the award winning Aeron chair contains 66% recycled material.

### Supplier Network

At Herman Miller, we are committed to working closely with our suppliers to reduce our collective impact on the environment. Our supplier selection process is rigorous. Suppliers are carefully managed to maximise their potential, by our in-house supplier development team. We not only encourage our suppliers to minimise their operations' environmental impacts, but require they assist us in decreasing our facilities' negative environmental effects, as well. Our supplier network is ISO14001 certified or are working towards this accreditation.

Reducing packaging waste is high on our environmental agenda. We are currently working with our storage supplier to eliminate plastic packaging entirely from their product range and to 'top and tail' with 100% recycled cardboard instead.

## Herman Miller Production System

The office furniture industry has traditionally struggled with long lead times and unreliable delivery commitments, largely because the majority of industry products are built to each customer's unique order. With so many products, each with its own potential feature and finish options, the number of product permutations runs to many millions. Ongoing improvements in manufacturing practices over time have brought improved reliability, higher quality and reduced costs. With a desire to remain at the forefront of the industry, the implementation of the Herman Miller Production System (HMPS) has had a dramatic effect.

In 1996, Herman Miller started working with Toyota to adopt their highly successful lean manufacturing techniques. The basis of HMPS is

# APPENDIX IV D : ENVIRONMENTAL CSR IN HERMAN MILLER

understanding customers' needs and giving them exactly what they want, when they want it, the way they want it. Anything else is waste.

### Healthy manufacturing

Integral to HMPS is the inclusion of safety, health and welfare as part of the continual improvement programme. Safety of employees is never compromised for advancements in production. The HMPS team work closely with the Health and Safety Specialist to design out hazards and achieve appropriate control over risk.

Our employees have regular hearing tests and are screened for occupational skin disease. Regular dust monitoring is undertaken, both personal and static, to ensure dust levels in the factory atmosphere generally and at particular machines is controlled at levels below the maximum exposure level (MEL) of 5mg M³. Information and training is provided to all employees associated with all materials/substances to be used, handled, stored and disposed of within their area.

Welfare facilities at our manufacturing site include a canteen, an outdoor seating area, shower facilities, purified drinking water, free hot beverages, TV, internet access, table football and a pool table.

## Product packaging

Our packaging practices have been much modified to minimise waste and save valuable resources in recent years. We are committed to packaging alternatives that fulfil one or more of these criteria: reduce, reuse and recycle. For furniture products manufactured in the UK, we mainly use shrink wrapping and, all shrink wrap trimmings are recycled. This has enabled us to reduce substantially the amount of cardboard used to a small amount for protection of edges. Less packaging weight also translates into lower fuel costs and less pollution when transporting goods to customers.

Chairs produced in the UK are packaged in cardboard boxes. This protects against damage in transit, which would have a negative environmental impact by creating the need to manufacture and deliver a second time. The boxes are made of 100% recycled cardboard which are themselves 100% recyclable. Herman Miller will work with each client to ensure adequate recycling facilities are on hand to recover the cardboard and plastic film on site, or we can remove the boxes for reuse/recycling at our Chippenham facility.

All our pallets are from recycled stock and are 100% recycled at end of life.

# APPENDIX IV E : ENVIRONMENTAL CSR IN HERMAN MILLER

### Carbon neutrality

Our key furniture platform and seating lines are carbon neutral, in that we off-set the $CO_2$ emissions through contributions to replace fuel-hungry inefficient technologies with low carbon alternatives in developing countries.

## Product re-use and recycling

Every Herman Miller product is designed to last through many years of reliable performance before being recycled, in whole or in part, when it reaches the end of its long working life.

To assist with recycling, we provide disassembly instructions and recycling options for many of our products.

We encourage our clients and dealers to use the services of accredited companies that can help provide the most socially and environmentally appropriate way of disposing of furniture which is no longer required.

The first goal, the best possible kind of recycling, is always to re-use the furniture, ideally via a charitable donation and we currently work with Green Standards 'Waste to Wonder' programme, where 'redundant' office equipment including desks, chairs, storage and computers is collected and shipped in containers to remote and impoverished communities to provide education and doctors surgery facilities. Where this is not possible and products are not re-used, they are broken down to their component materials and recycled.

## Waste management

Our prime objective is to minimise waste in the manufacturing process. Where waste is unavoidable we have made significant strides in recycling to minimise our contribution to landfill. We currently recycle up to 95%, or 2600 tons, of waste from UK manufacturing facilities per year. This recycled content is then put to a wide variety of uses; for example our MDF and wood dust waste is composted and used as a commercial land-filler or soil improver. Our MFC waste is shredded and utilised as animal bedding for poultry farms.

At the same time, as new manufacturing technologies and techniques have been implemented, our use of hazardous waste has been steadily managed downwards to less than 0.002% of our total waste generated.

We measure and control waste from every area of the business from wood, plastics, card and metal through to vending cups and even batteries.

# APPENDIX IV F : ENVIRONMENTAL CSR IN HERMAN MILLER

## Energy efficiency

Herman Miller has set a 2020 target for converting to 100% renewable electrical energy for all of our sites. As we work to reduce our environmental impact while maintaining high productivity, we are progressively phasing in the use of green energy in all office and manufacturing facilities. We use 100% green energy at our VillageGreen headquarters in Chippenham, and by 2009 will be using green energy at all other UK sites.

We are currently on track to meet our 100% renewable energy objective and continue to explore new ways to save and source our energy supplies across the world.

### Leaf Light
The Yves Béhar designed Leaf Light is a multi-purpose light suitable for home or office. Leaf's LEDs consume 8 watts or 40% less than compact florescent lights and have a life span of 60,000 hours at 24/7 use. This outstanding lighting product is 95% recyclable at end of life. Leaf is also mercury and lead-free and RoHS compliant. And of course, Leaf was developed in strict accordance with Herman Miller's Design for Environment standards.

### Video Conference
In order to dramatically reduce air travel, extra video conferencing facilities has been added. This has resulted in a 35% reduction in air travel over the past year.

## Clean air

At Herman Miller, we are serious about our commitment to a healthy environment. It's not just about land fill; it's about emissions to air too. We are continually reducing our greenhouse gas (GHG) emissions, achieving a year-on-year reduction.

### Volatile organic compounds (VOCs)
In our industry, the biggest problem related to clean air has been that of VOCs and in UK manufacturing facilities we have now eliminated all VOCs, replacing them with clean, water-based products.

### Transport emissions
Recent investment in our transport fleet ensures we are fully compliant with EU vehicle emissions strategy.

In order to comply with London's Low Emission Zone (LEZ), we have set up an outer-London hub which means we can night-trunk our wagon-and-drag fleet, then split the load into two parts for transfers into central London.

# APPENDIX IV G : ENVIRONMENTAL CSR IN HERMAN MILLER

Fleet management is of the highest level and all drivers achieve the Safe and Fuel Efficient Driving (SAFED) certification, making a major contribution to fuel savings and carbon emission reductions. Onboard computers, which monitor fuel economy, record details of fleet/driver usage per delivery and for multiple drops (i.e. efficient route management/mapping takes into account road quality and topography thereby minimising route deviation).

 In addition through reducing the operational weight of vehicle and load through better cube fill, we can reduce the number of journeys through more effective vehicle loading.

### Neighbour relations

Herman Miller has been manufacturing in Bath for more than 30 years and maintains excellent relations with the local community. We work closely with Bath & North East Somerset Authority to ensure our manufacturing processes exceed compliance for Bath's clean air strategy and are certified IPC (B).

Our ISO14001 environmental work instructions include keeping noise and disturbance, both manufacturing and commuting, to a minimum so that our immediate neighbours are not affected. Good housekeeping principles play another vital role in realising our duty to our neighbours.

## VillageGreen

Our international HQ at Chippenham, UK, incorporates best practice in environmental design. In 2007, it was awarded BREEAM (Building Research Establishment Environmental Assessment Method) 'Excellent' certification, and in 2008 has achieved LEED (Leadership in Energy and Environmental Design) gold certification. This places VillageGreen as one of a handful of UK buildings to achieve this level of certification.

 The building reflects our commitment to the environment and better ways of working. We made sure our building contractors operated the considerate contractor scheme; ensuring that keen deliberation was given to environmental issues such as construction waste management, recycling, clean sites, accountability and responsibility.

## Communication

Clearly defined improvement programmes are identified annually and adequate resources allocated for their implementation. These multi-functional teams are continually monitored to ensure progress is made and reported into the management review process.

# APPENDIX IV F : ENVIRONMENTAL CSR IN HERMAN MILLER[133]

The Environmental Management System is fully documented, implemented, maintained and communicated to Herman Miller employees via training sessions, the intranet, quarterly newsletter, presentations and briefings. Our dealer network has access to environmental data via our intranet site and also receives regular onsite training and updates.

---

[133] Herman Miller: *Environmental Policy Statement.* [Online]

# APPENDIX V : ENVIRONMENTAL CSR IN MCDONALD´S[134]

We've long recognized the value of minimizing our environmental footprint. It's not only good for the world in which we operate, it's a strong contributor to our long-term financial success.

Over 30 years ago, we initiated energy conservation measures. In 1990, we formally established our Global Environmental Commitment and forged a groundbreaking alliance with the Environmental Defense Fund. During the 1990s alone, we eliminated 300 million pounds of product packaging by redesigning and reducing materials.

Since then, we've continued to seek ways to improve our environmental performance. Efficiency and innovation are natural byproducts of thinking "green." After all, when we conserve energy, produce less waste, and minimize resources used by our suppliers, we use less and spend less.

Given our decentralized structure, and the variability of environmental issues across regions, there is no "one size fits all" approach. We see this as a benefit, because we have a virtual laboratory of environmental initiatives across our marketplace that we can learn from, share and scale when it makes sense. Given the breadth and scope of our business operations, we also need to understand what is most important from a global standpoint.  At the restaurant level, we are focused in three areas:

**Energy conservation –** Find further ways to increase energy efficiency in our restaurants in order to save money and reduce our environmental impacts

**Sustainable packaging and waste management –** Continue exploring ways to reduce the environmental impacts of our consumer packaging and waste in our restaurant operations

**Green building design –** Enhance our strict building standards to incorporate further opportunities for environmental efficiencies and innovation in the design and construction of our restaurants

On all of these priorities, we continue to engage with experts and NGOs like the World Wildlife Fund (WWF), Conservation International, Environmental Defense Fund, the U.S. Green Building Council and similar organizations around the world to get their best thinking on how we can improve our environmental performance.

---

[134] McDonald's: *Environmental Responsibility Offers Double Green Benefits.* [Online]