

# Sustainable Logistics and Business Competitiveness

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## ABSTRACT

Competitiveness, from the point of view of the company, can be defined as the ability to provide products and services in the same, or a more efficient way, than competitors do. The competitiveness of companies is, of course influenced by many factors, until recently, it was mainly the quality and price of goods or services. For some time, often appear another important factor for consumer, when choosing goods, it is the ratio of the principles of sustainable development. Due to the assumptions of companies steady growth, and taking into account the limited amount of available resources, we should mention the assumptions of sustainable development. It promotes activities, that seek to meet the needs of our generation, not crossed the needs of future generations. At the microeconomic level, the equivalent of sustainable development is the idea of socially responsible business. Companies that decide to implement its business principles of sustainable development, they are forced to accept the principle of socialized business.

**Keywords:** business; logistics; competitiveness; corporate social responsibility; benefits

## 1. INTRODUCTION

One of the main goals of sustainable development and corporate social responsibility, while creating a marketing strategy, is to take into account not only the needs of the organization, but also a group of entities, that operate in its environment (ie, shareholders, borrowers, local community). In the name of these principles, business organization target should be to maximize the company's value, however, with a balance in meeting the needs of all stakeholders. This requires integrated actions of economic, social and ecological (Biznes społecznie odpowiedzialny w Polsce). A. Carroll and J. Elkington described CSR as "the responsibility of organizations to provide more than economic returns to shareholders" (Babin & Nicholson, 2012, p. 5).

According to one definition "socially responsible behavior includes all voluntary action of companies, that are focused on socially important problems (eg, protection and preservation of the environment and the basics of life) and in the planning horizon, are not focused on achieving profits, but means giving maximum profitability in the medium- and long term scale".

In the literature, corporate social responsibility is represented in three aspects of meaning:

- This is to take into account the interests of all reference groups in making decisions by the company,
- This is compensation by the management of the public, or the environment, act contrary to their interests,
- This is the emergence of profit, which allows to conduct or support for social action.

According to the idea of corporate social responsibility, company in its business operations, developed strategies and everyday decisions, should take into account the environmental, ethical and social aspects. It is about the social responsibility of enterprises for the consequences of its actions, which have a direct or indirect impact on the environment (co-workers, local communities and the environment). In a broader approach to this problem, you can even take, that actually are all the stakeholders of the company, as at present, in a globalized world interconnections are getting stronger (Ślusarczyk, 2013, p. 5).

Therefore, all stakeholders have expectations for the company, which it tries to meet, what's more, the behavior and decisions of these groups have an impact on the achievement of the objectives set by the company.

## 2. THE USE OF CORPORATE SOCIAL RESPONSIBILITY IN BUSINESS

Socially responsible behavior is due to the understanding of social expectations. This is an absolutely new approach to doing business, here, financial gain does not count only, it is also important for the action of the environment (Grabara, Kolcun & Kot, 2014; Grabara & Bosun, 2014; Modrak & Bosun, 2014).

Thus, the responsible management strategy is to build a competitive advantage in the marketplace, which is based on providing lasting value for both, shareholders and stakeholders. This strategy is aimed at improving the company's image in the eyes of all stakeholders. This results in a greater interest from investors, and allows for greater internal coordination. By identifying needlessly incurred costs, it allows for its reduction. The aim of this strategy is also to determine the effect of local communities and more effective cooperation with them. Corporate responsibility is a commitment on the part of businesses to sustainable development, namely respect for economics, ethics and ecology (Bajdor & Grabara, 2014).

Each company can have one of four basic types of attitudes, towards their social obligations. They differ in the scope of socially responsible practices. If the company does not take into account the consequences of their action, and even tries to disguise its negative impact on the environment, society adopts an attitude of resistance. Extremely different attitude is an attitude of social contribution. We can talk about it if the company itself, is actively seeking to assert their social utility and promote all kinds of social activities (Manga, Cotoc & Traistaru, 2013).

Sustainability in business is often treated as a source of constraints, that are introduced by environmental and social regulations. They are treated as obstacles, because their performance adds to the cost and inconvenience of doing business. In this perspective, only by worsening business performance, environment can be improved. On the other hand the "cost of adaptation to environmental regulations can be minimized or even eliminated, through innovation, that generate other competitive advantages" (Porter & Class van der Linde, 1995, p. 101). This is not only a theory. There are many companies creating innovation, eliminating the harmful technologies. A good example is Germany, in the case of the early adopters of the

standards of recycling, the company has given many chances to get ahead of nodules already developed products with fewer pack. That kind of products are manufactured at a lower cost and the demand for them is growing.

On the other hand, these regulations produce pressure that motivates companies to innovation and creative thinking. This causes an increase in resource productivity and reduces costs thus improving performance. The impact on the company's results may be negative or positive, it is related to the relative weight of the costs of adjustment and resource productivity. Often, the usual practice is, that companies use environmental regulations to gain a competitive advantage (Magnuszewski, 2012, p. 3).

Not all regulations have a positive effect on business and the economy. According to a study by Michael Porter's, environmental and social regulations, which can be a force for innovation and competitiveness, are often not appropriate. Because instead set goals that companies should achieve, they require specific solutions. Not in all cases, these solutions are beneficial to businesses, so a better solution is to set goals that businesses can achieve, executes them in the most convenient way. Another factor, negatively affecting business innovation in solving environmental and social problems is too big uncertainty about legislation (Porter & Class van der Linde, 1995, p. 103).

Innovation-friendly regulations should meet several conditions. First of all, the regulations should be realistic, and the innovation process stable and predictable. Particular emphasis should be placed on results, rather than the use of specific technologies. For more demanding regulations, it is necessary to introduce the so-called transitional periods. Adjustments should be made in parallel, with other countries or just before them. With these conditions, the company and economy can be more environmentally friendly and the public, as well as more competitive.

Thanks to a number of global trends, related to sustainable, business transformation is needed. Poland has also faced these challenges, because the regulations and standards in the field of sustainable development are becoming increasingly common. More and more companies are also introducing integrated reporting on sustainable development and corporate social responsibility. Undoubtedly it has an impact on consumer pressure, but it's starting to see benefits of this business. More and more companies are promoting so 'green economy', and try to adapt new standards of operations, in accordance with the principles of sustainable development (Tabără, 2012; Hristea & Colhon, 2012; Vlăduțescu, 2014). Extremely fast consumer awareness is changing, 86 % of global consumers believe that the interests of society are as important as business, and therefore, they are increasingly turning to the ecological and socially responsible products.

For many companies, their value depends largely on intangible factors, the brand and reputation. Companies are building their reputations long, and fight for the customers trust, but these are the values, that can be very fast and easy to lose. The introduction of the concept of sustainable development in the company's image, is not an easy task, but it can bring significant benefits (Grecu & Păun, 2013; Frunză, 2014).

In addition to the competitors, business partners, investors and customers with whom company must count, now have to take into account the local communities, non-governmental organizations and employees. Therefore, the complexity of the business environment continues to grow, requires the use of mechanisms for cooperation and social participation. The ideas of sustainable development require actions that integrate areas: environmental, social and economic. Multisectoral cooperation can, thus bring benefits to all stakeholders.

Despite the widespread belief that CSR adds value to the image of the company, strong competitive pressure, still means, that many companies are settled on their activities only

through the prism of the interests of shareholders. This trend is particularly evident in the case of Anglo-Saxon, in which the greatest emphasis is placed on ensuring the growth of profit, which satisfies the shareholders.

As any new concept, the concept of corporate social responsibility is still very controversial (Colhon, 2012; Sonderling, 2012; Vlăduțescu, 2013). It has both its supporters and opponents. Proponents of this idea argue here, that the company is primarily a social sub-system, which its stability gains through the ability to "absorb" in the needs and expectations of stakeholders, and social responsibility is a concept which corresponds, by creating order, as well as facilitating dialogue. Moreover, each company is responsible for their actions and decisions, as they affect the dimension of economic, legal and social. According to opponents of the primary objective of the company is profit-making and multiplying its equity capital. So it should focus its attention on economic, rather than the activity of the resulting moral grounds (Sokołowska, 2009, p. 23).

Here are the arguments for and against the concept of corporate social responsibility. Arguments in favor of the concept of corporate social responsibility (Griffin, 2004, p. 121):

- Due to the fact that companies, through its activities, pose problems or risks to the environment, should also help in solving them,
- Companies also are citizens in our society,
- Most companies are in possession of the necessary resources to solve problems,
- Companies in the same way, as the government or the general public, are partners in our society.

The arguments against the concept of corporate social responsibility are as follows:

- Due to the fact that companies do not have experience or any skills, that are needed in the management of social programs,
- According to some, companies by engaging in social programs, have too much power.
- Conflict of interest is possible,
- The main objective of the company is to generate economic profit for owners.

Companies, carrying out their activities taking into account the principles of social responsibility, can achieve a wide variety of benefits. They are divided into internal, ie those of the internal environment of the company, and the ones that relate to the relationships within a company, for example, among employees (Vlăduțescu & Ciupercă, 2013; Avram & Traistaru, 2014). A socially responsible company, also, bring benefits for society. Of course, the scale is dependent on the scope of activities that the company undertakes in the framework of sustainable development. The business benefits are as follows (Hohnen & Potts, 2007, p. 23):

- The increased interest of investors - the company taking into account the social dimension of their activities, is more likely to obtain financing, because lenders prefer to work with companies, that are managed in a transparent manner and responsibly build their image, also ensuring a good relationship with the environment. Important is of course, also a good financial results, but often the financial credibility of the company depends upon the social credibility,
- Increased loyalty of stakeholders and consumers - due to the increasing awareness of consumers, the choice of goods or services does not imply they base their choice only on offered price, but quality of goods is also important company image. Customers increasingly want to wake positive associations with the product, which is obviously related to the observance by the principles of social responsibility.

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- Better relationships with the community and local authorities - where the company participates in the life of the local community, and undertake certain social investment, has a chance of working, as well as conflict-free operation. Proceedings of the corporate social responsibility allow her to gain the favor of the local population and to win favor with the authorities.
  - Increase operational efficiency and cut costs - in the case of Polish companies, CSR gives them the opportunity to build positions in global markets, as an increasing number of companies act in accordance with the social responsibility of business is a key factor in choosing partners.
  - A higher level of organizational culture - the higher standards of behavior towards stakeholders and other members of the company, thus avoiding the so-called the cost of "bad partnership". Corporate culture is therefore based on trust, accountability and transparency.
  - A positive image of the company among employees - ie. Nonfinancial motivation of employees, achieved by respecting the principles of corporate social responsibility codes of ethical, social programs or care about the image of the company. If workers perceive that the company is working to solve the essential, also for their, social problems, with a greater appreciation they relate to its functioning.
  - Acquiring and retaining the best employees - the better the image of the company and the more trust have for the employees and customers, the greater the attractiveness of the labor market. Thus, the company manages to retain the best professionals, as well as attract new ones.
  - Improving innovation, competitiveness and market position - corporate social responsibility should be understood as an extension of more opportunities than risk avoidance. The use of new opportunities and ideas, provides an opportunity for new innovative solutions.
  - Ability to build effective and efficient supply chain and partner relationships - every business is vulnerable to being the weakest link in the supply chain. However, companies with similar views can build long-term business relationships, by improving the standard and thus reduce the risk. Large companies can, however, affect small businesses, convincing them to implement CSR.
  - Increased ability to respond to changes in the market - the company through dialogue with stakeholders and tracking market situation, is better able to respond to any changes and quickly adapt to them. More and more companies use the CSR as the "radar" to detect the changing trends in the marketplace (Modrak & Dima, 2010; Dima & Vlăduțescu, 2012).

Sustainable competitiveness should be understood as a remedy for the so-called. "Cancer myopia". Sustainable competitiveness is more than a strategy to protect the environment, it means achieving competitive advantage today without detriment to future competitiveness. The competitiveness itself involves doing something better than anyone else, showing their strengths and talents.

### 3. CONCLUSIONS

From a business perspective, sustainable competitiveness means much more than achieving material benefits. It is about maintaining a competitive edge, through continuous improvements and innovations that will distinguish company from the competition. When it

comes to the perception of the competitiveness from the perspective of it, is the best possible management of their resources (land, capital, knowledge) and competence (skills, infrastructure). The sustainable competitiveness in terms of increased benefits, after a certain commitment, companies will be able to draw. It is also important to improve the shortcomings in order to achieve greater prosperity, higher living standards and social development.

People often ask how we can strive for sustainable competitiveness. Is important here the cooperation of enterprises and nations. Thus enterprises generate wealth and the state must provide adequate protection of the environment. However, if they can pull together, they will achieve more. For its part, the companies should provide to its business principles of sustainable development, however, in return, should receive support from the state. The government should provide a stable and long-term investments in resources that are necessary for the enterprise; getting a proper education and skills in the field of environmental protection. The rules should encourage companies, operating in accordance with the principles of sustainable development, and severely punish corruption and other offenses companies. The rules should be effectively implemented and enforced, should be capable of fair competition. Not only the company, but also the state should take appropriate steps to give a chance to the company, to gradual introduction to the principles of sustainable development activities. This seems obvious, but when it comes to a choice between short term and long-term profits, many politicians opting for the first. And therein lies the biggest problem. Sustainable development assumes, at present, sacrifices to achieve long-term improvements in the future. Even if the short-term gains are achieved, there is a risk that they may threaten the competitiveness and prosperity of future generations.

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