INTEGRATION OF THE SUSTAINABILITY CONCEPT INTO STRATEGY AND MARKETING

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Abstract

The paper reviews how recent marketing concepts reflect sustainability requirements and competitive advantages of their integration into mission, strategy and policies at companies. Marketing approach of sustainability is discussed through the concepts of added value delivery to customers, societal marketing and customer relationship marketing. The discussion is extended to some related strategic and management implications as well.

Keywords: competitive advantage, environment, marketing concept, social responsibility, strategy, sustainability.

1. Introduction

Businesses face an increasingly competitive environment. Impacts of technological development and globalisation, and the need for new sources of competitive advantages continue to result in new management and marketing concept and new forms of cooperation. Expanding social responsibilities of companies are ranked among recent challenges and since the last decade of the twentieth century has became the subject of increasing debate. Opinions are shared. Sceptic opinions say that companies follow their individual business interest and consequently social responsibility has no real meaning for them; moreover, it is a marketing trick. Optimistic approaches trust to the progressive improvement of the behaviour companies in favour of social interest. Debates focus on another broader direction as well: whether social sensibility of companies do develop under legal and social pressure, influenced by requirements of sustainable development, or companies are increasingly recognizing competitive advantage of respecting social interest in their business activities.

The management literature suggests that sustainability requirements play a pivotal role in shaping how business operates in the 21st century and interprets social expectations as viewing business as responsible actors in determining economic, environmental and social well-being, altogether. However, relatively few companies have adopted these triple principles as an integrated system. The implementation of environmental management systems and standards such as the ISO 14001 or EMAS (Environmental Management and Audit System of the European Union) announce a definite progress but most managers have not yet realized the importance of integrating sustainability requirements into strategies and policies. Financial managers are often inclined to consider environmental investments as high expenses, without recognizing in them new sources enabling companies to build intangible assets for business performance. Moreover, marketing and PR specialists often content themselves with communication about environmental management steps or charitable records in order to enhance company reputation, and do not deal with other beneficial effects on stakeholder relationship. Anyway, an increasing number of publications reveal that the integration of the sustainability concept into strategy and policy permits companies to reconcile their business interest with social responsibility.

As far as marketing is concerned, it is often discussed whether traditional marketing concept is an appropriate philosophy in an age of environmental deterioration, resource shortage, explosive population growth and world poverty. Recent marketing paradigms, such as the societal marketing concept, state that the survival and the continuing profitability of a firm depends upon its ability to fulfil economic, environmental and social purpose. In setting their strategy and marketing policy companies should balance company profits, consumer want satisfaction and public interest. Moreover, they should achieve their objectives in cooperation with stakeholders.

According to these concerns the paper traces the logic of translating the theory of sustainability from macroeconomic requirement into business philosophy and concepts, including the concept of value delivery to customer, societal marketing and partnership marketing. Extending analyse to strategic and management implications aspects of competitive advantage will be especially highlighted.

2. Translating Sustainability Theory into Business Philosophy

Businessmen are usually blamed for following pure financial interest and being responsible for the dramatically deepening economic, social and environmental difficulties in the entire world. Making business with social responsibility became a central idea during the last few decades, while social expectations have been shaped in an integrative manner by the sustainability concept. According to the definition of the World Commission on Environment and Development *sustainable development means economic development that meets the needs of present generation without compromising the ability of future generations to meet their own needs.* The concept covers the sustainable economic, ecological and social development. It defines a complexity of social requirements conceived in order to maintain economic development over generations, to promote responsible and efficient use of natural resources, protection of environment, and social progress including the principles of equity and participation.

2.1. New Thinking About Development

Sustainability denotes new thinking in economic theory and calls upon for radical changes in business behaviour. It requires responsible behaviour from governments, consumers and from different formal communities considered as stakeholders, as well. Traditional theories on innovation and development aim at increase in production and consumption but without paying appropriate attention to dangers of harmful impacts, such as exhaustion of natural resources, damages to environment, or the threats of growing inequity in society and between nations of the world. New thinking propagates viewing development as a complex, multidimensional and interdependent global process, and stresses on general responsibility.

The sustainability concept has infiltrated progressively into social, economic and business thinking. At the end of 1960s the 'Report of the Club of Rome' (PECCEI, [24]) presented the first warning about global risks of continuing socially irresponsible development. It have been followed by many other analyses and recommendations (such as the 'Bruntland Report', 1987, among others) that have been integrated in programs of United Nations, European Union, governments, and gave birth to engaged voluntary organisations (NGO), as well.

By the 1990s sustainability requirements have fundamentally compromised traditional business objectives that mean 'growth for profit any time, anywhere, at any way and any price'. Beside legal pressures and intensified activity of NGOs also the visible consequences, such as deletion of forests, acid rains, loss of the atmosphere's ozone layer, water and air pollution, toxic waste and litter with harmful effects for health etc. have increasingly forced companies to recognise their involvement. A number of market researches reports that consumers are becoming increasingly interested in buying products of companies, which adapt social responsibility to business considerations, and also to work for these companies. But starting to deal effectively with their own responsibility, companies have faced the difficulty that macroeconomic definition of sustainability has not provided enough guidance on how this concept should be put into strategy and actions at the company level.

2.2. The Concept of Triple Bottom Line

The management literature relieves how it has been recognized, that integrating sustainability into business agenda at companies requires well formalised models, and models have to be based on fundamental requirements. Literature suggests *adapting the concept of balancing traditional financial goals with environmental and social objectives*. These principles are adequate to a triad of macroeconomic issues of sustainability: economic growth, environment protection and social progress (see *Fig. 1*). For application at companies and further analysis sustainability literature have introduced the term of 'the triple bottom line' developed by J. Elkington (ELKINGTON, [7]; MCDONOUGH and BRAUNGART, [21]).

On company level the 'environment' principle means the integration of en-

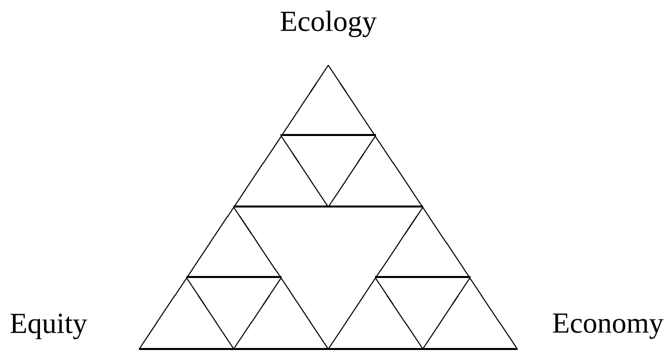

Fig. 1. The Triple Bottom Line

vironmental objectives and actions into strategies, and the implementation of the '*environmental management*'. The 'society' principle means integration of stakeholders' interests (those of shareholders, employees, business partners, customers and other actors of the society), and implementation of '*stakeholder management*'. The principle of 'economy' means definition of financial goals and performance, but the requirement of harmony with social and environmental objectives necessitate the complementation of business management with the '*management of corporate social responsibility*'.

The need to adapt the sustainability concept to businesses has resulted in the concept of corporate sustainability: a business approach to create long term shareholder value by embracing opportunities and managing risks deriving from economic, environmental and social development. Seeing that contemporary business organisations are marketing oriented, sustainability requirements have been integrated into marketing concepts and practice as well. In the range of the applied sustainability management theories the marketing approach emphasizes value creation, added value delivery to customers and the transformation of the traditional customer relationship into lung-run, mutually beneficial partnership. New concepts reveal opportunities about how to reconcile sustainability and profitability in partnership relations in order to maintain the competitive position.

3. Integration of Sustainability Requirements into Marketing Concepts

Marketing theory develops in close connection with challenges of continuous transformation in social, economic, technological and natural environment, resulting in new requirements of competitiveness from companies. This development is interconnected with changes in business strategies and organisations, as well. Regarding our topic it is to point out that citizen and public actions together with legislative proposals have exerted unavoidable influence on shifting business thinking toward a socially responsible marketing. The marketing receives much criticism. Society including consumers expect higher social sensibility and responsibility from companies and marketing, including the offer of high quality and safe products with lower prices. Consumers refuse high advertising and promotion costs, high-pressure selling, deceptive practices, planned obsolescence of products, poor services, unfair competitive practice, excessive mark-ups, etc. Criticism charge marketing practice with too much materialism, not enough social goods, environmental and cultural pollution, as well (KOTLER et al., [14]).

Recent orientations in marketing theory may be depicted by four main tendencies, which provide a framework for sustainable marketing and customer relationship:

1. increasing role of value proposition and added value delivery to consumers;
2. shifting from ecological marketing to the broader concept of societal marketing;
3. adoption of the relationship marketing concept e.g. building of long-run and mutually beneficial relations with key customers
4. building of network cooperation based on partnership with key customers along the supply chain.

3.1. Value Proposition and Added Value Delivery to Consumers

According to KOTLER [15] from company's view marketing is traditionally considered as the task of creating, promoting and delivering goods and services to consumers and businesses aimed at meeting customer needs profitably, more effectively and efficiently than competitors. Kotler points out, that today's customers and competitors are different from yesterday's ones. Companies have confronted with empowered customers and new competitors, and had to rethink their business models. Customers have steadily increased their buying power, so companies have to seek after new values to offer and new strategies to compete. According to a market research report among leader international firms (DESCHAMS and NAYAK, [4]) managers say directly 'the new management religion of today dictates that the customer drives corporate decisions. Many of chief executives have declared: if we do what is right for the customer, our market share and our return on assets will take care themselves.' The concept of added value delivery to consumers anticipates that 'customers are value-maximizers, within the bound of search cost, limited knowledge and income' (KOTLER, [15]).

The customer delivered value is the bundle of benefits consumers expect from a given product or service, while customer added value may be defined as the difference between total value received and total cost incurred by customers. Companies may successfully compete with each other and attract customers by increase in this difference.

Value proposition of many companies is increasingly including benefits related to environment-friendliness of their products, such as durability, energy saving, or taking back of the used product, etc. But cost of environmental attributes is usually high on short-run, and only a restricted number of customers is ready to appreciate long-run benefit and pay for it immediately. This is a crucial contradiction of consumer behaviour regarding individual and social interests in relation to environment-sound products, as well as short-run benefits and long-run benefits gained from consumption. This is also the principal argument at many companies when cost and benefit analysis has to be applied to business decisions on sustainability investments. The further marketing concepts includes further solutions aimed at offering customers more added value and maintaining competitiveness with respect to comprehensive sustainability requirements.

3.2. The Societal Marketing Concept

The societal marketing concept calls upon companies adapt social, ecological and ethical considerations to their production and marketing practice, so it is the 'marketing equivalent' of the general sustainability concept. Accordingly, companies should balance the often-conflicting criteria of company profits, the consumer needs satisfaction and public interest (KOTLER, [15]). According to the society's view role of the marketing is to deliver higher standard of living. The evolution toward socially responsible marketing includes different 'extensions to the marketing concept such as cause-related marketing and green or ecological marketing.

The cause-related marketing is defined as an activity performed by a company with an image, product or service to market. This company builds a relationship or partnership with a 'cause', or a number of 'causes', for mutual benefit (PRINGLE and THOMPSON, [25]). The cause-related marketing may provide companies with opportunity to enhance their corporate reputation, raise brand awareness, increase the customer loyalty, build sales (KOTLER, 2000). According to this concept customers are increasingly looking for demonstration of good corporate citizenship. A research conducted in the UK among consumers undoubtedly underpins this latter consideration (see *Fig. 2*; LEWIS, [18]).

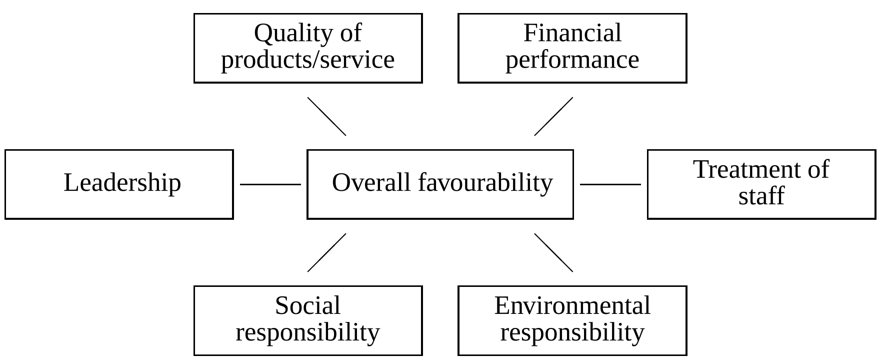

Fig. 2. The Make-up of Brand Reputation

The cause-related marketing is often considered as a brand attribute or tool of identifying social mission objectives. In the view of P. DRUCKER this policy helps companies to transform social problems into commercial opportunities, and to define their related policy as adapted to their competitive strategies (cited by JEURISSEN, [11]). The environmental and social performance is often used as positioning tool of products and firms in the market. The term s*ense-of-mission marketing* represents a variation of the above approach and highlights that companies often define their mission rather in broad social terms than product terms. Social terms reflect the interests of every stakeholder, including shareholders, employees, suppliers, and others in the 'world of community'.

Green marketing, ecological marketing or environmental marketing are usually used as synonyms. Environmental issues play leading role compared to the remaining principles of sustainability. Green marketing deals with marketing' effects on the environment and costs of serving consumer needs. According to POLANSKY [23] 'green marketing consist of all activities designed to generate and facilitate exchanges intended to satisfy human needs or wants, such that the satisfaction of these needs and wants occurs with minimal detrimental impact on the natural environment'.

The 'other side' of the market, e.g. actions of consumers and non-lucrative organisations, called environmentalists, steadily influences marketing practice and theory about sustainability at companies. The *environmentalism* involves an organized movement of citizens, non-governmental organizations and government agencies striving for protecting and improving people's living environment. KOTLER et al. [14] emphasize that 'environmentalists usually are not against marketing and consumption, but they press for more care for the environment'. According to this approach the goal of marketing at companies should not be maximize the consumption but rather maximize life quality. Life quality includes not only the quantity and quality of consumer goods and services; it also includes the quality of the environment. Environmentalists claim including environmental cost in both producer and consumer decision-making.

The concept of *sustainable consumption* focuses on the mutual responsibility of consumers and companies producing goods and providing services. Sustainable consumption aims at fulfilling the needs of the current generation without neglecting those of future generations. ANTONIDES and RAAIJ [1] define five main environmental attributes of the consumer behaviour. According to that environment-conscious consumers intend to avoid products are harmfyul to the natural environment (spray cans, batteries, etc.); reject products which deplete natural resources (products with high energy consumption); reject products harmful to one's health (meat from animals submitted to hormone treatment); return to original taste of food and, adhere to animal friendliness. As authors have identified, the attitude regarding environmental consequences of consumption may evolve through six stages. The first stage means great worries over environmental consequences; the second one means involvement with the environment; and the third one shows internalisation of environmental values. They are followed by willingness to change consumption behaviour into an environmental-friendly direction, then searching out and processing information about environment, and finally being member of environmental organization.

However, not only companies but also consumers often confront criticism for their contradictory behaviour. According to market research findings in developed countries (OTTOMAN and TERRY, [22]) an increasing number of consumers has declared being 'green consumer', but the willingness to pay more for environmental products has not increased to the same extent. In their product choice consumers often give more weight to their immediate personal benefit than to social benefit. All the above considerations can serve as further arguments for establishing a closer and more formalized cooperation between consumers and producers, moreover, every group of stakelholders. The next concepts aim at responding to this expectation.

3.3. Customer Relationship Marketing and Partnering

The relationship marketing is defined that it is aimed at building long-term mutually satisfying relations with key parties, e.g. with customers, suppliers, distributors. The adoption of the customer relationship marketing permits companies to build close economic and social ties with key customers. This concept draws attention on valuable, profitable customers (DOYLE, [6]), KOTLER, [15]), and the necessity of making customer relationship mutually profitable.

This concept is based on the recognition that a major driver of company profitability is the value of the company's customer base (KOTLER, [16]), and much of the company's market value and competitive advantage comes from intangible assets, including their customer base, distributor and supplier relations. While companies have traditionally preferred to attract continually more new customers, this concept compels for policy of customer retention and the building of the customer loyalty. There has been realized that the cost of the customer retention is lower than that of the acquisition of newer customers. Loyal customers are ready to buy more products or services from the preferred company and often become their 'advocates'. They appreciate both individual and social values delivery, as well as the opportunity to share benefits between the company and customers. They often are ready to pay even premium prices. Additionally loyal customers may be retained for their entire lifetime. 'Customer lifetime value' (CLV) is becoming an important financial indicator in the evaluation of customer relationship (REICHELD, [26]; KOTLER, [15]). The importance of financial indicators about intangible assets such as customer relationship or societal marketing is implicitly present in this concept. As regards other methods, while the Balanced Scorecard method (KAPLAN and NORTON, [12]; EPSTEIN et al., [9]) helps to measure stakeholder-performance, the concept of Shareholder Value (DOYLE, [6]) views marketing as an ensemble of value-based marketing actions that is a determining factor of the company's shareholder value.

The concept implies that customers may be retained by mutual benefits. The benefit proposition includes both financial and social benefits. Typical financial benefits include credits, rebates or free services in the framework of clubs, frequency programs or customer cards. Among social benefits the membership may have the meaning of belonging to communities, permit customers to identify themselves as important and responsible individuals for the company's business, e.g. as stakeholders. Loyal customers are considered as clients provided by individualized relationship. The sustainability concern of the customer relationship marketing includes the opportunity to make loyal a customer base by means of higher satisfaction, including environment-friendly products and services, and consequently the social value and reputation because of having environment conscious consumer behaviour (ANTONIDES and RAAIJ, [1]). Companies may target loyal customers and engage them as partners for more actions related to sustainability requirements. At this point it is to notice, that the definition of the customer relationship includes relations not only with consumers but also with organizational buyers, as well as with suppliers and distributors, namely with the majority of stakeholders groups of a company. The next paragraph discusses relations with these latter groups.

3.4. Cooperation in Networks Based on Partnership with Key Customers Along the Supply Chain

According to KOTLER [16] the marketing network consists of the company and its supporting stakeholders (especially customers, suppliers, distributors) whom it is built mutually profitable business relationship with. LAMBERT et al. [17] define the partnership as a tailored business relationship based on mutual trust, openness, shared risk and shared rewards that yields a competitive advantage, resulting in business performance greater than would be achieved by the firm individually. Partnering with specific suppliers and distributors may generate a value delivery network that is also called supply chain or value chain. The supply chain inserted in network organization provides a higher level of integration of business processes from end user through original suppliers that provide product, services, and information that add value for customers.

Network organizations permit business partners to share their resources, costs and benefits, and provide more effective and efficient solutions for sustainability efforts. Most products are manufactured using a number of companies involved in a supply chain. Different suppliers of raw materials or components have to cooperate for achievement of sustainable products. The effect of different suppliers on sustainability requirements is different. The company, which is responsible for the overall quality, needs to determine the most important suppliers and cooperate with them. MAXWELL and VORST [20] underpin that sustainability requirements may result in different business benefits. Products may be produced with reduced volume of raw materials, reduced energy usage and waste generation. Besides of cost saving improved product quality, competitive advantage and corporate reputation may be achieved. It often leads to a better supplier or customer relationship. The integration of sustainability requirements, such as EMS in *supplier selection criteria* marks recent developments (FRIEND and OLSON, [10]). Strategic partnership with key suppliers often leads to *co-designing sustainability solutions* for new products, packaging, logistics, etc. Interactivity may be developed with end consumers.

Mutually profitable partnership in value chains of network organizations is the highest level of the sustainable customer relationship. But it is not to forget that direct actors of this relationship e.g. suppliers, fabricants or service providers, intermediaries, customers are both partners and competitors. The distribution of costs and benefits is effected by negotiations.

4. Sustainability in Practice: Strategic and Management Implications

Regarding the corporate sustainability the principal contribution of the recent marketing concepts can be defined as providing value-based, customer and partnership oriented business philosophy for competitive strategies of sustainability. At the same time, in conformity with other management disciplines and publications, marketing concepts reflect that companies adapt sustainability under legal and social pressures, competitive pressure and cost and benefit issues. These conditions implicate a range of various concerns that companies face and analyse when decisions are to be made about integration of sustainability requirements into strategy and management practice.

4.1. Competitive Advantage and Sustainability-Oriented Competitive Strategies

On the level of strategy the aspects of competitive advantage are becoming the most stressed issues. Earlier, and for most companies even today, legal and social pressures played a primordial importance for thinking about and acting in sustainability matter. Nowadays, an increasing number of companies realize the need to implement corporate sustainability for maintaining competitiveness. Sustainability issues are increasingly integrated into overall company strategy, into strategy of business units and into that of different company's functions as well, such as innovation, purchasing, marketing, human resource management, and so on (DRUCKER, cited by JEURISSEN, [11]). Moreover, sustainability-oriented competitive strategies have been identified and elaborated (DYLLICK et al. cited by BIEKER, [2]). However, a range of research reports and management publications admit that an increasing number of companies is becoming involved in sustainability concerns, but relatively few companies have adapted corporate sustainability principles and actions as an integrated system. Just so-called 'high performance businesses' serve as examples and may be submitted to benchmark and follow leading practice.

Strategic aspects may be highlighted through different types of sustainability-oriented competitive strategies. Sustainability strategies can be classified according to their strategic orientation (e.g. oriented to market or to society), strategic behaviour (reactive or proactive behaviour) and a company can realize the benefits when putting them into practice (DYLLICK et al. cited by BIEKER, [2]). According to the latter classification five types of strategy can be distinguished, which have been employed and spread progressively:

- 'Safety strategy' aims at reducing and managing risks (related to products, processes as well as relationships with different stakeholders)
- 'Credibility strategy' is oriented on maintaining or enhancing image and reputation (among different kinds of publicity such as activists, financial institutions, authorities, customers)
- 'Efficiency strategy' allows improvement in productivity and efficiency (eco-efficiency, socio-efficiency)
- 'Innovation strategy' aims at differentiating company's products and services in the market (offer of environmentally and socially sound products)
- 'Transformation strategy' allows creating new markets or transformation of existing institutional frameworks (contribution to changes in consumer needs and patterns, participation in structural changes of markets, creating or joining sustainability-oriented industry standards or product labels, etc.)

4.2. Cost and Benefit Issues

Legal and social pressures toward social responsibility forced companies to deal with cost and benefit issues, as well as with their short-run and long run effects. At the beginning, for lack of immediate experience about benefits, attention has been focused on the cost. Shareholders and managers became anxious about financial performance. During the last decade, especially when beneficial effects on competitive position, company's shareholder value and stakeholder value started to appear, many companies begun to define social or sustainability goals in their strategies and business plans. Leading companies evaluate social performance indicators among their business indicators (KAPLAN and NORTON, [12], DOYLE [6], BIEKER, [2]). Measuring contribution of marketing efforts aimed at customer satisfaction and customer loyalty ('Customer lifetime value' – CLV) ranges on this side (REICHHELD, [26]; KOTLER, [15]). Debate on 'financial versus social performance' has shifted to debate on 'financial performance and social performance, at once'.

4.3. Aspects of Efficiency and Innovation

The aspects of efficiency have been put in the centre of interest in order to compensate a high cost of sustainability investments and improve management processes. Companies are increasingly implementing *environment management standards and systems* (EMS) such as ISO 14000, EMAS and using methods aimed at eco-efficiency. Benefits of using these systems are interpreted both from strategic and management points of views. According to EPSTEIN and ROY [9] using these systems companies may systematically identify, measure and manage their environmental obligations and risks. Authors point out, that EMS systems provide guidance to define and implement environmental strategy as well, while BIEKER [2] observes that at many companies these systems and standards are rather used for organizing and controlling on operating levels than for strategical level. Many companies that earlier have implemented EHS (Environment, Health and Safety) programs, now are increasingly introducing EMS and report about these achievements. Another application is marked by supplier selection criteria. The integration of environmental and sustainability requirements – including EMS – in supplier selection criteria is increasingly replacing quality management requirements (FRIEND and OLSON, [10]). Strategic partnership with key suppliers often leads to co-design sustainability solutions, in different fields such as new products, packaging, logistics, etc.

Eco-efficiency is defined as management strategy that combines environmental and economic performance (TIMBERBLAKE, [28]). It enables more efficient production processes and the creation of better products. Eco-efficiency has different strategic elements, which are applied by companies in order to achieve maximal productivity and minimal waste. For illustrating the three different ways to achieve this goal examples are taken from the practice of telecom companies (VÁGÁSI et al., [30]). '*Dematerialization*' means the use of less materials to create better products. Years ago, a portable phone weighted 15 kilograms, had the size of a briefcase and delivered talk-only service. Today, mobiles weighing less than 200g and a size of cigarette packet can provide a variety of services: voice, text messages, fax and the Internet. The term '*Immaterialization and Service Extension*' describes how technology can substitute the need for physical products by replacing them with services. For example, downloading a video over the Internet can save a travel to the video shop. Network services can replace the need of a telephone answering machine. Internet access can reduce travelling time, cost and offers extra services. '*Closing Production Loop*' means that designers are aware of the whole life cycle of the product. The production cycle, from a designer point of view is a never-ending cycle. After the usage of a particular product it must be taken back to the production process and use it again for a new model. Customer can leave his/her old mobile telephone at the telecom company, which takes care of the recycling.

Having a crucial role in environmental management strategies *new product development* is following both eco-efficiency and innovative criteria, according to sustainability-oriented strategies. The aim is to develop sustainable products, furthermore to make products and services in a more sustainable way throughout their entire life cycle, from conception to end of life. MAXWELL and VORST [20] underpin that traditional criteria have required functionality, meeting customer expectations and cost effectiveness. Sustainability criteria now include balancing economic, environmental end social aspects.

Analysing success factors of leading companies in new product development DESCHAMPS and NAYAK [4] found, that big companies seem particularly adept and translate societal improvements, and ideas of their new products often come from analysis of social trends, especially environment trends or interest in healthier eating. Among available benefits of sustainability-oriented new product development EPSTEIN and ROY [9] call attention for the following ones:

- reducing time and investment required bringing new products and services to market.
- better access to capital, as the financial community pays greater attention to favourable company records
- cost reduction from material substitution or less packaging or lower energy consumption, reduced material storage, reduced waste disposal
- positive reaction from customers who may benefit from this saving product improvements
- sending positive message to financial analysts and investors
- showing corporate ability to improve competitive position.

4.4. Company Reputation and Sustainability Reporting

Companies are increasingly admitting that they are expected to be conscious of their effect on society and to take actions accordingly. There is now an increasing awareness that companies that do not deal with environmental and social risk factors may damage their reputation as well as their value in the market. For a few years public reporting on achievement in social performance including environmental performance makes an integral part of communication policy at many companies, especially at big ones.

Drivers pushing businesses toward social responsibility and sustainability reporting are numerous. There is a growing demand for corporate disclosure and transparency from stakeholders, including customers, investors, suppliers, employees, communities, investors, and activist organizations. There is evidency, that socially responsible behaviour of companies exert a growing influence on the purchasing decision of customers. Investors include social responsibility criteria in assessment of company's performance. The reputation of a company depends upon its supplier's reputation, so companies are seeking for suppliers, which behave in a socially responsible manner. The good reputation tends to have positive effect on employee recruitment and retention. It enables companies to generate trust and stronger relationship with key-customers. The shareholder value is determined by an array of factors, including brand and company's reputation.

Undoubtedly, there are many good reasons to report about social performance. However, busines faces the need for guidelines and standards about that is being reported and for reliable indicators that are being employed. The Sustainability Reporting Guidelines (SRG, [27]) suggested and revised by the Global Reporting Initiative (GRI, 2000) aims at enabling companies and other organisations to prepare comparable 'triple bottom line reports' on their economic, environmental and social performance. As an international standard mandates is to make sustainability reporting as routine as financial reporting. GRI is designed to assist organizations publish reports

- in a way that provides stakeholders with reliable and relevant information that fosters dialogue and inquiry

- through well established reporting principles
- in a way that facilitates reader understanding and comparison with similar reports
- in a form that provides management with valuable information to enhance decision-making.

GRI is structured around CEO statement, key environmental, social and economic indicators, description of relevant policies and management systems, stakeholder relationships, management performance, operational performance, product performance and sustainability overview. A progressively increasing number of companies has begun to report according to these guidelines even if GRI is aimed at voluntary reporting. However, in some countries a regulatory approach has been taken (UK) or legislation has been put in place (Denmark, the Netherlands, Norway and Sweden) including independent verification, especially for so called 'high risk' or 'high impact' industries and companies (chemicals and synthetics, pulp and paper, oil and gas, pharmaceuticals, etc.)

WHEELER and ELKINGTON [31] have analysed how corporate reporting and environmental issues evolved over the last 10–15 years. The 1990s show a dramatic increase in the practice of corporate environmental reporting, particularly in Europe, North America and Japan. A benchmark survey among leaders of environmental reporting companies in 1993 revealed a trend of shifting from environmental reporting to holistic sustainability reporting based on the triple bottom lines, and tailoring of communications to key stakeholder interests. Another international survey conducted by the firm KPMG found that both the quality of reporting and the rate of reporting by countries have increased at the top 100 companies, except in the US. In Europe and Japan almost every stakeholders group has been involved in this progress, while in the US shareholder pressure proved more relevant.

In different countries there are different priorities and values that will shape how business act. According to the American model, companies traditionally have engaged in philanthropic actions in order to enhance company and brand image and reputation. After having fulfilled their duty to pay taxes, they donate a certain share of the profits to different charitable causes. The European model is much more focused on operating the core business in a socially responsible way, complemented by investment in communities for solid business reasons. In countries of 'emerging markets' category there is a common assumption that sustainability is a luxury which emerging markets cannot afford, however, businesses acting there are increasingly affected (Developing Value, [5]). As regards practice of companies in Hungary, social responsibility for most companies means typically charitable or sponsoring actions, cause-related marketing as well as contribution to education or training of employees in order to develop skills, or to maintaining health (KONCSOS and SZIKLAI, [13]). Bigger businesses of the 'high impact' category as well as companies, which have implemented EMAS, systematically report about environmental performance. Subsidaries of multinational firms or joint ventures usually follow the progress of the international practice, but very few sustainability reports have been published according to the triple bottom line (MATOLAY, [19]).

5. Conclusion

Like the marketing concept, issues of corporate social responsibility (and corporate sustainability) performed a considerable development during the years from the Bruntland report [3] until now. At the beginning firms became aware of the need to follow requirements without having enough guidance on how the sustainability concept should be put into strategy and actions at the company level. Attention has been focused on legal and social pressures, and on cost they faced in order to implement sustainability investment, without having precise idea about financial return. Environmental and social issues have been handled almost separately. Now companies are implementing environmental management models and standards, and following the ‘triple bottom line’ principle. Now many businesses consider requirements as opportunities: to increase profit by making progress on sustainability. The centre of gravity of debates is shifting from public relations to competitive advantage. As regard processes, debate has shifted ’from factory fence to boardroom’. Now the sustainability challenge includes both reporting and corporate accountability challenge: sustainability accounting and reporting from the one hand and the integration of social, environmental and economic information streams in management accounts and decision making, from the other one. Finally, now marketing propagates to give greater adherence to marketing values, such as selling benefits, not products, and preservation of corporate, not just product values, and these objectives may be included in sustainability strategies, as well.

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