

“We do all goods things,...  
but we don’t know if we get anything out of it.”

(Brown and Dacin, 1997)

### **Marketing paper 3.3**

Corporate Social Responsibility  
Sligro Food Group N.V.

Manon Buitink            2098474

Janneke van Zandwijk 2062925

Supervisor: Emile Lancée

Friday, 28 January 2011

# Table of Contents

- 1 INTRODUCTION ..... 3**
  - 1.1 MOTIVE..... 3
  - 1.2 RELEVANCE ..... 3
- 2 THEORETICAL FRAMEWORK..... 4**
  - 2.1 DEFINITION CORPORATE SOCIAL RESPONSIBILITY ..... 4
  - 2.2 ADVANTAGES OF USING CSR ..... 4
  - 2.3 PROGRAMS CSR ..... 4
  - 2.4 PROFIT ..... 5
    - 2.4.1 *Sustainable business processes*..... 5
  - 2.5 PEOPLE ..... 7
    - 2.5.1 *Civil Regulation*..... 7
    - 2.5.2 *Communication*..... 7
    - 2.5.3 *Stakeholders*..... 8
    - 2.5.4 *Prioritizing Social Issues Framework* ..... 8
  - 2.6 PLANET..... 9
    - 2.6.1 *Sustainable product-development/production* ..... 10
    - 2.6.2 *Sustainable purchase*..... 10
    - 2.6.3 *Sustainable logistic*..... 10
    - 2.6.4 *Sustainable marketing and sales* ..... 11
- 3 CONCLUSION ..... 12**
  - 3.1 FINDINGS ..... 12
  - 3.2 RELEVANCE FOR SLIGRO FOOD GROUP NV ..... 13
- 4 BIBLIOGRAPHY .....FOUT! BLADWIJZER NIET GEDEFINIEERD.**
- 5 APPENDIXES.....FOUT! BLADWIJZER NIET GEDEFINIEERD.**

# 1 Introduction

## 1.1 Motive

Subject: Corporate Social Responsibility

Corporate Social Responsibility (after this: CSR) has become an integral part of the business processes within the world economy. Xueming Luo and C.B. Bhattacharya (2006) found out in their research to CSR, Customer Satisfaction, and Market Value that 90% of the *Fortune* 500 companies have explicit CSR initiatives. A lot of companies are making CSR part of their business processes. Besides that, findings in the same research showed that there is a relation between CSR and firm Market Value.

Company: Sligro Food Group

Sligro Food Group is a Dutch stock market listed company. With their food retail and food service divisions, Sligro Food Group is focusing on Business-to-Business market and the Business-to-Consumer market. Within the Sligro Food Group there is a lot of attention for CSR. By shaping and communicating CSR in a good way, they can gain a long term competitive advantage and increase their Market Value. The Sligro Food Group itself is pointing out that CSR and Market Value are going hand in hand.

## 1.2 Relevance

In 2010 DBB, Intromart, GFK and b-open examined 1500 Dutch consumers regarding CSR. This examination found out that 22% of the Dutch customers is living a social responsible life. 70% of the Dutch consumers consider CSR as (very) important. Next to that CSR is playing an important role by buying new products and services for 25% of the Dutch consumers. Furthermore 6 out of 10 consumers expect that the attention for buying sustainable products and services will increase the next two years. Third of all Dutch consumers is distrusting claims of products that are pretending to be social responsible or sustainable. CSR is still being seen as a marketing trick.

Also research has shown that consumers consider CSR as a responsibility of government, companies and consumers (Porter and Kramer, 2006). In comparison with research in 2008, customers consider companies as main responsible to contribute to CSR. Vincent van den Berg (DDB) wrote in the report Dossier Duurzaam 2010: "The consumer is raising the bar regarding both CSR and the way companies communicate regarding this subject. It is more important than ever to be relevant to consumers and to differentiate in comparison with competitors". Because CSR is becoming more important to consumers, companies need to communicate their CSR topics in a way to guarantee customer satisfaction. CSR is playing an active role within the Sligro Food Group, which makes this an issue to take into account.

## 2 Theoretical Framework

Corporate Social Responsibility has become an integral part of life. Government, citizens and companies are narrowly attached to this subject. Many scientific researchers have been accomplished to understand the values and use of CSR. CSR and sustainability are going hand in hand.

### 2.1 Definition Corporate Social Responsibility

Academic literature contains many definitions of CSR. In this paper we selected the definition of Social Economic Council of the Netherlands (SEC) which is supported by many academic literature.

“Deliberately set company activities with creating value within three dimensions – Profit, People, Planet – and contributing to long term social prosperity with that. Also a connection based on transparency and dialogue will be maintained with several stakeholders, where answers can be given to justified questions from society” (SEC; Maignan and Ferrell, 2004).

The first dimension explains the contribution to the welfare of society and concerns value creation in three spheres – Profit, Planet, People – also referred as Triple-P bottom line (Ven and Graafland, 2006). The second dimension emphasises “the relationship with stakeholders and society at large. According to the so-called stakeholder approach, enterprises are not accountable only to their shareholders, but should also balance a multiplicity of interests of stakeholders that can affect or are affected by their operations” (Ven and Graafland, 2006: P. 3).

### 2.2 Advantages of using CSR

Several advantages of using CSR within the management have been described. 1) “CSR helps to attract and retain high quality employees, 2) Generate a positive corporate image, 3) Enhance product evaluation via an overall evaluation of the firm and 4) CSR also acts as a buffer against, and may help a company recover from, a market crisis” (Pirsch, Gupta, and Grau, 2006: P. 1). The main argument for using CSR is the positive link with a firm’s performance (Pirsch *et al.* 2006; Luo and Bhattacharya, 2006). The findings show that CSR programs are leading to growth in the willingness of the consumer’s to purchase the companies products. “Consumer purchase intent has been positively correlated with the degree to which the perceptions of a companies ethical behaviour exceeded their expectations” (Pirsch *et al.*, 2006: P. 1). Next to that are companies becoming more interesting when they are socially and environmentally responsible (Creyer and Ross, 1997; Ellen, Mohr and Webb, 2000; Sen and Bhattacharya, 2001) and less interesting when they are not. (Barrett, 1996).

### 2.3 Programs CSR

By conducting CSR within the company policy a choice have to be made out of two programs. These programs below are described by Pirsch *et al.* (2006):

- Institutionalized CSR programs: “providing a comprehensive approach to CSR, attempting to fulfil a companies social obligations across all the stakeholder groups, and touching all aspects of the company” (Pirsch *et al.*, 2006: P. 2). This program is the most effective when improving the attitude towards the company, minimalizing the sceptism of the consumers and increasing the customer loyalty.
- Promotional CSR programs: CSR as a tool to drive product-sales. This type of programs are built to generate short-term effects, such like increase purchase intent.

According to the definition of SEC the pillars Profit, People and Planet are the central factors, just as the relation between shareholders and stakeholders which we will examine in one of the next paragraphs.

## **2.4 Profit**

CSR is an important driving force within the organization. Although reducing costs is the main reason for CSR, it is not the motivator. According to research among Dutch entrepreneurs, of UPS Europe Business Monitor (2007), the motivator for using CSR within the organization is the image and brand reputation (49%), law and regulations (36%) and external pressure from non-government organizations such as Greenpeace. Obviously it also has to bring in something for the company. A combination of profit and sustainability is necessary.

The findings of Luo and Bhattacharya (2006) show that CSR direct en indirect affects consumers product response, -corporate identification and –product attitude. Earlier on has been found that there is a relation between customer satisfaction and market value (Fornell, Johnson, Anderson, Cha and Bryant, 2006). There appears to be a link between CSR and the market value with the mediating link of customer satisfaction. However, a positive link can only be found for companies with a high corporate ability. For companies with a low corporate ability, CSR will have a negative influence on the market value satisfaction (Luo and Bhattacharya, 2006). Corporate ability means: “level of innovativeness capabilities and product quality” (Luo and Bhattacharya, 2006: P. 4). Customer satisfaction achieved through CSR arises when actions being made by the company are not only economical, but are also contributing to the community and the country. Besides that CSR is creating a favourable context in which consumers are encouraged to evaluate the company positively and creating an attitude towards the company by that. Satisfied customers provide customer loyalty, positive word of mouth and willingness to pay more. These actions are increasing market value (Luo and Bhattacharya, 2006).

### *2.4.1 Sustainable business processes*

Porter en Kramer (2006) state that CSR has to be integrated within the companies business processes and strategy. Profit, Planet and People are being associated with the relation between stakeholders and

shareholders . By not introducing CSR on a long term base, according to Porter en Kramer (2006), costs will rise and the company will infringe its social obligation. According to Porter en Kramer (2006), there are four arguments a company will need to integrate in their strategy. By not integrating these arguments, they will miss opportunities. 1) *Moral obligations* – being a good citizen and do only good things, 2) *Sustainability* – environment and community stewardship. Also known as *sustainable development*: “Meeting the needs of the present without compromising the ability of future generations to meet their own needs” (Porter and Kramer, 2006: P. 3), 3) *Licence to operate* – receiving ‘permission’ of government, stakeholders and community to do business, 4) *Reputation* – using CSR to create a better image, strengthen the brand, enliven moral and increasing the share.

The strategy has to create both competitive advantage as advantage in social context for the company. Therefore, Porter en Kramer (2006) introduced the term “shared value”. Shared Value is creating a balance between corporate and socially implies. Integrating strategic CSR can be accomplished in the following five steps (Ernst en Young, 2010; Porter and Kramer, 2006):

- 1) Identify points of section between company and community;
- 2) Choose which social uses to address; you cannot solve all of society’s problems. It is best to select issues that intersect with your business particularly.
- 3) Create a corporate social agenda; prioritize the social issues in (1) Generic Social Issues, (2) Value Chain Social Impact and (3) Social Dimensions of Competitive Context;
- 4) Intergrade inside-out and outside-in practices; use the value chain framework to identify the positive and negative impact of the activities (for an example, see enclosure). For an effective understanding of CSR, an understanding of the social dimensions of the companies competitive context (the outside-in) is required. For this you can use the diamond framework (for an example, see enclosure).
- 5) Create a social dimension to the value proportion.

Food retailers have all a different approach to CSR. Some retailers provide relatively limited information of CSR activities in the organisation and some offer detailed reports. “They all make the case for locating CSR as an integral element of the core business. The underlying argument here is that food retailers ultimately believe that long term economic viability is in the interests of all stakeholders and that by integrating CSR into their businesses they will be better placed to provide long term growth and financial security for those stakeholders and to maintain or enhance their market position. Similarly, at the operational level business imperatives seem to be the drivers of CSR” (Jones, Comfort, Hillier and Eastwood, 2005; P. 434-435). While many initiatives are designed to waste generation and reduce energy use, it also reduces costs.

## 2.5 People

As part of the triple-p bottom line the pillar people is “the dimension which requires respect of the people the businesses are in contact with” (Doets, 2010, P:1). A company has to take responsibility for both people inside and outside the company. For people inside the company, their employees, working conditions and working relations are essential. Concerning the people outside the company, the customers, topics as child labour, fair trade and human rights are important (Doets, 2010).

### 2.5.1 *Civil Regulation*

Within the different countries the relationship between the public and private sector is changing. For government this means transferring more and more of its jobs to the private sector and it is also requires to set a frame of reference in which firms are required to operate. This results in greater responsibility towards the firms. As a result of difficulties in solving global problems by national states, citizens are more and more organizing themselves into groups to take action. People are turning their backs towards the bureaucratic structure of the public sector. (Cramer, 2002). Instead of trying to influence the policies set by government, they are calling directly upon individual firms to accept their responsibility. A new regulatory system is developing, known as ‘civil regulation’ (Cramer, 2002). Therefore companies are finding it harder to justify their actions. “Shell’s experience with the Brent Spar oil platform shows that the general public can easily take a completely different view from the government. Public opinion may even turn out to be the most important determinant of corporate behaviour” (Cramer, 2002: P. 101)

### 2.5.2 *Communication*

Open communication with all relevant stakeholders is becoming more important for firms (Cramer, 2002). The rise of digital technology has led to a growth in opportunities of communicating through all sorts of networks, for both individuals and firms. The open structure is creating new patterns of communication. Through the internet people are exchanging ideas all over the world and creating virtual communities. This results in encouraging people to talk about issues that they are concerned about and to create solutions. Thanks to the digital revolution consumers are having a clearer picture of particular products and services. Consumers assume that firms operate according moral standards. If not, there is a risk that the firm will be called upon to account in public. The immaterial side of life, such as social well-being and the quality of life, is becoming more and more important to many people (Cramer, 2002). According to Ronald Inglehart, a social scientist, people become less interested in material success and more concerned about the quality of their lives once they have attained a given level of prosperity (Cramer, 2002).

### 2.5.3 Stakeholders

Freeman's definition of a stakeholder is "any group or individual who can affect or is affected by the achievement of the organization's objectives" (Moir, 2001: P.19). Stakeholders are divided into primary and secondary stakeholders (Moir, 2001). According to Clarkson the primary stakeholders can be defined as "one without whose continuing participation the corporation cannot survive as a going concern", including shareholders, investors, employees, customers and suppliers. The secondary group is defined as "those who influence or affect, or are influenced or affected by the corporation, but they are not engaged in transactions with the corporation and are not essential for its survival" (Moir, 2001: P.19).

People do not wish to work for firms that are having a poor reputation in respect to environmental and social standards. The 'employers of choice' are firms with good financial prospects, pleasant working condition and socially responsible business policies. Firms will have to communicate more and more with their stakeholders to learn what society expects from them (Cramer, 2002). They will also need to take account of the views of their stakeholders. They will have to make sure opinions of stakeholders are properly understood. Firms have a wide range of stakeholders with each their own social interests. By making a judgment on the status of each stakeholder the firm can decide which social needs they want to satisfy and which not (Cramer, 2002). "No business can solve all of society's problems or bear the cost of doing so. Each company must select issues that intersect with its particular business" (Porter and Kramer, 2006: P. 84) It is not about whether a cause is worthy, but about presenting an opportunity in being a benefit for society and business (Porter and Kramer, 2006). Research within the food retail industry showed that when a company is creating a working environment with good conditions, this will make the workforce more stable, efficient and secure (Jones et al, 2005). Customer pressure is an important motivator for food retailers in adopting CSR. The need to maintain a loyal customer base is important in times of intense competition between supermarkets (Piacentini, MacFadyen and Eadie, 2000)

### 2.5.4 Prioritizing Social Issues Framework

Porter and Kramer have developed a "prioritizing Social Issues" framework. Social issues can be divided into three categories. 1) *Generic social issues* are "not significantly affected by the companies operations nor influence the companies long-term competitiveness" (Porter and Kramer, 2006: P. 85). 2) *Value chain social impacts* are "social issues that are significantly affected by the companies activities in the ordinary course of business" (Porter and Kramer, 2006: P. 85). 3) *Social dimensions of competitive context* "are factors in the external environment that significantly affect the underlying drivers of competitiveness in those places where the company operates" (Porter and Kramer, 2006: P.85). For each of their business units, a firm will have to sort social issues into the three categories of the framework and then "rank them in terms of social impact" (Porter and Kramer, 2006: P. 85). By

ranking the social issues, a corporate social agenda will be created. The topics need to be translated to strategic CSR. “It is through strategic CSR that the company will make most significant social impact and reap the greatest business benefits” (Porter and Kramer, 2006: P.85). *Responsive CSR* is “acting as a good corporate citizen, attuned to the evolving social concerns of stakeholders, and mitigating existing or anticipated adverse effects from business activities” (Porter and Kramer, 2006: P.85). Effective corporate citizenship can improve relations with stakeholders, create goodwill and companies employees feel pride in being a part of the company (Porter and Kramer, 2006). *Strategic CSR* is “about choosing a unique position – doing things differently from competitors in a way that lower costs or better serves a particular set of customer needs” (Porter and Kramer, 2006: P. 88). Strategic CSR is the part where shared value is an opportunity. These opportunities are creating benefits for society and for the companies competitiveness (Porter and Kramer, 2006).

## **2.6 Planet**

Planet - “The ecological dimension. This dimension relates to the effects of company operations on the natural environment” (Van De Ven and Graafland, 2006: P. 22). Examples of environmental issues include “energy consumption and emissions, raw material usage, water consumption, waste, the volume of packaging, recycling, genetically modified foods and the use of chemicals” (Jones *et al.*, 2005; P. 428).

Due to the fact that our environment is being threatened, the source for CSR can be found within the environmental atmosphere (Janssen Groesbeek, 2001). Research showed that the climate subject raised to the fourth position in 2002 on the list of social relevant topics (Kaptein, Kooning, Van Tulder & Van Vliet, 2007). As mentioned earlier on, people become less materialistic and more concerned about the quality of live, once they have a given level of prosperity (Cramer,2002).

Companies with CSR are co-operating more and more with activist organisations, like Greenpeace. “Activist have grown much more aggressive and effective in bringing public pressure to bear on corporations” (Porter and Kramer, 2006: P. 2). Even if corporations have little impact on the environment with their operations, activists target the most visible or successful company to draw attention to an issue (Porter and Kramer, 2006). Examples of corporations with Activist organisations are Iglo and the Marine Stewardship Council.

In the next paragraphs we discuss a few themes of how a retail company can implement CSR within business levels.

### 2.6.1 *Sustainable product-development/production*

CSR starts with designing the product. In this stage the usage of materials and development have to be taken into account. Next to effective production, effective designing is an important factor. An example is the *Cradle-to-Cradle principle (c2c)*, defined by William McDonough and Michael Braungart in *Cradle-to-Cradle* (2002). C2c means: “Remaking the Way We Make Things” (McDonough and Braungart, 2002). The thought is that all used materials after their life can be used in making another product. Another example is the 3R-principle – reduce, reuse, recycle. With reduce we mean the use of resources and energy during production and consumption. Reuse is making full use of used products and recycle is creating new resources out of wastes (Yong, 2007).

Production can be accomplished more corporate social responsible by placing solar panels and windmills. The usage of water is also brought up as an issue within the companies.

### 2.6.2 *Sustainable purchase*

The purchasing process is very important when it comes to CSR. According to the ministry of VROM, sustainable purchasing means “looking after environmental criteria”. A company which is very important concerning this topic is the Business Social Compliance Initiative (BSCI). In 2002 this non-profit company was founded to assist European manufacturers and retailers by controlling foreign suppliers and to improve the circumstances in factories. Next to using foreign suppliers also local suppliers are used. By using local suppliers costs of transportation can be reduced. Judging suppliers is an essential action. Ahold developed their own pyramid to judge their suppliers. In this way Ahold is preserving their supply chains.

### 2.6.3 *Sustainable logistic*

Adjustments can be made within the logistics. A retail company can optimize their distribution network and centralize their distribution centers. By using environmental friendly material, such as longer and heavier trucks (Longer and Heavier Truckcombination, LZV), one truck can transport more products. This is reducing transport costs and reducing CO<sub>2</sub> emission. At this moment there is not a lot of cooperation taking place in the supply of food. Companies which are having empty trucks returning could be used to take products with them for other companies. In that case an optimal way of efficiency can be pursued. Also temperature control during transport is a main part of CSR and sustainability (Akkerman, Farahani, Grunow, 2010). Temperature-controlled distribution can be identified by three types of food supply chains: frozen, chilled and ambient (Smith and Sparks 2004). Controlling the temperature of an entire truck costs a lot of energy. By using sun and bio fuel, costs can be reduced.

New technology makes it possible for employees to use video- and teleconferencing. A retail company with a nationwide coverage can reduce travel time by using this and it has a beneficial effect

on labour. Furthermore, it will reduce the business kilometres. This has a positive effect on the costs and the environment.

#### 2.6.4 *Sustainable marketing and sales*

Within retail there are still a lot of opportunities for CSR. Jones, Comfort and Hillier (2007) conclude in their research 'Marketing and corporate social responsibility within food stores' that "the major CSR themes currently used within stores are organic and Fairtrade products, healthy living ranges, local produce and community issues. CSR information printed on product labels and packaging, shelf edge marking, information leaflets, banners and posters are used to communicate CSR messages" (Jones *et al*, 2007: P. 591).

Other themes for a better CSR in food stores: 1) solar panels are producing green energy and green ICT is reducing 40% on spare machines. Furthermore 2) 20-30% can be reduced on energy costs by covering fridges and freezers. 62% of the energy costs in supermarkets is being made by the usage of fridges and freezers (Volkskrant, 27 February 2010). Next to that, the use of 3) sustainable building materials, lighting, sun and wind energy and bio fuels can be used. Finally 4) CO<sub>2</sub> cool/fridge installations in large wholesales can be used to heat up buildings with winning back heat from cooling installations. Ron Vermaning, owner of the PLUS supermarket in Ost, opened in 2009 the 'most green supermarket of the Netherlands'.

"Looking to the future if more of the leading food retailers seek to make increasing commitments to CSR then they may also look to harness its marketing communication potential within their stores" (Jones *et al*, 2007: P. 591).

## 3 Conclusion

### 3.1 Findings

The last years Corporate Social Responsibility (CSR) has become more important to many companies. In this paper we used a definition of CSR where profit, planet and people, with a link to share- and stakeholders, form the central issues. Also the Sligro Food Group (SFG) has to deal with CSR in there wholesales and supermarkets. Since 25% of the Dutch consumers find CSR (very) important, it is also playing an important role by buying new products and services for 25% of the Dutch consumers.

Next to that, research has shown that CSR directly en indirectly affects consumers product response, -corporate identification and –product attitude (Luo and Bhattacharya, 2006). Also a relation between customer satisfaction and market value has been found (Fornell *et al.* 2006). Now, the study of Luo and Bhattacharya (2006) is not a surprise: there is a link between CSR and the market value with the mediating link of customer satisfaction. However, a positive link can only be found for companies with a high corporate ability. Satisfied customers provide customer loyalty, positive word of mouth and willingness to pay more. These actions are increasing market value.

CSR has become a serious business for companies like the Sligro Food Group. Making efficient use of CSR within the company, CSR should be implemented on operational level only. Porter and Kramer (2006) state that CSR has to be integrated within the companies business processes and strategy. By not introducing CSR on a long term base, costs will rise and the company will infringe its social obligation. Even though food retailers all have a different approach to CSR, they all see that CSR have to become an integral element of the core business. They see, financial security for stake- ad shareholders, a long term growth and to enhance or maintain their market position (Jones *et al.*, 2005).

The most important finding for the SFG is the relationship between CSR and the market value (Luo and Bhattacharya, 2006). Implementing CSR in the corporate strategy will lead to an corporate advantage for the SFG (Porter and Kramer, 2006). When CSR is part of the corporate strategy, they should also make chances in the several business departments. During this chance the SFG has to deal with the three subjects of CSR – Profit, Planet, People. Eventually, CSR as strategy will lead to a rise in market value. People are turning their backs towards national state when it comes to solving global problems. Therefore they are organizing groups by themselves which makes public opinions the most important determiner of judging corporate behaviour (Cramer, 2002; Bendell, 2000) .

*Profit* – As said before, a good implementation of CSR as corporate strategy will lead to a rise in market value. The SFG should transit this throughout all business processes. By not introducing CSR on a long term base, costs will rise and the company will infringe its social obligation.

*People* – There are a lot of CSR related topics which involve the ‘people’ factor. Communication with stakeholders is very important within this topic to find out which subjects are important to them and

can be relevant for the company. By prioritizing these subjects, a strategy can be made. For people inside the organization, the employees, it is important that the company is creating a good working environment which leads to a secure, efficient and stable working force. For people outside the company, for example the employees, topics as fair trade and human rights can be important.

*Planet* – The pillar Planet can be seen as the source of CSR. People are becoming more aware of the fact that our planet is damaged. It is important for companies to show their stakeholders they are working on a better environment by reducing CO<sup>2</sup> emissions for example.

### **3.2 Relevance for Sligro Food Group NV**

Eventually all corporations have to take CSR practises in account. Resources are running down and the earth is being polluted. Corporations have to work more effective and efficient within business processes. This will lead to reduction of costs and for a growth in Market Value. Customer satisfaction has a mediating role in this relationship. At the long run, CSR will be the new base of corporations to work with. SFG is operating in both foodservice and food retail industry. Especially supermarkets are in times where they are experiencing high competition and therefore it is important to maintain loyal customers. By showing the stakeholders that CSR is important within the organization, the company can distinguish themselves from competitors by communicating and performing their CSR actions.

The best way for the SFG to implement the findings is by using the roadmap of Porter and Kramer (2006), by implementing CSR into the core business. The five steps are:

- 1) Identify points of section between company and community;
- 2) Choose which social uses to address; you cannot solve all of society's problems. It is best to select issues that intersect with your business particularly.
- 3) Create a corporate social agenda; prioritize the social issues in (1) Generic Social Issues, (2) Value Chain Social Impact and (3) Social Dimensions of Competitive Context;
- 4) Intergrate inside-out and outside-in practices; use the value chain framework to identify the positive and negative impact of the activities (for an example, see enclosure). For an effective understanding of CSR, an understanding of the social dimensions of the companies competitive context (the outside-in) is required. For this you can use the diamond framework (for an example, see enclosure).
- 5) Create a social dimension to the value proportion.

As an important part of the roadmap we applied step four to SFG. In step four, the company has to integrate inside-out and outside-in practices. The SFG can frame this inside-out and outside-in practices in many ways. Some relevant practises for the SFG will be mentioned below;

*Inside-out.* There are many ways for the SFG to integrate CSR into their different business departments. At the *department of product-development and production* the SFG can use the 3R-

Principle; Reduce – Reuse – Recycle. Products and other material that were used during development and production will be reduced, recycled and reuse. Examples of the 3R-Principle are reuse water for spoiling toilets and the heat of coolers and freezers can be used to warm the wholesales, supermarkets and water. Cradle-to-Cradle is also a common technique that is used. During product-development products, parts of the products that are made of different materials, must be separated simply at the end. Also, commodities should not be pollute with harmful chemicals. Looking at the *purchase department*, the SFG could join the Business Social Compliance Initiative (BSCI). In 2002 this non-profit company was founded to assist European manufacturers and retailers by controlling foreign suppliers and to improve the circumstances in factories. The SFG can also make more use of local suppliers. Next to the fact that this is a social issue (outside-in), making use of local supplier also reduce transport costs, fuel and CO<sup>2</sup> emissions. Within the *logistic department* the SFG can use Longer and Heavier Truck combination (LZV) and combine cargo transport for their ride home. Also trucks which are transporting food with temperature control could use sun panels or bio fuels. *Marketing and sales* could integrate CSR by covering coolers and freezers and make use of solar panels. This way the wholesales and supermarkets at the SFG could reduce 20-30% of their energy costs. At last, green ICT reduce 40% on sparing machines.

*Outside-in.* Which external social conditions, in competitive context, are influencing SFG? What can SFG do about that? These conditions can be divided into four areas;

- 1) Quantity and quality of the available inputs for business. By making use of trainees from universities, SFG is creating an opportunity for the student to experience the business process and at the same time SFG is bringing knowledge into the company.
- 2) Rules that control competition. For example a statement can be made against discrimination by working with employees of different nationalities. The organization is creating an atmosphere where every employee is equal, no matter which nationality they have. Especially in the multicultural areas of the Netherlands this can lead to appreciation for the company by their customers.
- 3) Size and composition of local demand. SFG can make use of the preferences and needs of their local customers by adding local specialties into their range. For example in the South of the Netherlands where the ‘vlaai’ and ‘worstenbroodje’ are typical specialties of that area. By adding these items to the existing range, an added value can be created.
- 4) Availability of local related and supporting companies. By using local suppliers SFG is creating an competitive advantage. For example through offering products of local suppliers to their customers in their supermarkets. Besides the fact that this will reduce transport costs it will also add value to their range. Customers will find local products that will not be found in other supermarkets. Use of this local products will create recognisability.

## 4 Bibliography

- Akkerman, R., Farahani, P., and Grunow, M. (2010) Quality, safety and sustainability in food distribution: a review of quantitative operations management approaches and challenges (Denmark, Springer)
- Barrett, P. (1996) Pinnell Hired to Lift Shell Image, *Marketing Dec.* (12)
- Cramer, J. (2002) From financial to sustainable profit, *Corporate Social Responsibility and Environmental Management* 9
- Creyer, E.H. and W.T. Ross (1997) The Influence of Firm Behavior on Purchase Intention: Do Consumers Really Care About Business Ethics?, *Journal of Consumer Marketing* 14
- Doets, M. (2010) Mens, milieu & meerwaarde: nut en noodzaak van MVO. Amsterdam: Stichting Wetenschappelijk Onderzoek Commerciële Communicatie, SWOCC 2010.
- Ellen, P. S., Mohr L.A. and Webb, D.J. (2000) Charitable Programs and the Retailer: Do They Mix?, *Journal of Retailing* 76
- Ernst & Young (2010) Duurzaamheid in de aanbieding: kansen voor maatschappelijk verantwoord ondernemen voor retailers en hun leveranciers.
- Fornell, C., Johnson, M.D., Anderson E. W., Cha, J. and Bryant, B. (1996) The American Customer Satisfaction Index: Description, Findings, and Implications, *Journal of Marketing*, 60 (October)
- Jones, P., Comfort, D. and Hillier, D. (2007) Marketing and corporate social responsibility within food stores, *British Food Journal*, 109
- Jones, P., Comfort, D., Hillier, D. and Eastwood, I. (2005) Corporate social responsibility: a case study of the UK's leading food retailers, *British Food Journal*, 107
- Luo, X. and Bhattacharya, C.B. (2006) Corporate Social Responsibility, Customer Satisfaction, and Market Value, *Journal of Marketing*, 70 (October)
- Maignan, I. and Ferrell, O.C. (2004) Corporate Social Responsibility and Marketing: An Integrative Framework, *Journal of the Academy of Marketing Science* 32
- McDonough, W. and Braungart, M. (2002). *Cradle to Cradle: Remaking the Way We Make Things*, North Point Press
- Moir, L. (2001) What do we mean by corporate social responsibility?, *Corporate Governance* 1
- Piacentini, M., MacFadyen, L., and Eadie, D. (2000) Corporate social responsibility in food retailing, *International Journal of Retail & Distribution Management*, 2000.
- Pirsch, J., Gupta, S., and Grau, S.L. (2006) A Framework for Understanding Corporate Social Responsibility Programs as a

Continuum: An Exploratory Study, *Journal of Business Ethics* (Villanova, Springer)

Porter, M.E. and Kramer M.R (2006) *Strategy & Society: The Link Between Competitive Advantage and Corporate Social Responsibility*, *Harvard Business Review* (December)

Sen, S. and C.B. Bhattacharya (2001) Does Doing Good Always Lead to Doing Better? Consumer Reactions to Corporate Social Responsibility, *Journal of Marketing Research* 38

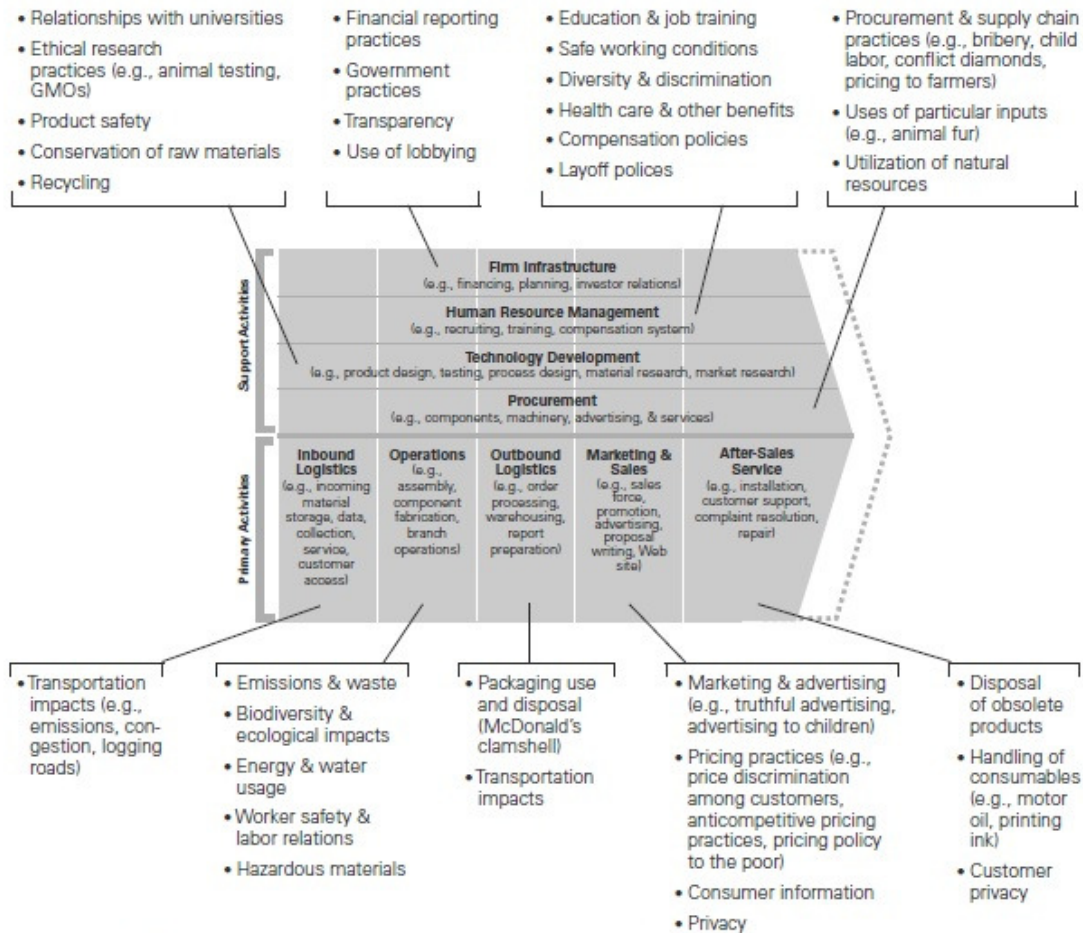
Smith D., Sparks L. (2004) *Temperature controlled supply chains. Food supply chain management*. Blackwell Publishing, (Oxford)

Ven van de, B. and Graafland, J.J. (2006) *Strategic and moral motivation for corporate social responsibility* (Netherlands: Tilburg University)

Yong, R. (2007) *The circular economy in China* (Springer)

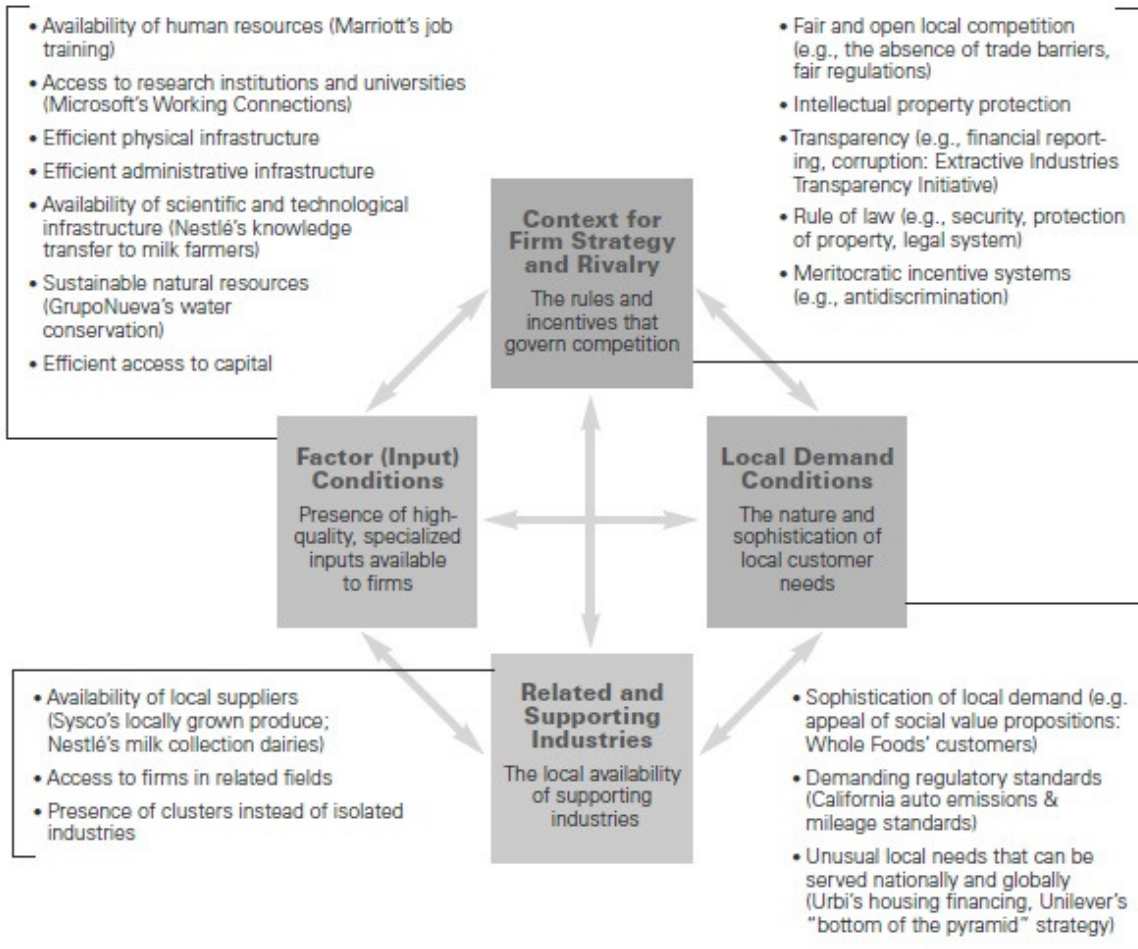
## 5 Appendixes

**Figuur 1; Looking inside-out (Porter and Kramer, 2006)**



Source: Michael E. Porter, *Competitive Advantage: Creating and Sustaining Superior Performance*, 1985

**Figur 2; Looking outside-in (Porter and Kramer, 2006)**



Source: Michael E. Porter, *The Competitive Advantage of Nations*, 1990