



# History the of Sustainable Development Concept: From Charity to the Source of Sustainable Competitive Advantage

Pavlo Brin



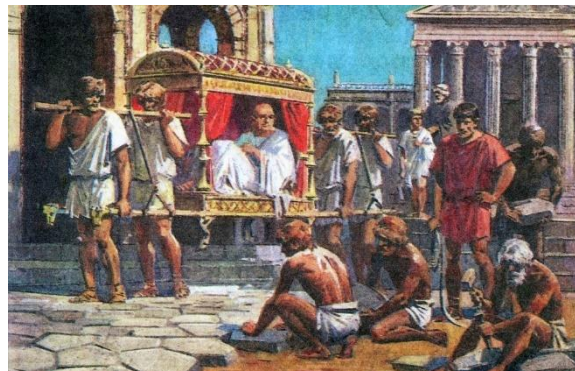
# Plan



- Benefits of being a member of a responsible society
- Brief history of CSR and SD
- Main standards of CSR and SD
- Place of SD & CSR in the Corporate Strategy
- SD&CSR leads to sustainable competitive advantage: the empirical analysis
- How to inform our customers about CSR activities?



# What was the first evidence of civilization?



# What was the first evidence of civilization?



- Margaret Mead said that the first evidence of civilization was a 15,000 years old fractured femur found in an archaeological site. A femur is the longest bone in the body, linking hip to knee. In societies without the benefits of modern medicine, it takes about six weeks of rest for a fractured femur to heal.

# What was the first evidence of civilization?



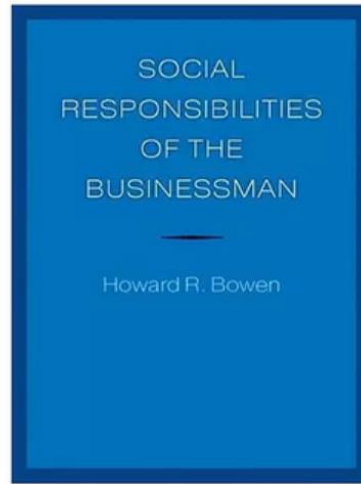
- Margaret Mead: **It is beneficial to be a member of a responsible society!**

# Building SD and CSR concept





# 1953: Howard Bowen defined CSR

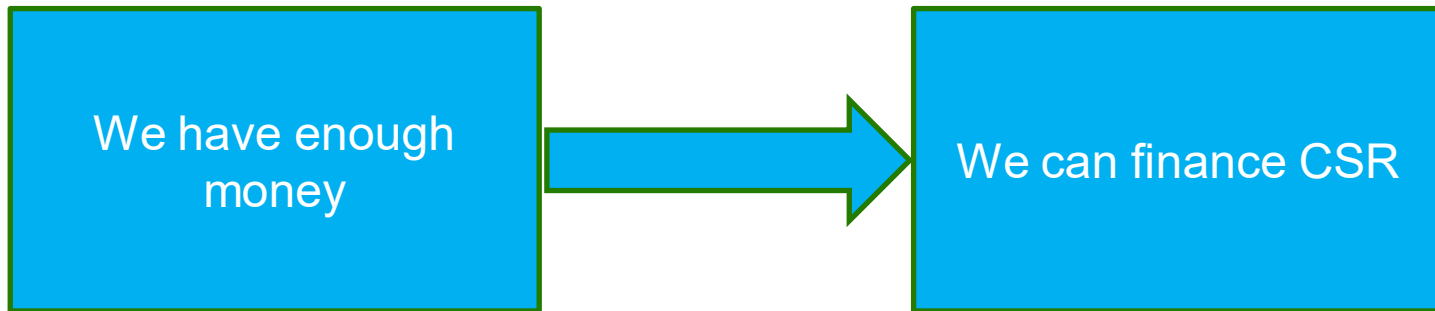


- CSR is based on a concept that a **company is a citizen of the society** in which it exist and operates.
- Bowen defined CSR as *“the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of objectives and values of our society.”*

# From Charity to the Source of Sustainable Competitive Advantage

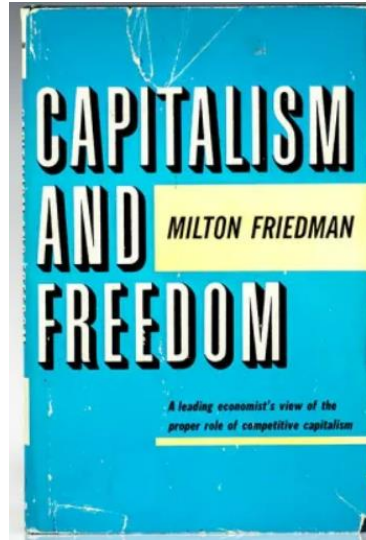
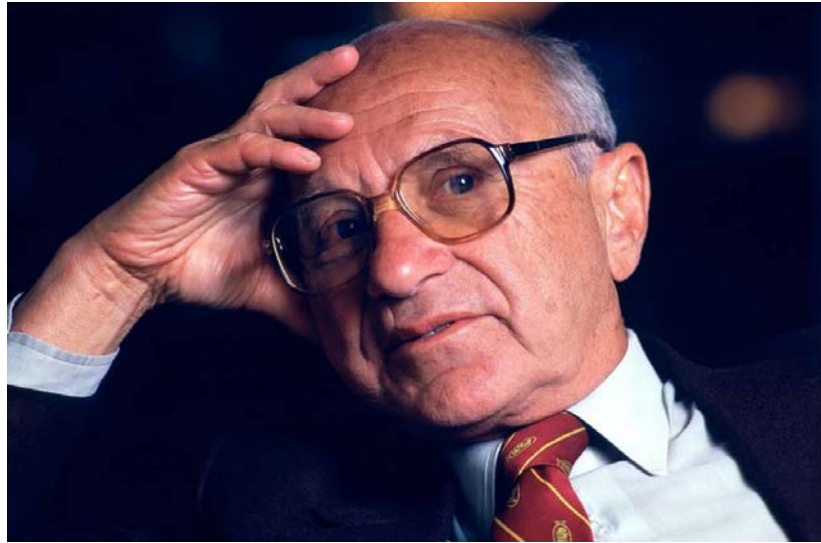


- SCR paradigm:





# 1962: Milton Friedman



- The Social Responsibility of Business is to Increase Its Profits.
- A company has **no** social responsibility to the public or society; its only responsibility is to its shareholders.

# 1968: Kenneth E. Boulding



**The economy of the future might be called the "spaceman economy," in which the Earth has become a single spaceship, without unlimited reservoirs of anything.**

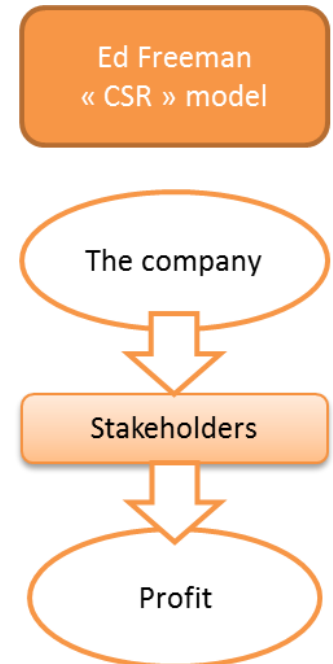
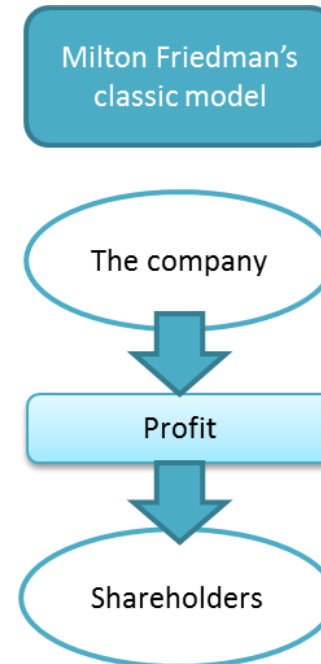
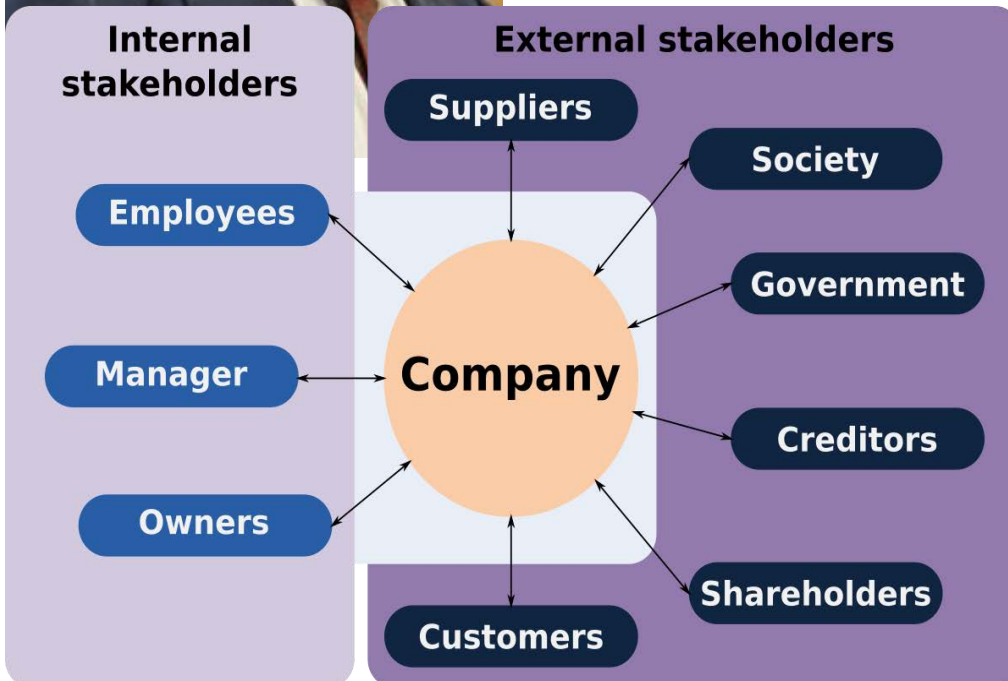
# 1979: Archie Carroll's pyramid



# 1983: Edward Freeman proposed the Stakeholder theory

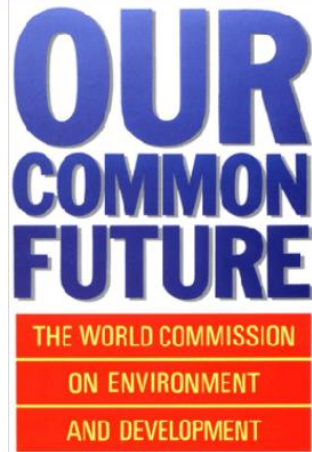


- Freeman concludes that the company's aim is to meet the needs of stakeholders, that is any person who is affected by the decisions made by the company; if this is done, **profit will be made.**



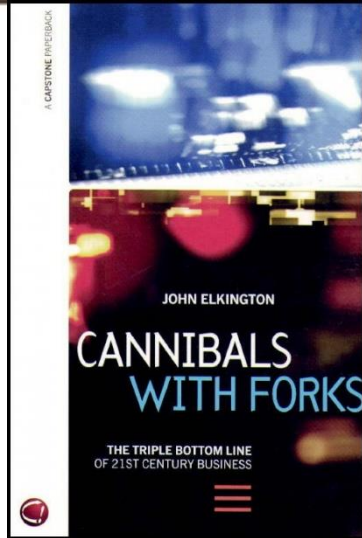
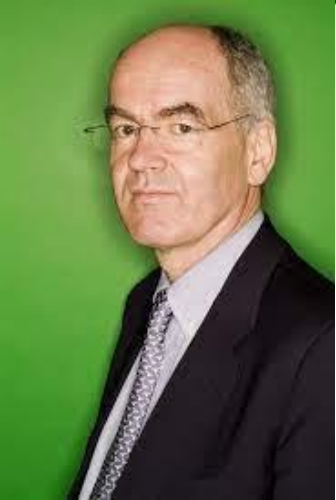


# 1987: Gro Brundtland



- **'Sustainable development'** is "Development that meets the needs of the present without compromising the ability of future generations to meet their own needs"

# 1994: John Elkington: Triple Bottom Line theory



# 1996: ISO 14000



- ISO 14000 is a family of standards related to environmental management that exists to help organizations minimize how their operations (processes, etc.) negatively affect the environment



# 2000: Millennium Development Goals



 <p><b>1</b> Eradicate extreme poverty and hunger</p>	 <p><b>2</b> Achieve universal primary education</p>	 <p><b>3</b> Promote gender equality and empower women</p>	 <p><b>4</b> Reduce child mortality</p>
 <p><b>5</b> Improve maternal health</p>	 <p><b>6</b> Combat HIV/Aids, malaria and other diseases</p>	 <p><b>7</b> Ensure environmental sustainability</p>	 <p><b>8</b> Develop a global partnership for development</p>



# 2000: UN Global Compact



## GLOBAL COMPACT PRINCIPLES



**1 RESPECT**  
*and support internationally recognized human rights in your area of influence*



**2 ENSURE**  
*that your company does not participate in any way in the violation of human rights*



**3 SUPPORT**  
*freedom of association and recognize to open collective bargaining*



**4 ELIMINATE**  
*all forms of forced or compulsory labour*



**5 ERRADICATE**  
*all forms of child labour in your productive chain*



**6 STIMULATE**  
*all practices that eliminate any form of discrimination at the workplace*



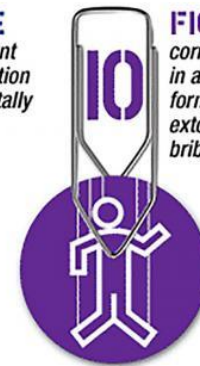
**7 ASSUME**  
*a responsible, preventive and proactive posture towards environmental challenges*



**8 DEVELOP**  
*initiatives and practices to promote and divulge socioenvironmental responsibility*



**9 PROMOTE**  
*the development and dissemination of environmentally responsible technologies*



**10 FIGHT**  
*corruption in all of its forms, including extortion and bribery*

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**HOCHSCHULE  
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Rhine-Waal University of Applied Sciences

# 2023: UN Global Compact



United Nations  
Global Compact

WHO WE ARE

THE SDGS

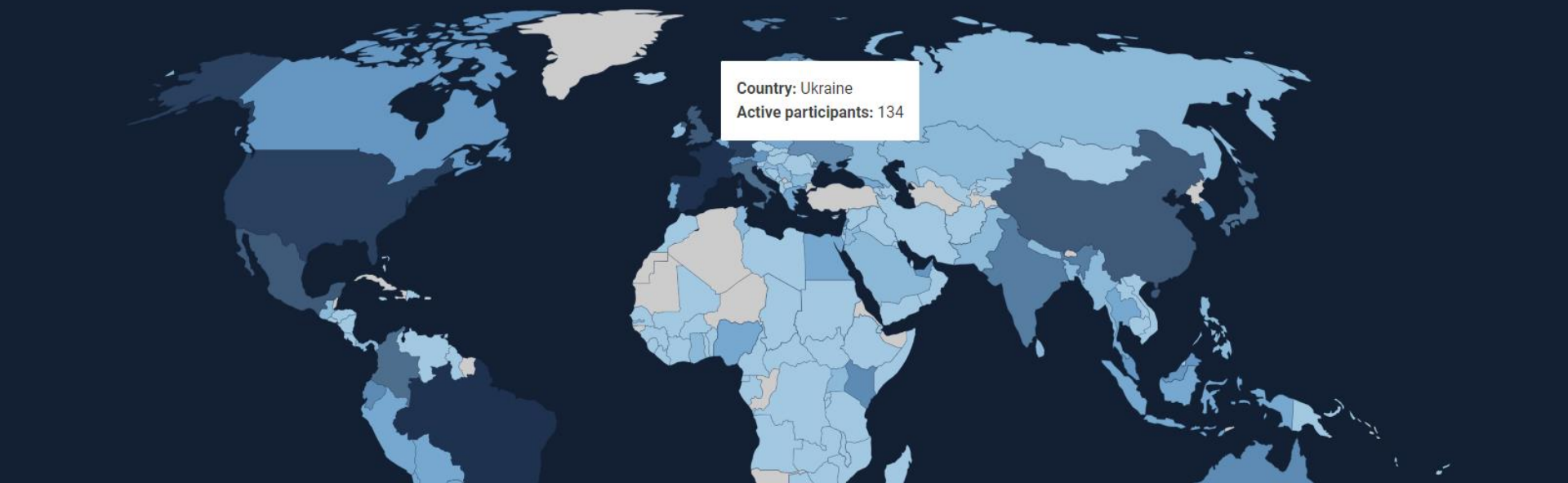
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# 2024: UN Global Compact



WHO WE ARE

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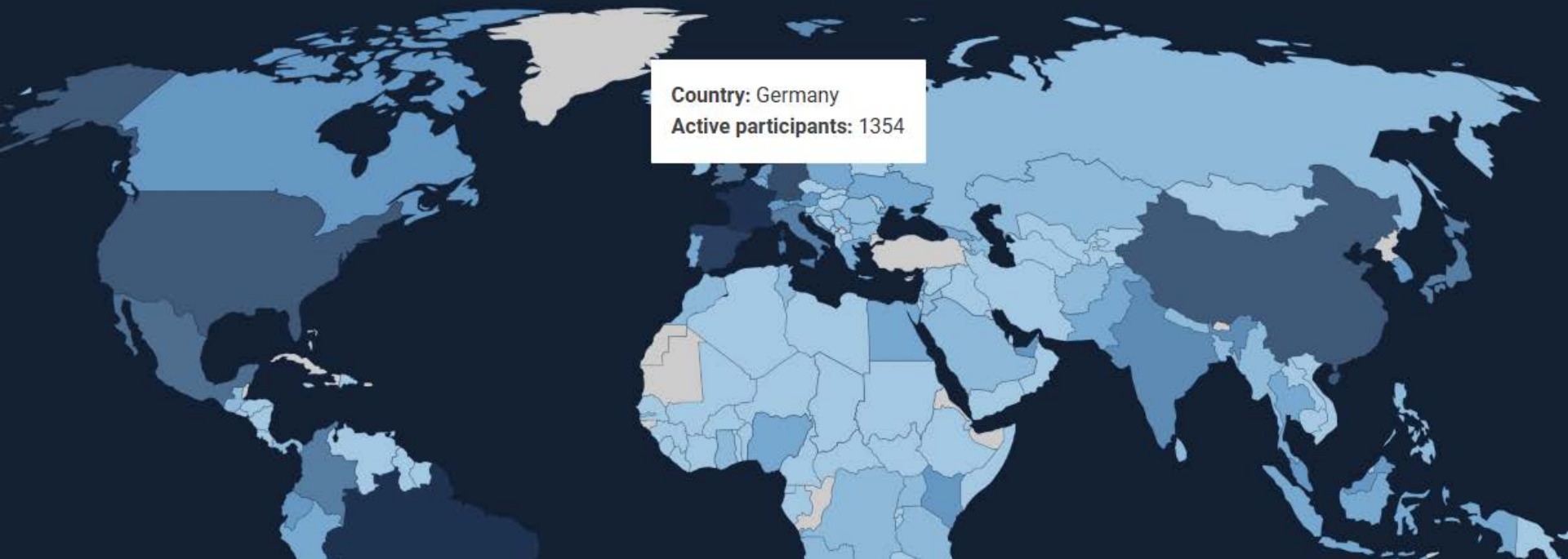
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# 2010: ISO 26000



- ISO 26000: Guidance on social responsibility is an international standard
- ISO 26000 offers guidance on socially responsible behavior and possible actions.



# 2015: Sustainable Development Goals



## SUSTAINABLE DEVELOPMENT GOALS

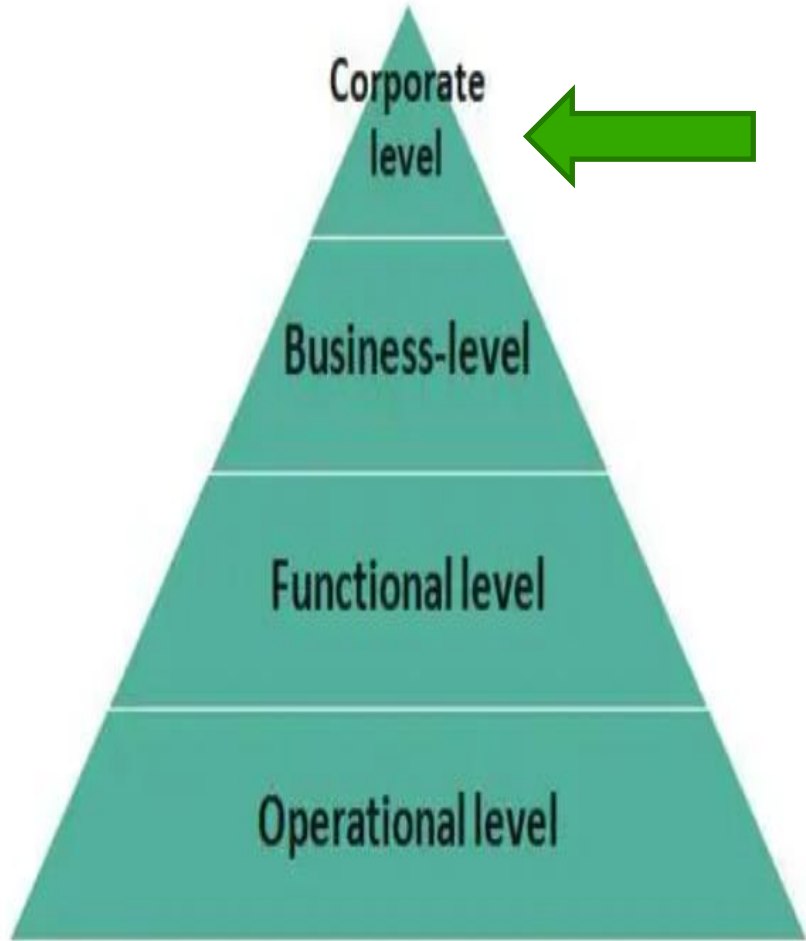




# SUSTAINABLE DEVELOPMENT GOALS UKRAINE



# Place of SD & CSR in the Corporate strategy



- Growth strategy
- Investment priorities
- Synergy effect
- Corporative culture
- **Corporate Social Responsibility**



# Continuum of social responsibility



- Social obligation - corporate behavior at this level conforms only to legal requirements and competitive market pressures



- Social responsibility - Corporate behavior at this level is congruent with prevailing norms, values, and expectations of society.



- Social responsiveness - Corporate behavior at this level takes preventive action to avoid adverse social impacts from company activities and even anticipates or takes the lead in future movement beyond current expectations

# CSR report



A corporate social responsibility (CSR) report is an internal- and external-facing document companies use to communicate CSR efforts and their impact on the environment and community. An organization’s CRS efforts can fall into four categories: environmental, ethical, philanthropic, and economic.

## The *WALT DISNEY* Company 2019 CORPORATE SOCIAL RESPONSIBILITY UPDATE



### Table of Contents

<b>3</b>	<b>LETTER FROM OUR EXECUTIVE CHAIRMAN</b>	<b>21</b>	<b>CONTENT &amp; PRODUCTS</b>
<b>4</b>	<b>OUR BUSINESS</b>	<b>26</b>	<b>SOCIAL IMPACT</b>
<b>5</b>	<b>OUR APPROACH AND GOVERNANCE</b>	<b>32</b>	<b>LOOKING AHEAD</b>
<b>7</b>	<b>ENVIRONMENT</b>	<b>33</b>	<b>DATA AND PERFORMANCE</b>
<b>12</b>	<b>WORKFORCE</b>		FY19 Highlights and Recognition ..... 34
<b>18</b>	<b>SUPPLY CHAIN LABOR STANDARDS</b>		FY19 Performance on Targets ..... 35
			FY19 Data Table ..... 36
			Sustainable Development Goals ..... 39
			Global Reporting Initiative Index ..... 40

# SD & CSR practices



By 2030, the toymaker plans to use environmentally friendly materials to produce all of its core products and packaging—and it's already taken key steps to achieve that goal.



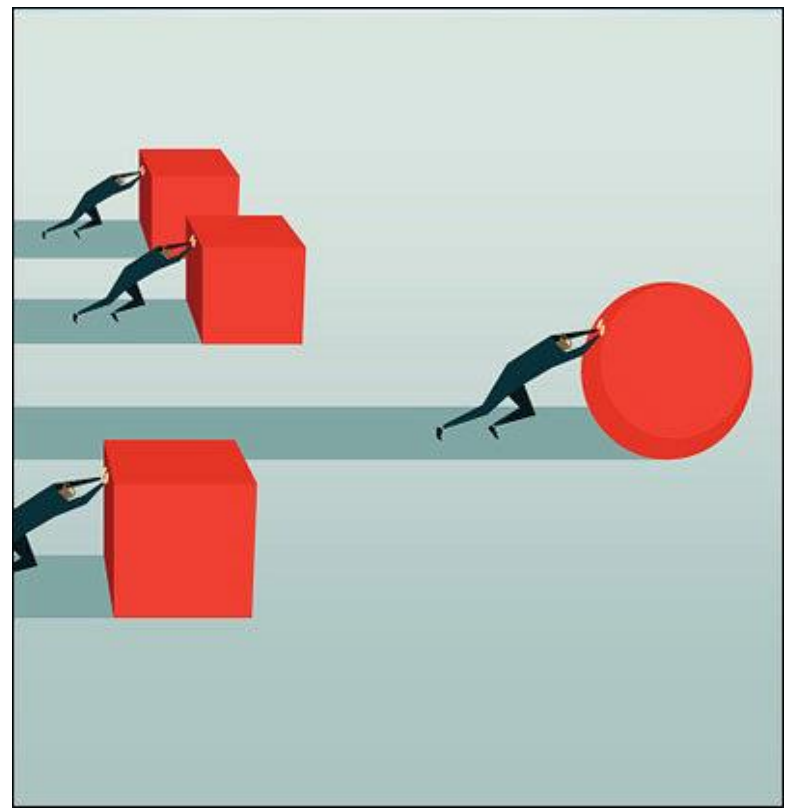
The brand bases its approach on Coffee and Farmer Equity (CAFE) Practices, one of the coffee industry's first set of ethical sourcing standards created in collaboration with Conservation International. CAFE assesses coffee farms against specific economic, social, and environmental standards, ensuring Starbucks can source its product while maintaining a positive social impact.



Since its outset, the company has championed its 1-1-1 philanthropic model, which involves giving one percent of product, one percent of equity, and one percent of employees' time to communities and the nonprofit sector.



# SD&CSR leads to sustainable competitive advantage



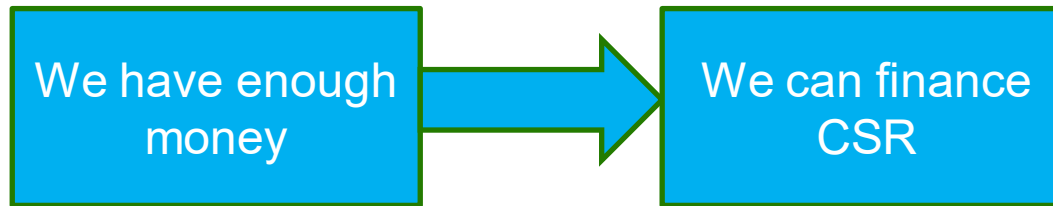
**SUSTAINABILITY  
DEVELOPMENT  
STRATEGY**



# From Charity to the Source of Sustainable Competitive Advantage



- Old paradigm:



- New paradigm:

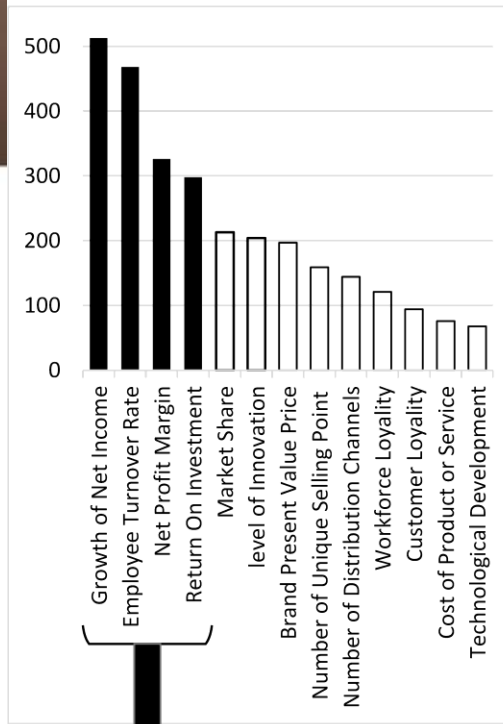




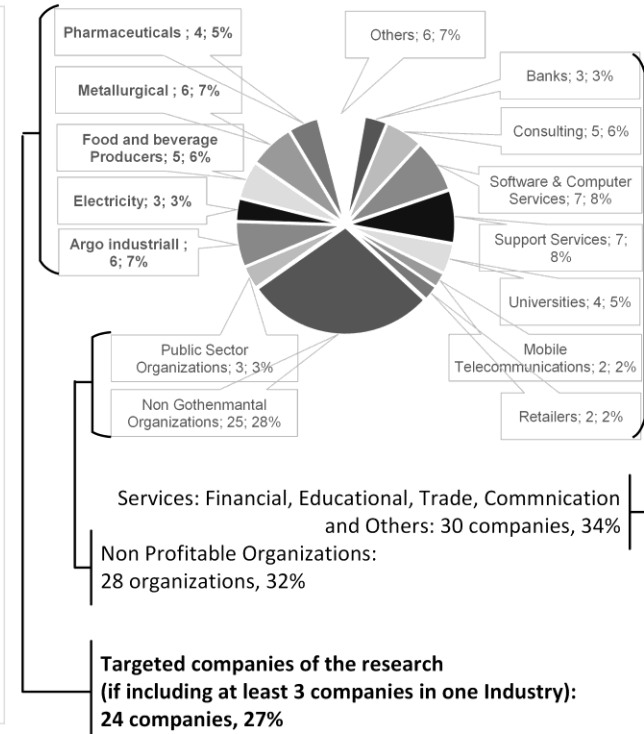
# 2012-2018

## H1: Does CSR lead to sustainable competitive advantage?

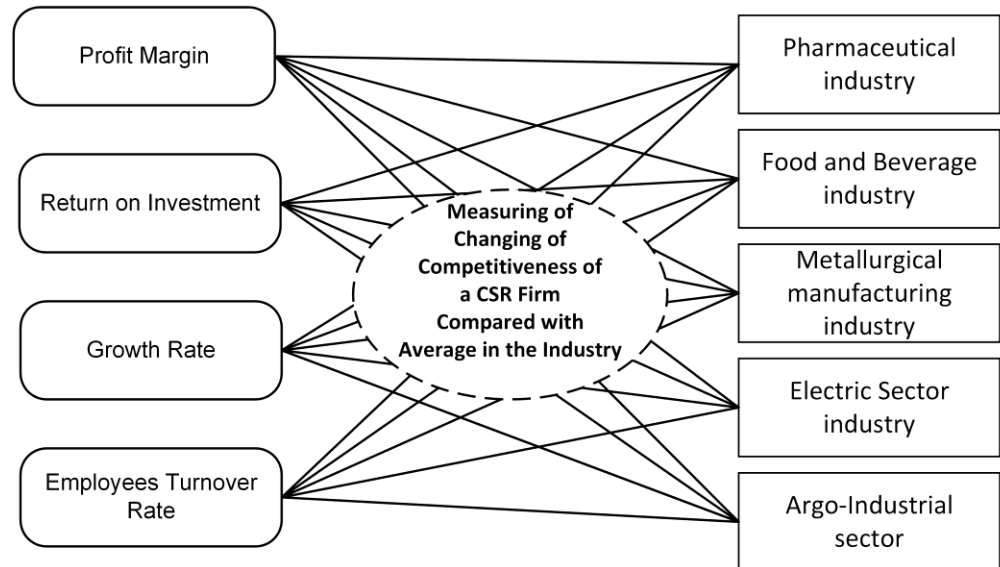
Number of Articles that Include the Indicators



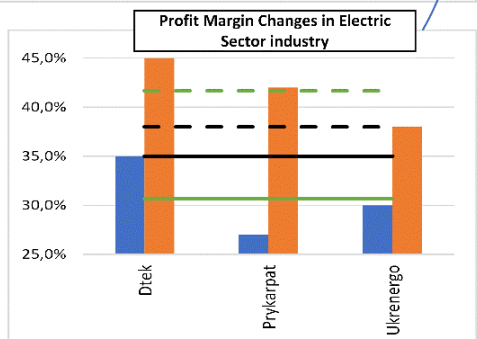
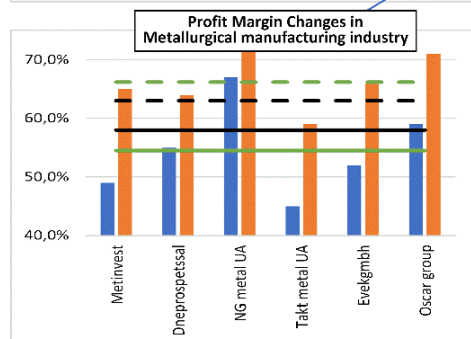
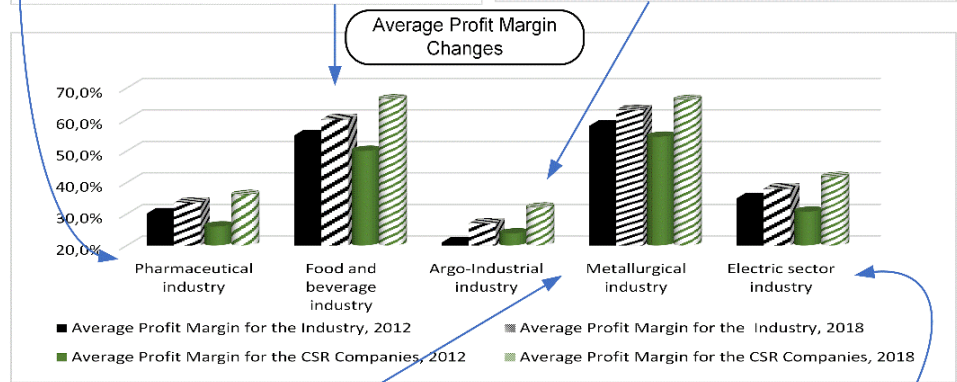
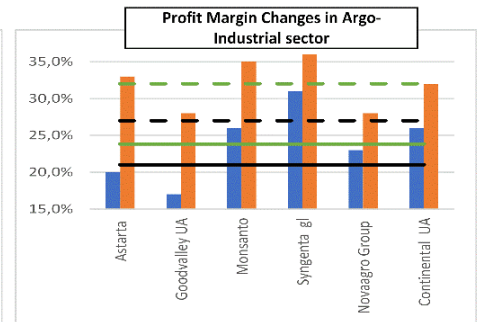
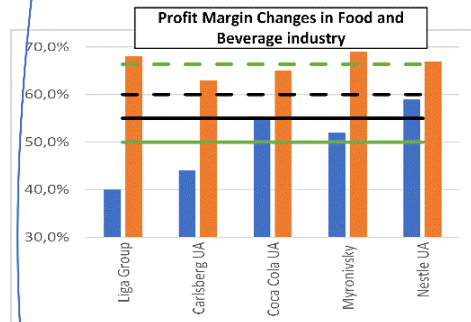
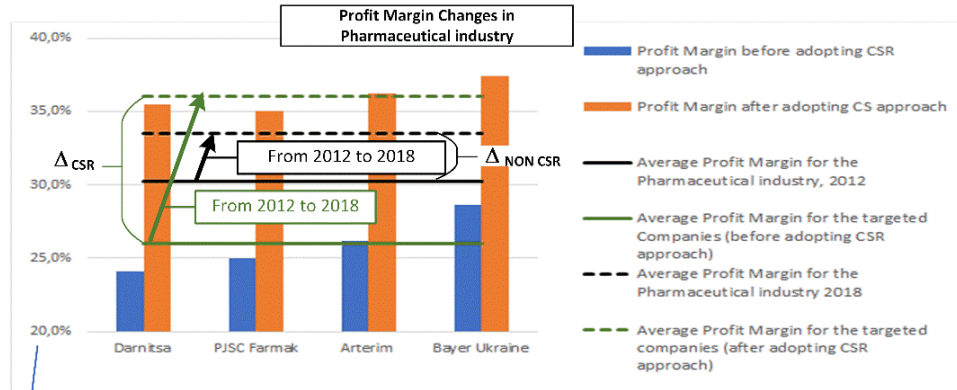
Ukraine: 88 companies adopting CSR



**Targeted companies of the research (if including at least 3 companies in one Industry): 24 companies, 27%**

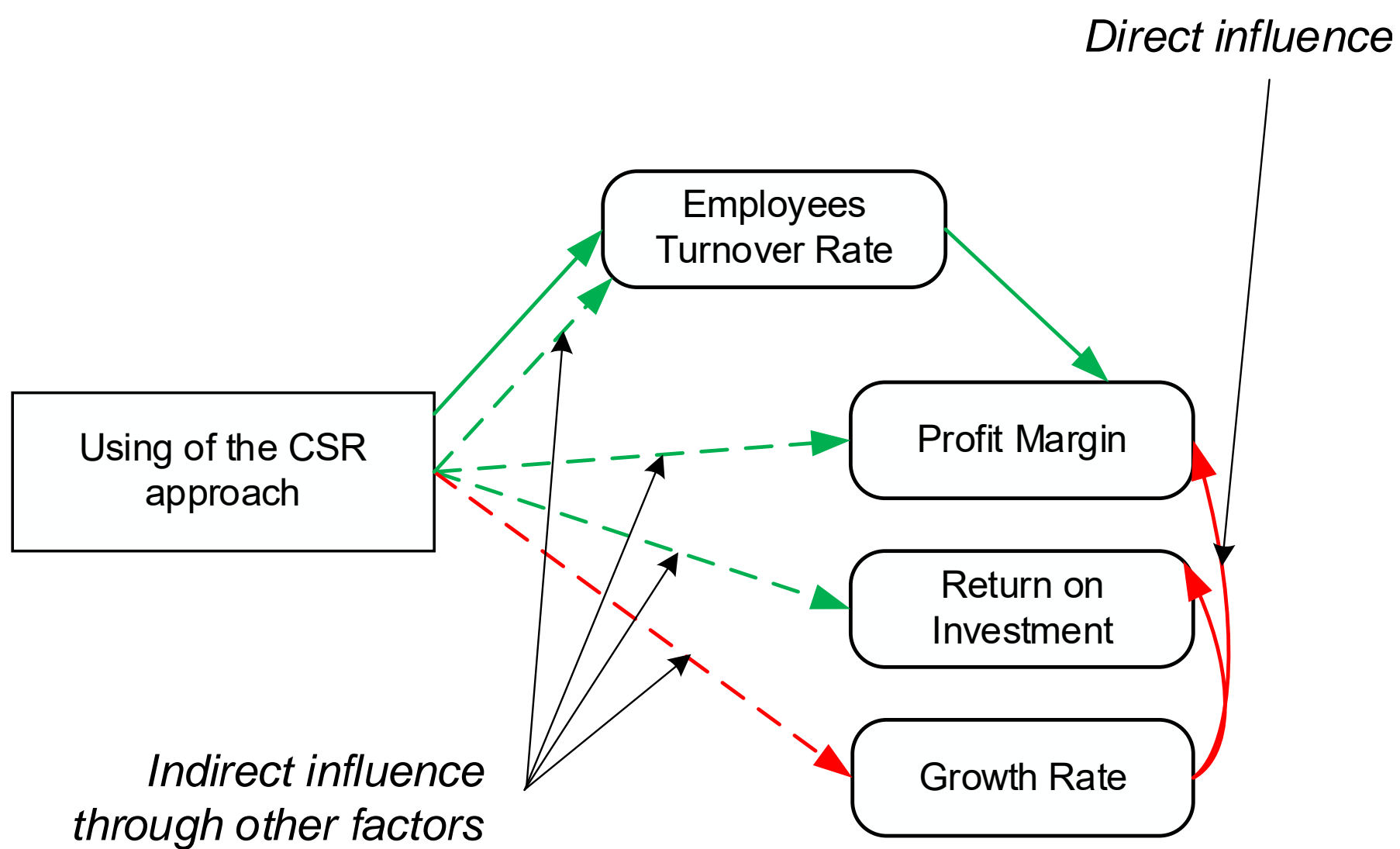


# 2012-2018





# What are the sources of competitive advantage?

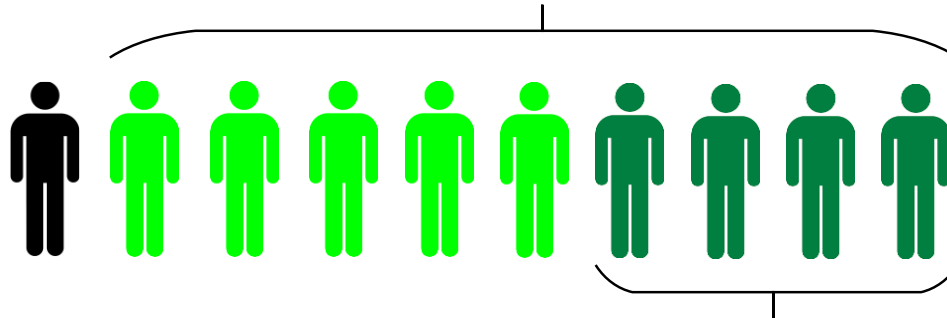


# Survey: Ukraine, 2023



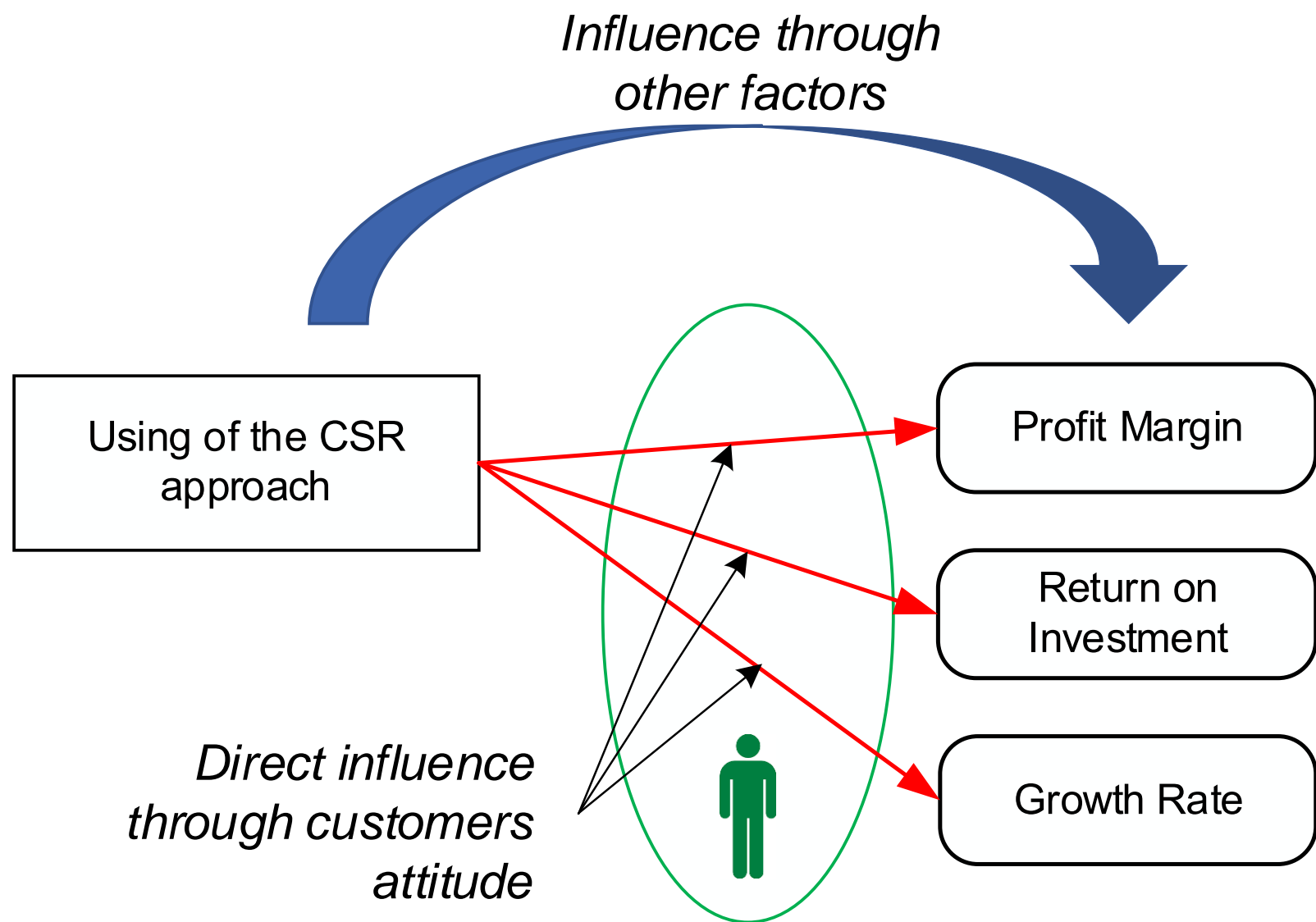
- **49,7 %** will choose the CSR-company's product if the characteristics are the same with other products
- And (the sets are not crossing) **39,5 %** will not only choose the product of CSR-company if the characteristics are the same with other products, but they are ready to pay extra for this product
- And only **10,9%** do not pay attention to the CSR activities.

9 out 10 will chose the product if its producer uses CSR concept



4 out 10 are ready to pay premium price for the product if it is produced by CSR-company

# One of the sources of competitive advantage is better customer's attitude



# Sources of Competitive Advantage (when using CSR & SD concept)



- **Enhanced Brand Loyalty and Reputation:** Companies actively engaged in CSR build **positive brand images**, making consumers more likely to choose their products or services over those from less responsible competitors. This reputation can create customer loyalty, a significant competitive advantage.

**proved**





# Sources of Competitive Advantage (when using CSR & SD concept)



- **H: Employee Engagement and Talent Retention:** CSR initiatives contribute to a positive work environment, which attracts talent and reduces turnover. Employees are more likely to stay with companies that align with their values, fostering a stable workforce, which in turn reduces recruitment and training costs



# Sources of Competitive Advantage (when using CSR & SD concept)



- **H: Operational Efficiencies and Cost Savings:** CSR practices often lead to resource conservation, energy efficiency, and waste reduction. These measures not only reduce environmental impact but also lower operational costs, giving companies a financial edge.



# Sources of Competitive Advantage (when using CSR & SD concept)



- **H: Green Tax Incentives for Sustainable Practices:** Governments often provide tax credits, deductions, or exemptions to businesses investing in environmentally sustainable practices, such as using renewable energy, reducing emissions, or improving energy efficiency. These incentives align with CSR goals of environmental stewardship and encourage companies to adopt green initiatives that lower their tax liability.



# Sources of Competitive Advantage (when using CSR & SD concept)



- **H: Increasing investment attractiveness:**  
Companies with strong CSR initiatives attract funds and investors focused on sustainable and responsible investing.





# How to inform our customers about CSR activities?



- Advertising is a marketing communication that employs messages to promote or sell a product, service or idea.
- The additional task for advertising is to inform our customers about our CSR activities.



# How to inform our customers about CSR activities?



- CSR campaigns are most successful whenever suspicion is low.
- Ideally, a company would support a cause that is low in benefit salience, spend more money on contributions than on advertising, and leave it to others to spread the word about its good deeds.



Yoon, Y., Gürhan-Canli, Z., & Schwarz, N. (2006). The effect of corporate social responsibility (CSR) activities on companies with bad reputations. *Journal of consumer psychology*, 16(4), 377-390.

# How to inform about CSR activities?



- **Direct marketing** means direct persuading to buy your business' product or service.



- The process of **indirect marketing** revolves around the idea of building loyal audiences and customers that will buy from you over time



# How to inform our customers about CSR activities?

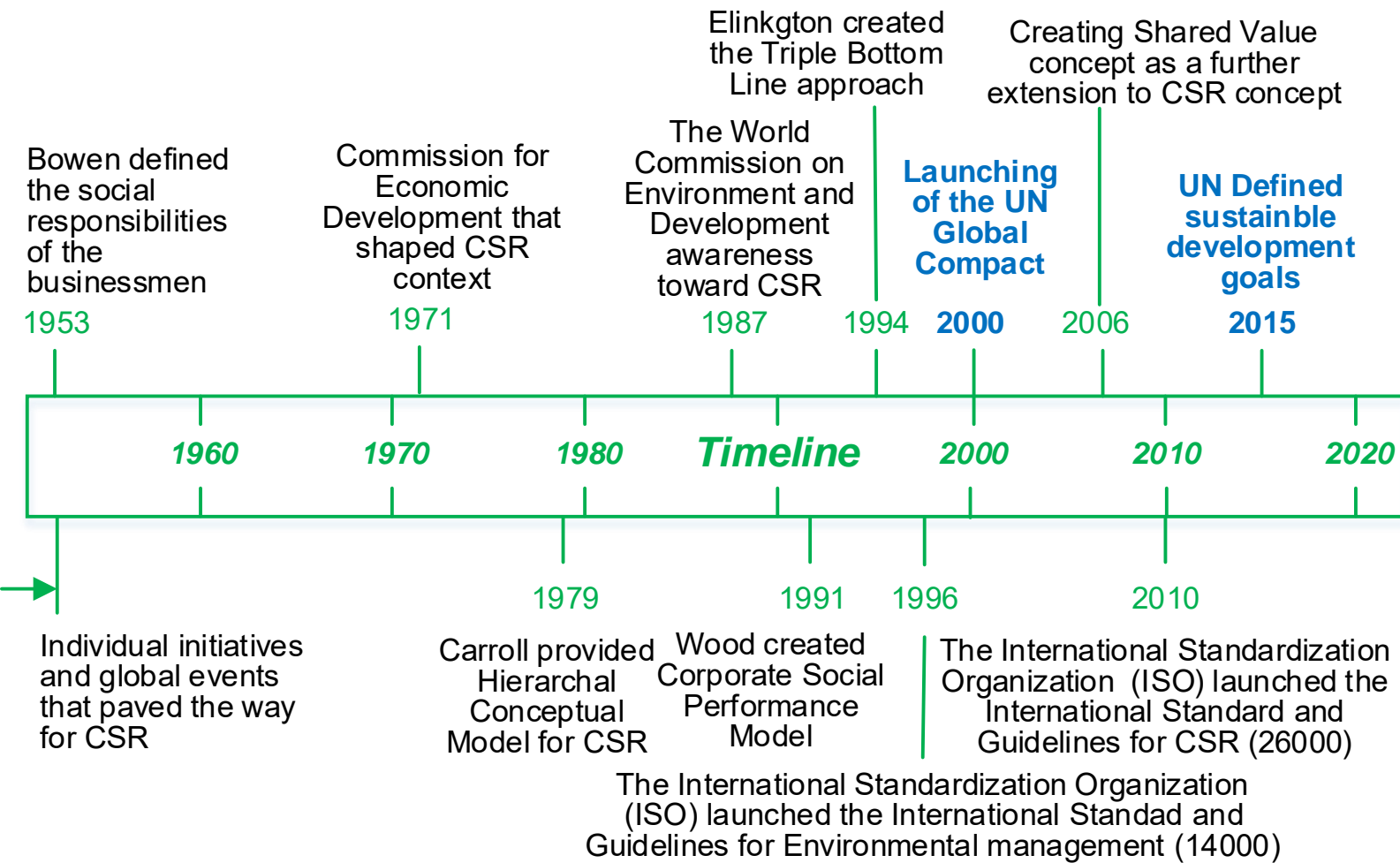


- The risk of backfire effects from CSR advertising therefore presents marketing communicators with a reputational management challenge.
- For this reason, **soft methods of communication**, such as annual reports and corporate websites, have been recommended over harder-edged advertising approaches

Morsing, M., Schultz, M., 2006. Corporate social responsibility communication: Stakeholder information, response and involvement strategies. *Business Ethics: A European Review* 15 (4), 323–338.



# Outcomes: CSR is becoming a source of sustainable competitive advantage



*CSR is becoming as an instrument of creating sustainable competitive advantage*

# Thank you!



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