
Sustainability as a Tool for Increasing Competitiveness¹

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Abstract

One of the main aims of companies is to reach quality of products and services. In particular, good quality of services is a highly rated factor so the price often stands behind. Nevertheless, many companies focus on the quality as the customer is willing to pay for it. The company is more competitive; however, they must strive to achieve continual improvements. Accepting the principles of sustainable development is one of the instruments or strategies to reach competitive growth. Currently this notion is being profaned and often considered only as a simple phrase, but many companies from different spheres, such as tourism, electrical engineering, retail, civil engineering, etc., show its real benefits. Companies create strategies of sustainable development following company competitiveness.

Key words

Sustainability, competitiveness, strategy, environment

JEL Classification: Q01

Introduction

According to the European Union, a priority of state policy is to ensure equitable and prosperous future with a sustainable environment. A plan was specified to succeed in achieving desired results which is based on higher growth and employment in a more ecological economy. This goal can be achieved through coordinated policies in the fields of economy, employment, and environment protection. Creating EU's single market was a contribution to job development as well as to sustainability. Uniting efforts of the EU member states offer the best guarantee that the benefits of this strategy will be justly utilized in the entire EU and will be accessible to future generations (Zamestnanosť a rast v EÚ, 2008).

1 Sustainability as a Tool for Increasing Competitiveness

1.1 Sustainability as a priority

Sustainable development is the National Strategic Referential Frame's (NSRF) horizontal priority as a supreme document for funds drawing from the European Union

¹ The thesis is an output of research project IGM č. 2316070/10 *Možnosti uplatňovania nástrojov a metód neustáleho zlepšovania podnikateľských subjektov v kontexte zvyšovania ich konkurencieschopnosti.*

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and influencing the targets of NSRF in a complementary way. The purpose of horizontal priority is to ensure the achievement of its defined targets, which is related to several priorities of the NSRF. Therefore, it cannot be achieved only through one operation program, but it requires a coordinated approach across more specific priorities (priority axes) or projects of separate operation programs.

The goal of the Horizontal Priority Sustainable Development (HP SD) is to ensure environmental, economic, and social sustainability of the economic growth. The given goal can be fulfilled through monitoring specific goals, mostly, in the following 4 thematic areas:

- Increasing economic prosperity (e.g. increasing the quality of research, development and education, reducing energy and raw material intensity of the economy, and increasing the use of renewable energy resources);
- Increasing the quality of the environment (e.g. reducing environmental pollution, well-balanced use of natural sources, protecting nature and biological diversity);
- Social solidarity and inclusion (e.g. reducing the unemployment rate, strengthening the status of vulnerable and marginalized groups of population, ensuring protection of population's health);
- Well-balanced regional development (e.g. improving informatization, strengthening the global economic, social, and cultural potential of regions, improving traffic infrastructure) (Trvalo udržateľný rozvoj, 2008).

1.2 Dow Jones Sustainability Index

There are many institutions and organizations in the world dealing with sustainable development. Some of them are creating strategies, others only collecting statistical information, and some evaluating them. The Dow Jones Company records the best sustainability-driven companies through the Dow Jones Sustainability Index annually. In their statistics they record 19 "supersectors" of businesses such as banking, telecommunications, technologies, food, health care, and travelling, etc. (refer to sectors and its leaders in Table 1). The sustainability assessment criteria are divided into three dimensions – environmental, economic, and social. Criteria assessment data are received from company questionnaires, documents (strategies, plans, and visions), and news from media, press, and personal contact (Global Supersector Leaders, 2010).

The Dow Jones Indexes are globally respected rankings of how well the world's leading corporations are integrating the sustainable development principles into their businesses. Selecting components from 2,500 companies in over 50 countries worldwide, the indexes are relied upon by leading institutional investors (Oravec, 2009).

According to the 2009-2010 edition of the Dow Jones Sustainability Index, Nokia is the most sustainable technology company worldwide. Already rated for several years as the European leader, moreover, the company was chosen as "World Technology Supersector Leader" in 2009 making it the number one across the entire global technology sector. "Acting responsibly is not just a right thing, but also it is undoubtedly the best thing for our business." Nokia has been integrating ecological and sustainable development activities to its business for more than ten years. Environmental issues are considered in all their devices. Its aim is to minimize environmental impacts of

their products through product design, energy consumption, material usage, production processes, and recycling. Nokia collaborates with several public sector bodies, NGOs, and voluntary groups. The company is using the power of mobile technologies to address environmental, social and economic issues. In its recent project Nokia develops mobile software which is being used by health workers to help monitor and fight the outbreak of disease in Brazil (Oravec, 2009).

Table 1 The list of the best sustainability-driven companies by sectors

Name	Supersector	Country
Bayerische Motoren Werke AG (BMW)	Automobiles & Parts	Germany
Australia & New Zealand Banking Group Ltd	Banks	Australia
Xstrata Plc.	Basic Resources	UK
AkzoNobel	Chemicals	Netherlands
Siam Cement	Construction & Materials	Thailand
Itausa-Investimentos Itau	Financial Services	Brazil
Unilever	Food & Beverage	Netherlands
Roche Holding AG	Health Care	Switzerland
TNT N.V.	Industrial Goods & Services	Netherlands
Swiss Re	Insurance	Switzerland
Pearson Plc.	Media	UK
Sasol	Oil & Gas	South Africa
Philips Electronics	Personal & Household Goods	Netherlands
GPT Group	Real Estate	Australia
Lotte Shopping	Retail	South Korea
Nokia Corp.	Technology	Finland
Telefonica, S.A.	Telecommunications	Spain
Air France KLM	Travel & Leisure	France
EDP Energias de Portugal	Utilities	Portugal

Source: http://www.sustainability-index.com/07_html/indexes/djsiworld_supersectorleaders_10.html

Nokia works to reduce energy consumption and increase efficiency in all spheres of its business as part of their combat strategy against climate changes. For example, their economical projects include travel restrictions or investments to research and development of new technologies using renewable energy resources. Nokia is planning to increase green energy utilization which should constitute a quarter of their overall energy consumption. Nokia is granted more and more credit for its sustainable development strategy. As the company's long-term contribution relating to environmental measures, they were also awarded the first prize for their extraordinary contribution to the environment on the GSMA Mobile World Congress in Barcelona. Nokia was also chosen as India's "Green Company of the Year" at the 10th Annual Voice and Data 100 Awards (Oravec, 2009). It is very interesting to watch the Dow Jones's ranking since it is possible to check retrospectively whether companies have developed sustainable strategies and how they exercise them.

1.3 SD Strategies to Ensure Competitiveness

Since sustainability is the European Union's priority, its principles are also being established into companies' strategies. For a long time many companies are aware of the fact that exercising the principles of sustainability together with social responsibility forms the company's good name. Being an environmentally conscious company in the customer's eyes means a certain competitive advantage. The customer tends to rate in positive way things that support environmentally faultless procedures; however, it is only an initial marketing. The product itself must be truly good-quality; otherwise, the company loses the customer and through negative references loses also other potential ones. Today, most of the business entities are aware of this risk, therefore, they create socially responsible businesses. For several years separate parts of sustainability development and responsible approach towards the surroundings and environment constitute the socially responsible business. Sustainability is not only becoming a marketing instrument, but also an instrument to increase quality and competitiveness.

Not only the sustainable development strategy itself, but also partial documents and groups founded in order to develop individual sectors prove that sustainable development is one of the European Union's priorities. Sustainability is not only a matter of services and tourism, but a matter of all economy spheres. As an example of EU's responsible approach is also the Commission's decision from October 14, 2010, on renewing the activity of a new high level advisory group for competitiveness and sustainable growth of the automobile industry in the European Union – CARS 21 (Rozhodnutie Komisie, 2010). This also supports the rule that sustainability and competitiveness are two complementary notions and it is necessary to deal with their cohesion.

As an example, Schneider Electric is a company practicing the strategy of the sustainable development. The company accepted the principles of responsibility in 2002 and created the Planet and Society Barometer to measure its corporate social responsibility performance. Its management and administration are provided quarterly by the sustainable development department based on the plans of the individual departments (Barometer planéty a spoločnosti, 2010).

Planet and Society Barometer

Integrating sustainable development into the growth strategy, the company has made it their priority to ensure safe working conditions and basic health insurance for all their employees. The Planet and Society Barometer is made up ten progress plans, which together allow them to measure responsible corporate performance.

People

1. Reduce the number of lost days from work accidents by 20%.
2. Ensure that all employees have basic health insurance.
3. Ensure that 20 % of people under international mobility program are women.

Community

1. Donate EUR 1 million worth of Schneider Electric equipment.
2. Ensure that 90 % of the company's centers have a lasting commitment with the Schneider Electric Foundations in the area of youth opportunities.

Environment

1. Ensure that all manufacturing and logistic sites are certified ISO 14001.
2. Provide an environmental profile for 120 products representing more than 50 % of total product revenue.
3. Reduce energy consumption per production site employee by 10 %.

Corporate governance

1. Make 60 % of total purchases from suppliers who support the Global Compact.
2. Be included in the four major socially responsible investment index families.

Also the well-known IKEA, one of the leaders in furniture business, set on the sustainability strategy. The company adopted the idea of sustainable life is sustainable work; therefore, they addressed some experts to create an idea of sustainable strategy. As several other companies, IKEA also publishes annual reports on sustainability. IKEA Sustainability report shows progress in many areas and provides detailed information and data about work, assumed responsibility for people and environment. IKEA continues with its work in the combat against climate changes. They diversified their collaboration with WWF in four new climate projects. The company believes that sustainability is their biggest asset proving that it is a tool for increasing competitiveness. For that reason, they have started packaging furniture to take up only a minimum space which, first of all, reduces costs and price too since the transportation is more efficient. Secondly, this affects the environment in a positive way as the emissions are also reduced. Besides, the company uses smart materials and production methods. The effort is to achieve sustainability of every product. When buying a product, IKEA tries to teach their customers that it is necessary to think about sustainability and quality, environmental aspects, and prolongation of the product's life cycle, i.e. to last as long as it is possible (Nikdy nekončiacia práca, 2010).

Organizations dealing with relaxation, tourism and travel, which, on one side, are the accelerators of the economic development, but at the same time also potential polluters of the environment, are a good example to be presented. Solving environmental issues, they have to cross many obstacles connected mainly with lack of finances and competence. The European Union tries to achieve that all their activities and strategies are in compliance with the requirements of environment protection and sustainable development. Therefore, they spend significant sources for business entities with an effort to help them exercise whole series of environmental management tools, such as environmental audits, environmental assessment and product labeling, ecobalances, environmental profile of a product, etc. These tools were mainly created as internal voluntary initiatives of business entities. Today they influence the production and consumption of products in EU and other states of the world. It is understandable that companies across the world thoroughly assess not only the financial benefit from this orientation (savings identification, increase of process and activity efficiency, and new market opportunities, etc.) (Kollár, 2008).

Sustainable approach of companies is a successful competitive tool that can be found also in Slovakia not just in foreign countries. AquaCity Poprad company can be presented with titles like Green Apple, Green Hero, and is the winner of the prestigious World Travel Awards – The World's Leading Green Resort in 2007, 2008 and 2009. The World Travel Green Awards are meant for the leading organizations in the tourism field for their contribution to planet protection and development of environmentally-friendly

tourism. The AquaCity company is determined to protect the environment; therefore, they specified their goal to minimize the operation impact on the environment of this significant tourist resort located in beautiful surroundings. They want to demonstrate that offering affordable green luxury is possible. Using free available green energy, the resort is able to keep low operation costs and return these savings to customers. Here are some of the ways in which the company demonstrates their commitment to the environment:

1. AquaCity is self-powered, using geothermal water and solar energy.
2. Waste materials are recycled wherever possible.
3. Materials are gained from local and sustainable sources.
4. Staff is trained in environmental management.
5. Energy is saved, even their own green energy.
6. Buildings are constructed to optimally use the environment.
7. Employees are recruited from the local community.

Using natural energy sources instead of burning coal or gas, AquaCity is saving millions of Euros on operation costs each year. The cost savings are returned to the customer through high-quality facilities, which would be disproportionately more expensive for a similar sized resort burning coal or gas (Náš záväzok, 2009).

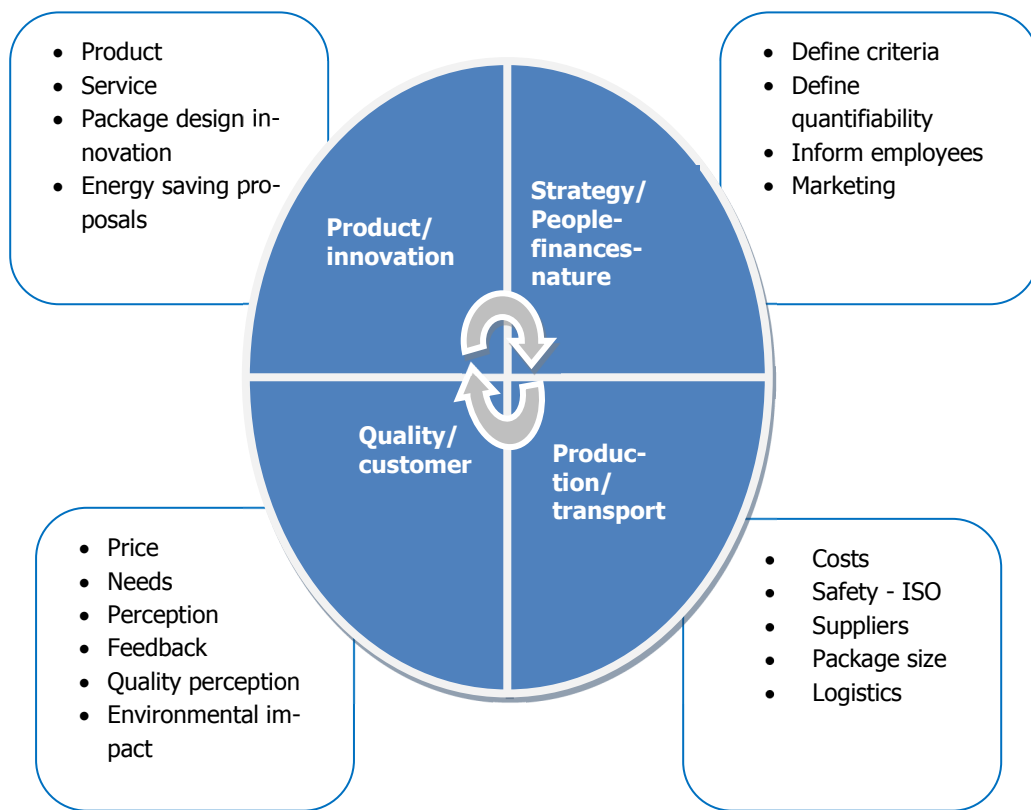
1.4 Sustainability Model as a Tool for Achieving Quality

The basis of success is choosing the right model that the company will follow during implementation and creation of a sustainability strategy. First of all, they have to be aware of what is the basis of their offer – goods or services. Although there is one target basically, it is important whether the offered product is tangible or non-tangible. In case of a tangible product, there is a distribution network and its means as an intermediary between the producer and end-user. Unlike non-tangible products, where the distribution network's means is only a reservation system or a particular person, goods have to be transported to customers, consequently, a logistic system, appropriate packaging, transportation and storage is necessary for them. The more demanding is the process of distribution, the higher are the costs and load on the environment. When the company is fully aware of the subject of their offer, they develop a strategy including innovations to reduce economic and environmental intensity of the product.

At the beginning, the company specifies the criteria of sustainability what they want to assess and, of course, defines their quantifiability to contain sufficient information for the management. The criteria are developed in compliance with the three principles of sustainability, i.e. economic, environmental, and social. The company will adjust its marketing to this externally. The basis of successful and sustainable marketing is to emphasize only what the company can really offer. The employees must be informed about the company's vision. The products can be produced in compliance with the previous rules. The assumption is costs reduction along with increasing safety through following ISO and safety standards. Besides upholding procedures given by the company, also the suppliers must follow this trend, so the costs can be minimized even more and the production can be more efficient.

After production, the size and work out of the packaging, used materials, and the entire logistic provision are very crucial. The moment of truth is the customer's contact with the product, when their satisfaction with price and quality can be monitored and also feedback received, which should provide other sources of ideas for next innovations contributing to products' sustainability and also to market competitiveness. It is a very simple explanation of this model which is illustrated below (refer to Figure 1). The fact is that business entities should experience this process if they would like to achieve satisfying results, do well in competition fight and increase their products' quality.

Figure 1 Preparation model of sustainability strategy



Conclusion

From the given theoretical information and also from the particular strategies of companies, it is evident that the focus of reasoning of successful companies shifts towards sustainability and environmental procedures. This trend follows costs and price reduction, nature and environment protection, and also consumer's protection. The customer gets used to the quality which is offered by several companies across the world. The principles of sustainability have become important for quality and competitiveness. Companies adopting strategies following from these principles based on prac-

tical experience of leaders such as Nokia, BMW, Unilever, and IKEA will come out viable from the competition fight on the product and services market.

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