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## CSR jako źródło konkurencyjności kanałów dystrybucji CSR as a source of competitiveness of distribution channels

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Celem artykułu jest wskazanie na udział CSR w budowaniu przewagi konkurencyjnej kanału dystrybucji. Autorki problem ten rozpatrują dla uwarunkowań współczesnej gospodarki, w której nie konkurują między sobą pojedyncze przedsiębiorstwa ale łańcuchy dostaw; również w Polsce daje się obecnie zauważać postępujący proces przekształcania kanałów dystrybucji w łańcuchy dostaw. łańcuchy ulegają również skróceniu - coraz częściej hurtownicy są w nich pomijani. W artykule sformułowano tezę, iż uczestnicy kanałów dystrybucji opartych na idei CSR dostarczają wyższą wartość dla finalnego nabywcy. Wartość tworzona w kanale dystrybucji rozumiana jest zgodnie z ujęciem M. Portera, jako wartość ekonomiczno-spółeczna. Przedmiotem szczególnej uwagi są nowoczesne kanały dystrybucji na rynku FMCG w Polsce, w których silne kapitałowo przedsiębiorstwa handlowe mają znaczący wpływ na dostawców (producentów) towarów.

Artykuł ma charakter teoretyczny, aczkolwiek przytoczono w nim przykłady z praktyki. Rezultatem jest wyjaśnienie mechanizmów zwiększających wartość kanałów dystrybucji działających w oparciu o ideę CSR. Oczekiwany rezultat praktyczny to identyfikacja obszarów, które zachęcałyby detalistów do zacieśniania współpracy w kanałach dystrybucji z dostawcami w oparciu o ideę CSR oraz wskazanie na rozwiązania, jakie można w tym zakresie podejmować.

### Introduction

The ongoing trend to introduce the corporate social responsibility standards is observed also in retail sector. It brings up question about the benefits from such activities. The authors examine the problem with regard to the modern economy where the competition is not among the individual enterprises but among the supply channels. The article contains a thesis that the distribution channels based on the idea of CSR are more competitive because they provide a greater value for the end buyer. The M. Porter approach to the role of CSR in the supply chain is used to show how particular action of retailers could improve the competitiveness of the chain.

### The role of retailers in improving the distribution channels' competitiveness

Competitiveness can be defined as a system comprised of four elements: competitive potential, competitive advantage, competitive tools and competitive position<sup>1</sup>. Competitive position is the result of effective competition and a confirmation

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<sup>1</sup> M. J. Stankiewicz: Istota i sposoby oceny konkurencyjności przedsiębiorstwa. Gospodarka Narodowa, 7-8/2000, p. 97.

of the enterprise's ability to make use of the potential and balance of market forces. It constitutes an important starting point for achieving the competitive advantage in the future. Competitiveness can therefore be understood as an ability to achieve and strengthen the competitive advantage. A definition of sustained competitive advantage was first formulated by J.B. Barney claiming that „firm is said to have sustained competitive advantage if it is implementing the value creating strategy not simultaneously being implemented by any current or potential competitor and when these other firms are unable to duplicate the benefits of this strategy”<sup>2</sup>. In Polish literature definition of competitive advantage we can find in publications of L. Żabiński or M. Stankiewicz<sup>3</sup>. More practical definition of competitiveness is provided by the US President's Commission on Industrial Competitiveness: “A firm is competitive if it can produce products or services of superior quality or lower costs than its domestic and international competitors. Competitiveness is then synonymous with a firm's long-run profit performance and its ability to compensate its employees and provide superior returns to its owners”<sup>4</sup>. In the narrow sense, measures of competitiveness at the firm level therefore comprise indicators of financial performance, such as the development of sales, profits, and costs, as well as stock performance.

Nowadays competitiveness of an individual enterprise is largely dependent on competitiveness of the supply chain that the enterprise is a part of. Supply chains, understood as series of activities related to planning, coordinating and controlling the flow of materials, parts and final products from suppliers to end buyers, began its rapid development in the 1980s<sup>5</sup>. They were a reaction to increasing competition and consumer demands, and progressive globalisation processes. In such conditions, channels of product distribution where the participants appear as independent links and compete for a margin share while pursuing their own goals are not sufficient for effective competitiveness on an increasingly demanding market. Therefore, they were replaced by supply chains the management of which was targeted at synchronising the flow of materials from suppliers with consumers' demands in order to achieve a balance between aims often regarded as contradictory, i.e. high customer service, low expenditure on supplies and low unit costs. The replacement process encountered obstacles due to the fact that co-operation was to be between former competitors.

The supply chain can be managed by any of its links. In chains where trading enterprises held a strong position (above all on FMCG and clothing markets) it was them that became the integrating force. The position was a result of changes occurring in the second half of the 20th century, most importantly: gaining by trading enterprises bargaining power in the distribution channel, concentration processes in trade, growing significance of own brand products, rising inventory carrying costs, necessity to meet buyers' demands regarding the supply volume and deadlines, or trading enterprises'

<sup>2</sup> J. B. Barney: Firm resources and sustained competitive advantage. *Journal of Management*, 17/1991, p. 103.

<sup>3</sup> M. J. Stankiewicz: Konkurencyjność przedsiębiorstwa. Budowanie konkurencyjności przedsiębiorstwa w warunkach globalizacji, Dom Organizatora, Toruń 2002.

<sup>4</sup> A. Francis: The Concept of Competitiveness [in:] Francis, A. and P. Tharakan (eds.), *The Competitiveness of European Industry*, London. Routledge 1989.

<sup>5</sup> G. C. Stevens: Integrating the Supply Chain. *International Journal of Physical Distribution and Materials Management*, 19(8)/1989, pp. 3-8.

introducing information technology solutions to effectively co-ordinate activities of partners.

In FMCG retailing one can distinguish four stages of the supply chain evolution:<sup>6</sup>

- characteristic of a decentralised market where there is no co-operation between the links of the supply chain,
- characteristic of the end of the industrial phase, when massive production and increased power of retailers led to noticing the importance of co-operation and first attempts at it,
- the beginning of post-industrial phase with EDI (electronic data interchange) bringing together the chain elements and making it possible to adapt freely to changes in demand,
- the present, in which segments of customers have particular needs to which links of the supply chain must respond by providing value. Buyer needs change continuously over time and organisations are involved simultaneously in a series of value clusters which allows for the so-called *mass customization*.

This frequently quoted development of the supply chain presented by R.H. Lowson should be complemented with another stage, where not only information technologies unite its elements but also social responsibility which in the present conditions has a significant effect on raising competitiveness. This is because ethics and ethical character of purchased products are becoming more and more important for buyers. They are interested not only in the basic features of a product, such as its brand and quality, but also want to know if the production did not involve child labour, destruction of the natural environment or violation of human rights and employment rights. They are interested in the product's country of origin and the conditions in which it was produced. Moreover, they want to participate in social initiatives. Corporate social responsibility of an enterprise managing a supply chain is not limited only to activities related strictly to the exchange processes, but goes far beyond it to responsibility for production processes and recycling of waste products, particularly when it comes to own brand products, as well as the collection and recycling of worn out or dysfunctional goods which can be a threat to the environment. Equally important seems to be retailers' encouraging both suppliers and customers to become involved in activities ensuring a sustained growth and an improved quality of life. Retailers must therefore redefine their role in distribution channels.

### **The concept of corporate social responsibility (CSR) in distribution channels**

In the literature it is commonly assumed that corporate social responsibility is a concept according to which enterprises voluntarily take on economic, legal and ethical responsibility and get involved in charity activities for the benefit of stakeholders and the natural environment<sup>7</sup>. Economic and legal responsibilities are obligatory, whereas the others - voluntary. Areas of responsibility are indicated in A. Carroll's pyramid model,

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<sup>6</sup> R. H. Lowson: Retail operational strategies in complex supply chain. "International Journal of Logistics Management", 12/ 2001, pp. 97-111.

<sup>7</sup> A. Carroll: The pyramid of Corporate Social Responsibility: Toward the Moral Management of Organizational Stakeholders. Business Horizons, 34/ 1991, pp. 39-48.

while groups towards which enterprises should act in a socially responsible way are determined based on Freeman's stakeholder theory. According to Freeman, enterprises' managers must combine the needs of numerous stakeholder groups which can have an effect on the enterprise, and taking into consideration only the interests of owners or shareholders is insufficient and disadvantageous to the organisation<sup>8</sup>. Conflicting aims of the particular stakeholder groups' – employees, communities, social movements, suppliers, customers or the media, force enterprises to conduct an assessment of impact of the business environment and determine how significant its influence is on the strategies, and therefore, to what extent the given group should be involved in establishing strategic aims and ways of their implementation. In the opinion of J. Filek, corporate social responsibility is treated as a holistic management concept based on strategic and long-term approach leading to achieving a sustained profit and, at the same time, based on a social dialogue and seeking solutions beneficial to all the parties<sup>9</sup>. In recent years attempts have been made to sort out the issues involved in CSR. Consequently, ISO 26000 norm was developed, in which one of the areas of enterprise assessment with respect to corporate social responsibility are relations with suppliers included in the category of business practices. Besides co-operation with suppliers, it includes counteracting corruption, responsible political involvement, fair competition, promotion of CSR in the chain of values and respecting property rights. Social responsibility defined in such a way has a vital effect on the enterprise's competitiveness.

The issue the authors have decided to focus on is the role of CSR in building competitiveness of distribution channels and their participants from the perspective of retailers. This is because the key elements that determine their strategy are both customers and suppliers, specifically, building relations with customers and suppliers which allow for gaining a competitive advantage<sup>10</sup>. In the field of trade the concept of CSR is of particular interest due to the industry's characteristics. Above all: trade reflects globalisation and internationalisation processes, goods offered by commercial networks come from all over the world, yet the standards of their production vary and are not always compliant with fair trade guidelines and fair play, the dominant role of commercial networks in distribution channels is responsible for their possible major influence on suppliers' strategies, while enterprises' performing the role of a gate keeper makes them have control over consumption. Moreover, one can observe a growing sensitivity of retailers towards pressure from consumer organisations on their conducting business activity based on ethical rules.

Among characteristics determining the present nature of relations between suppliers and retail enterprises there is a lack of balance between the parties. Most often it is the financially strong commercial enterprises that become the integrators of distribution channels, which allows them to:

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<sup>8</sup> R.E. Freeman: Strategic Management: a Stakeholder Perspective. Engelwood Cliffs, NJ, Prentice Hall, 1984.

<sup>9</sup> J. Filek: Między wolnością gospodarczą a odpowiedzialnością społeczną biznesu. w: Etyka i ekonomia, pod red. B. Klimczak, A. Lewickiej-Strzałekiej, PWE, Warszawa 2007, p. 26.

<sup>10</sup> Compare K. H. Wathe, J. B. Heide: Relationship Governance in a Supply Chain Network. *Journal of Marketing*, 68/ 2004, pp. 73-89, also: K. De Wulf, G. Odekeren-Schroeder, D. Iacobucci: Investments in Consumer Relationships: A Cross-Country and Cross-Industry Exploration. *Journal of Marketing*, 65/2001, pp. 33-50.

- acquire goods omitting the level of wholesaling, as commercial networks take on wholesaling functions performed by distribution centres (own or external, as part of outsourcing),
- acquire goods in quantities that provide them with transaction privileges, including lower prices by virtue of the size of operation, discounts, receiving better payment conditions, negotiating insurance, logistics or promotional costs,
- lowering the costs of servicing suppliers,
- intercepting suppliers or gaining control over them by commissioning production for the network's needs. The goods are then offered under a brand controlled by the enterprise, exclusively in their stores.

As a result of changes which have occurred in trade, the industry has qualities typical of monopolist competition where few subjects determine the functioning of the remaining market players<sup>11</sup>. A high share in turnover of a small number of stores makes them of interest to producers who seek channels of distribution of high capacity. Recipients such as large-format networks are in the group of key customers for the producers, and so are large commercial networks consisting of relatively small size stores. On the other hand, retailers who are not part of organised structures do not usually buy goods directly from producers, but take advantage of wholesalers, thus they do not have direct contact with producers (Picture 1). Consequently, the importance of wholesalers and producers in developing strategies based on the idea of CSR is growing.

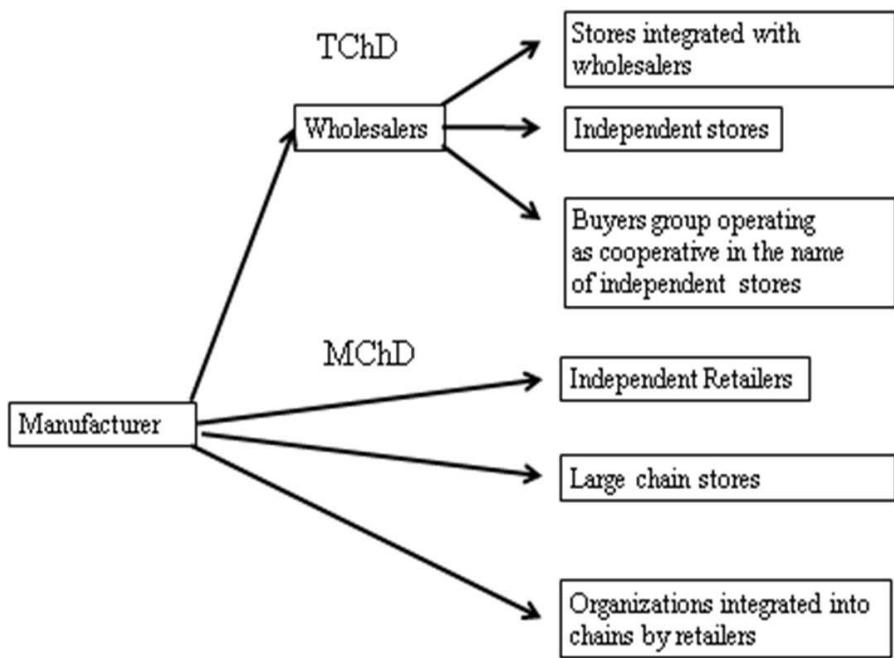
Each distribution channel has a clear structure bound by relations which to a larger or lesser extent are sanctioned legally, administratively or with regard to ownership. Within the distribution channel its participants strive to fulfil the commercial function while pursuing their own aims. Their diversity (or the earlier mentioned contradiction) leads the participants to seek new ways of strengthening their position).

Producers most often invest in their own strong brands, search for innovative solutions, and production-wise - take advantage of economies of scale or experience curve, etc. Retailers, in turn, introduce technological innovations which enhance the sales process, increase the scope of provided services, but above all, develop network structures allowing for market penetration. Competition between producers and retailers for the position in the distribution channel may, however, weaken its ability to compete with other channels, and result in participants leaving the channel - producers will then seek new channels of distribution, and retailers must find new sources of obtaining equally good brands. Due to high transaction costs of changing partners, competition for margin in the distribution channel is more and more often replaced with cooperation which enables members of the given channel to achieve better results (satisfying profits) owing to its high competitiveness. The partnership of members of channels of distributions, is described sometimes as marketing of supply, as K. Bilińska-Reformat writes, is becoming nowadays crucial<sup>12</sup>.

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<sup>11</sup>G. Śmigelska: Kreowanie przewagi konkurencyjnej w handlu detalicznym. Wyd. AE Kraków, 2007, pp. 58-63.

<sup>12</sup>K. Bilińska-Reformat: Marketing zakupu jako źródło przewagi konkurencyjnej sieciowych organizacji handlu detalicznego w Polsce, w: Orientacja rynkowa we współczesnym handlu detalicznym, pod red. B. Borusiak, Wydawnictwo UE Poznań, s. 237-246



Picture 1.  
Sample structure of FMCG producer's channels of distribution

Source: own work

TChD- traditional channels of distribution

MChD- modern channels of distribution

The presented outline of phenomena in retailing constitutes the basis for focusing on two elements: distribution of bargaining power among participants of distribution channels and identification of the role corporate social responsibility plays in shaping relations in the distribution channel.

#### Retailers' CSR activities in value chain

The need for integration of the distribution channel is explained in Michael Porter's value chain, in which on different levels and across different functions both economic and social values are developed<sup>13</sup>. The concept of socio-economic value focuses on creating an economic value in a way which at the same time creates

<sup>13</sup> The concept's authors claim there is a difference between corporate social responsibility and developing socio-economic value, pointing towards citizenship attitude, sustained development and philanthropy, as well as detachment from profit maximization as the foundations for the idea of CSR, whereas in the case of socio-economic value the aim is to create a value of the company together with the local community while striving for profit maximization. One must add, however, that the idea of CSR is evolving in various directions, including the concept of socio-economic value. It is hard to talk of such clear-cut differentiation of interpretations as the authors indicate. More about it in: M.E. Porter, M. R. Kramer: Tworzenie wartości dla biznesu i społeczeństwa. Harvard Business Review, May 2011, pp. 36-57.

a social value through its reaching out to society's needs and problems<sup>14</sup>. Among various ways of the value creation, the authors indicate besides re-framing products and markets, creating conditions for local clusters, also redefining productivity regarding the supply chain. The chain of value must therefore be looked at from two perspectives – internal – of the organisation, and external – of the whole supply chain. The chain of value is comprised of processes within the enterprise, but is also co-created by all participants of the distribution channel (supply chain). In a classic chain of creating value by a trading enterprise one can distinguish primary and support functions performed in the enterprise. The primary functions include: inbound and outbound logistics, marketing and sales, and service activities, the support ones embrace: managing finances, managing human resources, procurement and technology development. Unique abilities in the field of managing resources and also competences and unique skills, make it possible to make a retailer's commercial offer so distinct that the risk of competitors copycatting the solutions is minimised. What is more, in such a presented chain of value, each sphere offers a possibility to implement solutions characteristic of CSR. Table 1 shows CSR initiatives undertaken within the particular functions of the enterprise.

As one can see, many of the activities are addressed directly or indirectly to suppliers. Their scope is connected with the retailer's strength, the stage of development of relations within the distribution channel, e.g. whether producers manufacture products commissioned by a commercial network, and the commercial enterprise's involvement in CSR. Retailers, in their CSR initiatives targeted at suppliers, strive to achieve strategic goals through formulating in relation to suppliers such aims as:

- ensuring regular deliveries of large consignments of goods on conditions meeting the network's requirements,
- ensuring the supplier's development through strengthening their position on the market,
- creating barriers against strong suppliers' moving to other distribution channels or their developing own or taking over channels of distribution.

If suppliers' activities are to fit within the CSR concept, they should take into consideration: the supplier's effect on the natural environment, the quality of relations with suppliers representing micro-enterprises and SMEs, respecting human rights, safety and philanthropy.<sup>15</sup>

CSR initiatives' direct beneficiaries are various. Some are addressed directly to suppliers, others – having in consideration a wider group of stakeholders. Among initiatives which all stakeholders benefit from are pro-ecological solutions in the field of logistics of deliveries, above all, reducing the amount of waste developed while fulfilling the logistic functions, utilising biodegradable waste, also optimizing transport to decrease CO<sub>2</sub> emissions. If these initiatives besides providing benefits for the society also enhance the economic value of co-operation, they will be undertaken more willingly.

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<sup>14</sup> M.E. Porter, M. R. Kramer: Tworzenie wartości dla biznesu i społeczeństwa. Harvard Business Review, May 2011, p. 36-57.

<sup>15</sup> C. R. Carter: Purchasing social responsibility and firm performance: The key mediating roles of organizational learning and supplier performance. International Journal of Physical Distribution & Logistics Management, 35/2005, pp. 177 - 194

Table 1. The role of CSR in particular spheres of the supply chain

| Type of function   | CSR enhanced area  | Examples of solutions applied by commercial networks  |
|--|--|---|
| Financial Management                                       | Practices of reporting on CSR<br>Transparency<br>Using lobbying<br>Practices of corporate governance   | Respecting deadlines of payments to suppliers, employees, gaining financial support from investors seeking stable investments, and socially responsible enterprises are perceived as such,  |
| Human Resources Management                                 | Recruitment<br>Diversity<br>Equality<br>Education and training<br>Work safety<br>Medical care  | Medical care programmes, school starter kit for children of Biedronka discount network's employees, employing disabled persons (policy of Carrefour commercial network)   |
| Procurement  | Timely payments<br>Training for suppliers<br>Diversity of suppliers<br>Replacement of specific components  | Training for suppliers (Metro Group), Supporting local suppliers (special displays in stores)<br>Developing sales channels for suppliers (e.g. Tesco supports exporting Polish products), Respecting commercial network's internal requirements, (e.g. Biedronka)<br>Developing RFID, EDI,<br>Analyses of the product's impact on the natural environment |
| Technology development                                     | Relations with universities and research centres<br>Product safety<br>Developing research methods  |   |
| Inbound and outbound logistics                             | Limiting the number of collective packages<br>Recycling<br>Streamlining transport to protect the environment   | Optimization of logistics by such networks as Walmart, Tesco, Sainsbury, Marks&Spencer  |
| Marketing and Sales<br>Post-sales activities<br>Operations | Ethical advertising<br>Sales promotions<br>Fair handling of complaints<br>Dialogue with customers<br>Efficient order processing<br>Facilitating communication<br>Introducing innovation to streamline business processes | Tesco Programme "We are from Poland", "Healthy Appetite"<br>These are defined among others in the codes of ethics, e.g. PSSB Code of Ethics, hotlines<br>Implementing EPR system by "Spolem"<br>Consumers' Cooperative in Łançut  |

Source: own work based on M. Porter: Strategia konkurencji, PWE, Warszawa 1992

An interesting example are developed by Walmart together with suppliers solutions regarding the products themselves, that was reducing their packaging<sup>16</sup>. Walmart decreased also the package size and shortened the distance that their trucks had to cover by 160km, as a result it lowered CO<sub>2</sub> emissions, and more importantly for creating an economic value – it reduced its costs by \$ 200m per annum. Another example comes from Marks&Spencer which by limiting purchases requiring deliveries from across hemispheres can save £ 175m per annum<sup>17</sup>. Consequently, production costs and the product's final price are reduced, and withdrawing from cardboard packaging protects trees. Still another example are activities of J. Sainsbury commercial network,

<sup>16</sup>Ch. Fishman: Efekt Wal-Martu, EMKA, Warszawa 2009, p. 11

<sup>17</sup>M.E. Porter, M. R. Kramer: Tworzenie wartości dla biznesu i społeczeństwa. Harvard Business Review, May 2011, pp. 36-57.

which obliged itself to reduce CO<sub>2</sub> emissions from their means of transport, limiting delivery trucks' no-freight drives, shortening the mileage and extending the share of goods delivered with electrically-propelled vehicles.

An initiative which is an example of good practices of retailers whose direct beneficiaries are suppliers, is a programme developed by Intermarche network called Supplier Worth Recommending. Its aim is to distinguish and promote producers of the company's own brands. (...) Owing to this initiative Intermarche network improved their relations with suppliers and their image, which was reflected in the sales growth by 7% by 2013.<sup>18</sup> One more manifestation of strengthening suppliers' position by retailers are initiatives by TESCO, which earned a good opinion among suppliers due to establishing long-term contracts and its cooperation in exporting Polish products abroad. Tesco is also implementing a programme called Academy of Regional Suppliers within which it has offered co-operation to 230 local and regional enterprises.<sup>19</sup> Moreover, in order to enhance relations with suppliers, a Joint Business Plan (JBP) was developed, and with the most advanced producers – a Jointly Agreed Growth (JAG).<sup>20</sup>

Yet another solution applied by retailers to tighten cooperation with suppliers and increase the added value for customers is developing standards which suppliers and their products are expected to meet. Required by some retailers food standards such as IFS, BRC, or less commonly EuropeGAP, can be replaced with own standards established by the given network. An example is a network of Biedronka discount stores which decided not to require from suppliers to meet these standards, but instead expects them to meet those that the network considers vital<sup>21</sup>. The decision of the discount network means that smaller enterprises for whom it is hard to bear certification costs will have a greater chance to join the circle of suppliers. On the other hand, this may signify for such a supplier a dependence on the commercial network and, as a result, difficulties in case of having to search for new recipients.

What seems to be of key importance in the distribution channel is retail enterprises' treating suppliers in accordance with fair play and not abusing their market position, as it may weaken the whole distribution channel. Activities in accordance with CSR mean in particular:

- settling payments on time,
- no postponing payment deadlines by unjustified complaints,
- no imposition of discriminating terms of cooperation,
- no drawing fees from suppliers for activities the commercial network will not conduct or which are illegitimate,
- no restricting access to the supplier's market.

The direct beneficiary of these activities is the supplier; however, one must bear in mind that existing market connections make the outcomes of retailers' initiatives related to cooperation with suppliers, both positive and negative, affect a much wider circle of stakeholders - employees, their families, and therefore also local communities, the local market or the natural environment. It must be emphasised that CSR-related

<sup>18</sup> B. Pokorska: Dobre praktyki we współpracy przedsiębiorstw handlowych i produkcyjnych. Handel wewnętrzny, January-February 2012, p. 113.

<sup>19</sup> B. Pokorska: Dobre praktyki we współpracy przedsiębiorstw handlowych i produkcyjnych. op.cit, pp. 112-118.

<sup>20</sup> Corporate Social Responsibility Report . TESCO 2010/2011. 2011/2012, p. 1

<sup>21</sup> <http://www.portalspozywczy.pl/tagi/ifs,3966.html>, recorded on 2013-26-2013

activities undertaken by trading enterprises are economically justified, as they have an effect on the competitive advantage of the whole distribution channel through:

- lowering costs of logistics,
- better meeting buyers' needs (e.g. better quality products, timely deliveries and improved level of service to final buyers, as a result of introducing IT solutions),
- building up the retailer's reputation, which influences customers' loyalty and, in consequence, sales,
- developing relations based on trust, which reduces costs of control.

In Poland, where creating supply chains is only in its early stage, CSR activities building trust in large and strong commercial networks can have a significant effect on producers building up their trust and willingness to establish long-term relations. This can greatly accelerate the process of transforming distribution channels into supply chains.

The pace of changes will depend, however, among other things on extending knowledge about CSR and its tools. According to research conducted in 2011 among Polish producers, the list of activities associated with CSR trading enterprises included e.g. communication with employees, respecting safety regulations, fair treatment of suppliers, reducing the amount of waste, utilising biodegradable waste, enabling employees to participate in decision-making processes<sup>22</sup>. As one can see, producers do not define (or possibly do not qualify as CSR activities) a lot of initiatives undertaken by commercial networks. Retailers' conviction of the usefulness of the change in character of relations with suppliers into partnership-based and cooperation with them in the field of CSR is easier, the more convinced they are about developing a mutual direct – economic, and a broader and indirect – social benefit.

### **Conclusions**

Taking into account the presented in the article relations in distribution channels and activities as part of corporate social responsibility requires the participants of the chain to accept that appropriately selected CSR activities constitute both an economic as well as a social value. The latter strengthens the distribution channel by tightening relations between its participants, and by creating entry barriers. For a buyer nowadays increasingly important is not only where they made a purchase, but also whether the purchased product or service was developed in accordance with the idea of social responsibility. Their knowledge and awareness of consequences of globalisation processes are increasing, therefore, the presented in the article approach to the supply chain indicates among other things the need to integrate aspirations of its participants also via CSR. CSR's task in distribution channels is to integrate participants, reinforce trust, extend the period of cooperation, improve the quality of processes, quality of the offer, facilitate innovativeness, and with the use of appropriate activities – make savings or generate a higher profit.

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<sup>22</sup> B. Słomińska: Społeczna odpowiedzialność handlu sieciowego i niezależnego. Handel wewnętrzny, January- February 2012, pp. 93-102

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### **Summary**

The article aims to indicate CSR's contribution to building the competitive advantage of the distribution channel. The authors examine the problem with regard to the modern economy where the competition is not between individual enterprises but supply channels; also in Poland one can observe a continuing transformation of distribution channels into supply chains. The chains are also shortened - wholesalers are more and more often omitted in the process. The article contains a thesis that participants of distribution channels based on the idea of CSR provide a greater value for the end buyer. The value developed in the distribution channel is understood in accordance with M. Porter's perspective as a socio-economic value. Worth particular attention are modern distribution channels on the FMCG market in Poland, in which economically strong trading companies have a significant influence on suppliers (producers) of goods.

The article is theoretical in nature although it includes examples of practice. Its outcome is explanation of mechanisms increasing the value of distribution channels based on the idea of CSR. The expected practical result is identifying areas which would encourage retailers to tighten co-operation with suppliers in distribution channels based on the idea of CSR, and indicating solutions which can be applied for this purpose.

**Keywords:** CSR, suppliers, retailing, competitive advantage, M. Porter's model

**Slowa kluczowe:** CSR, dostawcy, handel detaliczny, przewaga konkurencyjna, model M. Portera

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