

FAIR TRADE IN CSR STRATEGY OF
GLOBAL RETAILERS

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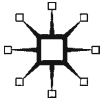
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FAIR TRADE IN CSR STRATEGY OF GLOBAL RETAILERS

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*To my husband, Ryszard, and children: Piotr, Anna, and Marcin,
and my parents, Maria and Ludwik*

—Magdalena

*To my children: Mateusz and Wiktoria, and my parents,
Urszula, and Józef*

—Renata

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INTRODUCTION

The concentration and integration that have taken place in the retail sector, with the internationalization of business has meant that traders have gained an unprecedented position. On the one hand, they determine what kind and range of products and services will be offered to buyers, while on the other, they educate consumers by offering products and new services from the whole world. Their role is now not only to coordinate supply and demand but also to shape the offer. As a result, they moderate ways of meeting the needs of consumers. The multidimensionality of the functions performed by modern retailers gives them a significant influence on the stakeholders, but also imposes new obligations on them, which are now referred to as corporate social responsibility (CSR). The opinion is becoming increasingly common that trade companies should take economic, ethical, and legal responsibility for the consequences of their activities with respect to stakeholders and the environment. This responsibility is all the greater since as a result of globalization and internationalization, we can observe a significant decoupling of production from the places of consumption. The inhabitants of the Global North—Europe and North America—purchase products produced in the countries of the Global South—Africa, Asia, Oceania, and South America. They expect attractive prices, but often do not think about the conditions of production. International exchange is on the one hand an impulse for the development of the countries of these regions and it improves the quality of life of their inhabitants, but on the other hand, it may encourage the uncontrolled exploitation of resources of the countries where the usual standards of production, safety, and protection of human rights and the environment are at a much lower level than in the North. This creates a special place for CSR and fair trade in supply chains.

Maintaining the status quo is primarily a way of acquiescing to the uncontrolled exploitation of natural resources by global corporations and the destruction of the environment. It is also a tacit acquiescence to the violation of human rights, or child or employee rights. While demand

from global enterprises represents an impulse for creating jobs and sustaining the livelihoods of families in developing countries, creating conditions for supply raises more, and more frequent, objections. With the popularization of the Internet, mobile communication, and thus easy access to information, the knowledge of inhabitants of the rich North on the growing conditions, the harvesting of crops, and labor conditions is much better than, say, 20 years ago. And with this increase in awareness, consumers' expectations are growing regarding the marketing offers of shops. Their attitude has obliged global retailers to redefine their strategy and include CSR and fair trade in it. For some of them, CSR has set new standards in collaboration with stakeholders. These issues are addressed in this collection of articles.

This volume makes reference to the results of research carried out under a research grant funded by the National Science Centre, No. of the decision DEC-2011/03/B/HS4/03576 and by the Polish Scientific Association of Marketing (PNTM). The book consists of seven chapters. Their contents are as follows. The first chapter explains the essence of CSR and points to the link between CSR and the strategy of retailers, especially the functional-marketing one. The importance of CSR for traders is stressed and this idea is placed within the theory of stakeholders and strategic management, including the school of positioning. The application dimension of CSR among retailers is expressed mainly in the appropriate planning of assortment and introduction the ethical products, in particular: fair trade, pricing, the availability of retail outlets, and the means of marketing communication. This is developed in the final point on CSR and marketing instruments in the first chapter. In the second chapter, devoted primarily to fair trade, the growing importance of modern sales channels for the increasing popularity of Fairtrade products is highlighted. Two types of channels of distributions are presented—traditional and modern. Consumers' awareness and expectations of the supply chain as the essence of the fair trade movement are developed in this part. The next chapter in the book, in turn, discusses the critics of fair trade. The authors point to the negative effects of fair trade, whose roots lie in protectionism and not in purely market mechanisms. As long as fair trade is under special protection, it will be difficult to spread the idea and compete with other offers of producers and retailers. Moving away from economic liberalism to the manual control of production and demand causes *de facto* that the group that should be mostly supported—farmers from the Global South—do not gain as much as might be expected by the final consumers, who strongly want to support them. Since this support is not so high, there is a question of how to make this brand more recognizable and preferred by customers. No better idea than fair trade been created

thus far to support the Global South, but in the last chapter, the authors point to the trends in the development of fair trade.

In the next chapter, the idea of CSR and fair trade in supply chains is developed. It was necessary to present the history of changes in retailing in the last 30 years to explain the bargaining power of retailers in the channels of supply and the competition between traditional and modern channels of sales. Global retailers influence the structure of the retail sector, and also the quality of competition. What is more, they operate as “gatekeepers” who control which offer will be accessible for consumers. Suppliers with the low bargaining power are in a weak position. In order to build a socially responsible image under pressure from consumers, retailers are obligated to support both producers from remote countries and the local ones. This may create some confusion since the retailers are obligated to promote both local producers (due to the ethnocentric attitude of buyers) and those from the Global South. But the choice belongs to the customers.

Therefore, the fifth chapter examines consumers’ point of view on CSR and fair trade. We assume that modern consumers are more aware than ever of the origins of many products, the conditions in which they were manufactured, and the consequences of their own consumption for society and the environment. Although we do not have in mind the whole market, because socially responsible consumers represent a small part of societies, we think that the segment of socially conscious consumers will grow in comparison with those who are not aware of these issues. In the authors’ opinion, the main problem nowadays is the low level of awareness among customers of the social and environmental responsibility of retailers. This problem concerns mainly the countries that are not as developed and as rich the North American and European countries.

The third group of key stakeholders of retailers are employees. In the sixth chapter, the meaning of CSR for managing employees is developed. Knowledge about the role of fair trade for building the internal image of the organization is low, because it is part of CSR. We developed the idea of internal communication about CSR to build satisfaction with the job and the employer. We also take into account the idea of diffusion of CSR since we believe that satisfied employees will transfer their attitude to customers.

The last chapter refers to the trends of CSR and fair trade in the future. We believe that when societies become richer, the awareness and socially responsible behavior of customers will also be more visible, and then retailers will modify their strategy toward one based on CSR. Fair trade will be a tool that supports their efforts. The growing number of fair trade producers, and also socially responsible retailers, and the greater

awareness of consumers suggests that social purposes will be of concern to a larger number of enterprises and societies in the future.

The need to distinguish one retailer from another on the basis of such criteria as ethics on the one hand, and the responsible consumption of customers on the other, are the main driving forces for creating sustainable channels of supply based on the new quality of relations.

We would like to thank all the authors for their contribution to the book and the preparation of the articles for this book—Prof. Ewa Jerzyk, Prof. Henryk Mruk, Prof. Grażyna Śmigielska, Prof. Tomasz Wanat, Dr. Anna Rogala, and Dr. Ryszard Stefański. We hope that this book will bring the readers closer to the issues of CSR and fair trade in the retail sector. The main barriers to the development of CSR and fair trade that we see are both ignorance of the idea and a lack of knowledge about the social benefits it brings through the reorientation of the strategy of retailers and the entire supply chain. Another barrier is the lack of innovative solutions that could better support producers from the Global South. We hope that the popularization of both the concept of the social engagement of stakeholders and the integration of efforts to improve the quality of life for both the Global South and the rich North will bring the expected results.

MAGDALENA STEFAŃSKA

RENATA NESTOROWICZ