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DIFFUSION OF SOCIAL VALUES OF INTERNATIONAL COMPANY AS FACTOR OF SUSTAINABLE DEVELOPMENT AND COMPETITIVE GROWTH

This article examines the development of corporate values of international companies, the formation and implementation of which in subsidiaries or other controlled companies allow to achieve a stable economic activity on domestic markets. The research was based on a study of the practical operations of the Swiss transnational corporation 'Nestlé Société Anonyme' (below Nestlé), one of the world's largest producers of food products. This company's business model involves owning and controlling a large number of controlled entities in a large number of international markets. The analysis of the world sustainability indices shows that the company has achieved considerable success in shaping a sustainable development of its activities both in the commercial aspect and in the implementation of the ideas, approaches and principles of corporate social responsibility. Despite more than 100 years of historical formation of corporate principles of Nestlé's activity management, our analysis detected the presence of correlation of their values with the current principles of corporate social responsibility, which is also the case in their subsidiaries. The systematization of the above mentioned and stakeholder management methods allowed us to propose a conceptual model of marketing strategy for a modern sustainable positioning of an international company in the international markets, further induction of which will allow to activate scientific research in this way.

Key words: sustainable development, corporate social responsibility, sustainability of the company's positioning, corporate communications, international competition.

Formulation of the problem. The globalization process is characterized by a permanent process of market development and the formation of new consumer requirements for enterprises' products and their sales conditions. Successful business operations of modern enterprises are possible if their products are taken positively by customers, when the quality of products and relations between them become important at the same time, and the loyalty of consumers and stakeholders is shaped by stinginess.

Economic competition in modern international markets is characterized by ambiguity. On the one hand, the process of globalization leads to the standardization of consumer needs in international markets, on the other hand, international companies use marketing strategies to adapt their communication and product policies to the conditions of local markets, regional cultural codes. Therefore, the actual issue of scientific research and practical activities is the systematization and study of marketing strategies

experience of effective positioning of international companies in local markets by modern strategies of Corporate Social Responsibility (below CSR).

Analysis of recent research and publications. The analysis of economic literature shows significant attention of scientists to the research studies of international competition, appropriate strategies and behavior of international companies as parent structures on global markets. For example, these are the works of G. Bagiev, M. Porter, J. Day, G. Mintzberg, R. Grant, A.P. Rumyantsev, I.M. Posokhov, M.V. Korzh, S.F. Smerichevskiy, K.M. Sokol, etc. The papers of such scientists as P. Kotler, A.M. Kolot, E.V. Romat, M.A. Oklander M., L.V. Kozin, etc should be noted for CSR issues.

However, it is necessary to note insufficiency of the research studies which deeply investigate application of strategies and methods of CSR in the international marketing entrance and positioning strategies on the international markets. In this case, some mod-

ern studies have been conducted by such researchers as J.B. Abugre and A. Anlesinya [1].

Research goal. The purpose of this article is to examine strategies for increasing the competitiveness of multinational companies in world competition through the implementation of such corporate values in recipient markets that create sustainable economic activity.

Main material. An analysis of the subject literature and activities of leading companies shows that today CSR is a global trend supported by the UN Global Compact. This activity in the world is, as a rule, voluntary, formed in different countries with specific features, and is an essential component in the business (marketing) strategies of enterprises.

There are, for example, various models of CSR such as the North American model (dominated by the US with its private sector activity), the Latin American model (focused more on fighting corruption in MNCs), the African CSR model (focused more on protecting the environment), the European CSR model (with strong emphasis on state regulation), the British CSR model (sustainable interaction between state and private businesses) etc.

Cultural codes and institutions from different countries (regions) significantly influence the differences in CSR practices. The American model of

the CSR has been dominated by social philanthropy, while the European model of the CSR is largely influenced by public policy, but the role of social factors should not be ignored.

It's important that the CSR of the European Union countries have their historic distinction, as Directive 2014/95/eu of the European Parliament and of the European Council of 22 October 2014 require in «Article 19a» mandatory application of the CSR for large enterprises, namely: «Large undertakings which are public-interest entities exceeding on their balance sheet dates the criterion of the average number of 500 employees during the financial year shall include in the management report a non-financial statement containing information ... «Where the undertaking does not pursue policies in relation to one or more of those matters, the non-financial statement shall provide a clear and reasoned explanation for not doing so» [2].

Researchers N.M. Shmigol and Z.P. Urusova analyze in paper [3] the spread of CSR practices in European countries using the Corporate Knights Global 100 Most Sustainable Corporations in the World index, which evaluates international companies that are the most efficient in managing environmental, social and governance risks and opportunities. Among the evaluation parameters: energy efficiency, the amount of CO₂ emissions, the ratio of the head's

Table 1

The top five companies of the 100 most sustainable corporations of 2022

G100 Rank in 2022	G100 Rank in 2021	Company	Country	Overall Score
1	21	Vestas Wind Systems A/S	Denmark	A+
2	24	Chr Hansen Holding A/S	Denmark	A
3	43	Autodesk Inc	United States of America	A
4	1	Schneider Electric SE	France	A
5	40	City Developments Ltd	Singapore	A

Methodology measurement scale: A+ Awarded to the top company; A Above 75%; A- 70–75%

Resource: [4]

Table 2

Top 10 companies by weight in 2022 on the Dow Jones Sustainability Europe Index

№	Constituent	Symbol	Sector
1	Nestlé SA Reg	NESN	Consumer Staples
2	Roche Hldgs AG Ptg Genus	ROG	Health Care
3	ASML Holding NV	ASML	Information Technology
4	Novartis AG Reg	NOVN	Health Care
5	AstraZeneca Plc	AZN	Health Care
6	Unilever	ULVR	Consumer Staples
7	Sanofi-Aventis	SAN	Health Care
8	Diageo Plc	DGE	Consumer Staples
9	SAP SE	SAP	Information Technology
10	British American Tobacco Plc	BATS	Consumer Staples

Resource: [5]

salary to the average employee’s salary, staff density, and the dependence of top managers’ remuneration on achieving the goals of ensuring sustainable development. According to the data of the website, 23 performance indicators are currently used, and the environmental component is given priority [4]. As we can notice from Table 1, the highest positions in 2022 will be taken by European companies.

Likewise, the Dow Jones Sustainability Index, developed specifically for Europe [5], allows us to investigate the position of a company’s ‘market power’ by assessing its investment attractiveness, as shown in Table 2.

According to Table 1, European CSR practices are globally successful, and according to Table 2, Nestlé (full legal name is Nestlé Société Anonyme) has reached the leading position in 2022 by market power. Therefore, for scientific purposes, it is important for us to study the experience of this certain company. Nestlé’s main divisions by zone can be distinguished as follows: Zone Americas (operations in the Americas); Zone Asia, Oceania and Sub-Saharan Africa (operations in Asia, Australia, Oceania and Africa, excluding the northern part); Zone Europe, Middle East and North Africa (activities in Europe, Middle East and North Africa).

The company Nestlé owns 461 factories and industrial plants in 83 countries in the world. Nestlé produces a wide range of food products in Ukraine under the brand names Nescafe, Nesquik, Nestlé, Maggi, Purina, Torchin, Svitoch and others. In 1994 Nestlé opened an office in Kyev. In 1998 Nestlé acquired a controlling stake in the Lviv ‘Confectionary Factory Svitotch’, one of the most important confectionary

producers in Ukraine. In May 2003, Nestlé Ukraine is founded in Kyev.

The main Nestlé brands are KitKat, Maggi, Nescafe, Nesquik and Nestea. The main market for the sales of the products is the USA.

Nestlé declares: our Corporate Business Principles are firmly established, but we continue to adapt them for a changing world. For instance, we incorporated all ten principles of the United Nations Global Compact soon after their creation and we continue to implement them today [6]. The indicated United Nations Global Compact principles are shown in Table 3.

Furthermore, Nestlé declares: “We are committed to the following our Corporate Business Principles in all countries, taking into account local legislation, cultural and religious practices” [6]. Let’s analyze the CSR by 10 main principles Nestlé [8], shown in Table 4.

As you can see, there is a correlation between the content of tables 3 and 4, but the content of table 4 is clearly modified by the influence of what is also known as the UN «Sustainable Development Goals» or shortly as «SDGs» [9], indicating a significant presence of socialization of the marketing strategies of the company.

It should also be noted that, CSR of Nestlé mainly depends on product quality. Nestlé makes food for children, adults and animals, so the responsibility for the high quality of products is incredibly high. Quality is the foundation of Nestlé company and is fully embedded in its purpose and values. Nestlé products and brands are trusted and chosen by millions of people all over the world to fulfill their nutrition, health and wellness needs, at every moment of the day and across their lifetime.

Table 3

Ten Principles of the UN Global Compact

Subject to regulation by principle (group)	Principle number	Definition
1	2	3
Human Rights	1	Businesses should support and respect the protection of internationally proclaimed human rights;
	2	Make sure that they are not complicit in human rights abuses
Labour	3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining
	4	The elimination of all forms of forced and compulsory labour
	5	The effective abolition of child labour;
	6	The elimination of discrimination in respect of employment and occupation.
Environment	7	Businesses should support a precautionary approach to environmental challenges;
	8	Undertake initiatives to promote greater environmental responsibility;
	9	Encourage the development and diffusion of environmentally friendly technologies.
Anti-Corruption	10	Businesses should work against corruption in all its forms, including extortion and bribery.

Resource: [7]

Corporate Business Principles of Nestlé

Subject to regulation by principle (group)	Principle number	Definitions and explanations
1	2	3
Consumers	1	Nutrition, Health and Wellness (Core aim of Nestle is to enhance the quality of consumers' lives every day, everywhere by offering tastier and healthier food and beverage choices and encouraging a healthy lifestyle. Company express this via its corporate proposition Good Food, Good Life).
	2	Quality assurance and product safety (Everywhere in the world, the Nestlé name represents a promise to the consumer that the product is safe and of high standard).
	3	Consumer communication (Nestlé are committed to responsible, reliable consumer communication that empowers consumers to exercise their right to informed choice and promotes healthier diets. Nestle respect consumer privacy).
Human rights and labor practices	4	Human rights in business activities (Nestlé fully support the United Nations Global Compact's (UNGC) guiding principles on human rights and labour and aim to provide an example of good human rights and labour practices throughout our business activities).
Nestlé 's people	5	Leadership and personal responsibility (Nestlé 's success is based on our people. Company treat each other with respect and dignity and expect everyone to promote a sense of personal responsibility. Nestlé recruit competent and motivated people who respect our values, provide equal opportunities for their development and advancement, protect their privacy and do not tolerate any form of harassment or discrimination).
	6	Safety and health at work (Nestlé are committed to preventing accidents, injuries and illness related to work, and to protect employees, contractors and others involved along the value chain).
Suppliers and customers	7	Supplier and customer relations (Nestlé require its suppliers, agents, subcontractors and their employees to demonstrate honesty, integrity and fairness, and to adhere to our non-negotiable standards. In the same way, company are committed to its own customers).
	8	Agriculture and rural development (Nestlé contribute to improvements in agricultural production, the social and economic status of farmers, rural communities and in production systems to make them more environmentally sustainable).
The environment	9	Environmental responsibility (Nestlé commit itself to environmentally sustainable business practices. At all stages of the product life cycle company strive to use natural resources efficiently, favour the use of sustainably-managed renewable resources, and target zero waste).
	10	Water (Nestlé are committed to the sustainable use of water and continuous improvement in water management. Nestlé recognise that the world faces a growing water challenge and that responsible management of the world's resources by all water users is an absolute necessity).

Resource: [6; 8]

This trust is based upon Nestlé quality image and its reputation for consistently delivering high-quality products. A Nestlé brand name on a product or a service is a promise that it is safe, that it complies with all relevant laws and regulations and that it constantly meets its high standards of Quality.

To sustainably create value and to effectively and efficiently build trust, Nestlé:

1. Guarantees product safety and full compliance by respecting our policies, principles and standards with full transparency;

2. Ensures and enhances preference and consistency to delight individuals and families by valuing what they value and by offering products and services that always meet or exceed their expectations;

3. Strives for zero defects and no waste by constantly looking for opportunities to apply our continuous improvement approach to deliver competitive advantage;

4. Engages everybody's commitment across our complete value chain and at all levels of our organization to build the Nestlé Quality mind-set.

Nestlé 's quality policy is shown in Figure 1 [10].

Recall that a product is at the core of a marketing strategy. However, international competition calls for product differentiation by increasing the «relationship» between companies and stakeholders. According to the Global Reporting Initiative (GRI) as a tool for the implementation of the CSR, significant aspects include «those issues that directly or indirectly affect an orga-

nization’s ability to create, save or destroy economic, social or environmental value for itself, its stakeholders and society as a whole.» International standard AA1000 under GRI provides the dialogs with representatives of interested parties. The international standard AA1000 is based on the basic principle of “inclusion”, which implies taking into account the interests and needs of all interested parties (stakeholders) at all stages of the process [10; 11].

AA1000 International Standard includes the following three principles: a) completeness (understanding of the material consequences of the company and what people think about it); b) materiality (the correct assessment of the significance of problems for stakeholders and organizations); c) response (demonstration of an adequate response). The principle of “inclusion” is also an important element of the reporting guidelines of the international standard. Depending on the state of the system for managing interaction with stakeholders in an organization, four approaches to interaction can be distinguished (Table 5) [12].

As we can see from the above, international standards are ‘pushing’ enterprises to improve their business communications by developing ‘Stakeholder Management’ as a practical-theoretical approach



Figure 1. Nestlé Quality Policy

based on the theory of CSR. In terms of international competition, this is a «soft» method of building customer loyalty in local and international markets. The conceptualization of this idea is shown in Figure 2 [6–10; 13; 14].

Thus, further examination of the corporate principles of Nestlé India as subsidiary company has also allowed for a manifestation of the parent company’s principles, but taking into account the explicit needs and cultural codes of the subsidiary’s country of location, including the active incorporation of the SDGs. And, through its CSR initiatives, Nestlé India focuses

Table 5

Four approaches to stakeholder engagement with the international GRI standard

Ignoring	Responding	Warning	Interaction
Unilateral decision-making, ignoring the interests of stakeholders.	Forced interaction only in response to requests from interested parties.	The organization seeks to anticipate the interests and needs of stakeholders.	Between the organization and stakeholders, established continuous interaction based on mutual respect and openness.

Recourse: [12, p. 26]

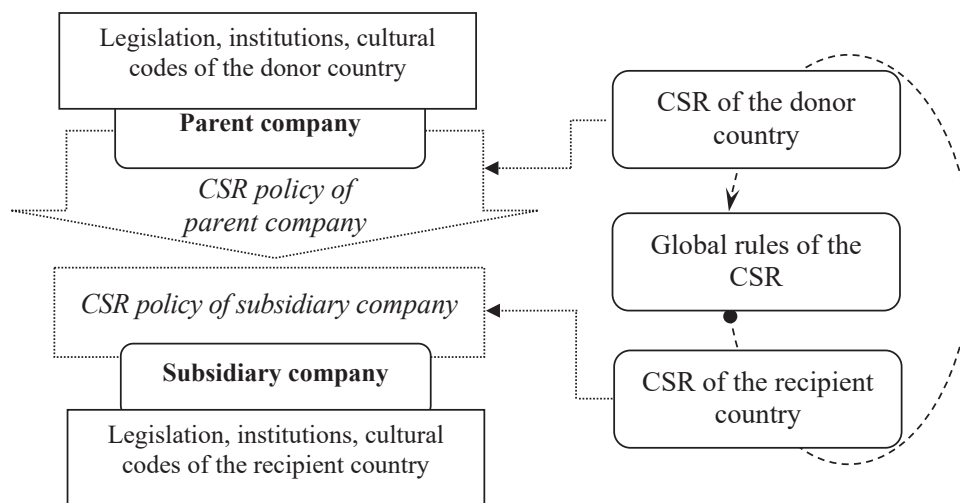


Figure 2. Conceptual model of diffusion of social values for a sustainable positioning as competitive growth of international company

Resource: author’s design

on areas where it can create maximum value. These areas include:

1. Nutrition (Nestlé India's CSR initiatives address an Indian social issue such as the burden of malnutrition on a large portion of its population, with a special emphasis on feeding school children).

2. Water and Sanitation (Nestlé India's CSR initiatives aim to help farmers use methods to reduce water use in agriculture, raise awareness of water conservation and ensure access to safe drinking water and sanitation).

3. Rural Development (Nestlé India's CSR initiatives aim focus on rural development to support sustainable development of farmers, which would allow them to grow with the growth of the company) [15].

Conclusions. The conducted study allows us to extract the following:

1. Nestlé has chosen an effective approach to stakeholder management, carrying its positive values and enriching them with the local values of its subsidiary's market.

2. The company's transparency, high quality standards, audits and high level of social responsibility allow Nestlé to remain a leader in the food industry and win the trust of its stakeholders.

3. Nestlé's CSR principles influence value creation for the end consumer.

4. Nestlé optimally combines its commercial interests in many markets, but achieves sustainability by applying modern methods of extensive CSR strategy.

5. The proposed conceptual model of value diffusion in the marketing strategy of stable positioning of the transnational company in the international markets by the induction of this model will allow to activate research in this area.

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ДИФУЗИЯ СОЦІАЛЬНИХ ЦІННОСТЕЙ МІЖНАРОДНОЇ КОМПАНІЇ ЯК ФАКТОР СТАБІЛЬНОГО РОЗВИТКУ ТА КОНКУРЕНТНОГО ЗРОСТАННЯ

У статті розглядаються питання розвитку корпоративних цінностей міжнародних компаній, формування і імплементація яких в дочірні або інші підконтрольні компанії дозволяє досягти стабільного контролю їх економічної діяльності як на міжнародному ринку, так і окремих національних ринках. В цій призмі, проведено дослідження практичної діяльності швейцарської транснаціональної корпорації Nestlé Société Anonume. Бізнес-модель цієї компанії передбачає в якості важливого інструменту управління підконтрольними підприємствами систему корпоративних цінностей, яка формує лояльність споживачів до підконтрольних підприємств на міжнародному та локальних ринках. Аналіз значень світових індексів стабільності засвідчує досягнення суттєвих успіхів Nestlé Société Anonume в застосуванні методик стабільного розвитку діяльності цієї компанії як в комерційному аспекті, так і в реалізації ідей, підходів та принципів корпоративної соціальної відповідальності (КСВ). Встановлено, що компанія підтримує як прогресивні традиції більш ніж 100 річного досвіду, так і залучає в корпоративну культуру нові актуальні методи формування стабільності. Подальший аналіз ділових принципів Nestlé Société Anonume, засвідчив наявність кореляції змістовності її цінностей з сучасними принципами корпоративної соціальної відповідальності та цілями сталого розвитку ООН, що є свідченням гнучкості корпоративної та маркетингової політик компанії. Так, дослідження корпоративних принципів дочірньої компанії Nestlé India дозволило встановити позитивне розширення класичних принципів КСВ цілями (напрямами) сталого розвитку ООН. Наприклад, ініціативи КСВ Nestlé India стосуються таких соціальних проблем Індії, як тягар недоїдання, що лежить на великій частині населення, з особливим наголосом на харчуванні дітей шкільного віку. Отже, оцінюючи політику КСВ дочірньої компанії «Nestlé India», можна констатувати, що компанія одночасно вирішує, окрім комерційних завдань окремі соціальні проблеми країни розміщення (країни донора) підконтрольного підприємства. В цьому випадку, з точки зору управління конкурентоспроможністю, компанія Nestlé Société Anonume вдало конкурує на ринку шляхом розповсюдження позитивних морально-етичні цінностей та норм, що свідчить про значну соціалізацію маркетингових стратегій даного підприємства, яка забезпечує лояльність споживачів. Отже, Nestlé Société Anonume вдало здійснює соціально-орієнтоване управління, формує лояльних споживачів та отримує прибуток. Систематизація зазначеного та методів управління стейкхолдерами дозволила запропонувати концептуальну модель дифузії цінностей КСВ в маркетинговій стратегії сучасного стійкого позиціонування транснаціональної компанії на міжнародному ринку, подальша індукція цієї моделі дозволить активізувати дослідження з цього напрямку.

Ключові слова: сталий розвиток, корпоративна соціальна відповідальність, стійкість позиціонування компанії, корпоративні комунікації, міжнародна конкуренція.