



Companies contributing to the greening of consumption: findings from the dairy and appliance industries in Thailand



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ABSTRACT

Over the last decades, the scope of corporate environmental strategies has shifted from improving internal environmental performance to reducing environmental footprint of the product chain in collaboration with actors in the chain. Consumer-oriented corporate social responsibility (CSR) strategies are a vital part of this trend but have received little scholarly attention, particularly in low- and middle-income countries. Focusing on Thailand, this article shows how corporate strategies aimed at greening consumption have become visible because of an increase in sustainable products, environmental information flows, and green narratives and images. We investigated two illustrative cases, dairy and appliance industries, and found that their environmental performances in greening consumption diverge. In the dairy industry, green products and environmental product information are mainly found among small producers for niche markets. Larger producers have only recently started adopting consumer-oriented environmental strategies. Appliance companies offer consumers not only green products, but also environmental information, storylines, and images reflecting general sustainability topics and, to a modest extent, consumer eco-lifestyles. We discuss underlying factors and argue that environmental communication strategies directed at consumers have strategic relevance for both industries.

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1. Introduction

Over the years, companies have widely embraced corporate social responsibility (CSR) as a principle and management framework for achieving sustainable consumption and production. One central dimension of CSR is environmental performance (e.g., Dahlsrud, 2008; ISO, 2009; WBCSD, 1999). Environmental CSR means that companies take environmental responsibility beyond legal compliance and reduce the environmental impacts of their own activities and of the activities of other stakeholders under their influence (ISO, 2009). In this respect, Kovács (2008) highlights that upstream and downstream stakeholders can be targeted by CSR strategies.

The contribution of the industrial sector to the Thai economy has significantly grown over the last five decades, resulting in serious environmental pressures (e.g., Global Environmental Forum, 1999; TEI, 2003). In response to this situation, the Thai industrial sector has assumed a role in alleviating environmental problems. Over the years, environmental management in

industries has begun to move from an end-of-pipe approach toward an integrated chain-oriented approach (TEI, 2003). Thai companies are beginning to see the benefits of CSR, particularly in building good will and trust, as well as in engaging with consumers (Prayukvong and Olsen, 2009; Virakul et al., 2009). Corporate environmental strategies are no longer restricted to improving direct and indirect product performances¹; for some companies, they now extend to perceptions and activities of consumers in the consumption phase. Several producers have begun to develop strategies targeted toward consumers. They communicate, via eco-labels and other tactics, with consumers regarding the increasing range of eco-friendly products and the reasons for buying and using sustainable products.

Although research on consumer-oriented strategies has been growing in high-income countries, the topic has not been extensively studied in middle-income countries, including countries such as China and India in which emerging middle classes are responsible for an acceleration in the consumption levels (Kharas

¹ We define direct and indirect product performance from the consumer perspective. Direct product performance refers to the environmental performance of the product during the utilization, whereas indirect product performance refers to the environmental performance during upstream phases of manufacturing.

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and OECD, 2010; Lange and Meier, 2009). As highlighted by Zhao and Schroeder (2010), Thailand fits into this latter category and features rapidly changing consumption patterns, particularly among urban consumers.

Against this background, this article analyzes consumer-oriented CSR strategies and practices of two Thai industries. The dairy and appliance industries were selected as cases for three reasons. First, while the environmental relevance of consumer behaviors in both industries is clear, no academic research has yet been conducted on their consumption-related environmental strategies. Second, the two industries differ in their environmental impacts. Dairy products have greater environmental impact in the upstream segment of the chain (Hospido et al., 2003) whereas appliances have the greatest impact in the consumption phase (Nakamura and Kondo, 2006). Third, they represent consumption domains with different dynamics: dairy consumption has a shorter consumption cycle and environmental aspects are closely linked to issues of health and taste whereas appliance consumption has a longer cycle and environmental aspects are closely linked to energy (Kaenzig and Jolliet, 2007). Consumer-oriented CSR strategies of dairy and appliance companies are analyzed with the help of a typology developed by Spaargaren and Van Koppen (2009). In doing so, we aim to identify underlying factors and dynamics that drive the development of consumer-oriented CSR strategies of companies in Thailand.

In the next section, we present our theoretical framework and methodology (Section 2). Then, we analyze consumer-oriented strategies in the Thai dairy and appliance industries (Sections 3 and 4). In the concluding Section 5, we compare and discuss the results and draw conclusions.

2. Conceptual framework and methodology

Corporate environmental strategies and practices generally target the production processes, management systems, and products and services of a company. Strategies and practices are developed to meet the growing pressures from policy networks, economic networks, and societal networks (Van Koppen and Mol, 2002). Over the years, different concepts and approaches have been developed in this field such as pollution prevention, cleaner production, environmental management systems, eco-efficiency, the 3Rs, eco-design, and life cycle management. Whereas early approaches such as pollution prevention were targeted at processes within the company, current environmental strategies have extended to the full product chain. For example, producers have developed strategies encouraging suppliers to work in more eco-friendly manners. Such strategies for greening the supply chain can be implemented in reactive, constructive, or productive manners (Walton et al., 1998), using instruments such as auditing

(Hamner, 2006). Integrated chain-oriented approaches have been observed in both high-income and middle-income countries (e.g., Ahsen, 2006; Rao, 2002).

In addition to the upstream strategies, companies can contribute to sustainable production and consumption by initiating downstream-oriented approaches to target consumers. The most obvious contribution is providing consumers with sustainable products and services (Maxwell and van der Vorst, 2003). De Leeuw (2005), however, asserts that providing green products and services will not be sufficient to achieve sustainable consumption and production. He calls for innovative solutions, which bring the technical world (of material flows and life cycle assessments) and the soft world (of consumers and their lifestyles) together. In this context, consumers and their lifestyles and behaviors need to be investigated and taken into account (e.g. Shove, 2004; Spaargaren, 2003). In many countries, consumers and consumer organizations put pressure on industries to green their products and to engage with consumers on environmental issues (e.g. Micheletti, 2003). In response, many companies are initiating innovative programs for enhancing sustainability with the help of consumers and consumption-inclusive strategies (e.g., Michaelis, 2003; Schaller et al., 2009).

With these trends in mind, Spaargaren and Van Koppen (2009) have developed a typology to characterize the development of consumer-oriented environmental strategies of companies (Table 1). The central idea is that a full-fledged strategy encompasses green products, as well as communication, and communication is not only about adequate information that enables consumers to make green choices, but also about images and narratives that help consumers to identify cultural (emotional, esthetic, moral) connotations of green products and to incorporate them into preferred practices and lifestyles. This idea is elaborated in the three dimensions of Table 1. The first dimension refers to environmental aspects of the product chain that the company includes in its strategy. This dimension ranges from strategies for improving production processes only to strategies covering both direct and indirect product performance and sustainable consumer practices. The second dimension refers to the manners in which different aspects of company and product environmental performances are included in information flows directed at consumers. The third dimension encompasses socio-cultural storylines and “Leitbilder” regarding sustainable production and consumption.

Four levels of consumer-oriented strategies are distinguished in the typology. At the lowest level, no environmental product strategies are developed. At the second level, companies are doing their share but do not or hardly communicate about it with consumers. At the third level, the provision of green products and services is coupled to a strategy of informing consumers. The highest level is realized when producers endeavor to improve production

Table 1
Typology of consumer-oriented strategies.

Level	Dimension		
	Improving environmental performance	Providing information to consumers	Presenting images and narratives to consumers
No environmental product strategies	Improvement of production processes only	No or incidental consumer-oriented information	No or incidental presentation of images and narratives
Consumer-silent product strategies	Improvement of direct and indirect product performance	No or incidental consumer-oriented information	No or incidental presentation of images and narratives
Green product strategies	Improvement of direct and indirect product performance	Information on product performance and product strategy	Green images and narratives for product groups
Sustainable production and consumption strategies	Improvement of direct and indirect product performance and promotion of sustainable practices	Information on product performance and strategy and on consumer-related sustainable practices	Green images and narratives oriented to product groups and to sustainable citizenship

Source: Spaargaren and Van Koppen, 2009, p. 92.

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