BUSINESS SUSTAINABILITY FROM AN ECONOMIC-FINANCIAL AND MARKETING VANTAGE POINT

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ABSTRACT:

One of the great challenges that management face in the 21st Century is that of how to facilitate the growth of the companies they manage. It is vital that two fundamentals are taken into account if this growth is to be fulfilled successfully as follows:

On the one hand, the necessary funds to achieve business growth must be obtained without overtly depending on the financial market. Bearing this in mind, the Model of Sustainable Financial Growth has been shown to be a useful tool of analysis.

On the other hand, to contribute to the bolstering of said growth and progress, the design and implementation of policies by the Corporate Social Responsibility (CSR) has proved useful. These policies together become a marketing instrument of great value, simultaneously fulfilling the needs of the groups which interact with the business and legitimize business activity.

This paper analyses the growth and development in recent years of Telefónica Móviles Group, the market leader in the mobile telephone sector in Spain and in other countries where they operate. The analysis is carried out both from a financial viewpoint via the sustainable financial growth model, as well as from a marketing point of view via the CSR policy. The final objective is to shed some light on the sustainability of the company’s success.

Key Words:

Business growth; sustainable financial growth; Corporate Social Responsibility (CSR); social marketing; corporate reputation.

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1. INTRODUCTION:

The growth and development of business are the two great challenges which management of the 21st Century continually face, not only in their countries of origin but in their expansion into foreign markets, above all those markets which offer favourable business opportunities or which have high growth rates which are above the world average such as China and India. Thus, many businesses launch themselves towards the quest for and conquering of, other markets which leads to the emergence of growth in a generalized way via the internationalization of businesses whereby many go on to compete on a global rather than local scale (Martínez, 1994).

Moreover, the increasing dynamism of the markets in recent years has lead to management searching for new strategies that allow their businesses to compete in a more efficient and lasting manner over time and, as a consequence, make it possible for them to survive. In order to achieve this, the basic strategies an enterprise may choose to promote, development and growth are those of expansion and diversification (Ansoff, 1976). As such, the search for competitive advantages, known as “understanding, knowledge and resources a business has which increases its efficiency and allows it to distance itself from the competition” (Bueno and Morcillo, 1994: 274). Although the origin of these competitive advantages may be both in external factors as well as those internal to the enterprise (Grant, 1996), it is without doubt these latter ones which play a more important role when creating and maintaining said advantages (Navas and Guerras, 2002).

To guarantee successful business growth management must consider two vital aspects very closely linked to sustainability. On the one hand, they need to procure the necessary financial backing to achieve growth and the development of the business without having to be too dependent on the financial market thereby allowing retention of any financial surpluses generated by the activity. The Model of Sustainable Financial Growth (Sallenave, 1984) has shown to be a useful tool of analysis in achieving such objectives.

On the other hand, to achieve sustainability of growth and development of a business, the design and launching of a competent policy of Corporate Social Responsibility (CSR), with the aim of maintaining good, solid, lasting relationships with main stakeholders with whom the enterprise conducts its business is additionally important. As Freeman (1984) indicated, society has a marked plural character formed by multiple groups with disparate aims which makes it necessary for enterprises to see to the demands of said groups in order to accomplish the business objectives successfully. The CSR policies will influence corporate reputation (Weigelt and Camerer, 1988) and will result in the build up of perceptions of each stakeholder in relation to the modification of the business’ responses to its expectations (Caruana, 1997),which are in turn closely linked to the image and corporate identity (Gotsi and Wilson, 2001). Along these lines CSR offers businesses a marketing instrument of great value (Maignan and Ferrell, 2001), allowing them to cover the needs of the groups with which they interact while also legitimizing their business activity (Murray and Montanari, 1986).

In next pages the growth and development undergone the Group Telefónica Móviles in recent years will be analyzed, both from the financial and marketing points of view, as a high technology, sector-leading multinational in mobile telephones both in Spain and in other countries where they operate, with the aim of being able to reach conclusions which shed light on the success of their operations. In order to do this, the Model of Sustainable