

DISCUSSING ORGANIC PRODUCTION IN THE CONTEXT OF SUSTAINABLE DEVELOPMENT

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Abstract: The paper presents a study provoked by the progressive development of organic sector in world scope facilitated by the increase in organic produce demand on one hand and favorable legislative prerequisites on the other. One of the main goals worldwide is the achievement of high levels of food quality and safety as part of economic, social and ecologic sustainability. Thus, the striving is after the creation of a market-oriented and competitive agricultural sector improving living conditions in rural areas and work opportunities and applying good environmental practices in water and soil preservation, natural habitats, biodiversity and landscape. In that relation organic farming is one of the most effective approaches of meeting legislative environmental requirements and human priority goals. The study presents the relationship of organic production to the concepts of green economy and corporate social responsibility underlining its potentials to contribute to sustainable development.

Keywords: organic farming, sustainable development, green economy, corporate social responsibility

1. INTRODUCTION

Sustainable development is a fundamental goal in the contemporary world. The main question is how to achieve it once the aims are set in a number of strategies on different levels, i.e. how to involve all the groups in society. On one side are consumers and demand, on the other – producers and supply. It is for sure that demand is for safety and health, but the answer of the question how to respond in the supply chain is not so easy [22]. Ecological problems as a whole, and in agrarian sector particularly, are going deeper in recent decades because of highly violated natural balances and negative cumulative effects on human health. As a sector in the very beginning of food chain, agriculture is one of the most important one for achieving sustainable development goals [1]. Economic effectiveness, social responsibility and ecological conformability are the three pillars when characterizing sustainable development and sustainable agriculture in particular [15-17]. Agricultural sector experiences a number of problems resulting in unfavorable economic outcomes, worsened social conditions and negative effect on environment. In sustainable development and in the agricultural sector in particular, especially sharp is the problem of economic effectiveness in the light of environmental protection – water, soil, biodiversity and landscape, and the need of increasing social status of the population. These three aspects are connected to each other and it is very difficult to be examined separately [5]. Recently, two more aspects are added – cultural and accountability (Fig. 1). One of the main questions in world and national economies in terms of ‘economic effectiveness or social justice’ is now acquiring new dimensions in the context of environmental protection challenges and rural development. Thus, the achievement of sustainable development goals embraces a system of mechanisms and tools with different scopes and directions.

The idea of sustainable development includes the equal and balanced interactions between the three sectors in national economies – public, private and non-profit. Sustainable development is one of the pillars of strategic management. Companies aim to survive and earn above the average as they compete with their rivals. Besides an ongoing cut-throat competition, companies start to give more importance to the future [9]. An entrepreneurial approach allows firms the flexibility to address the unique nature of natural environmental opportunities and the challenges posed by unique green markets [10]. Reaching high competitiveness is a key objective. Organic production and trade provide a sustainable competitive advantage. Above all, contemporary farmers should be good managers. Permanent changes in globalizing world impose new skills and approaches. Thus the increase in demand of organic product leads to increase in organic areas and number of organic farmers, processors and traders as a result of the search for entrepreneurial and innovative methods guaranteeing profit making and sustainability [2, 4].

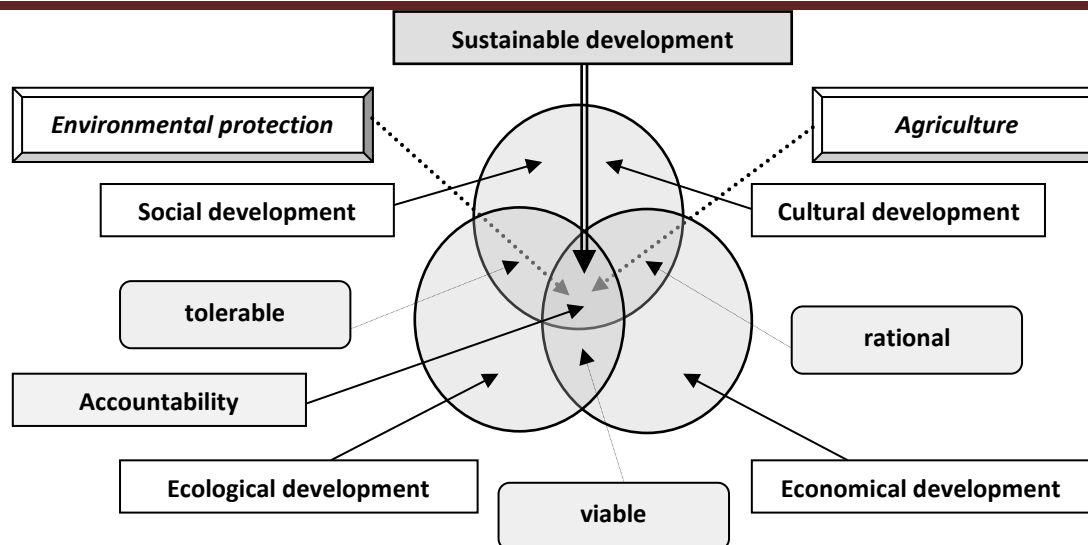


Figure 1. Sustainable development (in terms of the interacting dimensions – economic, social, ecological, cultural and accountability [6]) and the importance of agriculture and environmental protection [5, 8]

Organic production as a way of achieving sustainable growth could be determined in the three main aspects of sustainable development as follows:

- economic sustainability – increasing competitiveness, strong market orientation and increased incomes;
- social sustainability – bigger responsibility towards consumers’ demands, improving food quality and safety; regional development;
- ecologic sustainability – unified framework, effective implementation and control, standards of protection of environment and health,

and those are the basics of the presented study. Other aspects as shown in ‘Best Practice Guideline for Agriculture and Value Chains’ developed by Sustainable Organic Agriculture Action Network and approved for the global organic movement by IFOAM [6] – cultural dimension and accountability dimension are considered too in all proposed models and analyses.

Sustainable rural development is one of the priorities for future development [3]. The question how this can be achieved is one of the most pressing in the last few years bearing in mind the processes of globalization and urbanization which have great negative impacts and many challenges on rural areas development [23]. The hard competition on global markets for agricultural produce on one hand and the unattractiveness of rural areas for young people on the other impose the need of seeking for new ways, approaches, technologies, products, services, etc. to foster rural development [13-14]. The process is influenced by international, state and other policies and support and by people’s motivation too [18-21].

2. THE RELATIONSHIP TO GREEN ECONOMY

Discussing challenges of globalization processes and food and agricultural non-food products’ quality and safety, some questions in connection to safe production and international trade are raised taking into account greater risks along with bigger advantages. The competition on international markets is bigger than ever before, as well as requirements regarding environmental protection and human health which impose higher investments and greater concerns. The problems are not only in satisfaction of consumers’ demand but of assuring standard of living of producers in rural areas, protection of traditions and culture.

The concept of sustainable development gives a new way of thinking and management of the human impacts – creating more durable positive results for bigger benefits for human societies – common wellbeing / common capital (economic, human, social and ecological) do not decrease in time, i.e. availability and quality of resources in long term. The question of green economy is one of the most discussed now and in many cases put in priority goals in national economies or international documents bearing different implications.

“Green economy is an economic development based on the sustainable development model and knowledge of ecological economics. Its most distinguishing feature from prior economic regimes is direct

valuation of natural capital and nature's services as having economic value and a full cost accounting regime in which costs externalized onto society via ecosystems are reliably traced back to, and accounted for as liabilities of, the entity that does the harm or neglects an asset" [12].

"Green production or green manufacturing has become a requirement for sustainable development and a niche for competition for modern manufacturing enterprises. It applies the principles of environmental protection and energy conservation to production activities to reduce industrial waste, save energy and scarce resource, and minimize pollution to natural environment, while accomplishing desired production economy" [26].

Green business can be defined as business practices which are evaluated to be environmentally friendly. These practices might include the use of organic and natural products to build its facilities, tighter protections against emissions, environmentally responsible sourcing of supplies and designing organizations and processes in order to efficient and economical use of resources [9]. But investing in 'green' has its risks in production and of raising too much prices. That's why the selection of the green production strategy is a critical but difficult task due to the fact that it affects not only green benefits, but also production economy. The problem is essentially multi-objective and involves dynamic and uncertain conditions [26].

The 2012 United Nations Conference on Sustainable Development had as one of its two main themes a green economy in the context of sustainable development and poverty eradication [11]. All occupations will need 'greening' with a spectrum from those new jobs focused solely on the delivery of greengoods or services to those that will require more limited changes to improve energy efficiency and reduce resource use. There will be demand not only for technological expertise but also communication skills to provide advice on new technologies to both businesses and consumers [12].

The shift towards greening the economy will require the second greatest economic transformation after the industrial revolution. Enough attention is not paid to the social dimension of sustainable development: its implications for employment, training and decent work. There are several links between education, training, employment and environment policies. Green sectors will require new jobs, but they will also need to redefine many existing job profiles. The demand for new related skills will also rise in most occupations [12].

There is a need of balancing 'green' measures with economic effectiveness. Organic production provides many opportunities for that but organic conversion should be preceded by preliminary profound analyses and go through some important steps: identification of activities, goals determination, cost-benefit analyses, etc., in order to be put on solid foundations and to have potentials for success.

But "the goal of sustainable development is not only to conserve the natural environment for successive generations. We have to learn that this will not be possible without the alleviation of mass poverty and impoverishment, without aspiring to social justice for the entire world's people, and without creating greater government and business accountability. It will not be enough that countries successfully make the tremendously difficult transition to "energy efficient" economies. Sustainable development also needs social systems that are based on justice and equity, and that are built upon democratically controlled political structures, which give people a voice and a stake in their own future" [12].

3. THE CONCEPT OF CORPORATE SOCIAL RESPONSIBILITY AND ORGANIC PRODUCTION BUSINESS MODEL

Sustainable development pillars and their balancing are closely connected to the concept of corporate social responsibility (CSR). Over the past several decades, corporate social responsibility has grown from a narrow and often marginalized notion into a complex and multifaceted concept, one which is increasingly central to much of today's corporate decision making [7]. Defining and delimiting corporate social responsibility (CSR) and irresponsibility (CSI) are key interdependent tasks that can contribute to the development of multiple international policy regimes favoring CSR and disfavoring CSI [25].

Natural environmental orientation (NEO) is defined as comprising three components: entrepreneurship, corporate social responsibility, and commitment to the natural environment [10]. Social entrepreneurship is the process of applying the principles of business and entrepreneurship to social problems. Social enterprises are enterprises devoted to solving social problems. The reason for their existence is not to maximize return to shareholders, but to make a positive social impact [7].

Corporate social responsibility is a concept showing companies' long-term engagement in sustainable business, society and environment development. Social responsibility is an element of corporate culture in conditions when new corporate values are adopted in connection to social and ecological goals.

Corporate social responsibility, also called corporate conscience, citizenship, social performance, or sustainable responsible business, is a form of corporate self-regulation integrated into a business model. CSR

policy functions as a built-in, self-regulating mechanism whereby business monitors and ensures its active compliance with the spirit of the law, ethical standards, and international norms. The goal of CSR is to embrace responsibility for the company's actions and encourage a positive impact through its activities on the environment, consumers, employees, communities, stakeholders and all other members of the public sphere. Furthermore, CSR-focused businesses would proactively promote the public interest by encouraging community growth and development, and voluntarily eliminating practices that harm the public sphere, regardless of legality. CSR is the deliberate inclusion of public interest into corporate decision-making [12].

Usually corporate social responsibility is considered as voluntary concerns, actions and relations in contemporary business (responsible behavior) concerning employment, environment and consumers. Social responsibility is the responsibility of companies (decisions and activities, interactions) of their impacts on society and environment. Its implementation should be in conditions of transparency and ethics behavior concerning legislation and international values, society needs, etc. Corporate social responsibility is not only one activity, it is a sustainable process. The fields of CSR are: society, environment, human capital and labor conditions, knowledge and education, etc. It could be a successful business strategy of sustainable development resulting not only in economic and marketing advantages but also in making positive image. Social responsible programs should be planned, implemented and assessed in long-term scope. Social responsible behavior is behavior taking responsibilities of society and environment impacts using social responsible practices in response to global economic and environmental threats and based on the new business culture and the provision of information and analyses in relation to sustainable development.

The agrifood sector as a possible greening-oriented sector could, through careful environmental protection policies, the creation of new green professionals and by supplying goods and services to meet the responsible consumption, be socially responsible [24]. Discussing the concept in current study is in close connection to the main idea of organic production – ‘Good for nature, good for you’ and it is connected to the key stakeholders in the sector: state and local authorities, business / operators (producers, processors, traders), educational and scientific organizations, on one hand, and consumers, non-profit organizations, media, on the other. The relations between all of them are bilateral. In order to be applied by business, there should be ‘pressure’ by civil society and consumers. Organic production turns into a way of investment in a production process which protects environment, creates employment but also raises social consciousness of the principles of sustainable development. In that relation organic production answers the ideas of CSR and could be successfully developed according to new trends and policies.

4. CONCLUSION

Organic production is a specific production method preserving environment and providing healthy food of high quality having the following advantages: production of healthy food with high technological characteristics; increasing demand; new markets; higher prices; less intensive use of land; lower energy consumption; environmental protection; rural development, etc. Organic farming is an overall systematic approach based on a number of processes leading to sustainable development. Increasing employment and decreasing unemployment, reducing the risk of poverty, increasing the attractiveness of some regions or destinations as a result of improvement of ecological conditions of life, attracting direct foreign investments, increasing incomes and employment in rural regions.

Organic production examined by the traditional pillars of sustainable development provides: economic sustainability – competitiveness increase, strong market orientation and increase in incomes; social sustainability – bigger responsibility towards consumers’ needs, improving quality and safety of food, regional development; ecologic sustainability – a common frame, effective application, control, development of standards of environmental protection, health and welfare. Recently, the dimensions of culture and accountability are added too. The strategic goals of raising competitiveness, human resources development, employment, incomes and social integration along with strategic priorities as infrastructure, entrepreneurship encouragement, favorable business environment, balanced territorial development, etc. consider knowledge and transfer of innovations weaving environmental protection, rational use, conservation and sustainable management of natural resources.

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KNOWLEDGE IN PRACTICE
16-18 December, 2016 Bansko, Bulgaria

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