SUSTAINABILITY AND SUSTAINABLE DEVELOPMENT: AN APPROACH TOWARDS DURABLE CORPORATION

Sumanta Dutta*

Abstract:

Sustainability is one of the most used words in relation to the business activity and reporting at present. Businesses today are experiencing profound pressure to reform & improve the shareholder related practices and to assess their impacts on shareholders and the national environment. Today companies in a broad sense, a group of different agents that have a relationship with shareholders, citizens, providers & customers. In other words, they are known as stakeholders. The stakeholder view emphasized that the linkages between the corporation and its multiple constituencies are in many ways important vehicles for creating, sustaining, and enhancing the corporation's wealth-creating capacity. Introducing the concept of sustainability into organizational thinking has implications for business strategy, which, in turn, affects how firms measure performance. 'Sustainability' can mean many different things to organizations. Indeed, many organizations do not distinguish between environment and sustainability while other organizations equate sustainability with economic sustainability, that is, with consistent levels of economic growth **(Bansal, 2002).**To achieve sustainable development it is necessary to achieve sustainability and this can be achieved by four actions: maintaining economic activity as this is the *raison d'être* of the company **(Friedman 1970)**; conserving the environment as this is essential for the maintenance of future generations; ensuring social justice which includes elimination of poverty and the ensuring of human rights; and developing spiritual and cultural values, where the corporate and societal values align in the individual **(Aras and Crowther 2009).**

Key words: *Stakeholder, corporate social responsibility (CSR), Shareholders Wealth, sustainability and sustainable development*

* Assistant Professor,Department of Business Administration,Dinabandhu Andrews Institute of Technology and management, Garia, Kolkata. and

Visiting faculty, St.Xavier's College (Autonomous), Kolkata (Morning Division).

Introduction:

Sustainability is one of the most used words in relation to the business activity and reporting at present. Businesses today are experiencing profound pressure to reform & improve the shareholder related practices and to assess their impacts on shareholders and the national environment. Today companies in a broad sense, a group of different agents that have a relationship with shareholders, citizens, providers of materials, NGOs & customers. In other words, they are known as stakeholders.

At the organizational level, a sustainable business has been defined as one that 'meets the needs of its stakeholders without compromising its ability also to meet their needs in the future. Introducing the concept of sustainability into organizational thinking has implications for business strategy, which, in turn, affects how firms measure performance. 'Sustainability' can mean many different things to organizations. Indeed, many organizations do not distinguish between environment and sustainability while other organizations equate sustainability with economic sustainability, that is, with consistent levels of economic growth **(Bansal, 2002).** Strategically, organizations can see sustainability as compliance issue (something that has to be done because it is law), a cost to be minimized (something to spend the minimum amount on) or an opportunity for competitive advantage (something that leads to opportunities). There is some evidence that organizations follow an evolutionary path in their attitudes and behaviours – from compliance to competitive advantage **(Hart, 1995)** a path that mirrors their responses to environmental management issues as well as stakeholder perspective.

Corporate sustainability –a smoke screen or a driver of Durable Corporation

As far as the concept of corporate sustainability is concerned then the confusion is exacerbated by the fact that the term sustainable has been used in the management literature over the last 30 years (**Reed & DeFillippi 1990).**In the opinion of Zwetsloot **(2003)** that through corporate social responsibility along with the techniques of continuous improvement and innovation an organization can ensure the long term sustainability. In this connection, **Daly (1992)** argued that in the economics of development all the needs are to be addressed and this can be dealt with through the market by the clear separation of the three basic economic goals of efficient allocation, equitable distribution, and sustainable scale. **Hart (1997)** goes further and regards the concept of sustainable development merely as a business opportunity, arguing that once a company identifies its environmental strategy then opportunities for new products and services become apparent.

Therefore there seem to be two commonly held assumptions which permeate the discourse of corporate sustainability. The first is that sustainability is synonymous with sustainable development. The second is that a sustainable company will exist merely by recognizing environmental and social issues and incorporating them into its strategic planning. Unsustainable operations can be accommodated for either by developing sustainable operations or by planning for a future lacking in resources currently required. In practice organizations mostly tend to aim towards less un-sustainability by increasing efficiency in the way in which resources are utilized. An example would he an energy efficiency programme. Hence, it can be said that sustainable activity is an activity in which decisions made in the present do not restrict the choices available in the future. If this tenet of sustainability is accepted then it follows that development is neither a necessary nor desirable aspect of sustainability. Sustainable development may well be possible, and even desirable in some circumstances, but it is not an integral aspect of sustainability.

Sustainability is a fashionable concept for corporations and their reporting previously described as environmental reporting and then corporate social responsibility reporting is now often described as sustainability reporting **(Aras & Crowther 2007).** Corporate websites also provides relevant sources of corporate sustainability initiative. But it is apparent that sustainability and sustainable development are used as interchangeable terms. The ultimate objective is to enhance the stakeholder value through a deep commitment of CSR based activity.

	Shareholder Value	**Stakeholder Value**
CSR Low Priority	- Minimize intrusion of CSR initiatives into core strategy and business functions - Isolate CSR as a separate function or department with	- Seek input from external stakeholders and include their concerns in decision making - Balance financial, social, and

	little clout - Comply with legal and industry regulations with minimal change **Compliant**	Environmental performance (TBL) - Market innovations as evidence of goodwill and good citizenship **Good Citizen**
CSR High Priority	- "Win-win" CSR - Implement only in ways that Enhance bottom line Performance - Avoid if it diminishes short term results, e.g. revenue or cash flow - Publicize all actions, perhaps Leaning towards exaggeration, Or "green-washing" **Instrumental**	- Deep commitment to CSR - Fully integrate CSR into Values, mission, strategy and operations - Focus on long term benefits even it CSR initiatives negatively affect short term performance - Marketing of CSR policy and main strategy re intertwined naturally **Intrinsic**

Figure-1

Typology of CSR standpoints

Source: Porter, T (2008)

Figure I show that firms' sustainability standpoints vary along two dimensions of value. First, the incorporation of CSR in its primary value-adding strategy reflects a lower or higher priority on CSR. Second, its adoption of shareholder or stakeholder value criteria reflects the degree to which it prioritizes social and environmental improvements in addition to financial profitability.

A conventional shareholder approach elevates financial returns to shareholders above all else, while a stakeholder perspective **(Freeman, 1984)** considers a range of perspectives on value criteria and is generally more likely to incorporate CSR interests into its performance measurements. With these two axes of value, the table thus illustrates four broad CSR standpoints. Thus, the compliant position is aimed at shareholder value with a low priority on CSR, such that companies do the minimum necessary to meet legal requirements; the instrumental position values both shareholder return and CSR, and seeks CSR strategies that add to the bottom line; good citizen positions are genuinely interested in satisfying stakeholder concerns and so are likely to take a balanced approach to the triple bottom line; and intrinsic standpoints fully embrace social and responsibility and fully integrate these priorities into all systems and performance metrics.

Sustainability is referenced by environmentalists as ecological sustainability and by many in the business community as economic sustainability, whereas sociologists reference it as "social sustainability."Corporate sustainability efforts therefore promote the integration and balance of all three sustainability concepts. They ensure sustainability in corporate service and/or product developments and offerings for future generations of employees, customers, and stakeholder groups.

- Management of organizational growth in an environment-friendly way.
- Development of processes that ensure sustainability in key products and/or service offerings throughout the organization
- Development of governance and leadership philosophies that promote sustainability throughout the organization, and among key supplier and customer networks that are aligned with the organization.
- Development of corporate policies and procedures and create an environment of collaborative involvement of various stakeholder groups.
- Addressing financial viability and key economic, environmental, and social issues.

- Meeting the corporate needs of the present leadership without compromising the ability of future generations of corporate leaders to ensure stability within the organization regarding economic, environmental, and societal issues
- Ensuring that diversity is being considered and incorporated in all corporate hiring, training, and employee development programs and offerings.
- Ensuring that human rights are being considered before securing services and/or products from various vendor groups
- Develop short and longer-term strategic planning initiatives that promote corporate sustainability
- Consideration of environmental impacts on all new service and product offerings
- Addressing and attempting to resolve employee, customer, supplier, and stakeholder concerns that relate to economic, environmental, and societal issues
- Evaluation of risk management and regulatory initiatives that are in place to help ensure corporate sustainability
- Recognition of employees, vendors, and customers who exhibit notable sustainability practices
- Documentation of key sustainability practices and/or processes throughout the organization.

Firms may adopt any of these standpoints at any time, and change standpoints gradually or abruptly in any direction results cannot be expected to happen overnight' **(Anonymous, 2002).** These examples illustrate that all approaches to CSR are strategic, but that the definition of the term depends upon the firm's relative commitment to

The term 'sustainability' traditionally assets that society must not use resources more quickly than it produces them, a definition which was first publicly debated as part of the Brundtland Report. However, there is a tendency for analysis of sustainability to consider only two, aspects: the environmental and the societal. However, Aras and Crowther assert this analysis is deficient and propose four aspects within a two dimensional aspect of short term versus long term that leads. **(See Fig2)**

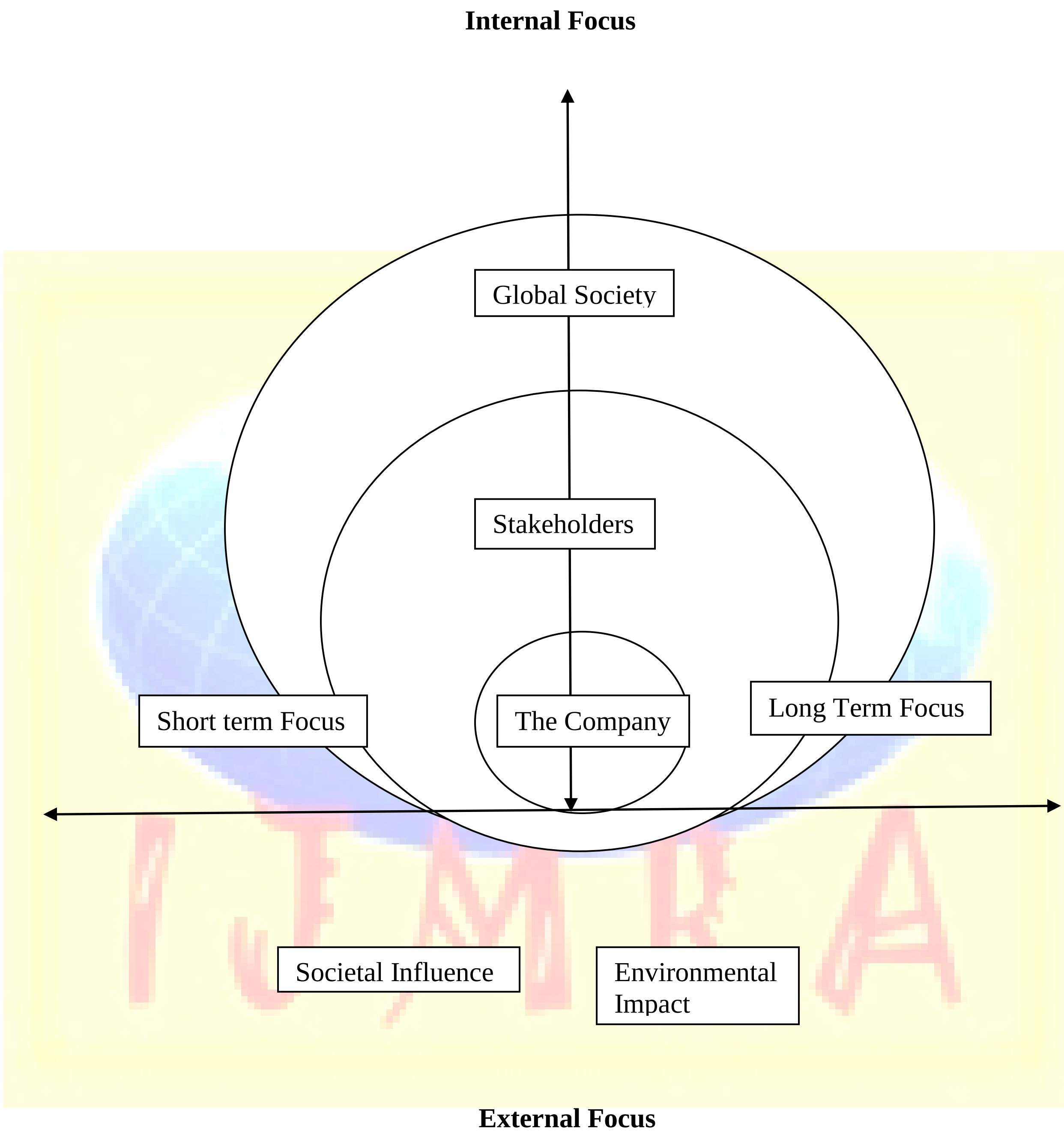

Fig: 2

The model of Sustainable Development

Source: *Aras & crowther, 2009, P-41*

Furthermore, to achieve sustainable development it is necessary to achieve sustainability and this can be achieved by four actions: maintaining economic activity as this is the *raison d'être* of the company **(Friedman 1970);** conserving the environment as this is essential for the maintenance of future generations; ensuring social justice which includes elimination of poverty and the ensuring of human rights; and developing spiritual and cultural values, where the corporate and societal values align in the individual **(Aras and Crowther 2009)**. Thus, sustainability and sustainable development is about more than just managing the interest of the stakeholders versus the shareholder, which is the most common ascertain in organization theory. Further, all stakeholder values must be recognized and accommodated within a body of trust, for if trust does not exist between the organization and the stakeholder than these transactions of value sharing cannot take place **(Aras and Crowther 2009).**

Conclusion:

Today, sustainable relations with a broad range of key stakeholders are not only important from a normative business ethics perspective, but also from an entrepreneurial viewpoint to allow and support the long-term survival of a firm. We will argue that the traditional conception of a firm's corporate social responsibility does not reflect this view and that a comprehensive and dynamic conception of a firm's corporate social responsibility is necessary to map the reality of business practice and to manage the challenges implied by sustainability. Sustainability hence becomes the key strategic objective of socio-economic systems and responsible companies which aim to pursue long-term economic development must incorporate the social and environmental objectives **(Margolis and Walsh 2003).** Business activities and business operations need an ethical foundation based on the parameter of Triple Bottom Line (TBL), which assist firm in enhancing the economic value addition, besides putting it on a firm financial footing**(Dutta,2011).**

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