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SUSTAINABLE BUSINESS MANAGEMENT : ISSUES AND APPROCHES

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ABSTRACT

A sustainable business is any organization that participates in environmentally-friendly or green activities to ensure that all processes, products, and manufacturing activities adequately address current environmental concerns while maintaining a profit. In other words, it is a business that "meets the needs of the present world without compromising the ability of the future generations to meet their own needs." It is the process of assessing how to design products that will take advantage of the current environmental situation and how well a company's products perform with renewable resources. This paper deals with strategies to promote sustainable business. It outlines the various issues relating to promotion of sustainable business such as economic issues, technological issues, environmental issues, socio-cultural issues and political issues. This paper concluded with sustainable solution to promote business on the basis of ISO certification scheme.

KEYWORDS: *Strategies of sustainable business, economic issues, technological issues, environmental issues, socio-cultural issues and political issues*

INTRODUCTION

The unrestrained market forces will not deliver sustainability. There is .clearly a role for government in setting the right framework for markets to deliver those broader based outcomes planet is very essential for life support system. On the environment side, there are externalities costs not borne by the polluter that are excluded from influencing the market at present. This has occurred for various reasons, but mainly because resources, like fresh air and clean water, were simply treated as costless until recently. Historically, people have seen examples of such externalities being successfully internalised the bringing of common grazing lands into

private ownership, thereby creating the incentive to conserve, is one case though not without conflict. Greenhouse gas emissions that cause global warming are an obvious environmental externality that needs to be internalised. Only in a few countries are emissions regulated or taxed in some way. In most countries, it is costless for firms to emit CO_2, so of course there is little incentive for them to change their behaviour unless governments act. Indeed, many companies support efforts to reach worldwide agreement on combating climate change in order to make the necessary economic adjustments in an orderly fashion. Governments also have a crucial role to play in setting the right framework for markets to function in socially responsible ways. Tax and spending policies should be set in ways that complement the market economy by providing public goods efficiently. More controversially perhaps, governments are mainly responsible for ensuring human rights and fighting corruption, although companies, especially large global ones, cannot and do not ignore these issues.

Sustainable business, or green business, is enterprise that has no negative impact on the global or local environment, community, society, or economy a business that strives to meet the triple bottom line. Often, sustainable businesses have progressive environmental and human rights policies. In general sustainable business can be identified as it incorporates principles of sustainability into each of its business decisions, it supplies environmentally friendly products or services that replaces demand for nongreen products and services, it is greener than traditional competition and it has made an enduring commitment to environmental principles in its business operations. The Brundtland Report emphasized that sustainability is a three-legged stool of people, planet, and profit. Sustainable businesses with the supply chain try to balance all three through the triple-bottom-line concept using sustainable development and sustainable distribution to impact the environment, business growth, and the society. Everyone affects the sustainability of the marketplace and the planet in some way. Sustainable development within a business can create value for customers, investors, and the environment. A sustainable business must meet customer needs while, at the same time, treating the environment well.

SUSTAINABLE BUSINESS CONCEPT THEME

A major initiative of sustainable businesses is to eliminate or decrease the impact made on the environment by harmful chemicals, materials, and waste generated by processes to manufacture products and services (Becker 2008). The impact of such human activities in terms of the amount of greenhouse gases produced can be measured in units of carbon dioxide and is referred to as the carbon footprint. The carbon footprint concept branched off from ecological footprint analysis, which examines the ecological capacity required to support the consumption of products (Hawken P.A. Lovins et al. 1999). The *Gort Cloud* written by Richard Seireeni, (2009), documents the experiences of sustainable businesses in America and their reliance on the vast but invisible green community, referred to as the gort cloud, for support and a market. One of the most common examples of sustainable business initiatives is the act of going paperless (Rennie 2008). On a higher level, sustainable business practices can include reviewing processes in order to eliminate or recycle waste, making all products recyclable, and eliminating the use of nonrenewable resources via alternatives energies.

Sustainable businesses also look at inputs to determine what products are harmful to the environment and try to find green alternatives that can function at the same or a better level and, preferably, at a lower cost. Company leaders also take into account the life cycle costs for inputs of items purchased. Inputs costs must be considered in regards to regulations, energy use, storage, and disposal (Penfield 2008). A business's green initiatives can include conserving materials through remanufacturing, converting harmful gases into clean energy, generating greener power, and improving fuel economy.[4] Designing for the environment is also an element of sustainable business. This process enables users to consider the potential environmental impacts of a product and the process used to make that product. Henry Ford was a pioneer in the sustainable business realm, experimenting with soy-based materials and ethanol during the days of the Model T. Ford Motor Company also shipped the Model A truck in crates that later became the vehicle's floorboard upon reaching its destination. This was a form of upcycling, a key element to Designing for the environment. Upcycling is the process of retaining high quality in a closed-loop industrial cycle. Ford currently uses green fabrics and materials in the next generation of their vehicles seat fabric made from 100 percent post-industrial materials, renewable soy foam seat bases, and the like. Ford executives recently appointed the company's first senior vice president of sustainability, environment, and safety engineering. This position is responsible for establishing a long-range sustainability strategy and environmental policy. The person in this position will also help develop the products and processes necessary to

satisfy both customers and society as a whole, while working toward energy independence. In Korea, rice husks are used as a nontoxic packaging for stereo components and other electronics. The concept of waste is diminished because of inclusive shipping in freight costs the goods would already incur. The same material is later used to make bricks.

Organizations that give back to the community, whether through employees volunteering their time or through charitable donations are often considered to be socially sustainable. Organizations can also encourage education in their communities by training their employees and offering internships to younger members of the community. Practices such as these increase the education level and quality of life in the community. In order for a business to be truly sustainable, it must sustain not only the necessary environmental resources, but also its social resources, including employees, customers the community, and its reputation

STRATEGIES OF SUSTAINABLE BUSINESS

The main business drivers of sustainability for manufacturing firms make a good strategic concept for improving business performance. These include:

- ☆ Eco-efficiency: Reducing inputs of limited natural raw materials or fuel consumption, reducing waste production and utilising by-products from other industries, allow firms to cut costs;
- ☆ Improving product added value: With a sustainability approach, firms expect to be able to expand their product lines to sell more complex and technological products, with more value added in terms of licenses, exclusive technology, etc. Links with customers and users will become closer and better established in the long term and loyalty will be improved;
- ☆ Creating new market opportunities: A sustainability policy should facilitate firms expansion into new countries or regions through more sensitive and proactive methods of integration and an enhanced environmental approach. New products will allow firms to respond better to the emerging expectations of their customers;
- ☆ Strengthening socially responsible management: Such a policy will strengthen corporate culture, help firms to maintain the loyalty of their employees and attract high-potential new employees;
- ☆ Improving reputation: A proactive strategy will help firms keep their license to operate, and improve their corporate image in order to maintain brand value, as well as their relationships with local authorities and communities. This helps to reduce the prospect of inappropriate new taxes and regulations and avoid crises.

SUSTAINABLE BUSINESS ISSUES

ECONOMIC ISSUES

Quantity to Quality:-

Traditionally, economic progress has been measured in terms of the quantity of economic activity in terms of GDP and the size of the economy. In a sustainable world, the key issue is the quality of economic activity, the extent to which it meets real needs, and whether it respects ecological limits. At a product level, quality refers to durability, reparability and upgradability. The challenge for companies is to combine increasingly rapid technology cycles with longer product life cycles.

Eco-Infrastructure:-

Sustainable lifestyles, whether in the North or South, will require the execution of a huge range of eco-infrastructure projects, from state of the art sewage treatment to user-friendly mass transit systems. The extent to which the activities of companies and governments contribute to this end is an important measure of their sustainability.

Human Capital:-

In a knowledge-based economy, human capital is the key to success. For sustainability, the challenge is education and training that meet environmental priorities while simultaneously developing creative and highly-skilled employees that will be vital in the years ahead.

Reduce Economic Waste:-

Since environmental progress is financed by economic growth, it is desirable to reduce the economic wastage and distorting market signals in markets, ranging from agriculture to energy markets. Protectionist trade policies and monopolistic practices can also contribute to inefficiency and thereby reduce sustainability.

Integrate Environment:-

In most companies and governments, economic factors are given much higher priority than environmental factors. Sustainability will require the integration of social and environmental factors into economic decision making. This will have to become a central issue for corporate boards, financial markets and government economic ministries. Since the basic mechanism by which capital moves through the modern economy is the investment process, sustainability also requires that all investment decisions including those related to personal savings or corporate pension funds should be based on criteria of

sustainability. Companies will need to provide information about the business impact of their environmental investments and performance, so that these decisions can be made, and becomes a true market instrument.

Fair Trade:-

Many of the poorest countries are also those with the worst environmental and health conditions. Yet they only receive a tiny fraction of the profits from the products they harvest or produce, and which are sold in richer countries. A regime of fair trade, in which more money goes directly to producers in developing countries, can foster change.

Global Standards:-

Multinational companies typically have production facilities in many parts of the world. In such cases, they can help transfer sustainable technologies, processes and management practices by operating with single global standards for environment, health and safety. Investment in a country on the basis of its having lower standards does not contribute to sustainability.

Getting the Prices Right:-

Market prices do not currently take account of so-called 'externalities' due to environmental and social impacts. If the market is to guide progress towards sustainability, it will be necessary to internalise externalities and make prices tell the social and ecological 'truth'. Policies such as ecological tax reform are relevant in this respect. From a corporate perspective, companies seeking sustainability should price environmentally-sound products at less than the equivalent unsustainable products, rather than seeking to extract a 'green premium' from consumers as is the case today.

The following indicators relating to economic issues can be considered for sustainable business management.

Increase product life-cycle: durability, recyclability, re-usability

Develop and sell only products that meet real needs

Invest in eco-infrastructure

Invest in human capital: education and training for sustainability

Remove distorting subsidies and unsustainable market signals

Remove protectionist barriers that slow environmental progress

Integrate environment into all business decisions

Environmentally -based investment strategies

Provide market-relevant information on environmental performance

Engage in fair trade

Operate using single global standards

Set prices that 'tell the ecological and social truth': greener is cheaper

TECHNOLOGICAL ISSUES

Dematerialisation and Eco-efficiency:-

It has been variously estimated that in order to attain sustainability, the ratio of value added to environmental impacts whether in terms of resources and energy used or waste generated will have to increase by a factor of between four and ten. In other words, there will need to be dematerialisation of production of between 75per cent and 90per cent .

Sustainable Technology:-

Technologies, including those in transport, energy and industrial production, will need to become sustainable. The ideal sustainable process would use only renewable resources and energy and would produce no toxic or non-biodegradable wastes. Closed loop production, increased recycling and remanufacturing, and industrial ecology are promising examples of progress in this direction. More generally, life-cycle thinking will be at the heart of sustainable technologies.

Appropriate Technology:-

As persistent mass unemployment continues to erode the social fabric in many economies, the importance of employment generation for sustainability is becoming more evident. In this context, the promotion of appropriate technologies is relevant. Such technologies are not only environmentally compatible, but also emphasise the substitution of labour for capital, thus helping to reintegrate people into the economy.

Innovation and Information Economy:-

In addition to radically increasing the eco-productivity of existing products and processes, new technologies, notably those based on information technology, provide entirely new possibilities for developing more sustainable lifestyles. For example, video-conferencing allows people to conduct meetings from home, reducing travel with all its associated impacts. A sustainable economy is likely to want to make full use of these energy and resource savings technologies.

ENVIRONMENTAL ISSUES

Renewable Resources:-

Although the threat of 'running out of resources' is not as urgent as it seemed in the 1970s, people are still living off nature's 'capital' rather than its 'interest'. Non-renewable resources are being squandered and even renewable resources, such as agricultural lands or tropical forests, are suffering lasting damage for the sake of short-term gains. These trends must be halted in order to attain sustainability.

Preserve Biodiversity:-

The extent of biodiversity and its role in underpinning the resilience of life on Earth are poorly understood. A precautionary approach in the face of such vast complexity is called for. Similarly, the introduction of new genetically modified organisms into ecosystems and the use of biotechnology must be carefully regulated.

Stay within Sink Limits:-

The most serious environmental problems of the coming century will be those based on our exceeding 'sink' limits, or the capacity of ecosystems to absorb the wastes generated by human activities. For example, at a local level, air and water quality are already suffering, and global emissions of carbon dioxide may cause serious damage through global warming if we exceed the absorptive capacity of the biosphere. Here as for all environmental criteria, staying within 'environmental space' is of key importance.

The following indicators relating to environmental issues can be considered for sustainable business management.

Minimize use of non-renewable resources; use renewable sustainable resource.

Preserve biodiversity and carefully control use of biotechnology

Stay within 'sink' limits and environmental space, locally and globally

SOCIAL-CULTURAL ISSUES

Preserve Diversity:-

Sustainability is not only about preserving environmental assets, but also social and cultural ones. The global diversity of cultures, languages, religions and lifestyles is currently under threat, which risks reducing the resilience of socio-cultural systems and their ability to develop creative responses to the challenges posed by sustainability.

Meet Basic Needs:-

In many parts of the developing world, and small pockets in the developed world, basic needs for food, shelter, health care and education are not being met. Poverty is still a fundamental source of unsustainability wherever it is present. Sustainability means meeting basic needs and tackling poverty.

Equity:-

Although ecological sustainability does not necessarily require equity, sustainability in the full sense including social and economic aspects does. It is hard to imagine that a society with massive inequality could be politically sustainable. Similarly, sustainability means improving equity and equality in addressing the rich-poor gaps within nations and between them, especially North-South, but also in intergenerational terms. At a corporate level, the incongruity between remuneration at the top and bottom of corporations is evidence of greed and inequity, and contributes to social divisions and unsustainability.

Access to Opportunity:-

Equity is not simply a matter of outcomes, but of access to opportunity. Inequalities of opportunity can arise through differences in education, training, availability of capital or financial assistance, access to infrastructure and technological know-how. A sustainable world would be one in which citizens are given equal access to opportunity.

Employment:-

The importance of full and fair access to employment has already been mentioned. Sustainable employment need not mean keeping the same job for life, but would mean breaking the existing cycle of chronic, long-term unemployment and obsolescence.

Sustainable Consumption:-

Consumption patterns will need to focus much more directly on quality of life rather than standard of living. Even in the last two decades of economic growth, quality of life for many if not most people in the developed world has been static or declining, although the top 10-20Per cent are becoming much better off in every sense. Sustainable consumption will need to respect environmental, social and ethical norms, while meeting real needs for food, housing, transport, education, entertainment and fulfilment. Companies can address these issues through their policies in areas such as company cars, canteens and buildings.

The following indicators relating to socio culture issues can be considered for sustainable business management.

Preserve social and cultural diversity. Foster tolerance

Meet basic needs and seek to eliminate poverty

Improve equity within and between nations and organisations

Improve equality of access to opportunities, especially education

Ensure access to employment

Marketing and education to promote sustainable lifestyles

Develop sustainable patterns of consumption

POLITICAL ISSUES

New Institutions:-

Many political processes are still remarkably closed and unparticipatory, resulting in a fatalistic and disaffected electorate. New institutions are needed to engage and involve citizens in developing a sense of

ownership and responsibility for creating sustainable societies. Greater participation is also needed in the way that companies interact with stakeholders, including employees and unions.

Transparency:-

Transparency and free flow of information is at the heart of an open and democratic society. Today, however, decision processes are all too often impenetrable, the environmental and social performance of companies and public authorities is hard to obtain or interpret, and consumers do not have the necessary information to make product choices in favour of sustainability. Transparency in all these areas will need to be improved.

Gender and Racial Equality:-

Despite many decades of the civil rights movement and increasing acceptance of the need for gender and racial equality, inequalities persist. Since inequalities mean that people are denied access to work, community, and other basic needs, they are not compatible with a vision of sustainability that seeks to ensure that the needs of all people are met.

Visions of Sustainability:-

To achieve progress towards sustainability, it will be necessary to develop compelling visions of a sustainable word, which should in turn be seen as realistic, feasible, inclusive and desirable if they are to command public support and enthusiasm.

New Sets of Values:-

The new types of consumption patterns and behaviours needed for sustainability will need to be based on a new set of values. Similarly, democratically elected governments cannot introduce policies for sustainability that are not supported by society, and companies cannot profitably introduce sustainable products unless consumers will buy them. All these changes require a shift to a new set of values. Although such changes are a matter for individuals, companies can foster them by ensuring that their advertising, marketing, and products are consistent with sustainable lifestyle choices.

The following indicators relating to political issues can be considered for sustainable business management.

Open and participatory political institutions

Involving stakeholders in decision-making

Transparency and full information on all activities and products

End discrimination on racial, gender and other grounds

Develop visions of sustainability to catalyse change

Foster development of sustainability-oriented values

CONCLUSION

Enormous economic and population growth worldwide in the second half of the twentieth century drove the impacts that threaten the health and the world ozone depletion, climate change, depletion and fouling of natural resources, and extensive loss of biodiversity and habitat. In the past, the standard approaches to environmental problems generated by business and industry have been regulatory driven “end-of-the-pipe” remediation efforts. In the 1990s, efforts by governments, NGOs, corporations and investors began to grow substantially to develop awareness and plans for investment in business sustainability.

One critical milestone was the establishment of the ISO 14000 standards whose development came as a result of the Rio Summit on the Environment held in 1992. ISO 14001 is the cornerstone standard of the ISO 14000 series. It specifies a framework of control for an Environmental Management System against which an organization can be certified by a third party. Other ISO 14000 Series Standards are actually guidelines, many to help business people achieve registration to ISO 14001. They include the following:

- ISO 14004 provides guidance on the development and implementation of environmental management systems
- ISO 14010 provides general principles of environmental auditing (now superseded by ISO 19011)
- ISO 14011 provides specific guidance on audit an environmental management system (now superseded by ISO 19011)
- ISO 14012 provides guidance on qualification criteria for environmental auditors and lead auditors (now superseded by ISO 19011)
- ISO 14013/5 provides audit program review and assessment material.
- ISO 14020+ labeling issues
- ISO 14030+ provides guidance on performance targets and monitoring within an Environmental Management System
- ISO 14040+ covers life cycle issues

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