

Business-driven sustainability – a moderately skeptical view

Lech W. Zacher

Leon Kozminski Academy of Entrepreneurship and Management

Address: Jagiellonska 59 03-301 Warsaw
Poland

fon: (4822) 8113064

fax: (4822) 8113068

e-mail: lzacher@wspiz.edu.pl

What should be sustainable: business in general, particular companies or society, development, future. How to cope with unsustainabilities of these objects, actors and dimensions? What is needed is matching up three rationalities: economic, social and environmental.

Goals and edge conditions of all acting parties should be re-analyzed. Moreover a discussion of the role of power, of imposition, of market and competition, and of overwhelming commercialization seems to be necessary.

Behavior of shareholders appears very different from the behavior of stakeholders. Weakness of law and power of corruption should be considered as well. Is there more hope in local communities and NGOs than in law?

Can motivations as thrift, egoism and shortsightedness – expressed in the concept of homo oeconomicus be outweighed by interdependence and other values and attitudes: cooperation, longterm view, responsibility, enlightenment, solidarity, trust, synergy? How fear of ecological or social catastrophes can be helpful? What will be the environmental impact of globalization?

Synergetic attitudes and efforts are to be contrasted with the reality – which is hopefully positively changing but not so fast and not straight forward.

Growing interdependence and weakening shortsightedness

Corporate sustainability (CS) (whatever it means) cannot function in a *vacuum*. To implement the concept of the CS enterprises should contribute to sustainable development. This is an *active* side of their functioning. There is also a *passive* side: they should not destroy the environment. This is *conditio sine qua non*. The concept of corporate social responsibility (CSR) seems to be rather “soft thing” (see Fig. 1.) when compared with the real destruction of environment which is material, has long lasting effects, can be irreversible. The important tool in this field is environmental impact assessment (EIA). Since the CSR can be not really advanced or simply lagged (*ex post* responsibility, e.g. in the form of compensation for damages) it would be ecologically wise to demand it to be built-in into a corporate mission and to be future-oriented (anticipatory or prospective EIA, respecting precautionary principles – recently advised in the CEC).

It is extraordinarily important to overcome the *business shortsightedness* or short term-interest orientation. How to do it facing the fact that for business *time is money*? It is better to get profit sooner than later. But sooner can mean less (costs of environmental compensation) or it may harm the future profits. So the short term gains may not constitute the optimal strategy.

Long term profit curve should not be destroyed by shortsightedness. However it is not easy since the economic setting may be not only competitive but also shortsighted in making choices and decisions. Such interdependence of economic actors (market players) will result in environmental damages.

So the problems are:

- how to limit short term business orientation?

- how to cope with the interdependence?

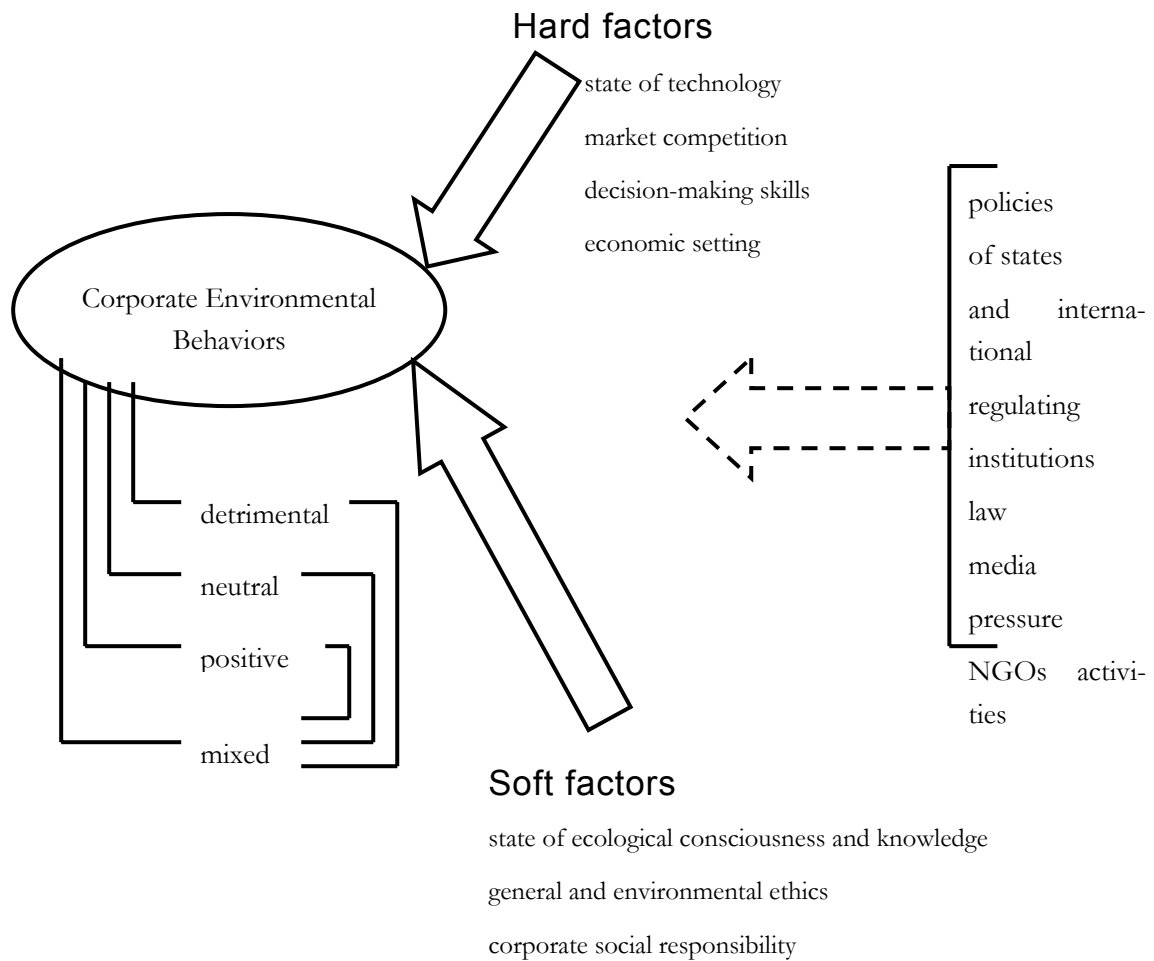


Fig. 1. Factors affecting corporate environmental behaviors

Needless to say is that corporations, especially large or TNCs, are used to elaborate longer plans and strategies, e.g. for their investments, R+D efforts and applications, for new products marketing strategies and so forth. So the problem is to elaborate environmentally-oriented strategy or to built-in environmental components into a general (traditionally formulated) strategy. Moreover such a strategy can lead to a competitive advantage if there is a need for environmentally sound products, technologies or services in a

market (domestic, regional, global). Such an advantage can be called environment-driven one. Economic race of companies can concern not only the excessive use of natural resources and growing devastation of environment but also the race – economically profitable – for environmental competitive advantage. Unfortunately it is against the tradition and the past experience gathered before “The Limits to Growth” were published. So what is needed is the *will* to do it and more permanent *psychological propensity* to environmentally sensitive business.

This will and propensity can have two dimensions:

- “making green” the *business as usual* – by adding environmental criteria to decisions on investment, choice of technology, personnel training by applying environmental management, etc.,
- looking for setting up *environmental business per se*, this can be done in a form of so called “green entrepreneurship”

This means that new companies, new industries and services (e.g. consulting, audit) will emerge

on large scale (see Fir. 2.). In the R+D sector the slogan should be: “research and innovation for environmental protection first”. It needs some *psychological reorientation* of innovators and R+D sponsors since there is no real imposition to do that by themselves (it is rather passive adaptation to regulations, standards and norms). This is mostly underestimated. So the supply side can be – at least potentially – stimulated by *attitudes*, by enlightened attitudes.

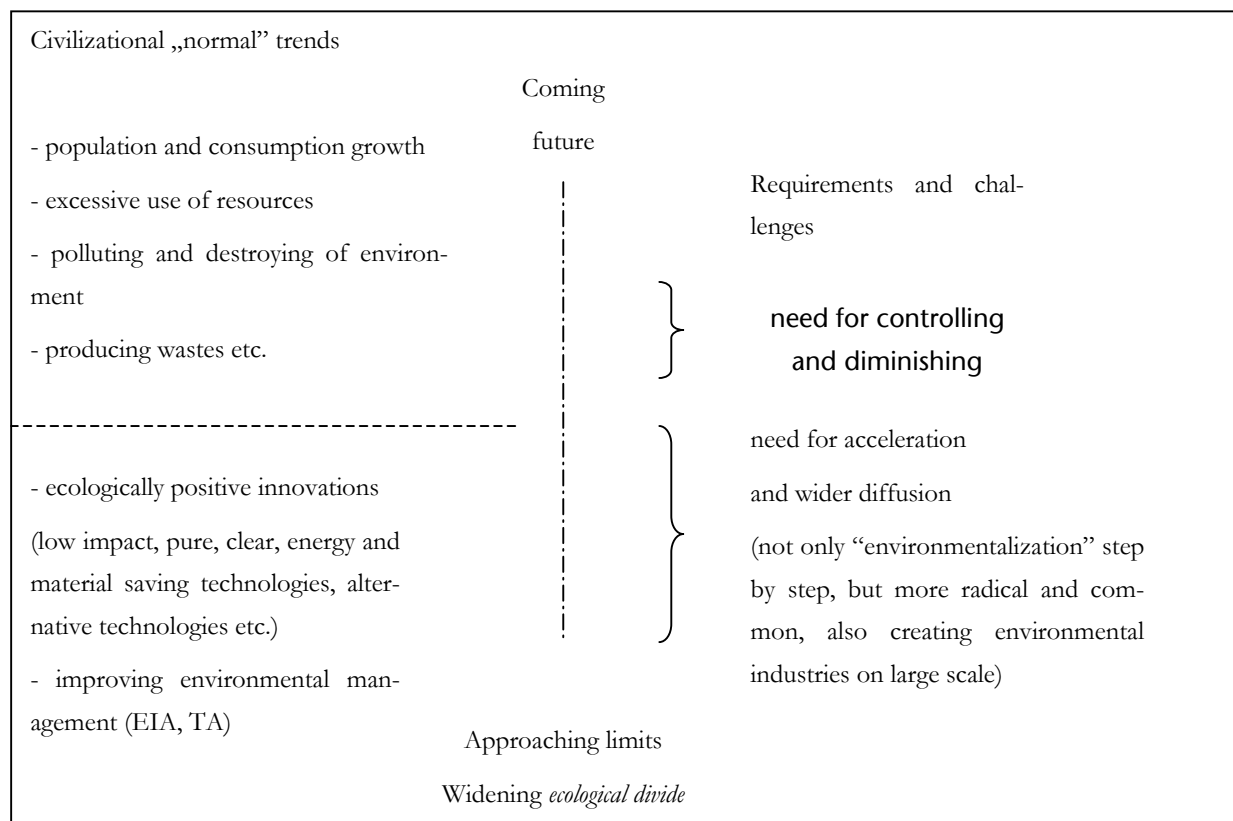


Fig. 2. Trends and challenges – in the context of environment

In the sphere of industry and services there are vast possibilities for diffusion of environmentally sound technologies, for creating industries producing “environmental devices”, providing services (e.g. strategy elaboration, choice of technology, environmental audit). This *market niche* is very big, it is, in fact, *global*. LDCs and transitory

economies need badly environmental devices and services, especially big countries which are developing well and restructuring their economies (e.g. P.R. of China in Asia, Poland in Europe, Brazil in Latin America). Additional argument tells us that less advanced countries if they do not ecologically orient their economic

activities can overweight and finally liquidate positive effects of the environmental efforts in the advanced world. This is another sign of the growing interdependence in the development processes and also great challenge not only for market but also for *international and global institutions, laws, aid*. The actual situation and past experience are not promising: for decades the less advanced economies (also CEE ones) were treated by business as a good (available, cheap) sites for “dirty” industries, for toxic waste, for selling unhealthy commodities. So what is needed now is the *international and global dimensions of corporate environmental responsibility*. It does not exist yet. Without it the whole idea of sustainable development on the world scale cannot be seriously treated and implemented. Unfortunately the present business practices (and their past practices) can be hardly changed since strictly economic *rationality* (profit, expansion) overweighs *environmental rationality* (ecological protection, equilibrium), moreover it is NIMBY syndrome as well. These economically oriented attitudes, strategies and behaviors of business must be changed – by legal regulations (domestic – in both sides: donors and recipient countries, also international), by state policies, by NGOs pressure etc. Perhaps the International Environmental Tribunal would be a good idea here as well.

Corporate social responsibility in the field of international transfer of dirty industries, waste transfer, unhealthy products is evidently vital for any sustainability on larger than TNCs home countries. Therefore the less advanced countries have not much choice when FDI is incoming. Foreign capital usually expects “special treatment” (less taxes, less obligatory regulations) and often corrupts poorer partners (governments,

local authorities). CEE countries were in the beginning of 90s the subject of what can be called “anti-environmental aggression” of the Western neighbors (which was demascated just only by the Greenpeace, not by their governments, not by the aggressors’ countries). So the corporate social responsibility appeared local and domestic only. We do need now *transborder CSR*. The beautiful idea “corporation as a good citizen” ought to be broadened, internationalized and globalized. Is it really possible and feasible? How to do it? *That is the question*.

It is almost evident that to be successful in global corporate sustainability the green entrepreneurship should reach the size and significance of electronics (ICTs) or biotechnology. The boost for such trajectory of development should be not only from market – expectation of future profits and expansion – but also from governments and international institutions and organizations. Such was the unprecedentedly successful case of electronics, telecommunications, less biotechnology. Global environmentalization (see Fig. 3) can be massive and effective only in the case of joint deliberate efforts of G-8, various “summits”, UN agencies and programs, local governmental institutions, TNCs and other business, NGOs (i.e. civil society). Also educational sector and global and local mass media are extremely important for creating ideas, educating, demasking and encouraging. Of course legal bodies and regulations are of a great importance – from local to global scale. Regional integration like the EU case helps much imposing norms and rules in larger areas (e.g. the recent CEC regulations require not the financial fines for ecological damages but the full restoration of damaged eco-systems).

The role of religions should not be neglected.

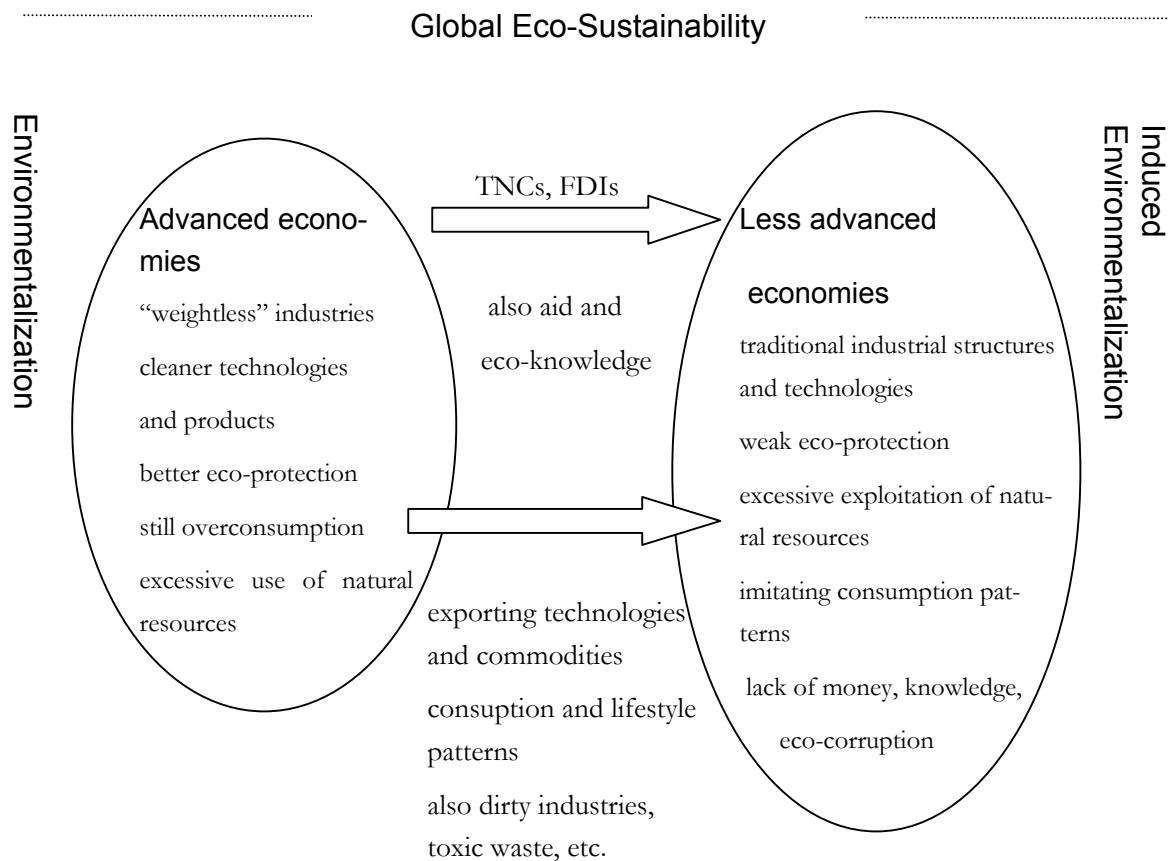


Fig 3. Factors and impacts affecting global eco-sustainability

It is underlined recently that a powerful worldwide coalition may emerge as religious people and institutions start some partnership with advocates of sustainable development. Initiatives, programs, lobbying are more and more jointly organized. Scientific views can be combined then with moral authority and broad societal presence of religions which may result in modified worldviews and lifestyles. The notion of “ethical consumption” is advocated now. However the past experience is not encouraging – in 70s there were beautiful ideas like *frugal society* and *simple life*. Appealing to the public at an emotional and spiritual level is not effective in the area of production and consumption (see e.g. John Paul II criticism of so called consumptionism) since the present economic mechanisms

depend on marketing and advertisement (both extremely costly) advocating evergrowing and accelerating consumption of all commodities. These driving forces of production and growth base simply on *economic* rationality. Can ethics and morality effectively modify market behaviors of producers and consumers?

Unfortunately behaviors of the hegemonic governments and many companies do not match the global requirements as formulated in the Agenda 21 and in the Johannesburg Declaration on Sustainable Development.

Big political and big market players are on one side of the global arena, on the other are small players and mass of impacted “objects”. What is often overlooked is behavior of small players – small countries, small companies, small groups,

individuals. In the case of promoting sustainability virtually all are “parties at interest” but may be not in the same sense, dimensions, proportions, possibilities. So the clue is not only the new relations among “government, business and civil society” (e.g. postulated publicly by J. Rifkin) but also a search for combining differentiated possibilities to reach synergetic effects.

Concentration of the attention and efforts on the *environmental future* of nations, regions, humankind can mark a new stage of civilizational development. The environmentalization of everything seems to be what is called a *developmental occasion* for societies, for next generations. Are we able to capitalize on it? Perhaps presently emerging information societies will be transformed into info-bio societies and in some future into info-bio-eco-societies – to use the fashionable terminology.

Matching up three rationalities

Building sustainability – based on three pillars – economic, ecological and social – is even theoretically difficult since the three domains at stake are characterized by three different rationalities (or separate sets of rationality criteria). So the three-dimensional sustainability is rather ideological and political construction illustrating the fear of world destabilization, of conflicts, of possible environmental catastrophes and the will to improve the situation. Remedy is the sustainability principles and their implementation.

Full integration of the three aforementioned rationalities (economic stands for profit, effectiveness, market expansion, competitive advantage etc.; ecological – eco-protection, eco-equilibrium, reasonable use of natural resources etc.; social – security, economic welfare, human development etc.) does not seem possible. Any unification or approximation of them also is not feasible. What is more probable possibly is rather matching up the three rationalities. Realis-

tically speaking it seems not possible to control spontaneity and chaotics of market and of peoples behaviors. The same concerns unexpectedness of technology developments and impacts and of feedback loops in the world eco-system.

By deliberate joint multidimensional efforts it is probably possible to rationalize all the three domains and also their relationships, interactions and various exchanges. It can be done by *mastering* their forces, proportions, impacts, linkages etc. accordingly to defined needs, goals, conditions, possibilities of certain societies, regions and the world as a whole (“spaceship Earth”). Great differentiation of the world makes it difficult to define common goals (“our common future”) operationally for companies, societies, regions. What is needed is consensus and coordination, mutual assistance and so forth. Then we – governments, business, civil societies – can look for synergy of our efforts, potentials and activities. This seems somewhat utopian (anyway it is better than environmental dystopias). However not long ago the unification of Europe was considered utopian vision as well. *Visible hand* of human activism can do much.

It would be naive to think that it is easy to change technological trajectories, consumption patterns and economic mechanisms of the present turbo-capitalism (to recall E. Luttwak’s term). Can we live on Earth without population and economic growth, without striving for prosperity, without use of natural resources and transformations of the world eco-system? Rather not. Can we live without market chaotics and profit-oriented business, without military orientation of R+D, industries, without conflicts and wars? The answer is not simple. Anyway we have to live on this planet in spite of this all by rationalization (having on our minds the idea of sustainability) of thinking, decision-making, behaviors, structures and processes, choices and goals, organizations and institutions, education etc. It will be good even if such rationalizations are

partial, periodical, limited in size and effects. There is much to do: big thing like defining and promoting *common ecological interest of humankind*, like developing the world solidarity and cooperation, like environmentalization of economic and business activities, like promoting future thinking and concern about next generations and so on. These postulates are well known. But are they internalized in our minds and acts?

Invention and will are needed to re-orient our goals in order not to curtail our future possibilities, to environmentally re-engineer industries and companies, to develop and apply innovative eco-management everywhere, to inform citizens about risks and costs, to make environmental activities economically effective (at least in a longer run), to transform economic value into eco-economic value, to discourage (by law, media, societal condemnation) anti-ecological behaviors and activities, to overcome deliberately and systematically all “divides” among nations, regions, people. This may bring us closer to overall sustainability (which may be treated not as an utopia but as an *ideal type*).

Final reflections and remarks

Business-driven sustainability should be multifaceted and synergetically combined with other environmental actors like governments and their environmentally specialized agencies, international institutions and organizations and finally with people in their multiple roles – as customers, consumers, employees and citizens.

Networks of various efforts ought to be created and strategies and policies should be possibly matched and coordinated. Massive eco-education and media coverage can help much affecting also human behavior. Modern information technologies will make it possible and feasible. Under the rules of democratic system the role of citizens, their political subjectivity – thanks to better access to information, by

networking, by negotiations on environmental issues and by influencing technological and economic decisions – may improve ecological situation of nations, regions and the world as a whole.

Needless to point out that “soft” factors as values, morality, ethics, religious beliefs, attitudes are extremely helpful since they constitute people’s *Weltanschauung* and affect human – individual and group – behaviors. They have to be *environment friendly*. Moreover this what is pro-ecological in different societies, cultures, regions may become universalistic. In the modern worldviews there is the component which can stimulate and facilitate pro-ecological thinking and acting – it is *ecological fear*, fear of environmental catastrophes on a large scale, at worst – on the global scale. This fear is a part of social imagination in its environmental space. So it may influence also business people and other – individual, institutional – decision-makers. Catastrophes can be costly, unexpected, even having irreversible consequences. Climate warming up, weather turbulences can be the examples at hand. So what is needed to prevent dangerous course of events (e.g. greenhouse gas emissions) is the consequentialist approach to all decisions and activities, not only of business type. Thus the Kyoto Protocol should be implemented actually not by governments but by business all over the world. It is evident that desirable climate stabilization lies in the interest of business itself because it is fundamental part of economic activity. So business should transcend its particularity connected with its very limited space and time. Is it really possible for business to be not only profit-oriented but also impact-oriented?

Economic effectiveness of business is a basic principle of its activity. Thus the issue is how to enrich it not losing its nature. In the previous paragraph it was suggested that both efforts – economization of environmental sustainability

and environmentalization of economic activities – should be pursued in parallel. Moreover the particularity of space (location) and time (time lag) should be overcome not only because of

corporate social responsibility but also in the interest of business, states, societies and human-kind.

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