

SUSTAINABLE BUSINESS PRACTICES AND COMMUNITY WELLBEING

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Abstract

A leader has been defined as a person who is able to motivate, inspire, and win commitment from those he leads to work willingly towards achievement of organisational objectives. Consequently, a sustainable leader is someone who “inspires and supports action towards a better world.” In leading and inspiring those he leads, a sustainable leader adopts new ways of seeing, thinking and interacting that result in innovative and sustainable solutions.” This paper attempts a Critical analysis of the effect of sustainable business practices on community wellbeing. It uses desk research to gather academic literature and current business examples on the topic. By analysing empirical literature on the topic, the study evaluates contributions of sustainable business practices in relation to climate change, social justice and economic prosperity and with special emphasis on the management of triple bottom line sustainability, corporate social responsibility and business ethics by organisations. It is organised under the headings: Business and sustainability challenges; contributions of sustainable business practices to corporate social responsibility and; the management of triple bottom line sustainability as a panacea to enhancing community wellbeing. After analyses, the paper concludes that a sustainable leader is one who design innovative programmes necessary for dealing with Sustainable Business Practices for Climate Change, Social Justice and Economic Prosperity at all levels of the organisation. Finally, the paper recommends that in order to achieve their goals, a business has to adopt sustainable business management practices through Cooperation, Collaboration, and Partnerships, popularly known as the Triple Bottom Line Sustainability model.

Key Terms: Climate change; leadership; sustainability; triple bottom line sustainability model;

Introduction

A leader has been defined as a person who is able to motivate, inspire, and win commitment from those he leads to work willingly towards achievement of organisational objectives. Consequently, a sustainable leader is someone who “inspires and supports action towards a better world.” (Visser and Courtice, 2011). In leading and inspiring those he leads, a sustainable leader adopts new ways of seeing, thinking and interacting that result in innovative and sustainable solutions.” (The Sustainability Leadership Institute, 2015). This study attempts a Critical analysis of the effect of sustainable business practices on community wellbeing. It evaluates contributions of sustainable business practices in relation to climate change, social justice and economic prosperity and with special emphasis on the management of triple bottom line sustainability, corporate social responsibility and business ethics by organisations. It is organised under the headings of business and sustainability challenges; contributions of sustainable business practices to corporate social responsibility and; the management of triple bottom line sustainability as a panacea to enhancing community wellbeing.

Statement of the problem

According to Dicksee (2011), a business is a form of activity performed with a view to generating profits for the shareholders while sustainability is a business “approach that creates long-term shareholder value by embracing opportunities and managing risks a business acquired from the external environment which includes economic, environmental and social developments” (Carbon Trust, 2008). However, despite the world business being run by well-educated and skillful managers and the so many strategies having been put in place to enhance business success by the governments (Kithae et al; 2016), many firms are still not able to assess importance of human behavior in relation to sustainability, to tackle poverty and inequality, to provide fairness and justice, and to ensure sustainable management trends towards longer, healthier members of the community and the general people's wellbeing ((Hasnas, J., 2013). It is with this in mind that the study aimed at assessing the effect of sustainable business practices on community wellbeing in terms of climate change, social justice and economic prosperity

Study objectives

The study investigated the effect of sustainable business practices on the people's wellbeing with Triple Bottom Line Sustainability model (corporation, collaboration and partnering) being dependent variable and community wellbeing (Climate Change, Social Justice and Economic Prosperity) being independent variable

Theoretical orientation and informing literature review

Business and sustainability challenges

According to the Sustainability Leadership Institute (2015), a business is any human activity whose purpose is to produce or acquire wealth. From these definitions, we may summarize the definition of a business to consist of an organized economic activity, where the buying and selling of goods and services takes place for profits; and these activities include all those activities whose purpose is to avail the required goods and services to the society, in an effective and efficient manner. Sustainability on the other hand has been defined as a need for a business to remain functioning, and being profitable through to an unforeseen future (Dicksee, 2011). It is “approach that creates long-term shareholder value by embracing opportunities and managing risks a business acquired from the external environment which includes economic, environmental and social developments” (Carbon Trust, 2008). Sustainability is about long-term relationships which include the use of natural capital and its contamination (Blowfield, 2013). These changes consist of demographics shifts in size and patterns over time, Ecosystem variations over time which affects the Earth's ability to sustain future generations, and Climate change due to natural variability and human activity. Business sustainability is normally affected by external environment which keep on changing from time to time and therefore has to be monitored within the overall business strategy. This business strategy should endeavor to put in place mechanisms 'for assessing Importance of human behavior in relation to sustainability, tackling poverty and inequality, issues of fairness and justice, and ensuring sustainable management trends towards longer, healthier members of the community and the general people's wellbeing.

In order to balance the need to remain sustainable and at the same time offer what its customers desire on a regular bases, a company is normally faced with a lot of challenges. In its operating environment a business has a long list of social and environmental factors that have implications for the company's overall strategy. According to Savitz (2006), A business has to “find the sustainability sweet spot’– the point where business objectives overlap with sustainability

benefits". It has to balance between "the need to consider the long term and the potential different interests of stakeholders and not just shareholders". In order to achieve this objective of enhanced sustainability, a company is forced to look for ways of incorporating ethics, governance, transparency, business relationships, financial return, Community involvement and economic development, Value of products, employment practices and environmental protection (Hasnas, J., 2013). According to corporate responsibility theory, a company need to decide between taking actions related to risk reduction like protecting company reputation, and those related to value addition to its profits like promoting a brand using ethical values (Minoja, M.,2012). In so doing, a company will be in a position to reduce potential conflicts in relation to stakeholder groups and pave the way to drive the organization from being crisis prone to crisis prepared (Carroll, A.,1991).

While addressing their objectives, most businesses consider sustainability as a risk strategy. It works towards protecting the company's reputation and supply chain integrity and against bad publicity and unsustainable practices. It is however expensive and many organisations may seek legitimacy by using standards, sustainability reporting, awards, and certification. Sustainability is considered in all areas affecting strategy: products and services, customer, type of market, production, technology, sales and marketing, distribution, natural resources, size and growth, return on investment and profits. In many circumstances, sustainability becomes so integrated that it cannot be distinguished from the company's day to day business. Finally, it is recommended that sustainability is established with specifications as to ethical, sustainability and commercial beliefs that incorporate its entire business portfolio.

Businesses which intend to implement their business sustainability strategies using Michael Porters generic model as cited by Recklie (2001) are faced with dilemma as to what actions to take while balancing between entries or exit from the industry, making profits or pleasing their customers, or expanding versus fighting with their competitors. When competition is intense, advertising costs for these businesses increase which makes business sustainability difficult. Large powerful suppliers are less susceptible to their buyer demands. Individual consumers may incorporate sustainability factors into buying decisions but this depends upon having the right information.

Similarly, large buyers are able to influence the waste and efficiency practices of suppliers and encourage more responsible social and environmental practices. When competition is high, industries sustainability could assist the companies by helping them to lower their costs (eco-efficiency) or by providing avenues for innovation (clean energy). In highly competitive industries there may be the greatest competitive advantage and hence sustainability

Sustainable Business Practices in Relation to Climate Change, Social Justice and Economic Prosperity (Also seen as community wellbeing)

Due to impact of industrialisation and environmental conservation as outlined in Hardin's Ecological Theory (The Tragedy of the Commons), resources management and sustainability are looming beyond the carbon discussions. This has further been emphasised in the changing goals and roles and the five (5) capitals model of Financial, Social, Human, Manufactured, Natural and Complex interlinked problems and uncertainty. Due to lack of a holistic approach and the conflicting agendas, the global resources are diminishing amidst the constrained economy. Water, waste, land-use, and materials are among the resources whose management have caught the attention of all nations worldwide and are all requiring attention beyond the carbon issue. These resources are bringing real challenge to business sustainability. It has been estimated that there could be a 40% gap between available water supplies and water needs by 2030, and some critical materials could be in short supply as early as 2016 (Carbon Trust, 2010). Political leaders need to network with their fellow politicians and policymakers to turn sustainability agenda into practice. However, little action is being undertaken which is causing inequality to continue rising. Likewise, ecosystems are continuously being degraded, resources depleted and greenhouse gas levels are on an upward trend. These scenarios are detrimental to environments, communities, businesses and long-term economic performance. If nothing is done to curb the situation and align the economy with sustainable development, all human and indeed all living things will perish (CISL, 2011).

The concept of sustainability in business is however expanding day and night. Social enterprise is a collective term for a range of organizations that trade for a social purpose. They adopt one of a variety of different legal formats but have in common the principles of pursuing business-led solutions to achieve social aims, and the reinvestment of surplus for community benefit. Their objectives focus on socially desired, nonfinancial goals, and their outcomes are the nonfinancial measures of the implied demand for and supply of services. There are many businesses which are currently busy laying strategies to combat the issue of business sustainability in relation to climate change, social justice and economic prosperity. While trying to work towards achievement of their goals, businesses contribute to social justice, economic prosperity and corporate social responsibility as seen in DeBeers' sustainability statement "Everything in our business is long term; sustainability is in our best interests and this means that we must continue to push the boundaries

of best practice in sustainability, being open, acting on our commitments and encouraging positive behaviour across the diamond value chain". (<http://www.debeersgroup.com> 2015); In BP Shell where their role in sustainability is "to help meet current energy needs in a responsible way and shaping a path towards a lower-carbon energy future" (Shell Sustainability Report, 2014); H & M where they want to use their scale to "bring about systemic change to their industry and across the lifecycle of their products through provision of solutions to major challenges that affect global industries such as provision for Clean water, reverting climate change, disposal of textile and other industrial wastes as well as paying for wages and overtime in supplier factories (H & M Sustainability Report, 2014); and in recognition of a general increase in people's expectations for social and environmental responsibility, Samsung has been "improving the process of collecting stakeholders' ideas and setting up a corporate-wide vision and strategies for sustainable development in response to these expectations" according to their sustainability statement (<http://www.Samsung.com>, 2015)

Among other businesses working towards addressing environmental degradation, ethical issues and community wellbeing are world known Carbon Trust customers like the Whitbread, BT, Stagecoach, and Bord Bia. All these four company' activities are driven by the need for a "competitive differentiation; leadership; cost, efficiency, and value creation" (Blowfield, 2013). These actions provide an insight into what motivates companies. Through Competitive differentiation, companies increase their popularity and strengthen their brand. Leadership provides a forum for companies to express themselves as sustainability leaders and to promote their competitiveness through actions on sustainability. Cost, efficiency, and value creation compel businesses to provide savings and growth opportunities as well as innovatively produce products that meet consumer demands. However, despite all these actions, most of these four businesses do not witness new business opportunities emerging from their sustainability agenda. In the Carbon Trust's own research, "only 5% of companies surveyed saw their response to sustainability as that of a global pioneer" (Carbon Trust, 2010), and in contrast, "40% of companies saw their response to sustainability as reactive (Carbon Trust, 2010). Likewise, a survey conducted by Accenture in the year 2010 revealed that 93% of 766 chief executive officers of large organisations considered sustainability critical to their organisation's "future success", while 96% stated that "sustainability issues should be fully" incorporated into their strategic and operational plans (Courtice, 2013)

On issues of management of sustainable business practices, Blowfield (2013) advised that business sustainability programmes may be well managed through Cooperation, Collaboration, Partnership and Competencies. According to Blowfield, a partnership is a "voluntary and collaborative relationships between various parties in which all participants agree to work together to achieve a common purpose or undertake a specific task, and to share risks, responsibilities, competencies and benefits" (Blowfield, 2013). A well-articulated sustainable development agenda is therefore required in form of partnerships between governments, the private sector and civil society. These partnership principles require a shared vision and shared goals at the global, regional, national as well as at local level." (Courtice, 2013)

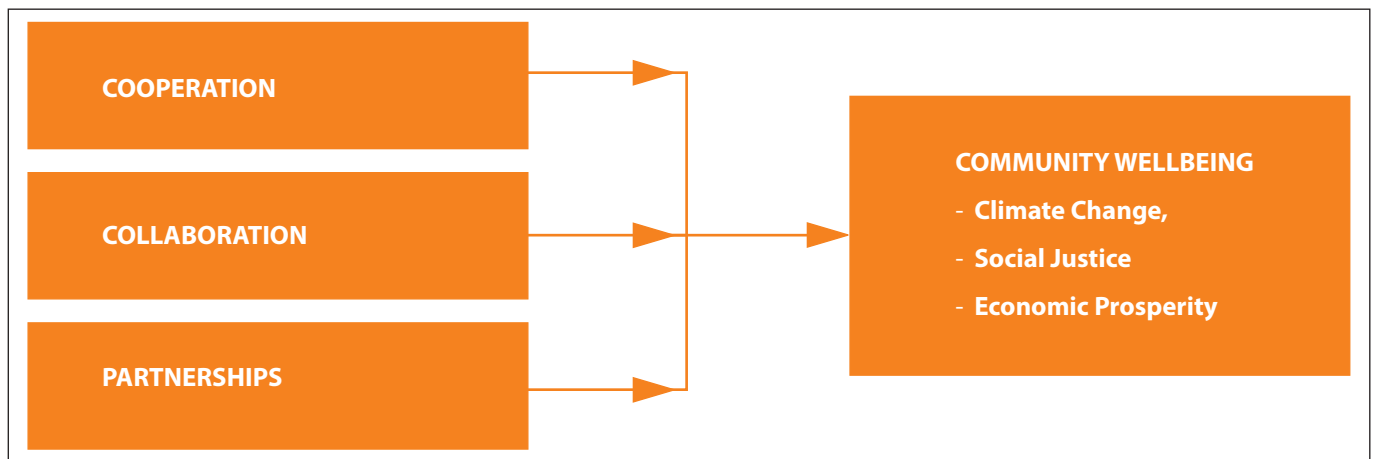
According to Blowfield (2013) Partnering for sustainability may be confused with mainstream management theory and the primary goal of creating value for shareholders is necessary for achieving competitive advantage for a company. This will in turn lead to maximizing benefits for shareholders as compared with those of suppliers, customers, employees and regulators. Partnership arrangements are expected to institute programmes for Knowledge sharing, dialogue, Informed consent, Contractual relationships, Shared work plans and Shared responsibility where stakeholders share implementation tasks and remain mutually responsible for delivery (Blowfield, 2013).

On Contributions to community wellbeing, businesses are expected to observe ethical issues when buying. They should incorporate workers' rights in their operations plans as enshrined in "trade unions collaborations, collective bargaining agreements, health and safety requirements, freedom to leave, fair pay, working hours, discrimination, zero tolerance to child labour, Environment/organic sustainability, protection of endangered species among the wild life, control of production emissions onto land and water, use of resources to process ingredients, and zero involvement to Genetic Modifications among others" (Carbon Trust, 2010). This study investigated the effect of Cooperation, Collaboration, and Partnerships on the community's wellbeing as represented in the following conceptual model

Conceptual framework

The project conceptualises that the study will be based on four variables. Three variables (Cooperation, Collaboration, and Partnerships) will form independent variables while community's wellbeing will form dependent variable. It is hypothesised that independent variables are closely related to dependent variable and consequently do affect dependent variables. Figure 2.1 represents this relationship

Figure 2.1: Figure showing conceptual framework



Research Methodology

The paper is a critical evaluation of the effect of Sustainable Business practices on Community Wellbeing. It uses desk research to gather academic literature and current business examples on the topic. Desk research, also known as secondary research is a common approach to a systematic investigation in which the researcher depends solely on existing data in the course of the research process. This research design involves organizing, collating and analyzing these data samples for valid research conclusions.

Findings and discussions

Management of Triple Bottom Line Sustainability as a Panacea to Enhancing Community Wellbeing

While many companies might seek to minimize their environmental impacts, this might be seen as doing things in a less bad way. Genuine sustainability strategy requires companies to maximise their contribution to maintaining and expanding the stock of natural capital and making this central to product design, production, financing, and marketing (CISL, 2015). This stock of natural capital consists of Energy, Water and Food among others. Shortage of these contributes to poverty among the community and affects the community wellbeing. The natural capital stock needs to be conserved by all and most organisations do so through the bottom of the pyramid business model, popularly known as the Triple Bottom Line Sustainability model (Kalk et al, 2014). To assess the external factors affecting the natural capital stock, most companies adopt the use of SLEPT Analysis (standing for Social, Legal, Economic, Political and Technological) as outlined in the Carbon Trust (2014) Report and Blowfield (2013). Conservation of natural capital stock eventually leads to achievement of the 17 sustainable development goals (SDGs). According to Elkington (1999), methods of conservation of the stock of natural capital is governed in the “*Ethics and the law, Sustainable development, Three pillars of sustainability: Corporate Social Responsibility (CSR): Moral arguments, Carroll's 4 part model of CSR; and the water crisis, the food dilemma, and the poverty dilemmas*” (Elkington, 1999).

In order to achieve the 17 sustainable development goals, an urgent action is required to mobilize, redirect and unlock the transformative power of trillions of dollars of private resources to deliver on sustainable development objectives. Long-term investments, including foreign direct investments are needed in critical sectors especially in developing countries. These include sustainable energy, infrastructure and transport as well as information and communications technologies. The public sector will need to set a clear direction, review and monitoring frameworks as well as regulations and incentive structures that will enable such investments to be retooled to attract investments and reinforce sustainable development. National oversight mechanisms such as supreme audit institutions and oversight functions by legislatures should also be strengthened (Blowfield, 2013).

To achieve sustainable business programmes, it has been suggested that businesses need to design innovative programmes necessary for dealing with Sustainable Business Practices for Climate Change, Social Justice and Economic Prosperity at all levels of the organisation. Such Initiatives should include “board level representation on sustainability; development of separate business strategies and targets for sustainability; annual corporate reporting on social and environmental performance; stakeholder dialogues about creating shared value and the social return on

invested capital; and more sophisticated standards and metrics to manage supply and value chains” (Blowfield, 2013). However, not all companies have embraced this as noted in 2011 where about 36% of companies failed to incorporate sustainable programmes into their performance strategies as they tended to peg these to separate operations rather than to the whole organisation (Courtice, 2013). This was in contrast to the rest where “the interconnectedness of various global factors, the ability to employ systems thinking, and an awareness of shifting societal norms is crucial which should both influence the organization's business practice from the bottom up. In turn, and more critical, this must be embedded within organizational vision through the ability of leaders at the very top to engage with these issues on a personal level, and via a variety of routes, popularly known as the Triple Bottom Line Sustainability.” (Courtice, 2013). Likewise, through the Triple bottom line, Elkington (1999) encouraging companies to account for social, economic and environmental performance as they address the global warming, deforestation, environmental conservation, and the human poverty

Conclusion

The paper found out that business sustainability is the need for a business to remain functioning, and being continuously profitable as a result of taking advantage of opportunities and avoiding risks imposed by the external environment. While leading and inspiring those he leads, a sustainable leader is expected to adopt new ways of seeing, thinking and interacting through corporation, collaboration and partnering. Corporation enables the business to get facts from the community which are most critical and which when urgently addressed will enhance the community's wellbeing. Collaboration enables the business to share the costs of providing corporate social responsibility for Climate Change, Social Justice and Economic Prosperity while partnership ensures ownership and continuing monitoring for sustainability. All these when appropriately handled will result in innovative and sustainable business solutions. As a way of instituting sustainable business programmes, a sustainable leader design innovative programmes necessary for dealing with Sustainable Business Practices at all levels of the organisation.

Recommendations

In order to succeed and achieve their goals of generating profits through efficient provision of goods and services to community, a business needs to adopt sustainable business management practices. These practices are seen to be best managed through Cooperation, Collaboration, and Partnerships through use of the bottom of the pyramid business model, popularly known as the Triple Bottom Line Sustainability model. A well run Triple Bottom Line Sustainability model will ensure conservation of natural capital stock which are at the verge of depletion, efficient provision of corporate social responsibilities, happy communities and a sustainable business.

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