SUSTAINABLE DEVELOPMENT IS IN EVERYBODY'S INTEREST

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WHY TO EMBRACE SUSTAINABLE DEVELOPMENT

The reality we are living now is a result of efforts that mankind has put forth, while marching towards a better future. Along the way, we learned, invented, and created things and ideas that, for most of the part, have been beneficial for us. Simultaneously (and without regard to the benefits we gained), there has been a process of resource use, which in effect led to considerable changes that we made to our environment. In response to the most rapid development that our society has witnessed, some are starting to be concerned about the impact and extent of the use of resources as it is now. Businesses and corporations striving to dominate the market are facing a challenge. Consumers who are (willingly and unwillingly) carrying in the idea of necessity for everlasting growth and ever increasing consumption, start to become more aware of what emerging NGOs and focus groups promote as 'sustainable development'.

The United Nations' 1987 Brundtland Commission defined sustainable development as "meeting the needs of the present without compromising the ability of future generations to meet their own needs" (United Nations, 1987).

***Environmental concerns raised these days
present a challenge for the world of business,
which stands on the base growth principles, thus
impacting the way organisations and investors
think and approach reality.***

Sustainable development, not desired of its potential negative outcomes on business' financial performance, starts to be perceived rather as an opportunity having exactly the opposite effect (Hunt, 2003, pp. 62-66). It turns out that if a company embraces sustainability in a long-term perspective, it has potential for increasing profitability, improving relations with stakeholders, and carrying forward a fundamental ethical principle to future generations.

If we are to undergo a specific change, we usually want to know whether possible benefits of the action outweigh the inputs employed. What Jeremy Bentham (1781) described as the Principle of Utility, became later the basis for the cost-benefit analysis used by decision-makers. In terms of the original calculus, economists started to focus more on the tangible expressions of the happiness/goodness, becoming interested in people's desires and needs and what they are willing to spend the money on (Fox, 2012). This quantification may present an important basis for the company to decide on whether it will embrace sustainable development or not. We can find a number of companies that have undergone a change, from which they started to benefit, but only after their reputation and mutual trust with stakeholders was endangered. For DuPont, as the largest producer of CFCs (chlorofluorocarbons), the paper published in the early seventies postulating the harmful effects of such chemicals on the ozone layer started an important transformation (Maxwell and Briscoe, 1997, p. 277). Rather than denying the negative effects of the billion-dollar-a-year product, DuPont responded by initiating research that was to obtain factual evidence to sustain or dismiss the theory (Maxwell and Briscoe, 1997, pp. 277-288). About a decade later, the discovery of the ozone hole in the Antarctic caused dramatic change in the approach towards the ozone issue. DuPont decided to be proactive in the area of international regulation, as they saw an opportunity to gain significant competitive advantage and transform their marginally profitable business into a more profitable one (Maxwell and Briscoe, 1997, p. 281). Through selling new, environmentally friendlier chemical substitutes (at a higher price), the company managed to increase its total revenue (Maxwell and Briscoe, 1997, p. 283).

Following on previous experiences, DuPont continued in supporting sustainable activities at start of the new century. The company assumed a leadership role in the field of sustainable development, as Charles Holliday, DuPont's CEO, served as a chairman of the World Business Council for Sustainable Development (WBCSD) in 2000-2001 (Tanzil, Rittenhouse and Beloff, 2005, p. 395). DuPont has developed a three-pronged strategy for creating sustainable growth, which the company proves to have positive results. Holliday (2001, p. 6) gives an example of the Corian project, which itself resulted in \$26 million in extra revenue. He adds that "this number might not seem huge for a company with \$30 billion in sales, but DuPont has thousands of such projects, and we are adding 200 new each month" (Holliday, 2001, p. 6). On the level of productivity improvement, the projects employed altogether resulted in savings of more than \$1 billion a year (Holliday, 2001, p. 6). According to the recent sustainability report, in the last 20 years, the company managed to increase production while reducing environmental impact (DuPont, 2013).

What was said shows that by embracing sustainable development activities, DuPont manages to increase its profit. At first sight, it seems that profitability is the only reason for why the company embraced sustainable development. In the case of CSCs, Maxwell and Briscoe (1997) state that "DuPont's pursuit of its economic interests ... shaped the international regulatory regime for ozone-depleting substances." This leads us to the creation of a situation in which self-interest of one company, which also has power, led to creating a common benefit for a wider number of stakeholders. At the same time, it is pointed out that "methods to encourage potential industry winners into supporting environmental initiatives deserve further attention" (Maxwell and Briscoe, 1997). Nevertheless, we need to consider that for DuPont (as for any company), embracing sustainability requires certain investments. Extending on the classical utilitarian-hedonistic point of view, we can view profit as material expression of pleasure. When embracing sustainable development, we give up some of our current demands, in the name of the future we invest the money that could be employed to bring us a higher personal pleasure. Our immediate benefit as a result of this decision is reduced. However, it is also true that we have a possibility to prolong the time interval for pleasure to last, even though the chances for success seem limited. This implies that by embracing sustainable development, there is risk involved, and this could discourage possible investors. However, Hunt (2003, p. 63) states that "investors believe that companies with CSR policies, frameworks and initiatives are more likely to manage risk better and protect their reputation and brand."

We need to understand that for DuPont, to add 200 new projects each month requires real commitment to sustainability issues. This leads us to the fact that DuPont also had to review one of the key elements of their institutional logic – a common purpose (Kanter, 2011). As part of the organisation's purpose, we have values and these help to guide our decision-making when performing activities in the long run. Organisational purpose is in focus of vision and mission statements, where the commitment to sustainable development should be explicitly stated. Unless sustainable development comes from internal beliefs and values of the company's leadership, it is not likely to achieve the desired outcome. Tanzil, Rittenhouse and Beloff (2005, pp. 395-396) state that DuPont views on sustainability are outgrown from its corporate values. If it is, truly like that, then it implies the company is doing noble deeds just for their own sake. This would mean building indifference as one of the values recognised by Aristotle. It is important to having a true belief on sustainability, for the reason that before we get any return on the top of an investment, short-term expenses of whatever financial level will be required as an input. If we took the classical broker perspective, short-term investing provides much better opportunities and more lucrative financial outcomes (Lucas-Leclin and Nahal, 2008, p. 44). Also, from the homo economicus point of view, it is not rational to invest in sustainable businesses if these do not provide profit maximisation. As an argument for sustainable investments, Kanter (2011, p. 71) states that "great companies are willing to sacrifice short-term financial opportunities if they are incompatible with institutional values." What was said does not mean that sustainable investing is necessarily unprofitable, but that our idea of profit has to be reconsidered.

Only after the company's values stem from its leadership, then it is possible to create a truly ethical company. A true example of this is Yvon Chouinard – founder of the Californian fashion brand Patagonia. Bateman and Snell (2013) state that Chouinard's values are Patagonia's values. He adopted sustainability, as this influences many aspects of its business. Being an outdoor brand, customers usually enjoy its products while being in nature and doing sports. Chouinard considers that it is to the company's benefit that there will be some nature left (Bateman and Snell, 2013). His approach influences the attributes demanded from potential workers and means invested in sustainability. People who work for Patagonia have shared the love for the outdoors, and Chouinard sets activities and the atmosphere so that people feel as though they are working with friends. Chouinard also devotes a portion of his earnings to preserve the environment. Patagonia's strategy made it a company worth \$315 billion (Bateman and Snell, 2013). This forms optimism towards its future (Chouinard, Ellison, Ridgeway, 2011).

It implies that Chouinard is trying to ensure continuity of the business' activities, counting with the longest possible existence of its own. According to Kanter (2011, p. 69), institutional logic encompasses long-term orientation as one of its key facets. This characteristic is valid also for strategy and many sustainable development issues as such (Johnson, Scholes and Whittington, 2008; Waygood, 2008, p. 179). While an aim on continuity is mostly perpetual, the external conditions are not. Continuity is exactly through what we carry forward a 'piece of ourselves'. Hamel (2009, p. 94) argues that managers often have subtle biases that favour continuity over change and adds that "while continuity is important, these subtle, baked-in preferences for the status quo must be exposed, examined, and, if necessary, excised." In fact, what he is pointing to is organisational flexibility. The importance of adaptability and quick responsiveness is well-demonstrated in the historical case of Rapa Nui, commonly known as Easter Island. With their blindness and lack of consideration, the inhabitants of this island failed to maintain a balanced environmental system, which resulted in resource depletion, eventually affecting all creatures dependent on them (Strange and Bayley, 2008). There are no people in Rapa Nui now. This situation, however, does not have to repeat in a larger scale with humans living on this planet. As we have examples from the past and can learn from them, we can review our values.

The outcomes described above contribute to the creation of a flourishing organisation, in the sense that it helps the community and develops itself. The known phrase says that you cannot give to others what you already do not have for yourself. Our ancestors gave us the planet in a state that allows us to live a good life. We should do the same for future generations – yet if we are to embrace sustainable development, there are many temptations not to do so. If we do not (or cannot) take this as an imperative, then there is clearly a need to know about why should we even consider it. From the examples described here, DuPont and Patagonia, we can see that embracing sustainability offers a true possibility for a company to increase profitability while creating something that money could not buy, the soul and a true spirit. The chance is given for many companies today to transform themselves into something that our children and grandchildren will be proud of. By giving up some of our current demands, not only that we can increase utility, but we can also carry forward a principle of justice. For Aristotle, it would be the balance; for each to have some – not too much, but also not too little. That way, we can live a flourishing life. ■

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