

Sustainable Development a common goal: Response of Indian corporates to meet the world expectation

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ABSTRACT

This paper examines the role of corporates in Sustainable Development. The two terminologies are interrelated to each other and play strong role in presence and absence of each other as revealed by the literature study. An exploratory research is conducted as the purpose of research is to gain familiarity with a phenomenon and also to acquire new insight into it in order to formulate a more precise study. Data collection was secondary and informal interviews and discussions. Data was obtained from 50 corporates who have adopted this as business strategy to achieve the real goal: People, Profit and Planet. (Timothy F. Slaper, Ph.D., Tanya J. Hall, IBR2011). As per a study done by KPMG across the globe 60% of the corporates using Sustainability as a Strategy and 50% of the world doesn't even respond to this.

India being a country aiming high in terms of economic development how it is responding to the changing requirement and Development for Sustainability is matter for concern for the generations of today and generations to come. Every stakeholder has a role to play and therefor across the globe many activities have taken place to reassure that world is aligned for a common goal. This has become part of a corporate strategy and corporates are reinforcing it as a Brand enhancement tactic also. The response of the various stakeholders is yet to be aligned. Reading the Gaps of what is sustainability and how it is perceived this paper would try explaining. Redefining of sustainability would be for the better alignment for a sustainable strategy is possible. Sustainability is about giving the unborn a world which is liveable contrary to better then today. As per the study done it is interpreted to be unachievable till all the resources are focused on a clear strategy for a better world.

The amount of harm done and the corrective measures, and to avoid the future harm requires lots of work and integration of many things. It requires lots of time, money and manpower. We are buckling our shoes to chase the "unstoppable". And the irony is: Unstoppable is due to our own efforts. The paper contributes in terms of identifying the frame work, latest trends and findings to draw certain tangents. The word "Corporate Sustainability" with no formal definition given is a Business for some, Challenge for the world, being coincidently and optimistically achieved by many. The world is changing, efforts have increased, results are measured still this race is on for Strategies for PROFIT by default ignoring the fashionable word "People, Profit and Plant". (Timothy F. Slaper, Ph.D., Tanya J. Hall, IBR2011). Sustainability and Sustainable Development are topics of concern to the world forum and related organisations who are working towards sustainable development. People and companies invest in sustainability because of benefits such as improved public opinion, customer relations, and the ability to attract and retain talent (Fox, 2008). The paper has implication for the manner in which practitioners view the respective roles, significance and how resources can be aligned towards better management and sustainable approach for Indian companies.

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Introduction

Society was always concerned about the harm done to the planet and people. But the efforts are unorganised and no measurement of the harm and corrective measure. There was a missing link in the approach to sustainability that is to integrate all the efforts. Decision makers are often forced to make for profit and faster growth and world is asking for development and progress in that race words like environment and sustainability to be considered later once all is achieved. This paper with an object to study role of corporates and challenges they face in achieving sustainability tries to provide frame for making business strategy for today. To encourage corporates and stakeholders towards sustainability this paper builds a background. Concerns like: harm to the environment, depletion of natural resources, ecological balance, irresponsible usage, harm to the ozone layer all are matter of concern and a faster action is required. If we don't act today the resources and planet will be unfit for the generations to come. Corporates have a major role to play as they use most of the resources and harm to the planet. This study will provide some insight on the perception and mind set changes for sustainability

In the year 1987 at World Commission of Environment and Development (WCED) of UN Defined in a report called Brundtland report. The word Sustainability was defined "Sustainability as meeting the needs of current generations without compromising the ability of future generations to meet their own needs.

Since then various road maps have been designed so that we can be close to the common goal. In the same context various forums have used this as mode to collate ideas and process development.

A proper mechanism is required to be followed to be called as sustainable. There is conscious and unconscious efforts from the individual, corporate government side however we are not aware. So there was a need for tracking and reporting became essential so the efforts can be monitored well. From past ten to ten years many international standards have emerged to enhance the accountability. These include Global Reporting Initiative (GRI) and the Accountability AA1000 Assurance Standard. But the understanding is limited in terms of how diffuse internationally and how they are sustained by the organisations over time (Paolo Perego and Ans Kolk August 2012), and Possibilities are there that we are unaware that we are part of sustainability and we don't even know. So for that there are system which we guide us to measure are business activity to count it for a sustainable act. As per the known fact that the harm companies do to the environment and natural resources is much more they give back. So as a matter of concern many forums are organised to guide the corporates to take care of the world. The word however is as old as the trade. And was used in the various forms and mainly with economic prospective. Environment and people concern were obliged with different terminologies. All three were working in isolation. The economic progress was then aligned with people and planet (Triple Bottom Line). John Elkington 2009.

There is a limited understanding of how they diffuse internationally and how they are sustained by organizations over time (Multinationals' Accountability on Sustainability: (Paolo Perego and Ans Kolk, August 2012)

The objective of this paper is twofold. First is to study the perceived meaning of sustainability by corporates. There is a meaning defined but still the variability is in the approach and final outcome.

As per the perceived meaning corporates have their approach to response. Second goal of the paper is to elaborate on the findings and provide input for the theoretical framework by providing further scope in the research. The study is challenging the theoretical concepts of Sustainability in the light of application and how strategic management can be used to lead toward sustainability.

Literature Review and Theory

The word sustainability is as old as the trade. However in the mid of environment, plant, economic development the word sustainability was lost between many meanings and definitions to provide a clear understanding and expectation it was defined in 1970 and was employed to describe an economy "in equilibrium with basic ecological support systems.

Though the word is used in many research papers and articles and books however the evolution of the word is not very evident from them. The available literature has used objects to study sustainability. But the response to this terminology is not researched well.

Brundtland Commission 1987 WCED of UNDefined in a Report the deterioration of the human, environment and natural resources and the consequences. The meaning and scope was enlarged with a new Definition "Corporate sustainability" (Gro Harlem Brundtland) Brundtland Commission of the United Nations on March 20, 1987. Report is better known as "our Common Goal".

Sustainable Development is mainly based on the concept which was discussed in Club of Rome's Report "The Limit to Growth" 1972 and then in

1987 WCED (Klause J. Zink, Ulrich Sleimle, Klause Fisher , 2008)

Sustainable Development Considered social responsibility a brilliant term: "it means something, but not always the same thing to everybody" Gobbels (2002), Votaw and Sethi (1973). The word Sustainability was swinging between corporate social responsibility, Social Responsibility and Environment protection, Global warming etc. Various management disciplines have recognised that CSR fit their purposes, such as quality management, marketing, communication, finance, HRM, and reporting. Each of them present views on CSR that align with their specific situation and challenges. The current concepts and definitions are therefore often biased towards specific interests. Corporate social responsibility is "too broad in its scope to be relevant to organizations" (Banerjee 2001, p. 42).

Corporate sustainability is the idea of Sustainable Development to business level and meeting the need of a firm's direct and indirect stakeholders without compromising the ability to meet the need of future stakeholders (Dyllick & Hockets 2002)

Triple bottom line 3 P (People, Plant and Profit) the TBL is an accounting framework that incorporates three dimensions of performance: social, environmental and financial. (John Elkington, 1994)

Global reporting System: This system could track the efforts in quantitative methods to provide better results and track our activities toward Environment and people. Like: Life Cycle assessment, Ecological Foot print, Environmental Performance Index, Global Reporting Initiative.

This entire story of development gave rise for frame work like GRI, Carbon Trading, Ecological footprint and Environment performance index. Organisations started working towards it and formed various organisations to track the activities in context to the norms framed by the UN for Sustainability.

New Sustainable Development Initiatives

A new global network of research centres, global network of research centres, universities and technical institution to find solution for the world's most pressing environmental, social and economic problems. The networks will work with stakeholders, including business, civil society, UN agencies and other international organisations to identify and share the best pathways to achieve sustainable Development. This is the outcome of Rio + 20 Conferences.

The scale of global sustainable Development challenges is unprecedented. The fight against extreme poverty has made great progress under the Millennium Development Goals, since they were agreed at a UN Summit in 2000 with a target date of 2015. As poverty is a bottle neck for the goal and the world population of seven billion and the impact of this population has reached its dangerous level. (Prof. Carl 2012)

Sustainability as a Business Strategy

Various authors have defined the same term as given in the Brundtland commission report however organisations have used this as per the suitability. Corporates using sustainability as a business strategy since two decades and transforming the way business was done. For the same there are certain suggested steps.

Steps for corporate sustainability

- Setting the vision Staffing the efforts
- Establishing metrics to measure the progress
- Implementing strategic initiatives
- Communicating results to all stakeholders (KPMG2011).

Methodology

The author has collected the data through interviews with the key speakers of 50 corporates from India. These interviews were semi structured followed by the corporate reports and business journal obtained from the company websites and trade conferences. The author collected the data through personal meeting and it was through random sampling. Author also participated in investors meet in London Global Convention 2012 and India where the policy makers from Indian and Europe were under one roof to discuss the corporates strategy for sustainability and governance. In India majority of the data was through telephonic conversation and some was through personal meeting.

Author also participated in various conferences held in regard to sustainability to collect the data from various stakeholders. The entire data was written and analysed over a period of 1 year. At the end of each field trip the interviews were categorised and helped in developing a next round of interview with the same organisation in different forum. Author also used internet, newspapers, television for significant events to collect the data that also gave chance to validate and analyse the data better.

Author read more than 20 articles to understand the meaning and dimensions of Sustainability.

This enhanced the density of our data and the same was used a funnel to get clear understanding of action and expectation for sustainability. In addition to the corporates (Indian) the author collected the data from the policy makers (Europe and South East Asia) holding special position in this field. This kind of sample helped in drawing distinction between developed and developing world, corporates policy makers.

The research is exploratory in nature and also used phenomenology and case study approach. The researcher transcribed the data collected and also used constant comparative analysis to draw easy and fast analysis. Since the sample size was appropriate to analyse the data without using computer tabulation. The interview scripts were read many times to get to the actual grip of the findings. While analysing the data in a descriptive account of all the material was codified and important messages were extracted. It involved a series of steps and several revisions of the data. Presentation is in the form of text with the help of management concepts.

Findings

Sustainability a common goal however there are deviations as many compromises happen.

Personal interviews observations collected from different modes resulted in the text below.

- Sustainability is achieved during the other course of business. It was not a deliberate effort.
- Sustainability is a difficult goal and requires time and resources.
- It changes the regular approach of doing business and that is why time consuming

also. Aligning all the resources is challenging task.

When we say world expectation it means the defined expectations in the United Nations Environment Programme (Est. 1972) and Brundtland commission report.

- We can't have same measure or process for all the corporates or companies as their nature of business is different and technologies adopted by them are different. So the guiding principles provided by various organizations hope to align business activities in line with the common goal.
- Sustainability guidelines are voluntary in nature and in a country like India where the struggle for the SME is profit generation approach for sustainability seems to be unheard for most.

Those who know about it they seem to achieve it through bare minimal wastage of resource. However there are many who have involved themselves in sincere effort.

- The mind-set and behavioural approach in India is very optimistic however when it comes to implementation it becomes very narrow and doesn't provide holistic picture. Sustainability is observed in bits and pieces in the day today business activities.
- As our sample is large corporates and they have adopted this as a corporate strategy and business processes are routed through it. However results showed that sustainability is not completely adopted. It is adopted in some processes, certain stages of operation.

Efforts have been put but in only certain areas the complete process is not sustainable.

From theoretical context this is not a sustainable development it is a response for the need of the hour.

- These respective organisations are known to be sustainable as these are the top companies who are enforcing sustainability approach.

To show that a company has adopted this approach the following are must to show:

- 1) Key process changes before and after sustainability approach.
- 2) Reporting in the annual reports, media and the forums formed for recognising such approach.
- 3) Promotion campaign to show case the events and activities concerned with 3 P's.

Challenges faced by the corporates

- Time consuming policies and approval processes at internal and external levels.
- Lack of integrity at various levels deviate the implementation process.
- Insufficient funds.
- Lack of training at national level in terms of procedures, facilities, benefits, approval, reporting and penalties.
- Lack if in-house training to the employees at various levels.
- Variances in the perception and expectations.
- Organization structure and hierarchy play hindrance at times.

Results of the findings from sources like media, journals trade reports and stakeholders interview.

Perception of Sustainability: A survey revealed that more than 50% of executives considered sustainability as the issue of managing environment, social and governance issues are very important but the efforts rendered are not effective.93% of the CEO felt that sustainability is an agenda not for the success of the business.

On the other hand 80% of the CEO's believe slowdown is when corporates have realised the importance of sustainability and cost efficiency.

Sustainability is possible only when every stakeholder is involved has a role to play and therefor across the globe many activities have taken place to reassure that world is aligned for a common goal. This has become part of a corporate strategy and corporates are reinforcing it as a Brand enhancement tactic. The response of the various stakeholders is yet to be aligned.

In the light of the same as per the sources it is revealed that:

- Various corporates have taken this as a strategy for their business so that their activities are aligned with the 'Common Goal'. However these activities are mere an act for suitability.

Since achieving sustainability completely is not possible. As achieving it completely is possible when the very first stakeholder till the disposal of the product all the stakeholders and all their activities are oriented toward sustainability.

- Much advancement has happened and is happening in technology. World is getting united to share the resources to make a better planet.
- There is no universal standard reporting system and mechanism of measuring the

variables. Global Reporting Initiatives is there but it's a voluntary guideline. A number of multilateral Environmental Agreements and other international initiatives promote stakeholder participation in environmental decision-making.

This enhances the credibility ((FEE 2004, 2006; Zadek and Raynard 2004; Manetti and Becatti 2009).

- There is a lack of transparency in processes and as well as reporting at corporate level. Since all the reporting and measuring the effort is voluntary in nature there is an ambiguity in the data representation. Finding the missing and misrepresented data is difficult.
- The data reveals that only the profit making and giant business houses are able to think and work toward the Common Goal. The corporates have hired executives to head this position as CSR Manager. And they themselves are not able to provide the approach of Sustainability to the final stakeholder. How it is possible to get the entire series of business activities driven toward it.
- Lack of alignment of business strategy and corporate sustainability.

Business activities are still focused on profit maximization. and if on the journey toward profit some words like 'Environment, Plant, People and social development are achieved it becomes a great achievement. Free brand promotion and also little for the Sustainability.

- Regulatory frame and Environment issues
The regulatory frame work needs to be upgraded and changed as per the changing

requirement. The framework should be strong enough to protect the Plant and people first. Example like factory waste, projects in the environment sensitive zones and uncontrolled usage of natural resources for the economic progress.

- Many prospective and current employees are raising voice for the cause and are also refusing job offers from the organisations who are not working towards sustainability.
- More scientific solutions are required rather than just theories.
- Global network is required for joint learning and work locally to achieve the solution for complex economic, social, and environmental challenges confronting governments. (Quality times Journal 2012)
- CSR, Sustainable Development, Green policies, Sustainability are the terms used interchangeably and are confusing at times.

20 case studies were done for the study and one of them Tata Power is taken here to show strategy adopted at corporate level to foster sustainability deep down.

Tata Motors concern is manifested by a dual approach:

1. Reduction of environmental pollution and regular pollution control drives
 2. Restoration of ecological balance.
 3. Ensuring products are environmentally sound. By reducing hazardous materials in vehicle components, developing extended life lubricants, fluids and using ozone-friendly refrigerants. are manufactured
- Strategies: Reporting mechanism

- Stakeholder involvement at various levels of supply chain.
- Participating in the global events

As per the discussions with the policy makers and the corporates it is observed that they face challenges in achieving this goal.

Issues and challenges (Indian Context)

- Framing policies takes time. And regulations are merely guidelines.
- Cause and effect since the gap is big and it takes time to see the harm caused due to activities taking place at the name of economic development many compromises are made and later a softer route is provided in an illusion of less harm to environment and people.
- Funds are not sufficient to make the projects viable for providing a complete green signal.
- Poor infrastructure and lack of knowledge to guide the respective stakeholders for the goal of Sustainable Development.
- Copying the global standard is difficult.
- Lack of organised system to lead for one objective and making sure all resources are used as the resources for all.
- Mind-sets and perceptions are different. And there is no uniformity in understanding the depth and need for better today and tomorrow.

Recommendations

1. Keeping sustainability as a long term goal. This will help in routing all the activities

smoothly rather than on and off basis to prove to others.

2. Corporate sustainability is not a tool for promotional activity. Rather a strategy to integrating with the all functions and goal.
3. Involvement of all the stake holders towards one goal of sustainability. By setting standards for all.
4. Clear motives and periodic reviews of the plans and efforts for the better business activities which are aligned for sustainable development.
5. Extending beyond the registered boundaries so that it becomes a common goal. We need to unite and think as one.
6. Remove all the bottlenecks from the communication flow.
7. Training at all levels of organisations and voluntary training to be given to the stakeholders to have effective involvement.
8. Start thinking from the harm from the individual level. Government is a helping hand to do things better.
9. Change in the mind set from self-progress to world approach and count every activity and its effect.

Limitations

The study is based on sample of sample size of 50 corporates and all from different industry.

The topic is very vast only one related aspect is taken to help in broadening the concept.

Multidimensional subject may lead to contradictions and judgments may vary.

The findings are based on opinions, reports, observations and discussions.

Conclusion

In this study we have advanced understanding of Sustainability and how we can use this in our business to lead towards it. The study helps in understanding the issues and challenges faced at Indian level and how to route through them. Data is useful in giving focus on process approach and implementation and then reporting to the stakeholders. It is obvious that without profit nothing is but our business should be planned in a way that profit is utilized for better planet rather than maximization of monetary value. Role of stakeholders should be enhanced and value should be derived by contributing in holistic way.

Further this research can be used to study the mechanism used by corporate to record the sustainability.

- How to align the reporting methods and systems available.
- Understanding the challenges country wise and designing specific policies to align with the bigger goal "Common Goal".
- Analytic tools for measuring sustainability

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Appendix

Terminologies used in the paper and references for better understanding are:

1) United Nations Conference on Human Environment (Sweden, 1972) CFC (Ozon layer).

United Nations Environment Programme (Est. 1972)

Mile stone:

1973- Convention on International Trade in Endangered Species

1985- Vienna Convention for protection of Ozone layer

1988- Intergovernmental Panel on Climate Change

1989- Basel Convention on Trans boundary Movement of Hazardous Waste

1992- UN Conference on Environment and Development (Earth summit), Agenda 21 held in Rio De Janerio (Agenda 21, Rio Declaration, Statement of Forest principles, UN convention on climate change, Convention of Biological Diversity)

2000- Malmo Declaration- Ministerial Conference

2000- Millennium Declaration- Environmental Sustainability to add as Millennium goal

2002- World Summit on Sustainable Development

2004- Bali Road Map- Technology support and capacity

2005 – World Summit – Document high light Sustainable Development.

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