# Sustainable Development: The Ethics Support the Economics

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ABSTRACT. Within their value chains of suppliers through customers, many businesses are becoming more aware of the environmental aspects and impacts of their organizations. Viewed as a continuum of behavior, business environmentalism can range from simply complying with the law to accepting and pursuing a goal of sustainable development. The point on the continuum at which an organization chooses to operate is reflected in its environmental mission, policies, and actions. Attributes of the various levels of behavior and classification of some organizational mission statements are examined in this paper.

KEY WORDS: competitive advantage, corporate social responsibility, eco-efficiency, environment, ethics, organizational behavior, sustainable development

## Introduction

The field of business ethics is rampant with diverse issues and dilemmas. One critical ethical issue has, for many years, received significantly less attention than it merited: the responsibility of business organizations to their environments. Organizations world-wide have created and have faced resource depletion and pollution. However, there now seems to be a distinct and overt embracing of environmental social responsibility

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by many companies. This new-found interest may have been generated, in part, by gatherings such as the Rio de Janeiro (Earth) Summit and Kyoto Protocol. But, more importantly, these gatherings have spawned a plethora of groups focused on the issue of environmental social responsibility and, specifically, the issue of sustainable development. What is this concept and why should it concern businesses and their managers? Why should sustainable development be viewed as an ethical responsibility of businesses? To what extent should businesses attempt to engage in sustainable development activities? And what actions, beyond legal requirements, can be and are being taken by businesses to promote this concept with its resultant benefit to all business stakeholders?

## Issue definition and identification

The term *sustainable development* was introduced in the 1970s, but actually became part of mainstream vocabulary during and after the 1987 World Commission on Environment and Development (also known as the Brundtland Commission). The Commission defined sustainable development as "development that meets the needs of the present without compromising the ability of future generations to meet their own needs" (World Commission, 1987). On the surface, this definition seems to be fairly simplistic, but the issue's breadth and depth create complexities.

To more fully and meaningfully refine the concept, the Earth Council indicated that such development should be economically viable, socially just, and environmentally appropriate

(Barcena and Payne, 1995). An additional expansion suggested that sustainable development should mean that the basic needs of all are met and that all should have the opportunity to fulfill their aspirations for a better life (Shrivastava, 1995). The definition postulated by the World Business Council for Sustainable Development is that sustainable development is "the integration of economic development with environmental protection and social equity" (www.wbcsd.org). Several complicated and sensitive issues are inherent in these definitions.

First, how can the "needs" of the present be differentiated from the "wants" of the present as well as how can the needs of the future be ascertained currently? Into this debate fall questions such as how can nonexistent future generations be protected and to what extent should today's civilization be sacrificed to protect future generations (Velasquez, 1998)? Although the answers to these questions are arguably unanswerable, it is apparent that business has some responsibility to provide goods and services to the world. The free market helps "push" businesses to produce the goods and services currently desired for purchase (whether these goods are needed or simply wanted). Additionally, businesses partially establish future needs and wants of consumers through product development in response to current external pressures (desires communicated from consumers) as well as current internal abilities (research and scientific discoveries). In responding to these current pressures or abilities, many businesses utilize life-cycle analysis to asses potential future environmental impacts of product design, manufacturability, and recyclability.

Second, relative to what context or benchmark should "economically viable" be determined? This term could mean radically different things between businesses in developing and in developed nations, between start-up and long-standing businesses, or between business having significant environmental impacts and those having minimal environmental impacts. In each of these three scenarios, the cost of sustainable development would generally be more expensive (in relative cost to revenue proportions) to the former companies than to the latter. Thus,

what might be deemed economically viable for a large retailer in England might mean financial ruin for a small mining company in Haiti.

There is a clear trend in the developing world towards better environmental policies that include the pursuit of economic development alternatives that minimize negative environmental impacts (Helman, 1995). Evidence also exists to indicate that "through technological change, substitution between resources, and higher prices for goods that pollute, environmental objectives and economic growth can be made more compatible" (Pearce and Warford, 1993). In regard to technological change, it is generally true that as technology advances, it becomes more efficient. Thus, because the industrialization process in developing countries often begins with the use of outdated technology, production may be environmentally expensive (the lower efficiency contributes to increased resource depletion and less emphasis on pollution control). As technology becomes more sophisticated, efficiency increases causing an increase in productive activity with fewer defects and spoilage, and thus a decline in the rate at which resource depletion occurs. Additionally, as the country advances, less environmental pollution may be tolerated. In the last stage of industrialization, organizations use advanced (more efficient and cleaner) technology, causing a net decline in resource depletion and pollution. Per capita income and social and governmental consciousness about the environment also rise; more "green" laws are written and enforced. Thus, an inverted U-shaped curve can be used to represent the changes in a society that starts at a point without environmental quality, rapidly advances, and then slows and turns around when that society has the time and/or money to spend to protect the environment (Satterwaite, 1997).

Third, how and by what party should "socially just" development or "social equity" be determined? These factors would depend on who was obtaining the benefit from the development, what form that benefit took, what level of economic development existed in the area, whether resources consumed were replenishable, and what political and social issues were being faced or remedied.

Last, how and by what party is "environmentally appropriate" development to be judged. This judgment must reflect the answer to whether the environment should be protected for its own sake and/or for the sake of human inhabitants. Ecological ethicists argue that non-human inhabitants are intrinsically valuable and, thus, deserve respect and that humans have duties of preservation towards them (Scherer and Attig, 1983). Alternatively, even if the intrinsic value of the environment and its non-human inhabitants is refuted, a livable environment is owed to all humans so that they may be permitted to fulfill their capacities as rational and free beings (Blackstone, 1990). Healy (1995) asserts that future sustainability will require a reorientation away from the human-centered (or anthropocentric) anthropological view towards more nature-centered (or ecocentric) view. Thus, determination of "environmentally appropriate" would commonly be more an issue of perspective than one of specific activity. Some individuals and businesses will take a broad perspective and assess the impact of an activity on the overall current and future physical environment (not just that part inhabited or used by humans). Other individuals and businesses will take a narrow perspective and assess the impact of the activity on the surrounding environment in the here-and-now.

Regardless of the definition or the diverse possible answers to definitional issues, it is clear that all publics (businesses, consumers, regulatory agencies, scientists, communities, and governments) are touched by the concept of sustainable development. All of these publics interact, directly or indirectly, and face the same outcome, which will not be locale-by-locale, industry-by-industry, or political party-by-political party based. The long-term consequence of the activities of all publics is an environment that is either habitable or one that is not. That being the case, each public separately and all publics collectively have a responsibility towards the environment and each other to better understand sustainable development and to strive to achieve meaningful progress towards its attainment. Thus, the ethical issue in sustainable development is the basic issue of life versus death; if business and all

other publics do not begin practicing the tenets of sustainable development, life as it currently exists will be extinct.

Businesses and their managers should be concerned about sustainable development for many reasons. Economic pragmatists would base their arguments on the simple fact that, without sustainable development, neither businesses nor the societies in which they exist will have a long-run future. Others believe that engaging in sustainable development will be a megatrend that will enhance organizational reputations (Dow Chemical Company, 1998). Others believe that sustainable development can be used by businesses as a unique core competency to obtain a strategic competitive advantage (Raiborn et al., 1999). All three rationales are valid and serve to stress the need for responsible business to pursue sustainable development in the current competitive reality.

## Sustainable development as an ethical issue

A 1996 survey of American and Canadian corporate executives included the question, "Why does, or will, your company practice sustainable development?" On a 10-point scale of level of importance, the responses of (1) promoting good relations and (2) creating shareholder value scored, respectively, 8.1 and 7.3. However, more importantly, the two most highly ranked responses were (1) to comply with legal regulations and (2) a moral commitment to environmental stewardship (8.8 and 8.5, respectively) (Feltmate, 1997). Thus, there is evidence that business executives recognize that sustainable development can and should be viewed as part of the interwoven framework of business ethics. Ethicists would applaud such a view and could use the theories of utilitarianism, rights/duties, and the categorical imperative to provide the underlying support.

In making a utilitarian analysis of businesses' implementation of sustainable development concepts, the "greatest god or least harm for the greatest number" principle can be easily envisioned. The stakeholders involved are all the earth's inhabitants, both human and non-human.

Sustainable development would create the greatest good or least harm by allowing those inhabitants (and potential offspring) to exist in a world where the air is breathable, the water is drinkable, the soil is fertile, and renewable resources thrive. It is difficult to use traditional monetary cost-benefit analysis to determine whether sustainable development is worthwhile. First, although many current and future costs could be estimated and discounted back to present values, it is probably impossible to even comprehend what types and amounts of costs might be necessary in the future. Second, the benefits of sustainable development are significantly more qualitative than monetarily quantitative; for example, how can the value of a living species be estimated? But, even without finances attached, the result would be undeniably conclusive: no matter how high the costs of sustainable development are, the benefits of current and continued existence by the earth's species *must* exceed that cost. Ethically, the benefits of life outweigh the costs to obtain it.

Analyzing sustainable development activities by business entities using the theory of right/duties addresses the issue of whether an inhabitable environment is a moral right. As previously stated, Blackstone postulated that access to livable environment is a human right because such an environment is essential for humans to fulfill their capacities. Thus, everyone has the correlative moral obligation to respect that right (Blackstone, 1990). Rawls (1958) and Kant (1964) would support this concept because of the rationality of people being entitled to rights that do not infringe upon others' rights. A human's inhabitable environment includes other living creatures, flora, fauna, and resources (e.g., air, water, and minerals). These non-human elements of the planet are not responsible for, nor can they correct, the ecologically damaging discharges of pollution or disproportionate use of resources created by humans. Thus, businesses, as collections of human beings, have the duty to engage in sustainable development activities so as to mitigate their environmental impacts and help in providing, protecting, and preserving a livable environment.

In its determination of morality as objectively and universally binding, Kant's categorical imperative would support businesses' sustainable development actions. Proponents of Kantianism, however, would be quick to point out that sustainable development activities should be performed from duty, not simply from inclination or self-interest. In other words, businesses should not engage in sustainable development because such activities will reduce costs, increase revenues, or provide an advantageous reputation. Businesses should engage in sustainable development because, in the minds of all rational people, reclaiming and preserving the earth's environment as well as limiting pollution and resource depletion is the "right" thing to do. In the final analysis, sustainable development represents an action that would be right and valid "even if everyone were to violate it in actual conduct" (Peterfreund and Denise, 1992)."

Sustainable development is, then, an important and ethical value to be upheld by businesses. But some aspects of sustainable development are more clearly pursued, or pursued to different degrees, by some publics than by others.

## Level of sustainable development efforts for businesses

From the standpoint of businesses, it is important to ascertain which sustainable development issues can and cannot be addressed. Businesses cannot pass laws or treaties to protect the environment, enact land reforms, or control populations. Businesses cannot force consumers to recycle, reuse, or slow consumption. Businesses, in general, cannot produce the scientific knowledge that will end global warming, save the rain forests, or eliminate pollution. Businesses cannot stop societal development. And businesses cannot decide to pursue totally altruistic environmental goals without any concern for profitability or longevity. (To do so would be to guarantee organizational failure: owners would remove financial backing because they could not achieve a reasonable return on investment; employees would look elsewhere for jobs because they could not rely on continued employment; and suppliers

would limit or revoke credit because they could not be assured of payment.)

Although businesses cannot do any of the things mentioned above unilaterally, there are many things that they can do. Businesses can influence passage of laws through lobbying and other efforts. They can influence consumer behavior (through product development and packaging, encouraging consumer recycling and reuse, and community awareness activities). Businesses can (through research agendas and new product discovery and development) help reduce or eliminate pollution causes. Businesses can also influence how societal development will occur and what the impact of that development will be through their location and technological investment choices. And businesses can undertake a strategy of pursuing sustainable development in conjunction with profitability and longevity to the benefit of all organizational stakeholders. Such a strategy would focus on both current and future eco-efficiencies.

Given the myriad of opportunities for engaging in environmentally "correct" or, at a higher level, sustainable development activities, how should a business determine its participation? One possible technique would be the use of the hierarchy of ethical behavior suggested by Raiborn and Payne (1990). The hierarchy consists of four degrees of achievement:

- basic (reflects minimally acceptable behavior that complies with the letter, but not the spirit, of the law);
- currently attainable (reflects behavior deemed moral, but not laudable, by society);
- practical (reflects extreme diligence toward moral behavior; achievable but difficult); and
- theoretical (reflects the highest potential for good or the spirit of morality).

### Basic level of behavior

A business operating at the basic level of behavior would merely comply with the laws of the jurisdictions in which it operates. Such an organization would make no sustainable development efforts because the concept is not embedded into

the law in any country in the world. This organization would remain within legally acceptable pollution levels, although it would possibly view those levels as hindrances to productive activities. Such organizations would be more likely to receive citations for pollution because they would operate "close to the edge" of acceptability. Managers of such organizations may have the opinion that the costs of pollution control and environmentalism are greater than the immediate benefits; these managers would be very "bottom line" oriented. Additionally, such managers would certainly view money spent on environmentalism not as an investment but as a cost that erodes competitiveness. Mission statements of these organizations would never mention a concern for or focus on the natural environment. They would hang on the letter of the law that requires the use of "best available technology" or "best available control technology." These companies would more than likely espouse (although quietly) the following beliefs: *We recognize that the environment is not a "free and unlimited" good. However, environmental laws cost money that could be going to support the economic goal of increased shareholder value. We will operate within the law, but will not seek environmental improvements beyond the law.* Thus, these companies' behaviors would be deemed legal, but not necessarily ethical.

### Currently attainable level of behavior

A business operating at the currently attainable level of behavior would acknowledge that some benefits do arise from engaging in environmentally-friendly activities that are not legally mandated. These organizations, however, probably engage in such activities for the "wrong" reasons (according to the categorical imperative): cost reduction, revenue enhancement, or reputation improvement. In other words, the activities are likely to provide short-term monetary benefits greater than their costs. Thus, these companies are likely to install better pollution control devices than are required by law, to engage in clean-up projects that can be showcased by their Consumer Relations

Departments, and/or to adopt programs and slogans that focus on environmental "correctness." Managers of these businesses are not involved with sustainable development projects because they are too nebulous and could create a large current cost whose future benefit is quantitatively unknown. Mission statements of these organizations might mention a concern for or focus on the natural environment, but more than likely any such discussion would be provided in a management letter or in descriptions of business products, product lines, or production locations. These companies would more than likely espouse the following belief: *We recognize that the environment is not a "free and unlimited" good. Environmental laws are necessary because business should be held responsible to remove the damaging effects they have had and to reduce or limit the future impacts they will have on the earth's ecosystems in their role as society's major tangible goods producers. We will operate within the law and will seek to find environmental improvements that reduce costs or improve productive activities so that short-term profits are enhanced and shareholder value is increased.* These organizations may be viewed by society as environmentally-conscious companies that are operating for the greater good . . . but, in reality, the greater good is primarily that of the organization.

## Practical level of behavior

A business operating at the practical level of behavior would also acknowledge that benefits arise from engaging in environmentally-friendly activities. These organizations, however, would strive to do the "right" thing relative to the environment because it is "right" rather than because of short-term profits or reputation. These businesses and their managers recognize the need for, and worth of, environmentally sound production and marketing practices. These organizations would attempt, in their varying activities, to engage in environmental innovations that might be expensive but that would provide the most beneficial future outcomes. In doing so, the businesses would hope that consumers would recognize the benefits of such innovative prac-

tices are worth purchasing at a higher cost than those of less environmentally sensitive competitors. There should be no question that these businesses are profit motivated: management has a fiduciary duty towards a number of groups (among which are shareholders, creditors, employees, and consumers) to maximize profits and, therefore, efficiency. "For both infrastructure and services, it has to be recognized that private sector participation will be achieved only on the basis of an acceptable expected revenue scheme" (Gwilliam, 1997).

However, although concerned about economic outcomes, companies operating at the practical level of behavior are truly concerned about their stakeholders and the environment. Thus, sustainable development is a concept that is recognized and heralded by these organizations. For instance, Monsanto's CEO states, "[W]e're trying to invent some new businesses around the concept of environmental sustainability. . . . We're willing to place some bets (on investing in those new businesses) because the world cannot avoid needing sustainability in the long run" (Magretta, 1997). This statement implicitly recognizes that the long term, rather than the short term, is the appropriate measure of time to perform cost-benefit analyses of sustainable development or other environmental activities.

Businesses operating at the practical level of behavior will strive to find ways to generate products and services in a manner that reflects the convictions of the "green" market. An undeniable fact in support of business responsibility and free market efficacy in the area of sustainable development is a change in consumer preferences based on a heightened awareness about the environment. In fact, this change is the predicate act that often is the spur that encourages businesses to change attitudes and behaviors in favor of more environmentally sound practices. More and more consumers are realizing their individual responsibilities in the area of environmental quality. The premise that business alone is responsible for the degradation, or is indeed the savior, of the environment is absurd: a business only sells what people are willing to purchase. In the absence of a market, the company would simply go out of business.

Consumers ultimately control the failures or successes of businesses and their products. For example, consumer boycotts were the primary reason for the banning of chlorofluorocarbons in aerosol cans for most uses in Canada, the United States, and most Scandinavian countries (Miller, 1991). Alternatively, when first introduced, The Body Shop products rapidly became consumer "must have" items because they sported the "no animal testing" label.

Mission statements and management letters, then, for organizations in this category would highlight a concern for and focus on the natural environment, although the mention of sustainable development may be unlikely. These companies would more than likely espouse the following belief: *We recognize that the environment must be protected, not only through laws but also through our own proactive involvement. We will find and implement environmental improvements and innovations for our products and processes, knowing that consumers will recognize the long-run benefits of our actions and be willing to support those actions with their purchasing decisions. Through this strategy, we believe that we will provide high quality products that have the least detrimental environmental impact on our local and global community.* Thus, these organizations view themselves as forerunners in the area of environmental protection, for the sake of all stakeholders. But these companies have not crossed the line from overt environmental concern to cutting edge, world-class leadership in sustainability.

### Theoretical level of behavior

A business operating at the theoretical level of behavior would have incorporated the idea of sustainable development into its organizational strategy. There would be no "piecemeal projects aimed at controlling or preventing pollution. Focusing on sustainability requires putting business strategies to a new test. Taking the entire planet as the context in which they do business, companies must ask whether they are part of the solution to social and environmental problems or part of the problem" (Hart, 1997). These organizations would include specific mention of sustainable development in their mission statements and/or would have identified and publicized highly visible and articulate environmental management policies. Many of these companies would be quick to design, develop, and implement environmental management systems as specified by ISO 14001 and to seek certification or self-declaration under that standard. Exhibit I provides some examples of assertions by businesses that would be considered to be operating at the theoretical level of behavior relative to environmental policy and/or sustainable development. Each statement clearly points to the fact that the business views its commitment to the environment as one that is essential to the institution's core values. These companies are not involved in environmental protection or sustainable development activities because some agency has legally mandated such participation; they are involved because they believe those activities to be ethically sound. Companies acting at this level of behavior recognize that their businesses and those in the upstream and downstream value chain cannot succeed in a world with unreplenished resources or polluted air and water. And, as the natural ecosphere of the earth is diminished or eroded, the ability of the remaining ecosystems to support the organization's value chain members declines . . . leaving a business with no ability to do business. Thus, engaging in sustainable development is the only "right" choice. An additional benefit is that the activities also make good business sense in the long run. These companies would more than likely espouse the following belief: *The new paradigm must view the environment as fundamental to the business', society's, and the earth's continued existence. It is to be protected and replenished through all human and machine investments that are necessary to secure our place and the place of others (both human and nonhuman) on this planet. In doing so, our organization will be cost efficient from waste reduction and resource productivity maximization. Our business will be respected by our stakeholders; our products and services will be desired and recognized as value-added; and our eco-efficiency will enhance organizational profitability and promote organizational longevity.* These organizations take the concept of "walking the talk" completely literally.

EXHIBIT I
Assertions by organization at the theoretical level of behavior

| Business organization | Statement |
| --- | --- |
| ABB Asea Brown Boveri | At the end of 1997, (the President and CEO) launched the second generation of environmental goals for ABB. These focus on the full integration of environmental policies into the strategic plans of our business areas, with environmental goals based on lifecycle assessment for their core products. . . . ABB's approach to sustainable development is further described in our Environmental Management Report for 1997. (ABB Annual Report, 1997, p. 8) |
| Aracruz Celulose S.A. | Aracruz has been actively involved in establishing programs, policies and regulations that efficiently promote sustainable development. (http://www.aracruz.com; © 1996–1998 Aracruz Celulose S.A.) |
| Bayer | Comprehensive environmental protection, maximum safety, high product quality and profitability are all equally important corporate objectives at Bayer. (http://www.bayer.com, 10/16/98) |
| British Petroleum (BP) | Our goals are simply stated -- no accidents, no harm to people, and no damage to the environment. (BP HSE Facts, 1997, p. 3) |
| Electrolux | Protection of the environment is a key to long-term survival for the individual, for corporations and for society in general. All our activities must be adapted with regard to the limits that nature can accept in the form of resource consumption and pollution. Care for the environment will be a continuous component of our operations as well as the hallmark of our daily work. (Electrolux Environmental Report, 1996, p. 5) |
| Neste | To be leader in the way we handle environmental, health and safety matters is the basis for trust among customers, employees and in society. This secures Neste's long-term success. Mere regulatory compliance is not enough. . . . Therefore, we<br>• prevent environmental damage, health hazards and accidents<br>• minimize harmful environmental impacts<br>• are competitive in the environmental properties of our products and services<br>• make decisions supportive of sustainable development<br>• act according to an agreed EHS management system.<br>(Neste Corporate Environmental Report, 1997, p. 6) |
| Ontario Hydro | Ontario Hydro's mission is "to make Ontario Hydro a leader in energy efficiency and sustainable development, and to provide its customers with safe and reliable energy services at competitive prices." (Ontario Hydro, Towards Sustainable Development, 1997 Progress Report, p. 9) |

## What actions can and are being taken by businesses?

One statistic starkly exhibits the crisis that looms: "By the year 2030, world population will double from 5.5 billion to 11 billion. . . . To provide basic amenities to all people, it is estimated that production of goods and energy will need to increase 5 to 35 times today's levels" (Shrivastava, 1995). Such changes will cause further environmental strain and perhaps irreparable damage. Can the earth assimilate the massive pollution and resource depletion inherent in such growth? Should economic growth be pitted against environmental and human health? Will implementation of sustainable development activities require

a change in consumption habits and, if so, what habits of whom should be altered? Will technological innovation arise as the hoped-for panacea, such that consumption habits may remain unchanged? Can stakeholders accept, encourage, and reward through product/service purchases and organizational investment business actions toward sustainable development? Answers to these questions would obviously ameliorate the chance for efficacious solutions. Unfortunately, only simple answers can be provided for these complex questions at this time. Significant research needs to be performed to ascertain the answers that are the most ethical and the most eco-efficient. But one thing is clear: if businesses, as the manufacturers and providers of the world's products and services, do not begin individually and collectively to immediately work toward a solution, after some point there will be no solution to achieve.

Businesses should not be considered as irresponsible entities that must be forced into doing the ethical thing with regard to environmental protection or sustainable development. Businesses recognize the symbiotic relationship between the environment, consumers' demands, and the provision of goods and services to the world's communities. Businesses also recognize the synergistic relationship between them and the environment/society in which they operate. It would be irrational to suggest that business could exist without society and equally irrational to suggest that society could exist as well as, better, or at all in the absence of business. In other words, business and society need each other for practical reasons: businesses want to provide goods and services that society needs and/or wants. Thus, what can business do to encourage, uphold, and lead the journey toward sustainable development?

First and foremost, businesses need to recognize and acknowledge the sustainable development issue as well as the need to educate others about it. Milbrath (1995) has indicated that people are not listening. People (in their roles as managers, consumers, stockholders, employees, and society) need to be aware of the problem before they can do anything about it. Thus, businesses and the society in which they exist

must be informed as fully as is reasonable with today's constraints of educational level, resources, and desire to be informed.

Second, businesses need to provide greater communication to stakeholders about why sacrificing short-term profits may be necessary and beneficial to longevity and long-run profitability. Businesses often tend to try to avoid short-term costs at the expense of higher long-term costs. The rationale for such practices is simple: shareholders and professional investors are generally interested in *this* period's dividends, profits, and market value increases. If sustainable development is to become a reality, investor focus must be swayed from the short-run to the long run. High cost investments made in the present for things such as technologically advanced equipment or employee training or environmental management system development will provide substantive benefits in the future from less waste, faster and greater throughput, lower costs, fewer reclamation projects, and-most importantly-reduced negative environmental impacts.

To continue this idea of communication and, thereby, education, Barcena and Payne (1995) state that "changes in attitudes . . . will be required to translate the concept of sustainable development into a language that can reach the minds and hearts of the people. Without these changes in attitude, we shall not be able to undertake the extensive social changes needed to correct the course of development." Learning, accepting, and changing proactively with the environment, business, government, and other publics are the foundations upon which progress can be made towards sustainable development.

Third, businesses can begin a path of migration toward sustainable development. A Dow Chemical Vice President (1998) suggested that businesses take six steps in moving toward sustainability: (1) foster a company culture of sustainability; (2) initiate voluntary performance improvements; (3) initiate eco-efficiency concepts; (4) seek opportunities for sustainable business growth; (5) invest in creativity, innovation, and technology for the future; and (6) reward employee commitment and action. Taking these steps is part of the pursuit of a new

strategic vision and, as such, requires that a very essential element: that of management commitment or "the tone at the top." This element is intrinsic to success in all instances of radical organizational change.

Fourth, businesses can seek to encourage and/or reward changes in consumer consumption and behavior that will promote sustainable development. Most businesses would not cease making a product or supplying a service that is profitable simply to support environmental well-being. However, business operating at the theoretical level of behavior would do so, after clearly determining that there was no efficient way to change the product or service so that it was "eco-positive" or "eco-neutral" rather than "eco-detrimental." Of course, such far-reaching efforts and concern would typically require a market leader that is providing a product or service that is in high demand. For instance, it is likely that The Coca-Cola Company and PepsiCo would be more influential in promoting recycling efforts to customers than would the manufacturer of a regional or generic brand of soft drinks.

Shrivastava (1995) has suggested that, as a beginning, businesses strive to attain various goals that are commensurate with the goals of sustainable development. He suggests that energy conservation techniques could be employed that would have a positive impact on pollution and resource depletion. Businesses could also engage in resource regeneration aimed specifically at the reduction of resource depletion. Additionally, he promotes environmental preservation, which strengthens and is strengthened by arguments that the environment itself is worthy of care and protection, aside from its human-associated values. To implement these three goals, businesses can improve processes, educate employees, provide consumer advice, perform research, be prepared for emergencies, and listen openly to concerns.

A final, but very important method by which businesses can strive toward sustainable development is to join with others to form organizations focused on this goal. Some of these organizations include the World Trade Organization's Committee on Trade and Environment, the World Business Council for Sustainable Development, the International Chamber of Commerce's Commission on Environment, and the United Nations Environment Program.[1] As aptly stated in the International Chamber of Commerce Commitment to Sustainable Development (1998),

> all sectors of society, including government, business, public interest groups and consumers, have a role to play in contributing to sustainable development, and they must work in partnership, bringing their values and experience to bear on the challenge. Sustainable development will only be achieved if each one plays its part. Each sector should focus on what it can do best, but, through partnerships, local, national or even global, we can build on the strengths of each group. . . . Business is best suited to contributing to sustainable development in the economic sphere – through the creation of wealth in an environmentally sound manner.

## Conclusions

Businesses need to assert their commitment to sustainable development over and above environmental legalities. Ass indicated by Porter and van der Linde (1995), "Regulators tend to set regulations in ways that deter innovation. Companies, in turn, oppose and delay regulations instead of innovating to address them. The whole process has spawned an industry of litigators and consultants that drains resources away from real solutions."

Who, in business, should lead the way in the pursuit of sustainable development goals? The easiest answer is that global, multinationals based in highly developed countries should be the leaders; some of these entities have already begun the journey. Another answer is that those entities creating the biggest environmental problems should lead the way. The most appropriate answer, however, is that organizations whose stakeholders recognize the necessity of sustainable development as part and parcel of the company's need to act ethically should be the role models.

Businesses, acting alone, cannot create sus-

tainability. If the internal and external stakeholders are not willing to adopt the concept of sustainability as a long term necessity, then should businesses view the idea as not worthy and expunge it from the organizational strategy? Absolutely not! As indicated within the paper, there is significant interaction between and among all value chain constituents. And, similar to the spread of high product and service quality as a priority among value chain members, as one member of the value chain demands a view of sustainable development, so will others. In some cases, there will be a trickle-down effect; in others, there will be a waterfall.

It is time that businesses realized that environmental responsibility and sustainable development are part and parcel of business ethics. Rules can be written and laws can be passed about pollution control or environmental degradation, but the framework to which these are bound is the minimum or basic level of acceptable behavior. Like a corporate code of ethics, an environmental policy will reflect the corporate culture from which it stems. The companies that move in a continuous path up the hierarchy of ethical behavior from merely complying with legalities to integrating sustainable development concepts into strategic initiatives and mission statements are companies whose managers understand, espouse, advocate, and uphold the fundamentals of business ethics. These are also the companies and managers that are well aware that ethical business is good business. These are the long term survivors.

## Note

[1] Web cite addresses (http://www.) for these organizations are wto.org/wto/environ, wbcsd.org, iccwbo.org, and unep.org

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