

SUSTAINABLE DEVELOPMENT FROM A MANAGER'S POINT OF VIEW IN THE INDUSTRIAL FIELD

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ABSTRACT: Sustainable development is a challenge for social and economical policies when trying to provide continuous growth for the present and the future. A certain level of sustainable development means future growth that brings income to all commercial partners without any economical costs or, it means providing big scale savings by increasing productivity and revenue. Thus, sustainable development can help in evaluating the level of risk when there is an efficient management and, determine future innovation opportunities. It also provides a differentiation in the growth of reputation, and thus establishes a base for long-time business success. This study aims to find out how managers understand the concept of sustainable development, namely if it is a marketing strategy for a quick profit, or if it is seen as a strategy for growth in the short and long run and part of the general vision of the business. We will now present the results of a survey-based questionnaire on the vision of managers on the sustainable development of the companies they lead.

KEYWORDS: sustainable development, eco-capacity, corporate social responsibility

1. CONCEPTUAL DELIMITATION

According to specialised literature, sustainable development is considered as a new concept that has its origins in Worldwide Conservation Strategy, elaborated in 1980 by the International Union for Conservation of Natural Resources. The authors of this strategy consider that sustainable development is a strategic concept that involves the sustainable use of natural resources, the preservation of genetic diversity and the maintenance of ecosystems. The Brundtland report, the official document of the Worldwide Commission for Environment and Development, defined in 1987 sustainable development as “*Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs*” [1].

Sustainable development analysis implies a systematic approach to the environmental/social/economical triad. A number of specialists add another variable, namely, technological system, both from the perspective of growth efficiency in using the resources, and producing depolluting and environment-protecting technology and equipment. Within the triad mentioned, there is no explicit hierarchical or priority order of the subsystems. The three categories of system are equally important, solving the problem of one is done to the disadvantage of another, or more precisely, altering the chances of the future generations. For sustainable development to function, it implies a profound change at the level of the social system by recognising the interdependency in between the three systems and considering the necessity of a scientific understanding of the way the ecosystems work,.

As previously mentioned, although we cannot talk about a hierarchy of the three systems, a vast majority of specialists consider that the ecological subsystem is the most complex one, at least from the following considerations [2]:

- the ecological subsystem has a global/planetary dimension – especially in contrast to the economical subsystem – it can generate negative effects in totally different spaces than the one in which it acts, thus, it does not respect the conventional borders;
- through its biotic component, the ecological subsystem includes the existence of mankind. From this perspective, mankind has to be aware that many of its actions target the destruction of its own habitat, of the environment in which it appeared and has developed;

- the economical processes happen in the ecological subsystem and unfolds within the framework of its own resources. It is obvious that no economical process can unfold without using natural resources, whether in smaller or bigger quantities, directly or indirectly, and efficiently or not;
- being placed at the end of the resources-production-consumation chain, the existence of mankind and its evolution is ultimately dependable on the resources found in the ecological subsystem;
- the ecological subsystem takes over, without it wanting to, the inefficiencies of the other two subsystems, under the polluted products and the irrational exploitation of resources.

The main problem which arises is the one of reconciling the desires of continuous sustainable development with the necessity of protecting the environment. For this reason, new models of industrial development that preserves the endurance capacity of the environment have to be identified.

The United Nations Industrial Development Organisation defines industrial sustainable development as “a new approach which allows the industry to ensure economical and social benefits for the present generation without compromising the capacity of future generations to meet their own needs and without harming the fundamental ecological processes” [2]. In order to achieve the sustainable industrial development three criteria must be fulfilled:

- protection of the eco-capacity;
- efficient use of human, material and energetic resources;
- ensuring a fair distribution in between nations of both the goods provided by industrial development and the hardships caused by environmental degradation,.

The concept of eco-capacity refers to maintaining the capacity of ecosystems to function despite the existence of pollution, and it presents two aspects: elasticity of the system, and its capacity to remain stable. Elasticity or the resilience of the system assumes maintaining behaviours against external disturbances; and the capacity to remain stable implies maintaining a balance as a response to the fluctuations of the environment.

Equity consists in the justice with which the income is distributed or the prosperity within society. As a fundamental principle of sustainable development, equity includes three essential aspects:

1. An equitable distribution of goods supplied by industrial development and of hardships caused by environmental degradation. The solution for this problem may have important repercussions for the environment. If the necessary costs to meet environmental standards are considered to be too high, significant segments of the population (the majority of the ones already poor) will suffer due to the decision taken, meaning that they will have to support the degradation of the environment, something that will cause them to be even poorer.
2. Tackling the problem on a global scale. On a global scale, the problem of equity is different. An aspect that needs to be discussed is the one that is related to the fact that developed countries, the very ones that benefited the most from the exploitation of natural resources and from the capacity of assimilation of the biosphere, now have a moral obligation to allow developing countries to follow the same growth. This argument implies the fact that developed countries should pay the extra costs incurred by developing countries to protect the environment. However, this moral argument is not necessarily accepted by the ones that have to pay for this extra cost. A more efficient argument can be based on mutual commitment for common interests.
3. Fairness between generations. The present generation supports the natural resources degradation caused by past generations. The future generation will not only support the cost of present environment degradation, but also the cost of atmospheric gases accumulation and of heavy metals, of the loss of tropical forests and of biodiversity. It is therefore necessary to understand that the requirement of future generations should be

considered now, although this imposes an additional burden to the political institutions, which are, generally, involved in achieving short-term goals and not satisfying future generations.

2. RESULTS

Some authors consider that sustainable development creates additional costs for the finished product, like organic products or fair trade. These type of products are successful only if the client is willing to pay for the added cost, and whether they consider sustainable development, its quality and additional cost, something they wish to have.

This study aims to find out how managers understand the concept of sustainable development, namely, whether sustainable development is perceived as a strategy for survival and adaptation to global changes which guarantees profit for the future by reducing the dependency on unsustainable sources, or whether it is just a marketing strategy.

In order to collect the data, we made a survey-based questionnaire, which focused on the vision managers have on sustainable development for the company they run. 51 executive managers were surveyed across different industries.

A specific behaviour that supports sustainable development is corporate social responsibility (CSR). CSR has as its goal to pay close supervision on the work delivered by companies and the consequences of the business environment in order for it not to terminate the chances of future generations to develop and live in harmony. This concept has been the subject of research in industrial SMEs in the county of Alba. This has led us to the following conclusions:

- a) Although managers know the term CSR and it is practised in SMEs, there is no clear image of its meaning and the benefits that it can bring to the company. Managers of SMEs generally see CSR as a set of activities or policies of which results cannot be measured accurately. The term CSR is defined differently by entrepreneurs, but the majority understand it as an assembly of activities done for the benefit of the local community, 30,6% of responders chose this answer. Then it is understood as a form of promotion, as a request of competitiveness on the market and directly related to environmental protection. The frequency of the answers for "*form of promotion*" shows that managers are aware of the economical value that social responsibility has besides its ethical nature. CSR represents an essential component of reputation of risks and reputation of management for several SMEs, and it becomes an increasing factor for the growth of competitiveness and the position of the business in the market.
- b) In SMEs, the implementation of these types of activities depends mainly on the owner, on their knowledge, skills, abilities, experience and value system.
- c) The main problems faced by managers of SMEs in CSR implementation are the lack of time and financial resources for this type of activities and the lack of knowledge and skills in this domain.

This study shows that 88.2% of managers consider that sustainable development can be achieved without profit diminishing, and 90.2% believe that this would give them advantages, although 43% of them say that the practices associated with this concept represent a constraint for the company.

The answers show that managers do not have a clear picture of the vision of their company on sustainable development, in the sense that they do not know exactly what is required of them concerning this. 65% say that the company has a systematic concern for such a strategy.

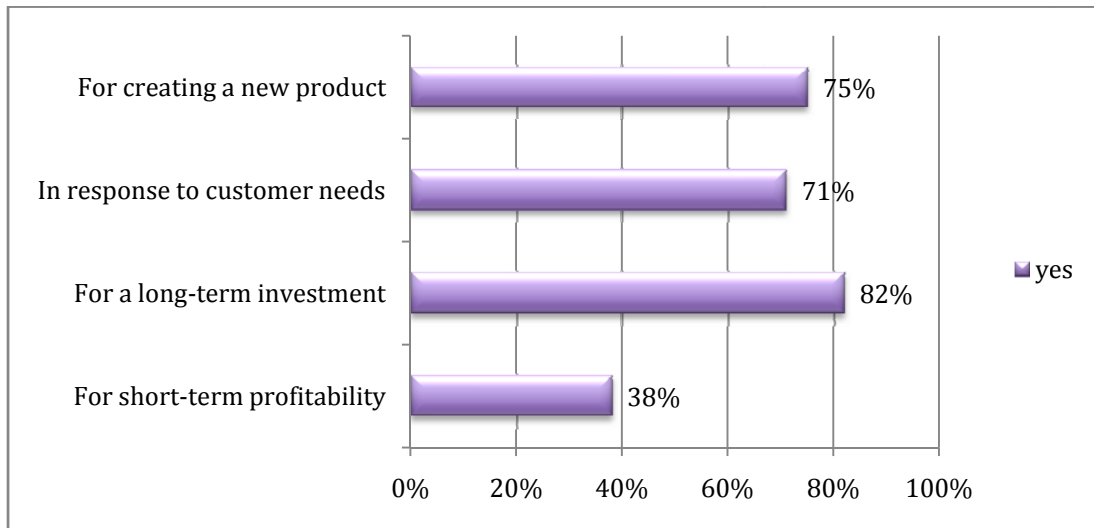


Figure 1. Which criteria do you use when working towards sustainable development?

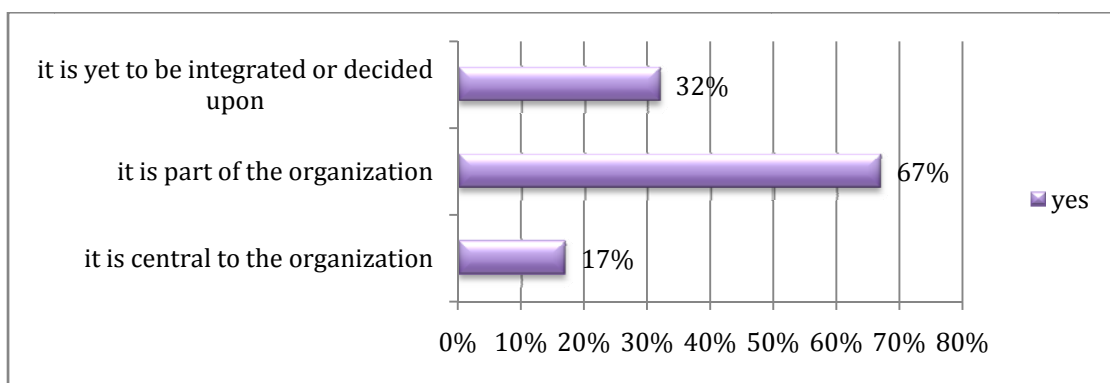


Figure 2. What place does sustainable development have in your company?

Only 17% of managers stated that sustainable development is central to their companies, the majority say it is part of the company. Still, those that consider it a constraint represent a significant percentage (37%), which is due to a need for change towards an ecological vision which our current economical environment requires. The vast majority of managers are not evaluated based on sustainable development, more exactly 78.3%. This result can be an explanation as to why 63% of managers believe that sustainable practices are an opportunity and not a constraint. The constraints can also be perceived as so because of the costs these practices imply when compared to traditional approaches.

Traditionally, business seeks precision and pragmatism when planning its efforts, while sustainable development does not have a concise definition, it changes over time in response to increasing information and the evolution of the priorities of society.

The contribution made by businesses to sustainable development is undetermined. While all businesses can bring some contribution to reaching this goal, their capacity varies depending on the activity and size of the company.

Some managers consider that the main objective is making profit. Others also believe they have a social mission. There is no consensus among business leaders concerning the balance between personal interest and the actions taken for the common good. Managers consider that they have to compromise when they decide to follow sustainable practices. They perceive certain areas of sustainable development as ambiguous from a technical point of view, making it difficult for an efficient planning of their activities. For example, the forest industry faces difficulties in defining what constitutes as sustainable forest management. Clearly, more research is needed in order to solve this type of technical problems.

From a larger perspective it is clearly in the interest of companies to work in a healthy environment and a sustainable economy. It is equally clear that, at a global level, the growing

economies in developing countries have opportunities for expanding the market through integrating this concept in their general strategy [3].

3. CONCLUSIONS

Business has an important role in a national and international environment, and it is the main link with the consumer. With the advance of technology, enterprises have the responsibility to be an institutional element in promoting sustainable development. Sustainable development bring competitiveness through the advancement of new technologies which protects the environment and contributes to its development. Its main benefits are the capacity to reduce costs, optimise resources to minimise losses and thereby protecting the environment. Sustainable development creates opportunities for international trade and for accessing new markets, a very relevant aspect for developing countries. CSR, together with sustainable development represent processes and actions that are considered important in the strategy of the management of companies.

Unsustainable strategies involve technological wear and inefficient management practices, which in the terms of sustainable development increase pollution through big quantities of waste and inefficient allocation of resources. Thus, the practice of sustainable development reduces pollution through better technologies which compensates costs, but they are inevitable and, on the short term, they can affect competitiveness [4].

Among the specific objectives set out by the managers interviewed for sustainable development, we can find *“integrating measures for protecting the environment in their business plan and in the decision-taking process, identifying and managing risks of the environment resulting from the activities of the company, integrating quality standards to protect the local community, involvement in partnerships with interested stakeholders for protecting the environment”*.

Managers believe that sustainable development is a solution for improving the image of the company in the mind of consumers, which is why their behaviours have become more responsible in this regard. The decisions concerning the environment and human rights involve certain costs which are added to the expenditures of the company, but on the long-term, risks are reduced, the image of the company is improved, both in the mind of the consumer and the employees.

Although scientific literature dedicated to sustainable development is very vast, its practice in industrial enterprises is not as widespread. Therefore there is a mismatch between theory and practice concerning this subject.

The data collected shows that sustainable development is poorly understood by managers, even if they have remarkable results in obtaining profit. Although they have a general picture of the concept, the specific practices and actions are most likely from desire rather than reality. The main conclusion of the study derives precisely from this observation – that managers and companies need support and counselling towards sustainable development. There is a need for information so that doors can be opened when implementing these type of practices. Sustainable development needs to be included in the mission statement of companies in order that managers may integrate them in their current activities, that they be part of all projects of development and not just isolated activities which are only designed to give them a good image for the short-term.

Environmental organisations and scientists have to direct such change by increasing the visibility of projects of sustainable development, the regulations in this area and that of good practices. Thus the transition towards sustainable development will be perceived as a positive one and not that of a constraint. Governmental organisations have to draw clear guidelines and give some benefits to successful projects, because the initial costs of sustainable development are an aspect that discourages managers.

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