SUSTAINABLE DEVELOPMENT IN COMPANIES: THEORETICAL DREAM OR IMPLEMENTABLE REALITY?

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Abstract

The 21st century company faces a range of multi-faceted and complex challenges as part of the daily functioning. In addition, there are increasing pressure and demands from stakeholders and society towards Sustainable Development (SD). Although SD is not a new concept it is clear that there are numerous interpretations at a both a theoretical and practical level regarding the implementation. The author uses a triple-bottom line approach where the economic, social and environmental dimensions are regarded as equally valuable and these need to be implemented simultaneously. This paper highlights the particular challenges which directors and managers face and describes in detail guidelines to enhance practical and realistic implementation of SD within the reality of a very challenging and continuously changing business context.

Keywords: Sustainable Development, Future Leaders, Practical Implementation

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1. Introduction

Companies do not operate in a vacuum as almost every activity implemented by a company, impacts either positively or negatively on the community in which it functions (Porter and Kramer, 2006). This also means that companies are complex and adaptive systems which operate in close symbiosis with a highly competitive and continuously changing environment. Within this environment, companies face a range of complex and interconnected challenges such as increasingly information-based, knowledge-driven and service intensive economies. These economies necessitate continuous renewal, organizational changes (merges, acquisitions, restructuring), legislative and policy changes, speed and flexibility (Barlett and Ghoshal, 2002; Brooks, 2005; Khandekar and Sharma, 2005; Clulow, et al., 2003; Pepur, et al., 2010; Price and Chahal, 2006). The 21st century business needs to be integrated with society which requires innovation and ingenuity by companies across sectors and industries. This new “business-as-society” paradigm creates challenges for current business leaders to apply their knowledge and experience (combined with lessons learned from the past) to novel and different problems. By implication it means that future generations of directors, managers and practitioners will face a range of challenges of unprecedented importance and complexity including change, overcoming the hurdles to Sustainable Development (SD) and shape a new business landscape where there are benefits for both business and society (Laughland and Bansal, 2011). The challenges which the 21st century directors, managers and practitioners encounter necessitate an extended and different view regarding current management theories (Waddock and McIntosh, 2009).

In addition to the ongoing daily challenges to remain competitive in a dynamic and changing business environment, society’s expectations of business are constantly changing with a shift over time towards more social and environmental responsibility (Daub and Scherrer, 2009). Due to increasing internal and external pressures companies are expected to (in addition to sound economic performance) act responsibly towards both society and the shareholders, move towards an integrated, practical and realistic approach to SD (Patra, 2008; Cho and Roberts, 2010; Baden, et al., 2009). Based on this reasoning, directors, managers and practitioners need to adapt to the changes as it is crucial for companies to adapt to their environment and make the shift or they might not survive. Jack Welch opinionated that: ‘When the rate of change outside an organization exceeds the rate of change inside, the end is in sight.’ (Batterley, 2004: 30). Furthermore, Darwin’s Adaptability theory, which is widely accepted in companies and management theory, stated that all species need to adapt to their environment in an attempt to survive (Denton, 2006).

Resulting from the increased concerns and pressure combined with the need to survive and thrive in a constantly changing and very competitive business environment, companies need a diverse and complex range of responses. One such response (coupled with the revival of interest in CSR) lead to
an increased awareness of the ethical and social responsibilities where companies should consider both the economic impact and consequences of corporate behavior (Perrini, et al., 2006; Naudé, 2008). In line with this thinking, a range of social and environmental initiatives including the Global Reporting Initiative (GRI, 2002; GRI, 2006), the UN Global Compact and Principles for Responsible Investment (http://www.unglobalcompact.org), the ISO14001 standard and ISO 26000 Sustainability Standard (http://www.iso.org) followed.

SD strategies which included the economic, social and environmental dimensions similar to the Brundtland Commission Report’s classic description of SD (WCED, 1987) are not new ideas but were highlighted in 1992 at the United Nations Conference on Environment and Development (UNCED). This was followed by the Commission on Sustainable Development to monitor and report on implementation (UN, 1992; UN, 1997) and other initiatives. Over time SD has evolved into an approach where companies need to work with and meet the needs of present generations without compromising the needs of future generations and where SD is seen as a guiding model with a multigenerational time span (Hoverstadt and Bowling, 2005; Baumgartner and Korhonen, 2010; Patra, 2009; Garvare and Johannson, 2010). SD is currently regarded as a very important part of companies and acknowledged by most directors, managers and practitioners. Globally, managers and policy makers are seeking applicable frameworks and guidelines to develop the relevant strategies and to monitor and evaluate outcomes and success (Morrow and Rondinelli, 2002; Wallis et al., 2010).

At first, the task seems implementable and manageable as SD is not a new concept and is one of most widely recognized concepts in the current business environment (Baumgartner and Korhonen, 2010; Patra, 2009; Becker, 2010). However, on closer analysis it becomes clear that implementing SD at a practical and company level is complex and presents many challenges. In spite of SD not being a new concept and that it is both a global and long-term challenge, it seems that little practical progress has been made regarding implementing SD in the daily operation of companies as well as effective integration in national, regional and international regulations and policies (Baumgartner and Korhonen, 2010). Directors, managers and practitioners face many challenges (Becker, 2010; Wallis, et al., 2010; Hahn, et al., 2010) and these challenges are discussed in detail later in this paper.

For the purpose of consistency and clarity in this paper, the author accepts a tridimensional and triple-bottom-line approach to SD which integrates the economic, social and environmental dimensions equally. This approach is based on the idea of multiple organizations such as the World Commission on Environment and Development (1987), UN (1992, 1997) and authors such as Elkington (2006), Bansal (2005), Hart and Milstein (2003) and Linnenluecke and Griffiths (2010).

Based on the previous discussion, the following questions arose:

- What are the key dimensions and aspects to enhance an integrated and effective implementation of SD within a company?
- What are the key challenges faced by directors, managers and practitioners regarding implementing SD approaches, strategies and activities?
- What are the generic guidelines that could assist directors, managers and practitioners to implement SD approaches, strategies and activities to maximize tangible and intangible value and impact for the company, employees and the community in which the company operates?

The value added contribution of this paper is threefold. Firstly, although most current directors, managers and practitioners acknowledge the importance and crucial role of SD within the company, the paper aims to further emphasize this importance and highlight the key dimensions and concepts. Secondly, it discusses the challenges which directors, managers and practitioners face regarding the practical implementation of SD approaches, strategies and activities in the daily functioning of the company. Thirdly, the author offers practical suggestions in the form of generic guidelines to directors, managers and practitioners wanting to implement SD aiming to maximize tangible and intangible value and impact to the company, employees and the community in which the company operates.

This is a theoretical paper and is divided into four parts. The first part discusses the literature which forms the basis for the arguments used in this paper. The second part focuses on the challenges which directors, managers and practitioners face in their daily operation regarding the practical implementation of SD approaches, strategies and activities. In the third part the author offers practical suggestions (generic guidelines) which could assist directors, business managers and practitioners to implement SD. The fourth part includes recommendations for research with a focus on practical implementation.

2. Literature review

Sustainable Development (SD)

SD strategies (including economic, social and environmental dimensions) go back to the United Nations Conference on Environment and Development (UNCED) in 1992. The aim at that stage was to address urgent environmental protection and socio-economic development problems and the ‘Rio Declaration’ (Agenda 21, chapter 8.7), suggested
a National Strategy for SD. This was followed by the Commission on Sustainable Development to monitor and report on implementation (UN, 1992; UN, 1997). In 1987 already the Brundtland Commission’s Report advocated a SD description which included the economic, social and environmental dimensions (WCED, 1987). Although SD originated mainly from environmental issues it has over time evolved and developed to reflect an approach which meets the needs and demands of present generations without compromising the ability of future generations to meet their needs and demands (Hoverstadt and Bowling, 2005; Garvare and Johannson, 2010; Baumgartner and Korhonen, 2010; Patra, 2009; Nguyen and Slater, 2010).

In rapidly changing and very demanding internal and external environments, companies need resources and capabilities to survive over the short and long-term. Consequently, there is a need to shift towards an integrated and multi-dimensional approach to SD with a practical implementation of SD strategies, policies, procedures and activities in the daily operation of companies to create and maintain a competitive advantage and address both global and long-term challenges (Baumgartner and Korhonen, 2010; Chulow, et al., 2003). The Accenture and UN Global Compact (2010) surveyed 766 CEO’s worldwide and 93% of the participants stated that sustainability is crucial to the long term success of the company. Furthermore, three quarters elucidated reasons for selecting sustainability strategies as building and protecting the product, enhancing corporate reputation and the potential to decrease cost and grow revenue (Boerner, 2010).

In line with the tridimensional and triple-bottom-line approach used by the author of this paper, Hart and Milstein (2003) emphasized that the social, economic and environmental dimensions are interlinked and need concomitant investment to add value. This is supported by Epstein and Buhovac (2010) and Epstein, Buhovac and Yuthas (2010) who opined that companies need to find a balance and achieve excellence in all three dimensions. Laughland and Bansal (2011) indicated that the focus is more than only accounting for environmental and social impacts. There seems to be evidence that sustainable companies are resilient, create economic value, healthy ecosystems and stronger communities. As a result, these companies are able to survive external shocks. Along this line of reasoning, D’Amato and Roome (2009) added that SD needs to demonstrate integration of economic, social and environmental goals but also draw on the economic, social and environmental information to ensure coherent choices. This approach needs a mix of suitable and effective technological, managerial and institutional innovation and initiatives.

In an attempt to provide more clarity and ease practical implementation of SD, the author provides a brief summary of the aspects contained in each of the three dimensions (economic, social, environmental) contained within SD in Table 1. Although the summary follows a linear format for structural and practical reasons, the author uses the notion that these 3 dimensions are of equal value, they are interconnected and supportive of each other. Although the examples in this table are not exhaustive they provide a starting point.

### Table 1. Summary of SD dimensions (Steurer, et al., 2005; Baumgartner and Korhonen, 2010)

<table>
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<th>Dimension</th>
<th>Detail</th>
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| Economic  | 1) Financial performance and profitability: This is important as any company needs sufficient earnings to remain sustainable  
2) Long-term competitiveness: As SD focuses on long-term approaches and foresight, any company that claims to be sustainable needs to take steps to secure and improve their competitiveness through a range of steps. Some of these steps are setting a relevant strategic direction, planning, setting goals, implementing effective strategies, programs and activities; and monitoring and evaluating outcomes.  
3) Economic impact: An important SD issue is the effects of companies on the stakeholders, for example how the economic status of the stakeholder changes as a result of the company activities. |
| Social    | 1) Intra- and intergenerational equity: This refers to income disparities within a company and a particular country.  
2) International equity: This refers to the impact of the company on the distribution of wealth and income among different countries (especially industrialized and developing countries).  
3) Internal social improvements: This aspect addresses the employees (as a stakeholders group) not only through equitable compensation but also concerning education and human rights compliance. |
| Environmental | 1) Environmental damage and risks: Limiting damage and environmental impact.  
2) Resource exploitation: Resource exploitation is about the responsible use of non-renewable resources.  
3) Emissions: Emissions deal with avoiding all kinds of emissions to a certain degree. |
It seems that some companies integrate environmental issues into company strategies because they found that the more proactive they are towards environmental issues the more sustainable they become in the long term (Banarjee, 2002). Some literature and research studies argue that company behavior regarding environmental issues can be changed (Banarjee, 2001; Judge and Elenkov, 2005; Hanna, 1995) while others opined that the traditional management paradigm cannot address modern problems arising from environmental challenges (Galdwin et al., 1995). In addition to the societal pressures (Patra 2008; Cho and Roberts, 2010; Baden, et al., 2009) and the constant need for effective change to remain competitive (Brooks, 2005; Khandekar and Sharma, 2005; Pepur, et al., 2010; Price and Chahal, 2006) companies face internal pressures such as high staff turnover, decreasing loyalty, and others if they do not implement SD strategies and practices (Wilkinson, et al., 2001; Daily and Huang, 2001; Crane, 2000).

3. Challenges

In the implementation of SD approaches, strategies and activities directors, managers and practitioners face a range of differing challenges.

3.1 Multiple definitions and interpretation

From a theoretical perspective there is a range of different interpretations for SD. Some authors interpret SD as one strategy within a range of approaches to conceptualize CSR within a company while CSR is interpreted as the realization of business contribution to SD goals. In some cases sustainability is regarded as the new face of CSR (Garriga and Melé, 2004; Lueneburger and Goleman, 2010; Clarke, 2007; Strugatch, 2011). On the other hand, Sharma and Henriques (2005) equate sustainability to environmental sustainability. Another line of reasoning is by De Bakker et al. (2005) who elucidated that the definition of SD is symmetric to the concept of CSR as CSR includes organizational obligations and responsibility regarding economic, social, and environmental dimensions. Conversely, SD is regarded as a guiding model which depends on the interpretation by society and focuses on longer term outcomes and demands of future stakeholders (Owen, 2007; de Bakker, et al., 2005).

Although CSR and SD are paradigmatically different the interconnections and overlaps are inescapable and there seems to be evidence that CSR and SD are converging to similar concepts (Hediger, 2010; Montiel, 2008; Steurer, et al., 2005; van Marrewijk, 2003). There is a trend to consider both CSR and SD from a triple-bottom-line approach (Bansal, 2005; Elkington, 2006; Henriques and Richardson, 2004; Kolk, 2009; van Tulder and van der Zwart, 2006) with the overall aim to find an equal balance between the economic, social and environmental dimensions (Montiel, 2008; Steurer, et al., 2005; Husted and de Jesus Salazar, 2006; Wirtenberg, et al., 2007). Nevertheless, although both SD and CSR include tridimensional concepts and are closely connected there are definite different conceptual nuances (Steurer, et al., 2005).

3.2 Multiple interpretations for practical implementation

It is clear at a theoretical level that there are multiple definitions and interpretations for SD which creates the problem that there is not a clear and solid theoretical basis for directors, managers and practitioners to draw from. Combined with these multiple interpretations, a range of facts emerge from a practical perspective.

Not only is there not a clear universal definition for SD offered at a theoretical level, companies also have their own interpretations. Some companies use SD and CSR interchangeably (Montiel, 2008; Hediger, 2010; van Marrewijk, 2003) and therefore use very similar variables to monitor CSR and SD impact and outcomes although others use vastly different variables (Hahn, et al., 2010). On the contrary, some companies equate SD to and focus on environmental sustainability while others include numerous economic and societal aspects (Sharma and Henriques, 2005; Berns et al., 2009). In addition to the different interpretations, SD is often not clearly defined within the company. Therefore, it means different things to different people. To add to the complexity, some areas of SD cannot be evaluated directly but only through inference from the observable and sometimes validated frameworks which can be linked to the particular needs of a company (Jabour and Santos, 2008; Becker, 2010; Wallis, Kellery and Graymore, 2010). Without a common understanding of what SD means for a particular company and its stakeholders, implementation is very difficult.

Combined with the different interpretations regarding the meaning of SD there is uncertainty on exactly how to implement SD within an organizational context (Daily and Huang, 2001; Salzmann, et al., 2005; Schaltegger and Burritt, 2005).

3.3 SD does not always fit neatly into the business case

Many SD initiatives, strategies and activities focus on longer term and intangible outcomes and impact. Conversely, many other investments and initiatives focus on short-term impact on the bottom line with the result that many of the evaluation processes do not portray the value of SD related initiatives and investments. Given this logic, some SD initiatives are handled as one-off projects which mean that valuable
SD initiatives might not be undertaken in favour of other projects that are more easily quantifiable and understood (Laughland and Bansal, 2011).

3.4 A complex range of overall challenges

It is well known that companies face a range of complex and interconnected challenges which need continuous renewal, speed and flexibility (Brooks, 2005; Khandekar and Sharma, 2005; Pepur, et al., 2010; Price and Chahal, 2006). Added to these challenges is a shift in society’s expectations related to more social and environmental responsibility (Daub and Scherrer, 2009). Embracing this approach, it means that the 21st century business requires innovation across sectors and industries combined with a paradigm where business and society are integrated (Laughland and Bansal, 2011).

In addition to the overall challenges, companies face multiple threats such as financial crises, climate change aspects, local land issues and others which make it difficult to judge and decide which of the posed threats and risks need attention. Furthermore, there is a range of opportunities that could be taken onboard which adds to the complexity in deciding which of these challenges to focus on and how to prioritize them (Laughland and Bansal, 2011). Another specific challenge for companies using a tridimensional and triple bottom line approach to SD is to find a balance and achieve excellence in the economic, social and environmental dimensions (Montiel, 2008; Steurer, et al., 2005; Husted and de Jesus Salazar, 2006).

3.5 Lack of integrated approach within company, different industries and countries

Further challenges include the need to move towards an integrated, implementable and multi-dimensional approach to SD (Patra, 2008; Cho and Roberts, 2010) and the difficulty to find a balance and achieve excellence in the economic, social and environmental dimensions (Epstein and Buhovac, 2010; Epstein, et al., 2010).

There seems to be a lack of guidelines regarding an implementable, realistic and multi-dimensional approach to integrating SD policies, procedures and activities into the day-to-day functioning and mainstream business processes of the company at a practical level (Rocha et al., 2007; Baumgartner and Korhonen, 2010; Patra, 2008; Cho and Roberts, 2010). Consequently, confusion continues due to limited and/or unclear understanding as to how the integration of dimensions should be done, what trade-offs are necessary to achieve this integration and what synergies might assist implementation (Angus-Leppan, et al., 2010). At a practical level, existing policies, plans and programs provide some basis for SD strategies, efforts and activities. Nevertheless, the guidance on how to integrate SD into the mainstream business processes at a practical level is lacking. Consequently, this lack of an integration framework creates a gap which hinders implementation at a practical level (Rocha et al., 2007).

3.6 Difficulty to clearly communicate SD initiatives and outcomes

During the later years of the 20th century there was a clear shift in public concern related to corporate environmental performance (Cho and Roberts, 2010). Due to this shift combined with a revolution in information and communication technology the worldwide demand for public access to information regarding environmental and social performance increased (Dong and Burritt, 2010; Jose and Lee, 2007). While some SD statements and claims by companies are perceived as credible others are met with skepticism and might be labeled as greenwashing. Nevertheless, Guimaraes- Costa and Pina e-Cunha (2008) pointed out that there is evidence of mismatches and inconsistencies between what was implemented compared to what was reported. This is a challenge for companies to find a balance as sometimes companies are wary of advertising their successes as this could lead to public criticism for the things which they are not doing (Laughland and Bansal, 2011).

3.7 Early adaptors of SD initiatives might loose

Being an early adopter and a leader in any area provides not only clear potential rewards (attract new customers, build loyalty with internal and external stakeholders) but carries risks linked to being at the cutting edge. Some of the risks include investment in technology and processes which might not result in the expected outcomes, been overtaken by a second-mover who only builds on the leader’s ideas and then moves into a leading position, or loose the support and attract criticism from both internal and external stakeholders (Laughland and Bansal, 2011).

3.8 Unclear monitoring and evaluation of outcomes

Managers cannot effectively manage what cannot be measured. In some companies there is an unclear understanding of the task at hand which then in turn complicates the monitoring, measurement and evaluation (Hopkins, 2009).

There is a wide range of metrics, standards, tools and certifications (Global Reporting Initiative, UN Global Compact and Principles for Responsible Investment , ISO14001 and ISO 26000 Standards, and others) that could be used for monitoring and evaluation of outcomes and focus on particular sectors (eg manufacturing), particular aspects (eg carbon emissions), products or companies (GRI, 2006: http://www.unglobalcompact.org;
http://www.iso.org). However, this could sometimes create difficulty and confusion as it might be unclear which of the many tools are applicable to the particular company and how these tools are used (Laughland and Bansal, 2011). To add to the difficulty, some areas of SD are only assesseable by inference from the observable and sometimes not through quantifiable measurement (Becker, 2010; Wallis, et al, 2010). Given this logic, the measurement of outcomes and success is not straightforward for example while the economic performance and outcomes are more easily measureable the social and environmental outcomes are more longer term and not always easily measurable (Epstein and Buhovac, 2010; Epstein, et al., 2010).

4. Guidelines to manage challenges

The implementation of SD necessitates a combination of numerous integrated approaches and strategies to maximize value and impact for the company, its employees and the community wherein it operates. This means that a company needs a diverse and complex range of responses to the current and possible future local, national and international demands. Although the author discusses these approaches and strategies separately for practical and structural reasons of this paper she opinionates that these need to be implemented in an integrated and interconnected way. Furthermore, the author acknowledges that some authors, directors and managers will place some of the discussed detail under different headings. These guidelines are written in a linear format but as each company is unique managers need to decide which of these guidelines are suitable to that particular company and in which order they want to implement the guidelines. However, it is advisable that the first step is to define SD within the company and community.

4.1 Define SD within the company and community

As there is a wide range of SD definitions, it is crucial that companies, internal and external stakeholders, and community members (such as policy makers) develop commonly agreed upon well-defined and clearly bounded interpretations for SD within the context of a particular company. All parties need to clarify which overall approach they agree upon, for example if a triple-bottom line approach is used. Thereafter, it is important to implemented this interpretation and understanding consistently throughout all the levels of the company as well as in all company strategies and activities (Montiel, 2008; Bansal 2005; Daub and Scherrer, 2009; Naudé, 2008).

4.2 Utilize a directed and focussed approach

In their daily operations companies face a range of complex challenges, demands, opportunities and risks (Pepur, et al., 2010; Price and Chahal, 2006; Daub and Scherrer, 2009; Laughland and Bansal, 2011). Directors and managers need to analyse, understand and prioritize both the risks and opportunities (Laughland and Bansal, 2011). To ensure a directed approach, the directors and managers need to develop and communicate a vision that focuses on SD, support the vision through particular strategies (such as the triple-bottom line approach) and then consistently implement the approach through effective policies, processes and procedures (D’Amato and Roome, 2009).

4.3 Implement all three dimensions concurrently

The tridimensional and triple bottom line approach suggests that there should be an equal balance between the three SD dimensions (economic, social, environmental) which implicates that these dimensions are interconnected. This approach necessitates the simultaneous implementation of all three dimensions to maximize outcomes and effect. Furthermore, it has the advantage that it encourages and motivates both managers and employees to work across functional boundaries (Chuang and Liao, 2010). A possibility is where the company engages in activities to reduce the environmental impact where at the same time those strategies lead to cost saving. One such example is where a company could provide drinking water at water cooler stations instead of bottled water to employees and clients. This leads to a reduction in purchase cost and simultaneously to a reduction in environmental impact by reducing the number of plastic bottles being used.

4.4 Use an integrated approach

For SD to be truly effective it needs to be part of the core business strategy, programs, management decisions and daily activities of the company and not implemented as an add on (Hazlett, et al., 2010; Samy, et al., 2010; Epstein, et al., 2010; Hopkins, 2009; Wirtenberg, et al., 2007). Following this line of thinking, this approach necessitates not only integration of economic, social and environmental goals and objectives but also a clear link with the budget and investment initiatives (Meadowcroft, 2007). As a result, a different structure with an integrated internal management system is needed. This system needs to hardwire the SD initiatives into the corporate structure, integrate SD into every aspect of the management system, build SD into every level of the company, increase and promote tactical collaboration across the company, use an integrationist thinking approach and build a SD
business case for all units in the company (Hopkins, 2009; Rocha et al., 2007; Patra, 2008; Cho and Roberts, 2010; Hazelt, et al., 2007). Furthermore, SD principles and strategies need to be considered in conjunction with existing planning processes and combined with a long term approach, medium term goals and short term initiative. This should lead to both a framework and basis for decision-making and an operational business plan including specific goals and related time-frames (Meadowcroft, 2007).

Similar to the view that SD is not regarded as an add on but in integrated process, SD initiatives and strategies should be regarded and managed not as a fixed process and output but as an iterative and ongoing process. The focus is on repeated cycles of analysis, decision-making, implementation, monitoring and evaluation (Meadowcroft, 2007). Some of the core questions which companies need to address is how they perceive their responsibility to society (in general) and their stakeholders (in particular) and how to develop an integrative management approach. In an effort to effectively operationalise SD, companies need adequate knowledge regarding the social and environmental context of the particular company (Daub and Scherrer, 2009).

In order to operationalise the decisions which were taken, the company needs to both develop and implement the needed policies to support the vision and the overall strategy. To be effective, decision-making outcomes and the policies need top management support (D‘Amato & Roome, 2009). However, the more support there is for SD the more these approaches will be integrated in corporate core strategies, programs and activities (Steurer, et al., 2005).

4.5 Develop and maintain effective leadership

Companies need strong and effective leadership by the relevant decision makers to initiate, direct, implement and evaluate the implementation of SD initiatives, programs, strategies and activities (Epstein and Buhovac, 2010; Epstein, et al., 2010). It is the responsibility of top management to provide the needed direction and conditions to achieve effective implementation and success and to enhance continuous improvement (Rocha et al., 2007). It is imperative that the leaders understand the current trends and impact related to their particular company and community on strategic business opportunities and considers these while forming strategy (Harmon et al., 2010). Leaders face the paradox where they might be exposed to both internal and external criticism but there are potential rewards. However, leaders need to do their homework very carefully to maximise the potential rewards while at the same time minimizing the risks (Laughland and Bansal, 2011).

Within a SD approach, leaders in companies (such as the directors and managers) need specific leadership abilities which include innovation, analysis, cross-cultural understanding, power sharing, reflection, change management, flexibility, adaptiveness, connectedness and holistic systems thinking (Jackson and Nelson, 2004; Waddock, 2007; D‘Amato and Roome, 2009; Waddock and McIntosh, 2009). Authentic, ethical and transformation leadership have all either directly or indirectly been linked to SD (Angus-Leppan, et al., 2010).

Not only should current leaders be supported to remain effective in a dynamic business context but future leaders also need to be developed and nurtured. Future leaders need a shift in thinking and be challenged to utilise opportunities to create a better world through their actions. These leaders need to foster creativity, positive and systematic approaches coupled with holistic problem solving skills. Within a 21st century business context learning is regarded as a life long process (Waddock and McIntosh, 2009).

4.6 Implement formal monitoring and evaluation systems

To support the effective implementation of SD initiatives, there needs to be formal monitoring, evaluation and reward systems which focus on objectivity, fairness, measurability and alignment between goals and performance (Epstein, et al., 2010; Epstein and Buhovac, 2010). Along this vein of thinking, decision makers and managers need to analyze and identify exactly how the value, impact and returns on SD initiatives and investments will be monitored, measured and evaluated. This process needs to be ongoing and include both the short-term and long-term ways to evaluate, justify and demonstrate the value of these initiatives and investments within an economic framework (Laughland and Bansal, 2011; Meadowcroft, 2007). Evaluation of performance needs to focus on suitable SD based metrics (Hopkins 2009). Within the boundaries of the formal evaluation systems of companies individuals and groups must be held accountable for their contributions and the consequences of their contributions. This means goals, standards, criteria and norms should be developed (D‘Amato and Roome, 2009).

Following this line of discussion, it is clear that directors and managers need to know and therefore select the SD metric, standard and/or tool most meaningful and applicable to the particular company and integrate these with the current traditional business monitoring and evaluation systems effectively in use in the particular company.

4.7 Implement informal systems

In addition to formal systems, there needs to be informal systems such as effective leadership as discussed earlier. A strong mission statement should send a clear message while leaders need to support the
approach through leading by example and communicating a clear and consistent message (Epstein and Buhovac, 2010). A company culture focused on relationship building and long-term goals which supports a SD approach throughout all programs, strategies and activities should be developed and maintained (Kerr, 2006; Epstein and Buhovac, 2010; Epstein, et al., 2010; Hopkins, 2009). Through reflection values are changed and developed and this forms the basis for SD and a new culture itself (Packalén, 2010).

Employees at all levels within the company need to develop and maintain internal and external networks and collaboration (Jackson and Nelson, 2004; D’Amato and Roome, 2009).

4.8 Develop and maintain partnerships

As companies do not operate in a vacuum, it is imperative that they form and promote effective longer-term corporate relationships and partnerships with the community, including the whole value chain (Porter and Kramer, 2006; Hillman and Keim, 2001; Hopkins, 2009). Developing and maintaining effective partnerships necessitates power sharing, equitable relationships, collaborative innovation, multi-stakeholder participation, intercultural understanding, transparency and accountability. This notion implies a partnership based on open meetings and communication instead of formal and traditional exchanges to explore the different views regarding SD, build on trust and align interests. Managers are expected to work across personal, company, regional and country boundaries, promote teamwork and build partnerships at all levels. Working across multiple boundaries necessitates interdependence, interrelationships and coordination. Furthermore, it needs constructive dialogue and exchange with government (Hopkins, 2009; Meadowcroft, 2007; D’Amato & Roome, 2009; Waddock and McIntosh, 2009; Wirtenberg, et al., 2007). Within these partnerships mechanisms must be developed where participants agree on how to work collaboratively and add mutual value instead of duplicating efforts and compete with each other. Governments and companies need to collaborate effectively to maximize benefits to communities (Salamon, 2002). Participation from and between the different internal and external stakeholders provides input to develop policies, reframing problems and finding solutions through social learning (Loorbach, 2010).

4.9 Build and maintain a valuable and committed workforce

Although skilled and motivated employees (combined with effective management processes) are not the only resource, many authors (Bartlett and Ghoshal, 2002; Brooks, 2005; Khandekar and Sharma, 2005; DeSaa-Perez and Garcia-Falcon, 2002) consider employees as a crucial to the competitive advantage of companies and by implication the SD. Employees have scarce knowledge and expertise that is integrated at every level and within all relationships in the company and employees are very close to clients, products and competitors (Naudé, 2009; Barlett and Ghoshal, 2002).

A three-pronged approach (recruitment and selection, development and training, retention) is needed to build and maintain a valuable and committed workforce.

Firstly, the company needs to recruit the and select the right employees with and attitude and approach compatible with and supportive of the company’s approach in addition to the person’s operational knowledge, skills and expertise (Wirtenberg, et al., 2007).

The second part includes formal and informal development with a focus on global responsibility to promote and increase the understanding of the triple bottom line approach SD. This training could be done as a stand-alone activity or integrated into other training (D’Amato and Roome, 2009). Within the business environment individuals are expected to take ownership of their own training and career development (Garavan, et al., 2001).

The third part (retaining valuable employees) is as important as recruiting new employees because organisations which are successful in retaining these valuable employees create a company culture of engagement and this contributes to improve business performance and outcomes (Malensek, 2008). Furthermore, valuable employees contribute to sustainable competitive advantage (Hatch & Dyer, 2004) as it is the employees who initiate, create and implement ideas, plan tactics, recognise and utilise other assets, create and maintain value for both the company and shareholders (Anonymous, 2007; Bridges and Harrison, 2003; Ledwidge, 2007; Naudé, 2009). Directors and managers need to provide the SD direction but they also need the support the initiative and creativity of the employees.

4.10 Create learning companies

There is the need to create a culture for learning, experimentation, innovation and reflective thinking where the employees are able to recognize crucial information and they are encouraged to share knowledge and skills effectively. This approach demands a decentralized, open model allowing fresh thinking and new ideas to replace the conventional and hierarchical models. Companies needs to explore the use of open source networks and other similar methods (Hopkins, 2009; Garavan, et al., 2001; Waddock and McIntosh, 2009).
4.11 Ensure effective communication

In the current business context, companies are expected to manage an enormous demand for and the flow of information in a transparent and accountable way as there is increased focus on corporate responsibility. This includes effective communication with a range of parties such as policy makers, both internal and external stakeholders. Clear and effective communication increases a company’s reputation and confirms its SD focus (Hopkins, 2009; Reilly, 2009; Waddock and McIntosh, 2009). To support effective communication particular policies, processes and procedures for effective collection and sharing of information are crucial (d’Amato & Roome, 2009). Companies need to decide how to both use and manage communication strategies effectively to moderate risk, denote opportunity, relay the message clearly and with integrity (Hopkins, 2009; Laughland and Bansal, 2011). Based on the geographical separation and multi-faceted nature of SD it is clear that SD needs a global approach regarding information and communication technology (ICT) in an effort to support and share knowledge effectively. This necessitates the relevant knowledge-oriented ICT infrastructure suitable to that particular company and the context in which it operates. Companies need to move away from a island and silo approach and share the relevant information and knowledge across different levels of individuals and groups within the company (Mohamed, et al., 2010).

4.12 Value long-term approaches

It is advisable that SD initiatives use a long term approach with medium term goals and short term initiative and activities (Meadowcroft, 2007). Based on this tenet, effective SD implementation necessitates scenario planning and trend sensing as strategies because effective SD depends on understanding long-term trends (Hopkins, 2009). In addition, there is the need to work form a clear and long-term vision which is underpinned by community based values and principles suited to the interconnected and global world (Waddock and McIntosh, 2009).

4.13 Utilise a flexible and adaptive approach

Within the current dynamic business context companies need greater flexibility and adaptiveness to succeed. Slow moving bureaucracies will encounter many difficulties and challenges. Directors and managers (as leaders) need a shift in consciousness to post conventional levels (Waddock and McIntosh, 2009). Einstein believed that “logic will get you from A to B. Imagination will take you everywhere” (http://www.einstein-quotes.com/ThinkingKnowledge.html). Although SD initiatives need to be well thought through and integrated into the core business strategies there need to be a degree of flexibility. SD strategies and activities should not be viewed as a list of demands which are to be ticked off but rather as a compass to provide direction for an ongoing process of investigation, analysis, and continuous improvement regarding current and future situations. As there are no easy and straightforward answers combined with a constantly changing context there needs to be an ongoing revision of practices and approaches. This line of thinking demands holistic thinking, flexibility and creativity (Packalén, 2010). As systems are continuously changing, objectives need to be both flexible and adjustable at the systems level (Loorbach, 2010).

5. Research implications and applications

Researchers need to develop, test and validate applicable theoretical frameworks which are practically implementable by different companies, within different industries and countries. An ideal situation will be to develop a framework based on solid theoretical knowledge but also through consultation with directors, managers and practitioners in companies who need and want to implement these frameworks to ensure that the developed frameworks have practical value. These frameworks could then form the basis for further empirical research where researchers could develop and test their own hypotheses within a particular industry and context based on the selected framework.

At a practical and company level, a framework on its own is insufficient to guarantee success in attaining the desired outcomes. Nevertheless, it could assist directors, managers and practitioners to identify the different aspects included in SD, develop more structured systems, create particular indicators, increase regulatory compliance performance, provide a formal system for continuous quality monitoring and improvement, and to evaluate the attainment of outcomes regarding indicators (Becker, 2010; Wallis, et al., 2010; Mori and Welch, 2008). In addition, a framework provides a basis against which a company could reduce the risk of overlooking fundamental linkages, compare its current approach to and practices for SD to gain and improved understanding and to be able to make the needed changes (D’Amato and Roome, 2009).

6. Conclusion

Companies do not operate in a vacuum. In the 21st Century “business-as-society” paradigm current business leaders are expected to apply their knowledge, experience and lessons learned from the past to solve novel and different problems. In addition to ongoing daily challenges to remain competitive in a dynamic and changing business environment, society’s expectations of business are constantly
changing with a shift over time towards more social and environmental responsibility (Porter and Kramer, 2006; Khandekar and Sharma, 2005; Pepur, et al., 2010; Price and Chahal, 2006).

SD is not a new concept and in the current dynamic and very competitive business environment, companies need to integrate SD at all levels and into all strategies and activities to respond to the internal and external demands. This line of thinking needs a new approach to management and the notion by Einstein that “No problem can be solved from the same level of consciousness that created it” (http://www.einsteinquotes.com/ThinkingKnowledge.html) provides both an inspiration and a challenge. Although theoretical frameworks and models on their own do not guarantee success, they provide a basis to work from (Becker, 2010; Wallis, et al., 2010; Mori and Welch, 2008). When companies use the theoretical basis of SD but align their particular interpretation of SD with the overall business visions and strategy (and not treat SD as an add on) SD can become an implementable reality. Therefore, SD becomes more than a theoretical dream but shifts to a challenging but implementable reality.

References


