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SUSTAINABLE BUSINESS DEVELOPMENT

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ABSTRACT

The environment and the promotion of sustainable development and protection has drawn much attention in the international economic field, the cost of continual increases in growth by business enterprises on the environment is becoming harmful. Resources are scarce; however the negative effects of consumer consumption patterns are having an affect on the environment and the climate. The major problems of high growth levels in the business enterprise are the non-sustainable rates that are causing detrimental effects on the environment.

The protection of sustainable development is a large cost. Business management is in need of transition for factors of externalities. The impact is evaluated the advantages of promoting sustainable environmental development is considered, in reference to the benefits and loses in corporate management structures, evaluating the changes in production with the re-structuring of production chains, as environmental protection measures require advancements in technology.

KEYWORDS:

Environment, Sustainable Development, Business Enterprise, JEL

INTRODUCTION

Growth of production, economics and the business are major factors of global expansion and advancement in international trade. Taking Ricardo's (1819) theory, as the basis of trade it indicates international trade, as a vital factor of economic growth. The terms of trade provide gains for economies, through more choice and an increased standard of life for humans. Trade is argued to provide gains for all trading partners, through specialization and by adopting production, within comparative advantage industries.

Global sustainable development is the inducing challenge for social and economic policies at present and in the future, to be able to provide continuous growth. To attain a level of sustainable development, would help further growth without an economic cost that would result in gains to all trading partners, or achieve economies of scale through increased productivity and revenue. Therefore Sustainable Development (SD) can help assess the level of risk, when managed effectively, and establish future growth opportunities of innovation, and also provide differentiation and in the process enhance reputations, therefore laying down the foundation for long-run business success.

To address the issue of promoting sustainable development policies, businesses of all sizes shall find significant improvements that shall provide at the same time the potential to meet and sometimes surpass business objectives.

This paper examines the promotion of sustainable development through the business enterprise. The paper hereafter aims to better understand the following:

- i. Sustainable development and its opportunities,
- ii. The consumer perception of sustainable development,
- iii. The Business enterprise and sustainable development, and
- iv. The cost-benefits of sustainable development.

Literature

Sustainable development has been a long debated idea, with resources limited and wants unlimited for consumers and producers in the national and international field, the major debate is how sustainable is development at its present growth rate. The context of sustainable development upon the environment became of importance, with the recognition of the benefits to economic growth through the free and fair trade transition process. The impact has been seen with the move, from a GATT environment to a WTO forum.

A number of approaches have been examined, to understand sustainable development. Providing a number of

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definitions for the practice of sustainable development, cf. Moffatt, *et al.* (2001), Hawken (1993), Dryzek (1997). However many are researched, it is still understood that no one industry is exempt from the problems foreseeable to non-sustainable development activities. The approaches examined are its capabilities to have cleaner production, the impact of non-sustainable development, cf. Rydberg (1995), and Hughes and Johnston (2005). A major concern of non-sustainable development is its impact upon the environment, having problems with climate change, cf. IPCC (2001).

The importance of both countries and business enterprises playing an active role in the process of advancing sustainable development has drawn attention, and is assessed here within. It takes its routes from Ricardo's (1819) comparative advantage theory that promotes efficiency of production, with trade as a specialisation tool in comparative advantaged goods, which provides a gain in the terms of trade for both parties. This has been elaborated to in the UN Conference on Environment and Development that evolved to the WTO's recognition, of ensuring trade contributes to sustainable development. The WTO is an institution that promotes economic growth, but also cares about the environment. However one institution is not able to work alone to achieve the promotion of future sustainable development practices, the interaction of an international consortium is needed.

As stated by the WCED (1987) report, sustainable development is for "Our common future", it is development that shall "*meet the needs of the present without comprising the ability of future generations to meet their own needs*" (WCED, 1987: 43). Resources are limited, therefore inevitably will finish with regards to many natural resources that are used though all industries and are relied upon by many economies. This identifies the prerequisite to sustainable development, which is the non-discrimination of all nations; no one country is exempt from avoiding the promotion of sustainable development and the protection of the environment.

The principle of sustainable development has progressed rapidly over the past decades. However the international environment has showed an interest, within the framework of creating a world with an advanced sustainable development process.

SUSTAINABLE DEVELOPMENT

Sustainable development in business aims to improve quality, improving welfare for the global population without increasing the use of natural resources beyond a sustainable level effecting the environment.

However much change has occurred, Sustainable Development (SD) is not a new idea, the international environment has progressed approaches to promote harmonization and environmental development between society and the economy.

The goals of SD are to achieve:

- Environmental protection,
- Social, consumer welfare gain,
- Economic development and growth, and
- Improved trade.

The debate of the business enterprise is the question that argues if the business enterprise is the correct player to promote SD. The principle objectives of the firm are different than those of SD, they are to maximize profits, and this splits the business enterprise into two categories:

- The social aware, and
- The social impaired

In most business practices, especially in MNE's the firms do accept a special responsibility that the best practice is one between the two. That incorporates one's self interest with good social practices (GSP) in mind. Seen for example, with firms giving back to the communities, through the local development schemes and external benefits, that benefit all for example urban rejuvenation schemes.

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Business management is the backbone to economic growth; therefore it is the obvious choice for being the effective development framework for SD. The management of SD must have a viable place in the business management structure in decision making and governance of SD strategies. Firms need to integrate the business plans and controls with SD concepts. This shall provide accountability, to the practice promoting the real need for SD in the environment.

Sustainable development is seen as a new approach of doing business more efficiently. However the obstacles presently are not the business enterprise but the reluctance of the consumer, to adopt sustainable development practices. The business enterprise has the cost of further promoting the use of sustainable development within the work practice, however with the reluctance of the openness to change. Most consumers and businesses see change as costly and not potentially beneficial. A number of business enterprises have adopted the root of innovation, the use of new technology as the most favourable mode to enhance the modern economy. This is creating unprecedented opportunities, to meet society's needs and aspirations with a greatly reduced environmental impact. Which is a route thought to help encourage the relentless consumers to adopt SD consumption practices.

However, it may be thought, SD is not just about cleaner and leaner technologies. Innovation and adoption are new frontiers for all stakeholders. SD involves the opportunities to become more productive both in production and in consumption, for the traditional consumer and the government and business enterprise. Providing enhance modes of design, environmentally friendly production and thinking for future needs. Which incorporates the establishment of efficient work practices that will allow production and consumption for generations to come, for example, renewable energy has been a mode of SD, that supports innovative methods of economic growth in an industry that all economy's rely upon, the sustainability of renewable resources provide improved performance with long-run cost reducing opportunities, through a SD method of R&D.

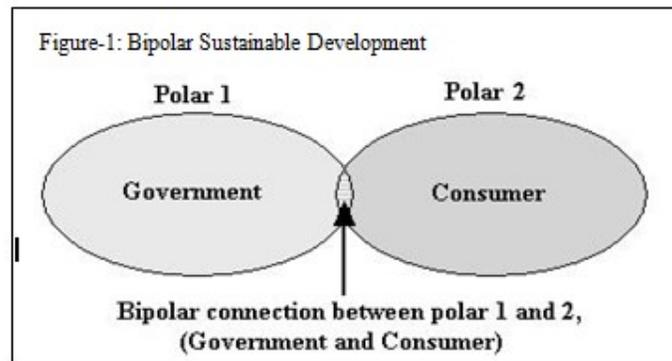
Sustainable development falls into three categories, involving economic growth, environment ecological development and social progress. The social idea is essential to determine the consumer approach to sustainable development.

Consumer perception

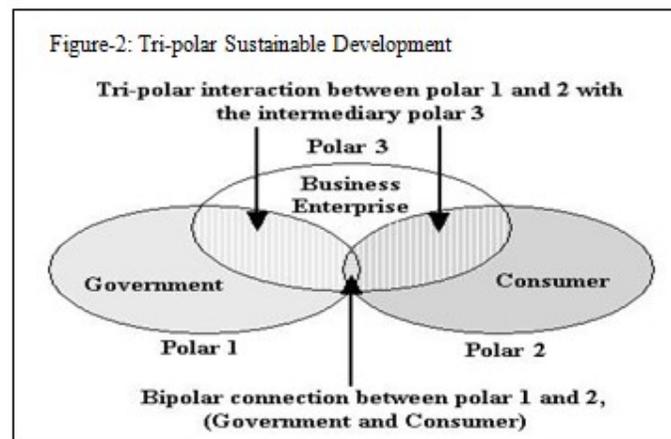
The consumer perception is the most difficult problem as it involves much more complicated trade-offs in society in generally. The traditional role of government and consumer, which is the practice of the bipolar system, this discipline is very simple but has its problems. The policy implementation between the two are debatable, the bipolar system believes that the promotional concepts implemented by the government will be adopted automatically by the consumer society. However the consumer society for one is not always up-to-date with policies and as long as it is not affected, will avoid the complexity of any new approach, see figure 1 that illustrates the problem of the bipolar system, the understanding of each party's targets is complex under this system. However by taking the business enterprise and adopting a tri-polar scenario the system is linked, see figure 2. The business enterprise is the agent between the government and the consumer society. The use of the business as an entity to promote new development was the factor missing in the traditional system. The business can promote SD on a wider base and therefore increase the number of developments specialized to different regions, lowering the cost and increasing the success of promotional development. A problem however is the cost and capabilities of these three cooperating together to maintain a solution that would benefit the promotion of sustainable development, increasing efficiency and encouraging consumers to move away from consumption habits that have a depletion effect upon the planet's natural resources, for example, energy consumption, most parts of the world are having deliberations and crisis's concerning this problem, the pattern here exuberates the necessity of a tri-polar system as time has passed and the consumer society has matured, and the government connection has diminished and therefore the growth of a consultant has become necessary. This has been filled by the business enterprise that has an active role in the day-to-day activities of the consumer society. The business enterprise, is expected to produce the results that maintain the link between the government and consumer, for example the supermarket (hypermarket) industry and its focus, in setting health and safety standards through labeling, the EU and its members, are interested to promote nutritional labeling, but this can only be organized with the partnership of all three stakeholders, engaging together and the business acting as the intermediary.

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The benefits of pushing SD are new innovations and advancements in technology. New technology will consequently be the business enterprises key weapon, in the promotion and establishment of sustainable development practices. Here the business enterprise plays a double role as the innovative entrepreneur of new technology, and the implementer of new technology to develop sustainable systems. The advance of technology shall lower the production cost and provide efficient mechanisms that will use resources efficiently, as less resources are used as before, providing sustainable growth.



Furthermore, promoting development across borders to developing regions, as sustainable development needs to be promoted to all in order for all to gain. If not, efficient gains in one region will mean losses in other regions. Therefore the large technological transfers and cooperation is of vital importance for the promotion of SD. The business enterprise is adopting the diplomatic stance to mutually provide global growth. This is the MNE's activity when thinking of the international environment. SD is not just about efficiency, however also to tackle poverty and provide an environment, where developing enterprises can "leap frog" the non-sustainable practice/producers that cause detrimental affects on the environment and national growth projections.

Sustainable development can take on two forms, as stated by Sampson (2005):

- i. *Intra-generational equity* (the redistribution of resources in the current generation to help debt and poverty), and
- ii. *Inter-generational equity* (preserving resources for future generations).

SD highly regards the misallocation of resources as a vital obstacle. Therefore in the instance of protectionist

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tools, that transfer resources to comply with the barriers. The environmental impact is non-sustainable practices as markets become inefficient. However, Sanitary and Phytosanitary (SPS) Measures that can be used as a protectionist measure and distorts the terms of trade structure cf. Roberts, *et al* (1999), Elci (2006), through the reallocation of resources that leads to inefficient markets. However the regulatory positions of SPS measures do provide welfare gains through the promotion of health and safety. Therefore to what extent is SPS measures a viable SD practice, this is debatable, however through close examination of the costs and benefits of SD, ideas can be drawn.

BUSINESS ENTERPRISE AND SUSTAINABLE DEVELOPMENT

The business enterprise is the innovative entrepreneur and motivator to change the institutional consumer structure and that will influence individual behaviour. There are two basic principles, in the pursuit for SD. The close interaction of all stakeholders is necessary to achieve a sustainable practice. The two principles are:

- Trade liberalization

Here the reduction of environmentally degrading practices (pollution of poverty) is the basis of the first principle, for trade liberalization provides the increase of competition that provides a reduction in prices and the encouragement in non-price competition, for example, R&D, environmental improvements and reduction in poverty factors. This last factor is vital to any SD practice; its aim is to multiple the use of scarce resources in order that resources can be used more productive and efficiently. Thus making resources last longer in order to have more innovative time of resources expansion.

- Mutually supportive policies.

Through SD the environment and trade is brought mutually in compliance, so that the business considers trade in collaboration with the environment, which improves green resources and provides a viable environment that is sustainable.

Thus the business has a social responsibility to promote further sustainable development. The business enterprise is a focal point, of the business economy and there the business has been responding by taking an active role in promoting social changes and placing pressure to encourage further sustainable development, through setting standards and improving technology.

The business enterprise has an important role within the national and international environment, it is the main link to the consumer, and the enterprise uses many sources to promote its growth of market share, and therefore with the advance in technology has taken the responsibility to become an institutional element in the promotion of sustainable development.

Cost-Benefit of Sustainable Development

SD provides incentives for further competition through the advancement of new technology, for the protection of development and the environment. Therefore under non-sustainable practices if trade is seen as a driver for economic growth, with obvious development benefits. The implementation of SD with its structure to increase productivity should further provide growth with efficient resources, and thus the promotion and adoption of SD practices, by the business enterprise will benefit all in connection with an open international trade economy, providing an incentive to rapid economic growth, than those that do not adopt SD.

The basic benefits of SD, is its ability to drive down costs, and optimize resources that will minimize waste and therefore protect the environment. The advantage of

Sustainable Development is that a business creates opportunities that encourages international trade and will open markets. This is relevant in particular for developing countries, as SD opens markets and by conforming to established international regulatory systems, countries can gain through perseverance and growth, as welfare gains are achieved and furthermore developing nations gain access to new markets.

Taking non-sustainable strategies generally has a high activity of poor technological use and bad management practices, which in SD terms increases global pollution as large levels of waste is produced with inefficient allocation of resources, with a number of factors, these are:

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- Misallocation of resources through payouts and corruption,
- Subsidies, protectionist measures,
- Lobbyist against competitive practices,
- Anti-dumping, and
- Pollution and taking short-cuts.

Thus SD reduces pollution through better technology, which can off-set the compliance cost and will improve environmental development. However to implement SD the costs of production will inevitably increase costs and therefore harm the competitiveness of the business enterprise.

Reputation and corporate image has gained much attention in recent decades and therefore SD is a solution to change the image in the consumers mind, and thus the business enterprise has begun to act in a sensitive and responsible way in its markets. However the cost of these practices have increased the corporate costs as the business needs to incorporate externalities, like the environment in its decision making process and human rights which all have associate costs, apart form the restructuring costs. However SD is not just to benefit the business enterprise but provide social responsibility and that the business meets the public s expectations, while the business aims to for fill its mission statement to improve performance. This can provide real benefits through reducing long-run costs and risks, enhancing brand value, loyalty and corporate internal improvements. However the costs are high and the short-term risks can loss the business it s vital consumers with restructuring.

The costs associated with the business enterprise are the complexities of transparency and accountability of business. For with substantial development the system is harmonized with more perfect information increasing competition therefore reducing the process and lowering revenues as the information driver is lost, though sustainable development. The incentive by business enterprises to promote and develop sustainable development practices is the management reputation. Reputation is a major factor of concern in business activities these days. Business image has increasingly becoming a cherish-able factor within the work practice. Companies invest, millions in advertising and promotion of eco-friendly, green images. This is a strategy adopted by any B2C (business to Consumer) enterprise. Corporate image is associated with a sustainable outlook, as it becomes a central element in running national and especially international organizations. The target audience has been and still is the consumer that wants all. Therefore many MNE s have understood the cost and benefits for adopting sustainable practices, with production chains and promotional fields, therefore adopting the practice of regulatory standards.

The draw back from conflicting agenda s of the business enterprise is the cost factor and the real gains from promoting SD. Business executives will sometimes have conflicting interests, as the business views the cost of compliance of SD is outweighed by the gains. This is where the high level growth in business enterprises are obstacles and cause havoc with the non-sustainable rates. The reason behind this is the stance that SD planning and promotion is seen as a high cost demanding activity, by mainly small enterprises that usually make up 52 and 51 percent of the economy in the US and UK respectively (Conte and Karr, 2001 and SBS, 2000).

Thus the problem viewed is the loss in corporate management structures as stricter environmental regulations are set. Setting a continual restructuring process that will place further costs in the production, the benefits are trade-offs that may be made between environmental promotion and business growth.

CONCLUSION

In conclusion the business enterprise, all-in-all has a major role in the promotion, and towards the contribution to SD. The enterprise must engage in areas with which it previously did not see vital and was not concerned with. Businesses need to act more responsible, within the tri-partite; the business must take the role to first to be a mentor of SD acting in an eco-efficient image that shall develop sustainable practices. Thus promoting more

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production with fewer resources, this is achieved through the use of new innovative technology. Secondly the business needs to be an action taker to increase growth while promoting efficiency and sustainability. On the other hand the business must work, with the other two stakeholders to steer promotional techniques in a global protective fashion that will promote consumer sustainable development that is different than government and business sustainability. However inevitably the world of international trade will have to follow the route of pushing for sustainable development if stakeholders would like to avoid high costs and crises in the foreseeable future for example, it is believed that oil sources will be diluted very soon that could cause major global problems. Therefore SD is the only route, to reduce the risk of economic collapse and improve the environment while improving trade liberalization that will create further growth. In conclusion the only way forward is through the adoption of SD practices. To maintain the present and forecasted growth figures that the global environment is used too, can only be sustained with SD methods. However the costs of such practices may be the discouraging element of stakeholders adopting these practices.

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