EVALUATE THE BUSINESS CASE FOR SUSTAINABILITY, AND ASSESS DEENA MARSTRENG’S STRATEGY TO PROFITABLY ADDRESS HER COMPANY’S IMPACTS ON SOCIETY AND THE ENVIRONMENT.

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Abstract

The concept of sustainable development has become a fundamental aspect of corporate social responsibility, and Deena’s story is used to illustrate how influential leaders can re-invent the role of business in the society setting by offering alternative solutions to global problems, which the public sector failed to tackle alone. This paper looks at the concept of sustainable development and its impact on businesses. I will also look at how Deena identifies her company’s impact on the society and the environment, and the strategy that she employs to reconfigure the company’s activities in line with sustainability principles.

Introduction

Sustainable development is a concept that is intended to foster the idea of ensuring that the future generations should inherit the planet which will enable to enjoy their livelihoods in a manner not any not worse off than the livelihood of the generations living today. It can thus be defined as development, which meets the aspirations of the present generations, however, without jeopardizing the ability for future generations to satisfy their own needs. It is an enabling concept that is couched in terms of opportunities, capacities and capabilities.

Sustainability, therefore, looks at the utility of future generations, which is expected not to be non-declining. Thus, utility refers to average per capita utility of members of a generation. Therefore, companies must be able to ensure development that is measurable and transferable across generations. Indeed, the number one goal of all directors of a company is protect the organization’s capital base, and this is a well-accepted business principle. However, many organizations do not often recognize the possibility of extending this observation in terms of the world’s human and natural resources. Hence in defining sustainable development in respect to
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Enterprises and business organizations, it can assume business activities and strategies that satisfy the needs of both the business and its stakeholders; however, it should also protect, maintain and enhance the both the natural and human resources, which will be needed in the future.

**Sustainable Development and Deena’s Case**

Based on the above definition of sustainable development, three basic elements are critical in sustainable development. Firstly, there is the economic aspect, which requires that an economically sustainable system should be able to produce goods and/or services on an on-going basis, so as to sustain manageable levels of external and government debt and avoid extreme sectorial imbalances, which might damage agricultural and/or industrial production. Secondly, there is the requirement that a sustainable system must have an environmentally sustainable strategy which must be able to maintain stability in terms of resource base, while striving to avoid over-exploitation of renewable resources or environmental damage related to depletion of non-renewable resources (to the point that investment comprises of adequate substitutes). This then includes the management of biodiversity and atmospheric stability, as well as other ecosystem constituents not ordinarily observed as economic resources. Thirdly, it also refers to a socially sustainable sub-system, which must strive to fairness in opportunity and distributions processes, or issues related to adequate provision of various services including wealth and education, gender equity, as well as political participation and accountability (Bornstein & Davis, 2010).

Therefore, sustainable development has implications on the economic, environmental and social programs that each company develops. It requires the different kinds of capital that make
economic production possible and must be maintained or augmented. This then includes manufactured capital, natural capital, human capital, and social capital. Similarly, the conservation of ecosystems and natural resources is essential for sustainable economic production and intergenerational equity.

Committing and formulating a sustainable development strategy has a number of implications that it brings to the company. This is because it places a requirement on companies to develop a long-term prosperity strategy by integrating strategies for economic success, environmental equality, and social equity. Thus, most of the companies consider the concept of sustainable development as being very important in the modern set up of the global business structure. However, despite the general agreement among companies on the importance of sustainable companies, most of the companies remain uncertain about how to capitalize on the business value of sustainable development, especially in the short term. However, the beneficial implication that this concept brings on companies is unmistakable as seen in Deena’s story. Today, companies that have paid little attention to sustainability and instead focused on profit making for its shareholders have paid a heavy price, in term of how investors have opted to do business with them. The clamour for firms to engage in activities that promote social, economic and environmental development has reached at a crescendo with many media houses and activities taking up the duty to blacklist companies that fail to adhere to sustainable development. This was the case when Deena’s company was ranked at position 23 out of 25 indicating that the company paid little attention to sustainability and corporate social responsibility. Next to this followed a sequence of attacks and criticisms and withdrawals of employees, due to the negative reputation that the company had (Elkington, Hartigan & Schwab, 2008). There were calls on investors who had a soul for the society not to invest in the company. This was the impact of the
failure by the company to put considerable effort into ensuring that the business sincerely formulated its goals in line with the principles of sustainable development strategy.

However, the implications of the companies that have proper sustainable development strategies can be quite encouraging. Firstly, through sustainable development, a company is able to avoid threats to its growth caused by operating constraints. As seen in Deena’s story, there is a real threat on companies that fail to implement proper sustainability strategies a today; an increasing number of investors are looking to invest in companies that are able to pay attention to the problems that are facing the world, as well as provide solutions for such problems. This way, a company has a sustainable development strategy, which ensures that it attracts investors who enable the company to continue growing through the investments. The company is able to seek new connections with its core set of business values and goals, to test these values, and to acquire market experience and gain a respective market share through targeted set of actions. Secondly, companies are able to find pathways to foster success through development of new products and/or new technologies and enhanced license to operate, innovate and grow. In order to achieve sustainability development, a company needs to make wholesome changes in its core set of business values, aims and objectives. A company changes its manufacturing processes and employs new techniques which ensure the proper production of quality products along with the least damage on the environment. The internal structure of the business also changes with new policies that ensure the welfare of every employee. Therefore, a company that is able to do all these changes successfully becomes a fast mover in the market; thus, attracting new markets areas, having the ability to employ new technologies in production and manufacturing and providing good salaries for employees which meet the living standards of all the employees.
Therefore, introducing elements of sustainable development into the mind-set of the company’s thinking and culture allows the company to enjoy attainable near-term benefits. Such benefits may include the ability of the company to open new avenues to innovation in products, processes, and stakeholder relationships. The company will also be able to leverage knowledge and creativity through the energy and drive in employees. It will accelerate capabilities as far as a learning organization is concerned, by means of sustainable development coupled with the learning process. The company will similarly be able to enhance brand recognition and protect the license to operate and expand through close attention to an array of social issues in terms of sustainable development.

**Identification of the Company’s Impact on the Society and the Environment**

Deena’s story highlights the story of many corporate companies which think that by abiding by the legal requirements on companies and its operations, they have no other responsibilities beyond that. Indeed, most of the corporate firms ensure that they meet the set legal standards in their operations, and some even think that by applying American standards in other countries, the company cannot be asked to do more. As Deena discovered, there is more to sustainable development than just having a pretty corporate social responsibility outlook. When the company was ranked 23rd out of 25 peer companies on a list of “Best Environmental and social companies in the Specialty Materials Sector”, Deena decided to identify how the company was affecting the society and the environment, as a whole. The ranking came as a shock to a person who was confident that she was steering the company in the right direction in as far as social development and responsibility was concerned. The events that followed after the ranking are what prompted her to act promptly as the image of the company had been severely dented. This is more so because of the comments made about the company in the ratings section, where
the company was singled out for its industry-high levels of greenhouse gas emissions, the health risks due to toxic chemicals in the products, supply chain downsides related to protections of human rights in Asia, as well as the low salaries and wages paid to its hourly staff (Werther & Chandler, 2010). These presented very serious issues, in which the company was ranked as one of the worst offenders. Soon, activists started calling on investors with a conscience to not invest in the company. Similarly, the company could no longer attract qualified staff in its recruitment drive, due to its damaged public image. This was a serious cause of alarm which made Deena to act.

In order for her to put the issues in perspective, she employed the services of Michael Reinford, who was the head of Human Rights Assurance International and a vocal critic of Deena’s company. To Deena, no one could best explain the impact that her company was having on the society and the environment than the number one critic of the company. Through him, Deena was able to discover a number of facts that showed where the company was doing wrong. Firstly, in regards to greenhouse emissions, Deena was told that the company had a very poor image with socially conscious investors and activists. The company was considered to be one of the worst offenders as it was highly energy-intensive and fossil-fuel dependent. According to Reinford, the company released almost a ton of greenhouse gas for every three tons of products it produced. This presented very high levels of greenhouse emissions for company, which had an international presence, and the impact that such emissions had on the environment could support any sustainable development plan. In the same vein, such high level of emissions of greenhouse gases into the atmosphere, super ceded any corporate social responsibility strategies that the company employed, where the company made no effort to cut on the emissions, thereby reducing the impact that such greenhouse emissions had on the environment. It is for this reason that a
company was required to do more than just meeting the legal requirements that are imposed on companies and be more socially conscious than just having a good corporate social responsibility.

Secondly, in regards to the health risks that were a result of the toxic chemicals in its products, Deena was informed that the company, during the manufacturing process, used chromium and antimony oxides, lead chromate, mercury, and other highly toxic chemicals like benzene. Such products caused serious health risks not only to the employees of the company but also to the society, as a whole. Similarly, in terms of the salaries paid to its employees, over 40% of the company’s employees were hourly paid staff with the minimum wage. The company was faulted for this structure of pay as most of the plants of the company were located in areas, which had extremely high standards of living. Consequently, this meant that paying employees minimum wage could not allow them to afford the standard of living that was appropriate for them and their families, in their surroundings. The company, therefore, failed to pay its employees the living wage that was necessary to ensure that the employees could be able to afford the standard of living in that area, be able to provide their families with decent homes or have decent living conditions, afford quality education for their children and be able to obtain a proper medical cover for their families. Paying an employee the minimum wage simply meant that the employee could afford the minimum living standards. In addition to this, the company engaged the services of human rights violators in their supply of materials and equipment parts. The company was accused of having no proper methods in place of identifying such offenders, and its continued dealing with such individuals only meant that the company did not care about human rights issues and was only interested in profit making. This is because, under the concept of sustainable development, companies are required to take steps that will enable them to assists
governments in solving global problems relating to the social well-being of individuals, eradication of poverty through provision of salaries that meet the living standards, participating in the fight against global warming and environmental conservation though adoption of processes that cut down greenhouse gas emissions. Therefore, failure by a company to have proper strategies in place to fulfil these missions resulted in the adverse effect. The company thus was considered as a soulless entity, which had the sole aim of making profits for the shareholders and no concern at all for the society. In addition to this, the company had fewer than 15% of its employees as women, less than 7% of the corporate staff was minorities, and the company had no provisions for handicapped employees in some of the facilities. The situation as presented to Deena was more severe than she had anticipated, and thus she needed proper strategies to reconfigure the activities of the company to be in line with sustainability principles.

**Deena’s Strategy to Reconfigure Its Activities In Line With Sustainability Principles**

The experience that Deena had with Reinford was like looking at herself in the mirror and not liking the image that she saw. It, therefore, became apparent to her that she had to develop appropriate strategies which would ensure that the image of the company changes for the better. It was clear that, in order to survive in the emerging competitive environment in which societal challenges were becoming huge business opportunities, the company needed to integrate sustainability into its core activities as a way to respond to issues like climate change, global poverty, and ecosystem health. She, therefore, had to build stakeholder value on a company’s economic, and further to this, ecological and social impact, in order to achieve a competitive advantage. She, therefore, needed to formulate a strategy that could change the fortunes of the company, thus upgrading its global image while abiding by the sustainable development plans (Slywotzky, Morrison & Andelman, 2002).
Firstly, she developed a strategy that assessed the company’s current reality in the market. This involved scrutinizing environmental and social impacts. It meant that the company had to go through a complete life cycle of its major businesses in order to integrate sustainability principles in its plans. She thus developed innovative approach to sustainable manufacturing and supply processes in order to cut down on the greenhouse gas emissions. Regarding the poor working and pay conditions of its employees in developing, the company had to revise its policies in order to ensure that it was living up to its economic, social and environmental responsibilities.

Secondly, the company had to look at the trends and forces that were to shape the future of the global market. Deena thus looked at the declining natural and social systems and the increasing population and consumption and how they were increasingly putting pressure on the economic prosperity, environmental quality, and social equity. These issues were becoming part of the global business environment and presented viable business opportunities. Hence the strategy was then to eivert these potential opportunities and threats into advantages by means of harnessing their upsides and seeking new levers of innovation (Laszlo, 2008).

Thirdly, Deena had to develop a strategy that defined a proper vision for the company. This was based on the realization that not much can happen unless the strategy is based on what people strive to create on the basis of their values coupled with the best practices and traditions of their companies. She thus had to develop a vivid description of the company’s aspirations as shared by the employees, in order to generate excitement and creativity. The vision had to be positive, aspirational, and inspirational.
In conclusion, Deena thus had to establish measurable results by translating the vision into a set of meaningful results in the sphere of economic stability, environmental protection, and social accountability. To her, these strategies could enable her bridge the gap between the vision that she had developed and the positions, where the company was currently placed.
Reference List


Laszlo, C., 2008. Sustainable value: how the world’s leading companies are doing well by doing good. Stanford, Calif.: Stanford Business Books.
