

## **Sustainability Management: A Catalyst for the Harmonisation of Management Styles**

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### **ABSTRACT**

**Purpose of the work** - The paper aims to find a link between Eastern and Western management styles and to highlight the permanent relocation of businesses from the Western, developed countries towards the Eastern countries with emerging economies and the negative effects of this phenomenon.

**Methodology/approach** - This paper presents the authors' critical assessments on the proposed topic and harnesses the results of previous research and the information acquired through extensive bibliographic review on current research.

**Important findings** - The paper presents critical aspects of current development, benchmarking and relevant examples and solutions to the dilemmas caused by divergent trends of Eastern and Western specific management approaches.

**Practical implications** - The proposed solutions are supported by relevant arguments and are, in our opinion, both challenges and opportunities to be exploited in an as good manner in order to synchronise Eastern and Western cultures to work together for a sustainable future.

**Originality/value** - Sustainability management can be a solution for the harmonisation of the current world, which faces problems specific to present times. The principles of sustainable development should be undertaken and followed by all people, regardless of their role in society. For this, they must first be known, understood and then applied. Thus the role of education is essential.

**Keywords:** sustainability management, managerial approaches, world harmonisation

## INTRODUCTION

Many of the challenges associated with sustainable development (SD) can be traced back to the ways in which modern societies produce and consume. The production, distribution and delivery of goods and services require inputs of materials and energy, impacting the natural resource base both quantitatively and qualitatively, with the generation of waste and pollution and general disorder of the ecosystems (Petry et al., 2010).

In the context of globalisation, we witness, inter alia, a permanent relocation of businesses from the Western, developed countries towards the Eastern countries with emerging economies. Simultaneously we witness a trend to increase the facilities offered by host countries to attract investment. This is the so called “race to the bottom” where developing countries compete for the patronage of these companies by lowering labour standards, workplace safety requirements or environmental standards. These trends generate different effects depending on each particular economic and geographical context. The outcomes are partly positive and, often, mainly harmful. Negative effects are often related to the misuse (even abusive use) of resources, environmental pollution or to serious social problems.

The phenomenon called “race to the bottom” is often presented as one of the negative effects of globalisation. This phenomenon is described as what happens when world markets open to free trade. Without the existence of transnational legal regulations, large Western corporations will seek to open factories and production sites in Eastern countries with less stringent environmental and labour standards. Thus, developing countries compete among themselves to attract these investors by lowering their standards, decreasing wages and offering minimal work safety regulations (Denes & Grecu, 2009). The results of this “race to the bottom” are, among others, inhumane working conditions, social inequality, environmental abuse and pollution.

Holzinger and Sommerer (2011) explain that, given the existence of international co-operation and supranational institutions in the environmental and social fields, and in particular the European Union, it is profitable both for firms and for states not to engage in competition, but instead to search for international harmonisation – that is, ‘to race to Brussels’.

Nothing captures better the differences in thinking between Western and Eastern economies than the attitudes regarding this phenomenon. Public opinion and mass-media of Western states accuse large companies for abusing the environment and the workers in underdeveloped countries, while these companies are seen as “saviours of the economy” by the governments and people of those underdeveloped countries.

In a world facing increasing environmental, social and economic challenges, business companies have been charged with the task of aligning their processes and services with a sustainability agenda. Approaches to sustainable businesses

may range from the development of new technologies for increased efficiency to reframing technological uses and pursuing more fundamental changes within the ingrained culture of the organisation. Furthermore, while all business enterprises can make a contribution towards sustainability, the ability to make a difference varies greatly by sector and organisation size.

A good management of environmental services has now become the focus of many business strategies tending to the aspiration of 'greening' their infrastructures and product deliveries. The growing demand for "green" products has created major new markets in which visionary entrepreneurs reap the rewards of approaching sustainability (IISD, 2010). Hence, by adopting sustainable practices, companies can gain competitive advantage, increase market share and boost shareholder value. Moreover, large and small companies may combine an environmentally-friendly approach to production with an increase in profitability by pursuing a high efficiency model, as well as achieving better community relations (Genesis Renewable Energy Inc., 2011).

## **ECONOMIC GROWTH VERSUS SUSTAINABILITY**

Sustainability and sustainable development belong to the category of contested concepts which hold different meanings for different actors and bring forth a variety of different ways of framing the problem at stake (Grecu & Denes, 2012). An important and strongly debated aspect in sustainability is the relationship between economic development and the environment.

Regardless of the viewpoint that one may agree with, evidence of the planet's degradation is mounting. Concerns for resources depletion go hand in hand with concerns about resource quality and general systemic changes of the natural systems' services. Our overconsumption and fixation for more and more growth is killing our planet (Leufstedt, 2010).

Sustainable development requires broad international cooperation, and the international community will have the opportunity to contribute effectively to this plan, together with local communities so that the beauties and riches of the earth can be enjoyed both by the present and future generations.

However, given the global economic situation, the balance between Western shaken economies and Eastern emerging economies seems to be harder to reach without economic growth. Western and Eastern economies compete to play an important role in world domination, and this competition often blinds governments, who ignore the consequences of overproduction and overconsumption.

While global in their nature, these consequences have differentiated impacts at the local level, thus requiring a wide array of solutions to respond to the particularities of each situation. In many ways, the consequences represent an obstacle to sustainable development, but they can also represent the opportunity to rethink

consumption and production patterns, to imagine alternatives to non-renewable sources of energy and to develop new technologies (UCLAN, 2011).

## **GOVERNMENT INTERVENTIONS FOR A SUSTAINABLE FUTURE**

Kari Raivio (2011) underlines that norms and regulations issued by government or multinational authorities, like the European Union, “are needed in many instances, not only to protect and guide consumers but also to discourage unsustainable production practices.” Other authors show that government intervention through policymaking is an important factor, as it can to some extent facilitate transitions toward more sustainable directions by correcting market failures (Lovio, Mickwitz, & Heiskanen, 2011; Rotmans, Kemp, & Van Asselt, 2001).

Kivimaa and Mickwitz (2011) emphasise the importance of framing in policy strategies. Framing, they say, “has become a key concept in the social sciences, because how an issue is framed largely determines what should be done.” Frames define problems, diagnose causes, make moral interpretations and suggest action (Entman, 1993). Other authors suggest that framing in the context of policy domains can contribute to the social shaping of technological options (Jorgensen, Jorgensen, & Clausen, 2009) by favouring ‘optimal’ technological solutions or by presenting the context for certain technological or system solutions.

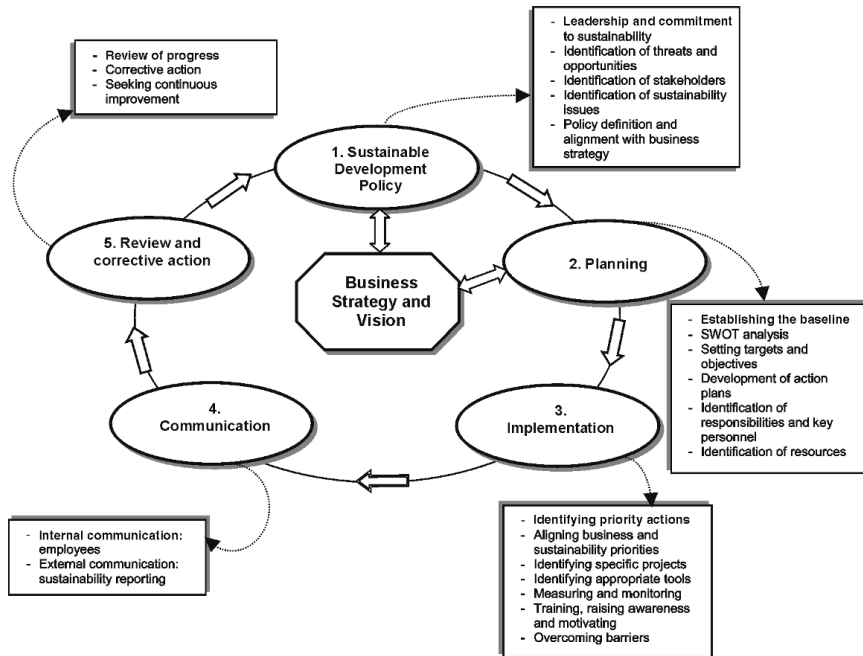
The role of government intervention is often to “support those options that are politically desirable but cannot succeed in the market without government intervention” (Kivimaa & Mickwitz, 2011). Developing new technologies takes much longer than reframing existing ones. However, reframing does not lead inevitably to promoting new technologies in the strategies, but rather changes the meaning given to existing, dominant technologies (Kivimaa & Mickwitz, 2011). Hence, sustainable development has started to feature on the development strategy of many Western countries that align their policies with the ones recommended by international organisations. Governments increasingly need to share these responsibilities with the private sector (Keijzers, 2002), and therefore there is increasing pressure on the private sector to change existing models of production and consumption.

## **CORPORATE SUSTAINABILITY MANAGEMENT SYSTEMS**

Despite urgent calls for the adoption of corporate sustainability management practices, its incorporation into corporate organisational management often remains more superficial than effective (Grecu & Denes, 2012). Some of the reasons for this lack of integration are, according to Briassoulis (2001), both that companies do not know how to measure and address the issues in a systematic way, as well as the shortfall of available tools to support sustainability management practices in concrete and operational terms. However, there are international standards and guidelines for integrating sustainability management

into business organisations. An increasing number of companies adopted sustainability management related standards and guidelines including ISO 14000, Social Accountability (SA) 8000, ISO 26000, AccountAbility 1000, OECD Multinational Enterprises, Dow Jones Sustainability Index (DJSI), and World Business Council for Sustainable Development (WBCSD) initiatives.

Azapagic (2003) proposed a general framework for the Corporate Sustainability Management System (CSMS), outlined in Figure 1. As shown in the figure, if a corporate sustainability strategy is to be successful, it must emerge from and be embedded into the business vision and strategy” (Azapagic, 2003:304). Corporate sustainability is not an ‘add-on’ as often assumed by some; rather, it should be viewed as an ‘umbrella’ tool which helps business identify and manage economic, environmental and social risks in an integrated way (Azapagic, 2003). For companies interested in long-term sustainable development, seeking to penetrate new markets and provide value-added solutions, an integrated approach to sustainability can unlock numerous opportunities to improve competitiveness and enhance reputation.



**Figure 1: Corporate Sustainability Management System (CSMS)** (Azapagic, 2003:305)

Definition of a sustainable development policy is the first stage in setting up the CSMS. The policy should encapsulate the set of core business values agreed by the company and should contain statements of principles or policies on social, economic and environmental responsibilities and stakeholder relationships. However, before a sustainability policy can be formulated and put into practice,

the following has to be carried out (Azapagic, 2003:305): “demonstration of leadership and commitment to sustainability; identification of threats and opportunities; identification of stakeholders; and identification of sustainability issues.”

Zoe Robinson (2009) observes that organisations are increasingly demanding sustainability literacy skills for a wide range of roles and responsibilities. If learners can gain these skills they are therefore improving both their own employability as well as their ability to contribute to making their future workplace and society more sustainable.

## **SUSTAINABILITY MANAGEMENT – A BALANCE BETWEEN EAST AND WEST?**

The business sector is responsible for a significant proportion of the environmental footprint, in addition to having a major influence on wider social and economic sustainability issues, both nationally and internationally (Robinson, 2009). Therefore, it is crucial to improve the environmental and sustainability performance of businesses and organisations in order to achieve a more sustainable society, both in Eastern and Western countries.

A sustainable business is any organisation participating in ecological or green activities to ensure that all processes, products and production activities adequately address the current environmental concerns, while maintaining a profit (Rennie, 2008). In other words, it is a business that "meets the needs of the present world without compromising the ability of future generations to meet their own needs" (United Nations General Assembly, 1987).

Generally, a business is considered to be green if it meets the following four criteria (Cooney, 2009):

- Incorporates sustainability in each of its business decisions;
- Provides environmental products and services that replace the demand for products and/or organic services;
- It is greener than traditional competition;
- Made a commitment to the principles of environmental sustainability in its business operations.

Furthermore, environmental (e.g. climate change) and social (e.g. accountability) demands from shareholders and stakeholders are contributing to the pressure for companies to consider sustainability issues more seriously. However, the major challenge to companies and industries is to demonstrate their current contribution to the society as a whole without compromising the potential for continuing to deliver improvements or future generations. In short, sustainability management practices at a firm level may help the management board to align its corporate and business strategy and to meet key sustainability challenges (Schaltegger & Burritt, 2005).

Sustainability Management and consideration to the sustainability issues can be the link between Western and Eastern style of management, culture and problem resolution. Sustainability issues should be seen as both holistic and analytic; should be approached both individually and collectively and the care for the health of the planet and future generations should unite the two sides to work together for a common future.

## THE ROLE OF EDUCATION

Potential benefits for the implementation of Corporate Social Responsibility (CSR) and sustainability standards include lower prices for financial services, higher GDP growth and employment rate, equitable wealth distribution and long term sustainability in all areas of business (Cocris & Nichitean, 2010). Therefore, sustainability issues are relevant to organisations of all sizes and all sectors, both in Eastern and Western countries. Increasingly, as shown above, organisations themselves are demanding sustainability literacy skills for a wide range of roles and responsibilities. If learners can gain these skills they are improving both their own employability as well as their ability to contribute to making their future workplace and society more sustainable (Robinson, 2009).

Education is one of the most effective means available to society to shape the future (UNESCO, 1997). Progress depends increasingly more on the research, innovation and adaptation capacities of new generations. Obviously, education does not solve all the problems today, but should be part of an effort to create new relationships between members of society and to generate a high respect to the needs of environmental protection (see Figure 2) (Grecu & Denes, 2011). Given that sustainability-related issues are increasingly evident and pressing, and that addressing sustainability in the real world often demands interdisciplinary approaches, it is safe to assume that Higher Education Institutions seeking to innovate a changing world will need to pay increasing attention to interdisciplinarity and sustainability and their interrelationship, and further, seek links with other agendas that may be driving the institution (Jones, Selby, & Sterling, 2010).



**Figure 2: Education for sustainability (by Cornell University)**

Universities need to focus on the nature of interdisciplinary programs arising from the University/Industry interface. In this view, sustainable education can become a

vehicle of substantial changes in the practice and representation of civic spirit. Emancipation and empowerment can be associated with an environment of commitment, conviviality and creativity – making society, schools and living environments more hospitable and sustainable (Gray, Colluci-Gray, & Camino, 2009).

## CONCLUSIONS

This paper highlights the importance of education for sustainability which, if done in higher education institutions, can reduce training costs of companies, may facilitate synchronisation of programs and sustainability efforts with business objectives. Benefits of implementing environmental and social initiatives must be quantified and expressed in business terms as relevant benefits in the medium and long term, to induce managers to make sustainable development a priority. Universities must educate future leaders of corporations and their employees to convince them that the adoption of responsible business strategies in terms of sustainability is a "win-win-win proposal for companies, environment and the society" (Willard, 2004).

Business is, directly or indirectly, the cause of most problems in the environment. It becomes increasingly evident that businesses are also those that should and can (both in terms of management and resources) address these issues. However, business community leaders ignore studies about the ability to balance population growth, increasing consumption levels and threats to the natural environment. Education they have received in management schools, be it in Eastern or Western countries, has indoctrinated them to prioritise increasing profits and shareholder value, not to recognise their actions as part of a finite, shared world. Recognition of the connection between environmental degradation and this dominant view of the purpose of schools reveals the deep need of a radically different vision of education. As David Orr (1992) notes, "The crisis cannot be solved by the same kind of education that helped create the problems". By analogy, the gap between West and East can be decreased and Eastern and Western management styles can be synchronised through sharing the same moral values that are desired for a sustainable future and that can be achieved through education.

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