

A Background in Sustainability

We begin with an understanding of the background of the concept of **sustainability** and how it applies to the business world. In 1987, the Brundtland Commission put forth a “global agenda for change” with the purpose of “furthering the common understanding and common spirit of responsibility so clearly needed in a divided world.” Brundtland (1987). The report outlined the following description of sustainable development:

1. Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs. It contains within it two key concepts:
 - the concept of “needs,” in particular, the essential needs of the world’s poor, to which overriding priority should be given; and
 - the idea of limitations imposed by the state of technology and social organization on the environment’s ability to meet present and future needs.
2. Thus the goals of economic and social development must be defined in terms of sustainability in all countries—developed or developing, market-oriented or centrally planned. Interpretations will vary, but they must share certain general features and must flow from a consensus on the basic concept of sustainable development and on a broad strategic framework for achieving it.
3. Development involves a progressive transformation of economy and society. Brundtland (1987).

The concepts of sustainable development and sustainability have since been applied to numerous topics. To understand this definition in terms of business, we will define **sustainable business** as *one that operates in the interest of all current and future stakeholders in a manner that ensures the long-term health and survival of the business and its associated economic, social, and environmental systems*. Thus a sustainable business is concerned about the current and future social, environmental, and economic impacts associated with its operations. Ideally, the sustainable business seeks to have a positive social impact, a reduced negative environmental impact, and a positive economic impact (social, environmental, and economic impact will be discussed in further detail in Chapter 2). The business that focuses exclusively on reduced negative environmental impact is referred to as a **green business**, or a business that is “going green.” *A Primer on Sustainable Business* is concerned with the larger picture, or the combined three-dimensional social, environmental, and economic impacts of a sustainable business, that is, the ability of the business to meet present needs while ensuring long-term survival for future generations.

Sustainable (and green) business became mainstream practically overnight; sustainability has transitioned from hippie to hip. This growth in interest in sustainable business practices stems from changing societal expectations and a growing awareness that sustainability creates a win-win situation for the business and humanity alike. The emphasis on sustainable business operations and practices is expected to intensify in the future, particularly given the passage of the American Recovery and Reinvestment Act of 2009, which gives priority to sustainability-related investments in the American economy.

Businesses practicing sustainability improve their image and reputation, reduce costs, and help boost the local economy, all of which lead to improved business and stronger and healthier local communities for operations. Furthermore, these benefits set one company apart from its competitors and can become a source of competitive advantage. This book will provide a rich array of business examples demonstrating a variety of approaches in which businesses seek to maximize social, environmental, or economic impacts and any combination of the three in order to become a sustainable business.

The company that seeks to be a sustainable business should understand that sustainability is a company-wide goal that incorporates every aspect of the business and its relationships. In other words, sustainability requires systems thinking. **Systems thinking** is the awareness and understanding that everything is related in some way and that nothing exists in isolation. Every person, every department, every business, every industry, and every society are interrelated and connected in some way. Therefore, it is understood that each part of the business has a contribution to make in helping the company become a sustainable business. That is, the daily operations, research and development, management information systems and information technology, human resources, finance and accounting, and marketing departments are each engaged in sustainability in a different way, yet through *A Primer on Sustainable Business* you will begin to see the great degree of interconnectedness between each part of the business. Because sustainability is a company-wide philosophy or way of thinking, there will be much coordination required between the various parts of the business and there will ultimately be overlap. The contribution of each area of the business is critical to the overall success of becoming a sustainable business.

A Primer on Sustainable Business is divided into two sections. Chapter 1 through Chapter 9 are organized along common business functional areas to allow the reader to see how each aspect of the business has a unique contribution to make in helping the business pursue the overarching goal of sustainability. In Chapter 2 of this section, we discuss how sustainability is at the heart of company operations. We further explore what the term sustainability means and its emphasis on the triple bottom line. In Chapter 3, we show how sustainability is related to the human resources function of the company. We organize the discussion by the components of human resources management: recruitment and selection, training and development, performance appraisal and feedback, and pay and benefits. Our human resources chapter concludes with a discussion on human rights issues. In Chapter 4, we discuss how sustainability impacts the function and industry of finance. In the finance function, we review how sustainability considerations play into capital investments and financial investments as well as measures of firm performance. In the finance industry, we discuss how sustainability has generated a new area of finance, carbon finance, and how sustainability impacts the areas of banking and insurance. In Chapter 5, we discuss sustainability within the context of the research and development function and show how sustainability is generating new ways of thinking when it comes to research and product design. In Chapter 6, we discuss sustainability within the common components of marketing: product, price, place (distribution), and promotion. Chapter 7 discusses how sustainability can help increase efficiency, reduce costs, and track key indicators through information technology and management information systems. Chapter 8 discusses how the accounting function can measure and report its sustainability-related performance. Finally, Chapter 9 discusses sustainability as an integral component of the overall strategic direction of the firm.

Chapter 10 of the book begins with real case examples of sustainable business practices. We provide very brief examples of over 50 businesses implementing sustainability into their daily operations. Finally, the book concludes with an appendix featuring a list of resources gleaned from each chapter. These resources are the organizations mentioned throughout each chapter to which a business may turn for information, guidance, and assistance on a particular area of expertise.

As you read *A Primer on Sustainable Business*, we challenge you to not think of sustainability as a program, an initiative, or an activity. Rather, sustainability is a mind-set, a philosophy, and worldview. Throughout each chapter, you are challenged to alter the way you view your job, the workplace, the business, and the world. Whether you are an executive, an entrepreneur, or an employee, *A Primer on Sustainable Business* will help you understand the big picture of what it means to be a sustainable business and will give you the information you need to begin your journey toward sustainability.