Sustainability As The New Driver Of Innovation

As the world enters a new era, the commercial landscape is changing to becoming more competitive with entities exploiting production inputs such as labour and non-renewable resources diminishing at a rapid rate, causing the supply of factors of production to reduce drastically for businesses. This issue of scarcity of resources, climate change and global warming as an environmental concern addresses the general need for firms to innovate and improve their business objectives and strategies to ensure they remain sustainable and successful in the long term. China, South Korea, Japan and other Asian countries have introduced fiscal policies to drive firms in those countries to undertake green projects and innovate new green-tech products (Cukier, 2009). This essay explores the importance of sustainability in the current organizational platform and analyses how sustainability drives entities, specifically in Asia to innovate.

Sustainability can be defined as the “use of resources to enable society to satisfy current needs, without compromising the ability of future generations to meet their needs” (Mullins, 2016). Many definitions of sustainability have been created including one stated in (Smith, 2011) which expresses that sustainability is the integration of “environmental, social and economic demands as the three pillars of sustainability”. This definition is universally known as the “Triple Bottom Line Sustainability” and is consistent with the concept set out by Mullins (2016) as sustainability is viewed through the lens of environmental, economic and social affairs. It focuses on the three features of sustainability which is namely ‘‘people, planet, profit’’ (Glavas & Mish, 2015). The people aspect focuses on equal work opportunities while the planet aspect relates to the environmental aspects of business objectives whereas the profit aspect is about the financial performances of firms.

The rationale that prompts organizations to innovate and become more sustainable are associated with the numerous benefits they can encounter. Companies are driven to innovate due to the consumer pressure they receive. Consumer expectations and institutional conditions influence companies to behave ethically and responsibly when dealing with their stakeholders such as customers, shareholders, authorities, staff members and so on (Lloret, 2016). This was evident when the World Wide Fund for Nature (WWF) accused some Singaporean and Malaysian companies about the location and methods of obtaining palm oil for their production process. However, after reports surfaced, many of them changed their operations to become more sustainable (Hicks, 2017) and this shows that pressure from external factors drove them to include sustainability in their practices. Organizations are forced to revamp processes and innovate new environment-friendly products as consumers are changing their perception of the subject of sustainability. Besides that, companies can use the current issues that society faces today as a means to source higher income while reducing costs by generating efficient procedures and innovating products. Businesses can then be more profitable (Kashmanian, Wells, & Keenan, 2011). In addition to that, entities can make use of their sustainability achievements as a marketing strategy to attract customers that aspire to share similar values as their seller or supplier (Kashmanian, Wells, & Keenan, 2011). Employees that seek to perform purposeful work which exhibits value can also be retained or attracted by companies that exercise sustainability within their operations as suggested by (Ferreira & Oliveira, 2014). However, Lloret (2016) disagrees with the above statement as the author claims that “no

support was found for branding or corporate image as drivers of sustainability". Therefore, it is unclear whether branding prompts firms to innovate. Other than that, corporations can attain the ability to react and respond to obstacles and barriers of the future. Corporations seek to implement sustainable practices within their businesses as it increases the overall efficiency in their operations. This can be done by utilizing resources sparingly and reusing, recycling and reducing the waste produced from their operations (DHL International GmbH., 2018). These merits of being sustainable can provide firms a competitive advantage over their industrial competitors.

Presently, many global institutions are already adopting sustainable business operations. However, "some companies still lack a strategic approach with respect to corporate sustainability" (Engert & Baumgartner, 2016) as they are unable to see an urgent reason to become sustainable (Xi, 2018) or that profit maximization is still their main business objective and sustainability goals are not as important to them as their financial performance. However, significant changes in the Asian business platform can either encourage or enforce sustainable practices to be implanted in the operations of organizations. One such example is the Vietnamese Ministry of Finance initiating a rise in taxes for the sake of conservation and preservation of the environment (Xi, 2018). This shows that when corporate governance enforces regulations and laws, they can drive firms to become more sustainable.

There are several ways institutions can balance between the economic, environmental and social aspects of sustainability in their organizations or at least focus on one or two of them. DHL, a German-based logistics firm in Singapore has introduced their mission of reducing all carbon emissions in their logistic related services by 2050. They ensure this by forming enterprising goals such as integrating environment-friendly solutions in their sales, operations and entire supply chain, "increasing carbon efficiency by 50%" and expanding awareness of the environmental issues among employees by organizing green-related activities (DHL International GmbH., 2018). This has enabled DHL to have competitive advantages over their counterparts within the industry as they anticipate and prepare to meet new trends and changes in the future. Besides that, City Developments Limited (CDL) which is a real estate operating firm based in Singapore has infused several sustainability values and strategies in their operations for 20 years as they construct buildings, form partnerships and attend to the needs of their stakeholders, gaining "sustainable profitability while conserving the environment" (City Developments Limited, 2017). They were included in the Bloomberg Gender-Equality Index in 2018 as they established a Women4Green Network which was formed to provide opportunities for all women from environment-friendly sectors to contribute towards "climate action, sustainable business, and social change" in the industry (City Developments Limited, 2017) which makes CDL an all-rounder when it comes to the "Triple Bottom Line Sustainability" aspects as they achieve the environmental, economic and social objectives in their business.

However, there remains various challenges that corporations face as they strive to be pioneers of sustainability in the business sector. According to (Engert & Baumgartner, 2016) "strategy implementation has become the most significant management challenge, which all kinds of corporations face at the moment". Many companies acknowledge the importance of the formulation of corporate sustainability strategies however, formulation is not enough compared to implementing those strategies. Engert, Baumgartner (2016) also summarize that leadership, employee motivation and management control are key factors in determining whether an enterprise can sustain in the long run as the staff members and potential leaders' responsibility is not solely forming strategies but also being involved in the implementation process and

collaborating to achieve successful administration and execution of sustainability strategies for the firm. This is also supported by (Lozano, 2013) as it is stated that entities achieve success in sustainability as they receive loyal commitment from staff members. Furthermore, Lange (2016) posits that DHL has collaborated with the National University of Singapore to introduce the “Sustainability Supply Chain Centre of Asia Pacific in Singapore” in hopes of instilling essential leadership skills in all corporate sustainable supply chains in Asia. This stresses that sustainable leadership skills is one of the success factors in the overall performance of the enterprise (Simas, Lengler, & Antonio, 2013).

In conclusion, sustainability is the new driver of innovation as the current world moves towards that direction. It is imperative for organizations to innovate their products and services while instilling sustainability strategies within their operations in order to remain competitive and relavant in the long run.