The Importance Of Sustainability In The Current Organizational Platform

As the world enters a new era, technology is increasingly utilized, the commercial landscape is changing to becoming more competitive with entities exploiting production inputs such as labour, capital and land with 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 amend and improve their business objectives and strategies to ensure they remain sustainable and successful in the long term. However, many companies are aware of the merits of sustainability strategies, most have yet to implement these strategies within their business objectives (Kashmanian, Wells, Keenan, 2011). 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 (World Summit United Nations General Assembly, 2005) (as cited 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’’ (Elkington, 1997) (as cited in Glavas, Mish, 2014). The triple bottom line can be described as recognizing stakeholders which are categorized as people, profit and planet classifications including shareholders and examining all effects that can arise (Stephenson, Brock, Loughead, 2008).

The rationale that prompts organizations to become more sustainable are associated with the numerous benefits that they can encounter. One of the reasons companies are driven to innovate for sustainability is 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 including the government, staff members and so on (Eesley and Lenox, 2006, Freeman et al., 2010, Henriques and Sadorsky, 2008, Bansal and Clelland, 2004, Campbell, 2007, Hoffman, 1999, King and Lenox, 2000) (as cited in Lloret, 2015). 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 and this shows that pressure from external factors drove companies to include sustainability in their practices (Hicks, 2017). 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 discover and source higher income while reducing costs (Lukic, 2013) 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 and worthwhile work that exhibits value to people can also be retained or attracted by companies that exercise sustainability values within their operations as suggested by (Bhattacharya et al., 2008) (as cited in Ferreira, Oliveira, 2014) . However, Blackburn (2012) (as cited in Lloret, 2016) disagrees with the above statement as they claim that “no support was found for branding or corporate image as drivers of sustainability”. Other than that, risk minimisation can be experienced by institutions that undertake sustainability measures (Lukic, 2013) as well as attaining the ability to react and respond to obstacles and barriers of the future (Kashmanian, Wells, Keenan, 2011). 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 (Corporate author DHL). These merits of being sustainable can create brand value for companies and provide firms a competitive advantage over their industrial competitors (Kashmanian, Wells, Keenan, 2011).

Presently, many companies around the globe are already adopting sustainable business operations. However, “some companies still lack a strategic approach with respect to corporate sustainability” (Galbreath, 2009; Hahn, 2013) (as cited in Engert, Baumgartner, 2015) as they are unable to see an urgent reason to become sustainable (Xi, 2018) or that profits are still their main business objective and sustainability goals are excluded from business objectives as it only increases costs and reduces competitiveness (Nidumolu, Prahalad, Rangaswami, 2009). However, significant changes in the business platform in Asia can either encourage or enforce sustainable practices to be implanted in the operations of companies. One such example is the Vietnamese Ministry of Finance initiating a rise in taxes for the sake of conservation and preservation of the environment (Xin, 2018). Leaders of organizations can be inspired to innovate in hopes of being sustainable by firstly understanding the significance of sustainable development and incorporating such values among all the employees of said firms (Mullins, 2016) as this will then motivate employees to collaborate in achieving successful administration and execution of sustainability strategies for the enterprises (Galpin, 1997) (as cited in Engert, Baumgartner, 2015).

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 its 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 and certifying them as environmental specialists (DHL). DHL’s website states that “savings potential can be found in all parts of the supply chain and there are ways to minimize emissions regardless of their source”. Simas et al. (2013) states that “leadership is recognized as being fundamental in the implementation of company strategy”. This is evident when 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 encouraging and 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 sustainability strategies undertaken by firms (Nathan, 2010) (as cited in Engert, Baumgartner, 2016). Besides that, City Developments Limited (CDL) which is a global real estate operating firm based in Singapore

has infused several sustainability values and strategies in their operations for 20 years as they construct buildings and form partnerships and attend to the needs of their stakeholders, gaining “sustainable profitability while conserving the environment”. They are also known for being the first real estate firm to be 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 (CDL) 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 issues and challenges that corporations face as they strive to be pioneers of sustainability in the business sector. According to (Li et al.2008, p. 3) (as cited in Engert, Baumgartner, 2015), “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 (Gminder, 2006, Calabrese et al., 2012, Egels-Zandén and Rosén, 2015) (as cited in Engert, Baumgartner, 2015), however, formulation and concept of sustainability is not enough compared to implementing those strategies (Epstein and Roy, 2001) (as cited in Engert, Baumgartner, 2015). (Engert, Baumgartner, 2015) also summarizes that leadership, employee motivation and management control are key factors in determining whether an enterprise can implement sustainable business strategy 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. This is also supported by (Lyon, 2004) (as cited in Lozano (2012) as it is stated that entities achieve success in sustainability as they receive a loyal commitment from staff members.

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