SUSTAINABLE
Business Management

INTRODUCTION

It may seem that teaching sustainable business management to millennials is an easy task as they grew up with the challenges and societal changes that are affecting businesses and societies around the world. They have access to all news and facts online, giving them enough tools to understand the need for sustainable thinking and act accordingly. However, as the news is no longer filtered and all opinions and thoughts are considered to be facts today, it is surprising to see how ignorant young people are when it comes to their environment (in the broad sense) and to the changes and issues that are occurring in this environment. After teaching a course on sustainability, the most heard comment is that they are happy that they finally understand the things they hear in the news and read on Facebook.

This book is meant to do exactly that: creating awareness about sustainability in general and the challenges and solutions surrounding it in particular. As sustainable business management is a socio-economical topic, it is not an exact science. Therefore, all theories, concepts and solutions are meant as food for thought and should be reviewed and revised when applied in real cases. In sustainability, there is no one-size-fits-all solution, which is what makes it difficult to implement in all businesses. If at the end of the book, the reader has gained some insight into sustainability and the possible solutions and concepts that could be applied in businesses, the goal of the book has been reached.

The book consists of two parts. In the first part, the challenges our businesses and societies are facing on an economic, social and environmental level are discussed. Besides these challenges, there will also be room to look into some theories and models, to be able to provide a framework for the second part of the book. This second part will look into some practical solutions, that might be an answer to the challenges defined in the first part. Some of the solutions are proven, while others are conceptual or in the early stages of being implemented. As said before, sustainability is not an exact science and therefore the decisions and results can be influenced by many parameters. Only time will tell if the proposed solutions are workable.

PART 1

PART 2

PART 1

The goal of this book is to offer students an overview of what sustainability is today, which theories and frameworks exist, and which solutions are already implemented in the current business environment. In the first part of this book, we will explore the domain of sustainable business management and look at the frameworks and challenges in the three main areas that can be defined: economic, social and environmental. Traditionally, sustainability is linked with environmental theories and challenges, but as we will explain in chapter 1, true sustainable business management also aims at creating economic and social value.

We will clearly define what sustainable business management is and discuss which theories have been defined for each of the three areas in chapter two to four. In these chapters, we will also identify the different challenges that businesses, society and humanity are facing today, so it becomes clear why sustainable business management is needed and where the focus needs to be for the solutions that we will define in the second part of the book. We believe this first part is necessary to create the correct mindset to understand and evaluate the second part of the book, in which we collect and summarise a lot of information that is available online but is sometimes difficult to put into perspective when it's not accompanied by the correct framework.

CHAPTER 1: INTRODUCTION TO SUSTAINABLE BUSINESS DEVELOPMENT

DEFINITION

When we talk about sustainability, it is not easy to find a common definition. When you google 'an easy definition of sustainability', the first hit is the following quote on Wikipedia:

'Sustainability means that a process or state can be maintained at a certain level for as long as is wanted. ... The Brundtland Commission defined sustainable development as development that 'meets the needs of the present without compromising the ability of future generations to meet their own needs.' (Wikipedia, n.d.)

Wikipedia is usually not considered a valuable source but the definition stated here is not too far from what it should be. In the media and at most companies, sustainability is considered an environmental topic, solely focusing on resources, waste, pollution and CO_2-emissions. These topics are, of course, to be considered a huge part of sustainability efforts, but governments, society and companies should not limit their efforts to the environment alone. If we consider the environment to be the greater environment in which businesses operate these days, we see that these businesses are no longer only affected by environmental issues, but also by social and economic issues. The world is changing rapidly around us and businesses have to adjust all the time to keep up with these changes. In the last decades, thanks to globalisation and the rising of social media, clients and consumers are expecting businesses to pay attention to the challenges of the environment and are watching closely how businesses respond to these challenges.

In the first part of this book, the three social domains in which these challenges occur will be discussed: economical, social and environmental. In each of the domains, the current views will be discussed as well as the changes that are happening as we speak. In the second part, some possible solutions will be explored.

Keep in mind that these solutions are not yet proven solutions, but mere ideas on how businesses could address the challenges raised in the first part. The book will contain facts and figures, but most of the ideas will be models of thought, that have to prove itself in the coming years. The goal of the book is not to inform you of what is, but to get you thinking about what could be. It should allow you to get a broader view on doing business in today's society and should invite you to think critically about these ideas and how they can be adjusted and implemented to solve the biggest challenges business has ever faced.

It is clear that the current definition of sustainability is usually too narrow. If the environment is considered to be the broad environment in which a business operates, we need to adjust the definition as well to reflect this broader view. A broader definition will also create an opportunity for business owners to extend their sustainability efforts into more than just avoiding plastic cups or replacing fuel cars by electric cars. It should encourage them to become a part of society, not only taking resources but also giving value back. In Africa, this philosophy is known as the principle of Ubuntu, which means the ability to be human and valuing the good of the community above self-interest. In smaller communities, businesses are driven by this principle where a business can only thrive when it is part of society and is giving back to society. In a heavy individualistic and industrialised western world, we have forgotten about these core values, but changes in our environment might force us back to what they still remember in the South. Sadly, the concept of Ubuntu has even been taken over by the western world. When you google 'Ubuntu' today, the results are dominated by links to an open-source software system…

For this book, and to a larger extent also for sustainable business, the following definition of sustainable business management is proposed:

> Sustainable business management is making business decisions with the purpose of creating value for society so that future generations can meet their own needs, on an economical, social and environmental level.

Before further exploring these different domains, the next paragraph will go deeper into the area of tension between the different domains and why it is so difficult to address all domains equally.

THE GLOBAL ETHICAL TRILEMMA

In the definition of sustainable business management, we addressed the three domains in which businesses can take actions to create value instead of merely profit. In the classical economic theory, the welfare of a region is measured by the economic growth that is realised in this region. In chapter 2, a short recap will be given of the classical economic theory and the shortcomings of the economic growth model as the criterium of welfare.

If we take all three domains into account, we could argue that measuring the economic growth together with social equality and the health of our planet would give us a more complete view on welfare. In his paper on the global ethical trilemma, Jan Otto Andersson (2020) stated that over the last decades, a huge gap was growing between the prosperity of the global population on the one side and the ecological deterioration and rising inequality on the other side. He observed that this gap was increasing at a fast pace and advised decision-makers to look at the ecological and social aspects of business decisions as well. At the same time, he remarked that making decisions that valued two of the three aspects were quite common, but that it seemed to be a problem to balance all three aspects, hence the idea of the global ethical trilemma.

Figure 1.1: The global ethical trilemma
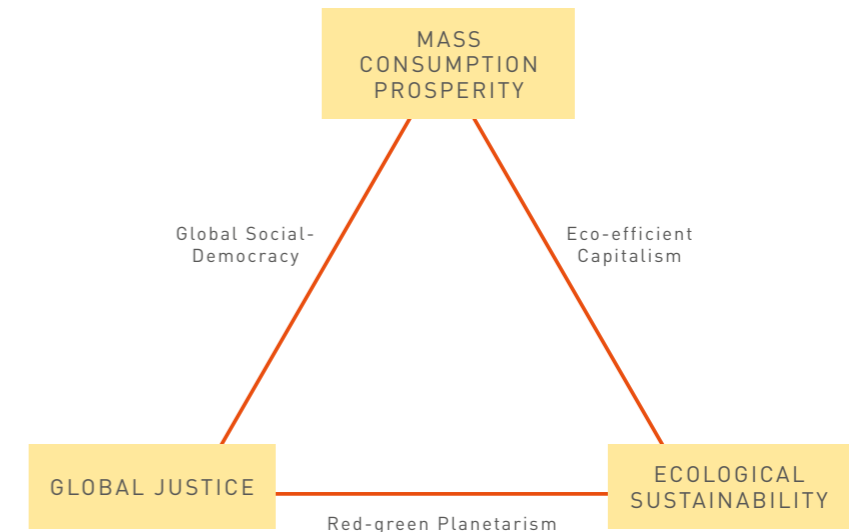
ECONOMICAL

The awareness that other factors should be taken into account when measuring welfare and making business decisions first came up at the end of the 60s, beginning of the 70s. In 1968, the Club of Rome was founded. 'The Club of Rome was created to address the multiple crises facing humanity and the planet. Drawing on the unique, collective know-how of our 100 members – notable scientists, economists, business leaders and former politicians – we seek to define comprehensive solutions to the complex, interconnected challenges of our world.' (Club of Rome, 2020) This group of scientists and leaders published a report in 1972, Limits to Growth, which already stated that the population growth and mass consumption of that time would undoubtedly lead to an ecological catastrophe in the next century. They proposed a radical approach to slow down both industrialisation and population growth, especially in the southern countries. Unfortunately, the leaders of these countries countered these insights, saying that industrialisation was the only answer to the growing crisis in other parts of the world, for example in Latin America. At that time, the ecological consequences of the industrialisation were not as visible yet as they are today and the growing inequality between the North and the South encouraged the southern leaders to pursue a strategy of growth as well. This was a first example of the global ethical trilemma, where the ecological aspect was ignored in favour of growth (economical) and solving inequality (social).

In the 80s and 90s, the rise of technology only fuelled the belief that prosperity was measured through growth. In these relatively quiet years, efficiency became the main driver for businesses and technology was used everywhere to produce in a faster and bigger way. Globalisation added to that ideology by bringing products from all over the world to the consumer's doorstep, hugely increasing the options of choice and fuelling the desire to consume even more. By using cheap materials to create products, replacing products became usually cheaper than repairing products. Creating a new product often required only technology, while repairing meant that a consumer had to pay for an expensive person to come and repair the product. Moreover, smart marketing meant that new models and options became available at an ever-increasing pace, leaving the customer with no other option than buying the newest product available.

The last two decades, the awareness of the disadvantages of mass production and consumption has gradually increased due to environmental issues such as climate change and microplastics, and due to social problems, such as poverty and hunger. However, old habits die slowly and the majority of the decision-makers worldwide were still educated in the classical ideas of economic growth and efficiency. It also turns out that most policymakers are willing to change things when campaigning for political office but tend to forget the amount of money that is needed to execute these measures. Solving the global ethical trilemma is not a cheap action to take and will require a significant effort from those who earn a lot of money today by mass-producing and selling goods. Usually, these are also the sources of financial support for the policymakers and so the status quo remains.

We can conclude that even in this era of awareness, economic growth is still the global standard for success. To counter this rather pessimistic view, it must be said that new economical paradigms are emerging and that new schools of thought are added to the education of young people. Some of these new paradigms will be discussed in chapter 2.

SOCIAL

The second aspect of business decision-making is the social aspect and, more precisely, the concept of social justice. Social justice is defined as the ability to live a worthy life and the concept had already been adopted by the United Nations in 1948 when the Human Rights Declaration was created. The core belief is that social justice should be achieved and maintained globally, independent of race, nationality or gender. The main criterium to measure social justice is the level of inequality. Inequality exists in many forms (these will be discussed in chapter 3), but the most common form is the inequality of income. As money is still seen as the main driver of our economy and society, access to many goods and services is directly linked to income. The distribution of income is, therefore, the most common indicator of global justice, measuring how much of the income is attributed to which part of the population.

The perception of injustice and distribution of income may be quite optimistic when living in a western or northern European country but the truth is that 5% of the global population receives as much income as 80% of the population. In other words, the gap between rich and poor is not only still very present, data shows that it is growing every year. The world we live in today is not equal.

ENVIRONMENTAL

The third aspect that needs our attention in business decision-making is the ecological aspect. Although we have seen a tremendous rise in awareness concerning climate change, waste problems, resource depletion and CO_2-emission, it is important to note that this awareness has mainly grown in industrialised countries. This could be explained by considering Kuznets' curve for environmental degradation which states that growing economies (and growing industrialisation) would initially lead to environmental degradation until the basic needs of the population are fulfilled. After this point, most of the people have time and resources to dedicate to other issues and start thinking and acting more 'green'.

Figure 1.2 The Kuznets curve: Ecological degradation
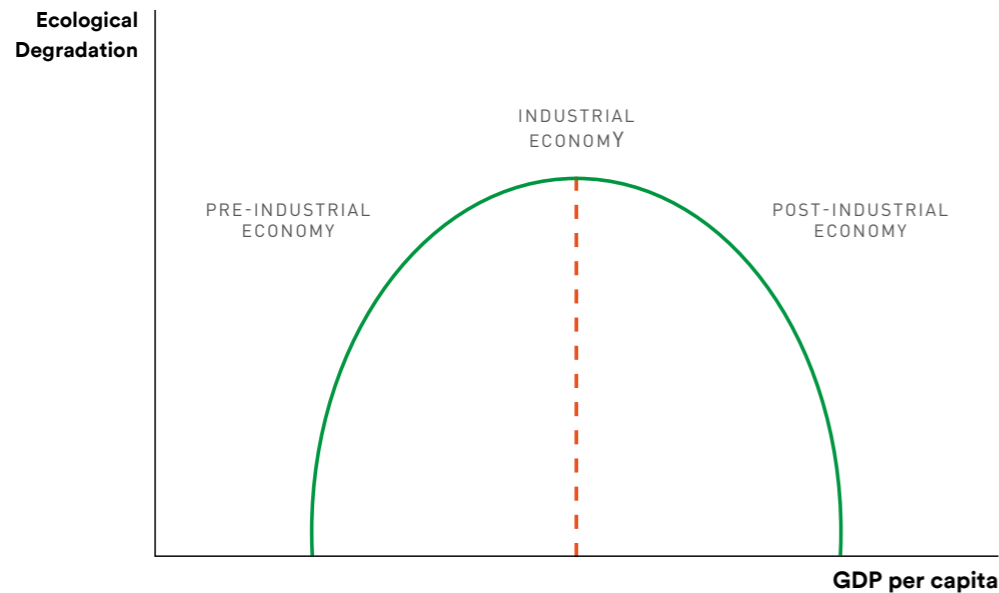
A second explanation can be found in the types of businesses that are usually to be found in a post-industrial economy. In these economies, there is usually a shift from heavy industries to service-oriented industries which will lead to an improvement of the environment.

The growing awareness and the green movement that is happening today, do not imply that our planet is in a good state. In chapter 2 and 4, the planetary

boundaries will be discussed, which are indicators of the shape our planet is in. The results of these indicators do not paint an optimistic future. For most of them, we have already overstepped the boundaries and for some, we might already have reached the point of no return. The more optimistic experts state that the actions we take in the next ten years will determine if we can still make up for the past. The figure below (Global Footprint Network, 2009) shows us that we are using more resources yearly than the earth can replenish in the same period. This means that we are depleting the earth's resources fast, while also adding more and more waste. The use of resources has exponentially grown since the era of industrialisation and has increased even more during the age of efficiency at the end of the last century. Although it does not look like a very bright future, the graph still tells us an optimistic message: if we start acting now, we can still change our future. If we keep mass-producing and consuming at the same pace as today, in 30 years we will use 3 Earths every year. Needless to say, there will be a shortage of basically every resource very fast. Chapter 9 will go more into detail about resource depletion and waste control, when we will talk about the circular economy.

Figure 1.3: Ecological footprint
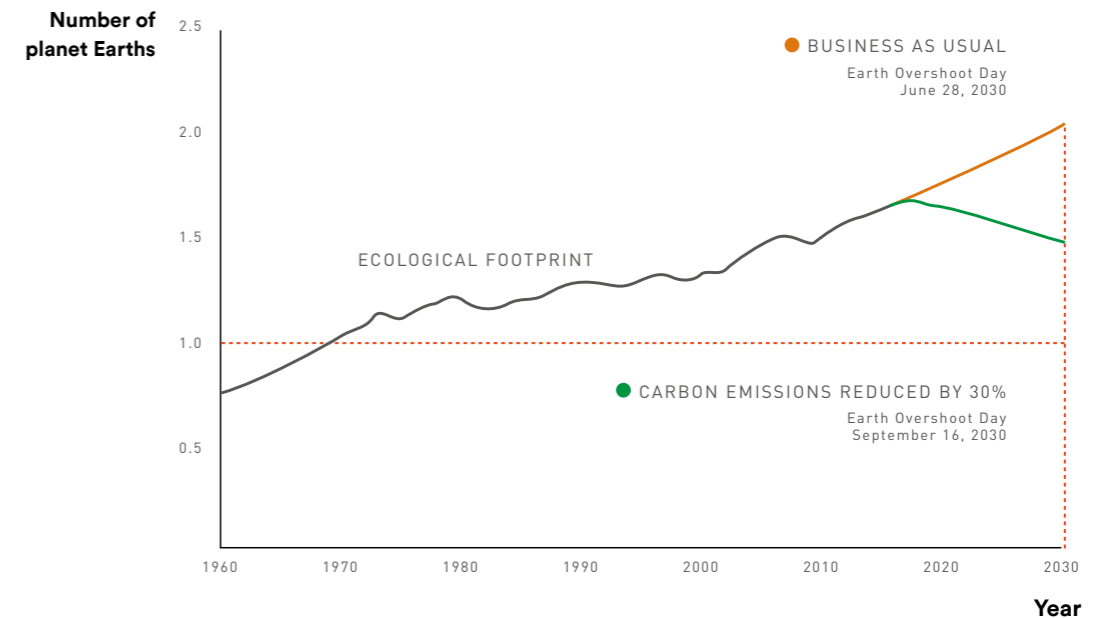
THE TRILEMMA - EXAMPLES

GLOBAL SOCIAL DEMOCRACY

The German Development Institute is currently executing a project called 'fair globalisation'. (Fair Globalisation, 2020) This project wants to answer the following research question: 'How do we create a global economic order that contributes to achieving the objectives of the 2030 Agenda and thereby ensures a fairer and more inclusive globalisation? The 2030 Agenda – if properly operationalised – can provide a framework for conceptualising a fairer globalisation, which leads to substantive as well as institutional reforms of the Global Economic Governance with a view to improving the global common good.'

In this example, we can see that both the economical aspect as well as the social aspect is addressed. It looks at the global economic order policy and globalisation, while it also wants to make sure that this new economic order improves the greater good and therefore increases social justice. The project, however, does not mention any emphasis on creating a global economic order that is also ecological. When research or policymaking is executed with only taking into account the economic and social aspect, we say it puts forward a 'global social democracy'.

ECO-EFFICIENT CAPITALISM

Over the past years, many Belgian cities implemented a low emission zone, prohibiting older vehicles (mainly diesel cars) to enter the city centre.

'A low emission zone (LEZ) is a defined area which certain types of vehicles are not allowed to enter, except under specific conditions, because they emit too many noxious substances. If you enter a LEZ with an unauthorised vehicle, or without a complementary authorisation, a fine can be levied.' (Low Emission Zones, 2020)

The main idea is to promote the use of clean cars to improve the air quality in cities. Over the last years, many inhabitants of these cities had to exchange their car for a newer model to ensure access to their homes or workplace. Initially, the government claimed that the goal also was to reduce the number of cars in the city centres but research has shown that this is not really the case. This decision also had the secondary effect that people with a lower income could not afford to sell their old car and had to adjust to a life without a car or had to pay the fine when they entered the city to deliver heavy things to their doorstep.

Moreover, these people were not able to get any money for their old car, as the old models decreased heavily in value. We cannot help but notice that these measures put forward a new way of consuming (buying cleaner cars) while creating a greener environment. However, the side-effect of these measures seems to be more inequality for those people who cannot afford to comply with the new measures. This is a classic example of 'eco-efficient' capitalism.

RED-GREEN PLANETARISM

The final approach to the global ethical trilemma is a very hot item. Driven by the green movement, a lot of social thinkers are speaking up and proposing a new way of producing and consuming. These people suggest that we move from an age of greed to an age of need, where production is enough to fulfil the needs of everyone but does not exceed this basic need. By doing so, we ensure that every individual has enough to live on (social justice) and that the resources of the earth are not depleted at a faster pace than what the earth can replenish. This way of thinking implies the acceptance of very limited economic growth. Today's industrialised economies are fuelled by mass consumption and the rapid production of many goods and services. Reducing these numbers would also mean that the current business models of the big companies are no longer valid. This kind of proposals consider social justice and ecological sustainability but do not ensure any economic progress. In this case, we can say that these thinkers are proposing a 'red-green planetarism'.

We have already argued that economic growth cannot be used as the single criterium for welfare but minimal growth is required to ensure innovation and progress. Although it seems very difficult to balance all three of the decision-making aspects, some solutions seem to have found an equilibrium that should make it possible in the near future to come up with social and green solutions that also benefit the economy and ensure progress and innovation in companies. In the second part of the book, we will discuss a few of these solutions.

In this paragraph, the three aspects of policymaking and business decisions were discussed. When we look at sustainable business management, economic growth can no longer be the only driver for decision-making and a business needs to take into account social justice and the environment as well. In the next part, we will briefly discuss the prerequisites for a business to be able to make sustainable decisions. It can be argued that not every business is mature or secure enough to make sustainable decisions. To explain this further, the concept of Carroll's pyramid is used.

CARROLL'S PYRAMID

The definition of sustainable business management states that every business should make decisions in a way that ensures that future generations can fulfil their own needs. Although many big businesses should have the required resources (human and other) to be able to make these kinds of decisions, it can also be argued that not all businesses have the necessary level of maturity to occupy themselves with this level of decision-making. Imagine the carpenter, working by himself in his little woodshop, struggling to finish the orders while making new offers, invoices and throwing some innovation in the process. Yes, he could buy his wood from an ecologically friendly company that ensures correct wages for the choppers, but he will most likely try to buy good quality wood for a decent price so he can pay his bills and make some profit at the end of each month. This example shows that, although sustainable business management should be a part of every business, it is not easy for every business to take it into account. So, what are the prerequisites for being able to practice sustainable business management? One possible answer can be found by using Carroll's pyramid of business responsibilities as a framework.

Figure 1.4 Carroll's Pyramid
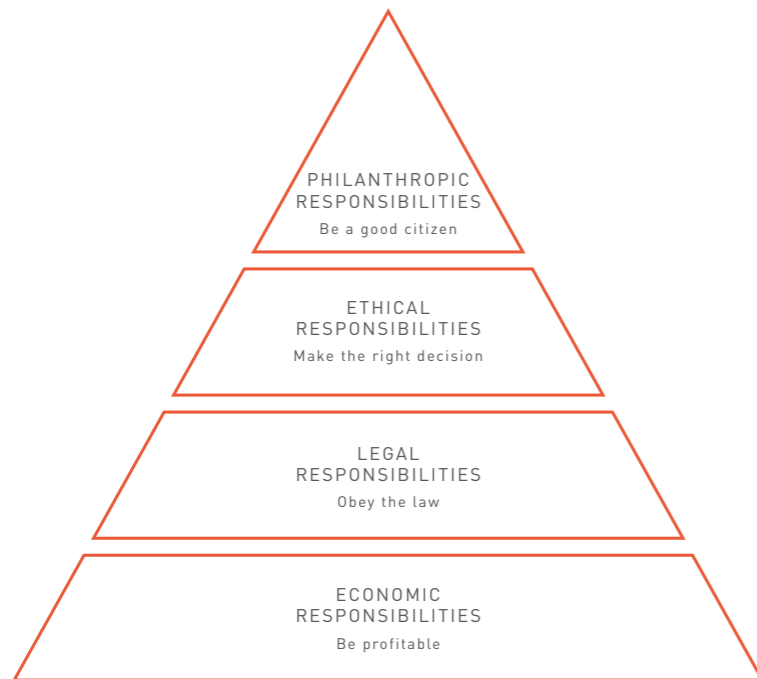
ECONOMIC RESPONSIBILITIES

The priority of a business will always be to provide goods and services that are wanted by society and to sell these with a (minimal) profit. For most business owners, their business is a way to provide for themselves and to create an income. It goes without saying that a business that is not yet profitable will not be prioritising sustainable business decisions unless this is part of their strategic plan. A social enterprise, for example, will have the goal to create value for society and therefore will always keep sustainability in mind when making decisions. (Social enterprises will be covered in chapter 7). However, most companies will make sure that they are profitable first and try to cover their economic responsibilities: creating an income, paying their employees, paying their suppliers and providing goods and services for their customers.

LEGAL RESPONSIBILITIES

The legal responsibility of a company is to run its business and create economic value within the boundaries of the law. Although this seems an evident part of doing business in developed countries, in many parts of the world it is not. In countries where corruption is widespread and governments are too weak to take appropriate measures, legal compliance becomes voluntary. It can be argued that sustainable business management is largely enforced in developed countries, by governments imposing measures and fines for companies that emit too much CO_2, for example. However, this might be the case for the environmental aspect, but not so much for other aspects of sustainability. Therefore, legal compliance is not sustainable business management.

ETHICAL RESPONSIBILITIES

Ethical responsibilities are the actions that companies take that are not determined by economical calculations or legal compliance. The ethical responsibility of a company means that the company is doing the right thing when making business decisions. These actions and decisions could, for example, mean that the company refuses to work with child labour, only works with sustainable suppliers or invests in green technology. These kinds of actions are the actions society expects a business to take even if it means that the profit will be lower.

It can be argued that the ethical responsibility depends on different factors. Using child labour in a country like Bangladesh is a common practice and part of the households' support system is depending on the children to work as well. If all businesses would refuse to use child labour, poverty would rise even more. Some companies choose to accept this and put a support system in place to improve the working conditions of these children. For example, Levi's supports their minor workers with paid education and a guaranteed contract after their education. These actions do not eliminate child labour but ensure a better life for these children. So, the ethical responsibility is maybe not fully covered but the philanthropic responsibility will cover part of this gap (see next paragraph). It is obvious that child labour should be avoided in any situation but in the current unequal world we are living in, ethical decisions are not as straightforward as we could expect.

The topic of ethics raises a further question: is sustainable business management the same as business ethics management? Although there are definitely some similarities between both fields, for the purpose of this book we see them as different areas in business management. The biggest difference is that business ethics management is not about decisions, it is about making the right choices. When talking about sustainable business management, a business has to make decisions that make society a better place and ensure future generations to be able to meet their needs, but not making these decisions is not fundamentally wrong. The difference between business ethics management, corporate governance and sustainable business management is further discussed later in this chapter.

PHILANTHROPIC RESPONSIBILITIES

Philanthropic responsibilities are the actions a business takes to give something back to the world through charity, donations, volunteering, etc. Many big companies spend part of their resources to this kind of actions. Mark Zuckerberg announced that he will donate 99% of his shares to charity over his lifetime. Wallmart spends $100 million to advance economic mobility for retail workers, and KPN and Janssen Pharmaceutica engage employees to work as volunteers. The philanthropic actions can usually be defined as CSR activities, a topic which will be discussed in detail in chapter 6. This kind of actions is usually taken by the bigger companies, whose business model is all about making profit. The philanthropic activities are a way for these businesses to meet the expectations of the customers that every company should also give back to society.

It is clear that companies first need to make sure that their economic and legal responsibilities are covered before they can start thinking about making sustainable business decisions. Once the base of the pyramid is covered, companies will also start thinking about doing the right thing for society and ultimately give back to society as well. It can be argued that sustainable business management and the decisions made in this field, can be found in both the definition of ethical responsibilities and philanthropic responsibilities. Although there is a difference between ethics and sustainability, as we will explain later, the definition of the ethical responsibilities in Carroll's pyramid is a bit too broad to exclude sustainable decisions here. However, the pyramid gives us a good idea on the prerequisites for businesses to be able to make sustainable decisions. A company that is not yet mature enough and is still dealing with economic and legal issues, will usually not have the time nor the resources to be sustainable.

SUSTAINABLE BUSINESS MANAGEMENT VS. BUSINESS ETHICS MANAGEMENT VS. CORPORATE GOVERNANCE

When talking about sustainable business management, there are a lot of areas that seem to be related and can be seen as a part of, or as a replacement for, this domain. In the previous paragraph, we already briefly talked about ethics and the way ethical decision-making can also lead to more sustainable decisions. In this paragraph, we will try to explain the differences and similarities between sustainable business management, business ethics management and corporate governance.

BUSINESS ETHICS MANAGEMENT

Business Ethics Management refers to the management of ethical issues or problems a business and its employees can encounter and the set of values, policies and practices that a company possesses to do this.

In other words, any business will sooner or later be confronted with ethical questions: When working as an auditor, can you decide to buy/sell shares based on inside information you have from auditing a company? When you have to decide on a big supplier contract, can you allow yourself to be influenced by fancy dinners or a nice gift? Although businesses have run for centuries based on this kind of 'relationships', the last few decades the common mindset moved to a more ethical one, where nobody should make decisions in their own favour when this means harming others in the process. A series of scandals at the end of the last century leading to the bankruptcy of many businesses further changed the public opinion on ethics in the workplace.

Today, especially in big companies, a lot of attention is paid to business ethics. All employees must follow ethics training and the management is audited regularly. The 'four eyes'-principle became a common practice in most businesses, stating that no big decisions can be made by one person only. There are always two people needed (four eyes) to make important decisions concerning budget, resources, sales and purchases. Besides more measures taken by the companies themselves, we also see an increase in employees that are willing to speak up when a company is showing non-ethical behaviour. An example of this so-called whistleblowing was the case in 2012 leading to the Luxembourg Leaks. Antoine Deltour, an employee of Price Waterhouse Coopers (one of the biggest audit and tax companies in the world) leaked 28.000 pages of confidential documents revealing how multinational companies routed funds to lower corporate tax bills. Although these actions were not illegal under Luxembourg law, it was argued that routing funds to avoid taxes showed unethical behaviour.

With the rise of the digital era and the decline of data privacy that came along with it, a whole new domain of ethical decision-making has been created. Due to digitalisation, it is possible to know virtually everything about a person, going from financial details to whereabouts, friends and preferred products. The companies that have access to this data, could use this knowledge to their own advantage. As this field is relatively new to businesses, the ethical questions that could arise in terms of data privacy are less obvious. To ensure the correct use of data and the knowledge that comes with the ownership of data, many governments have created a legal framework to support the ethical one. In Europe, the creation of GDPR (General Data Protection Regulation) legislation is a clear example of this. Although there are rules and regulations put in place, the subject is still a difficult one, with a lot of possible interpretations of the rules.

Most big companies have an ethics committee, which will occupy itself with ethical questions that might arise while making business decisions or doing business. The focus of the committee should be to decide whether a certain action is the right action and if others get harmed in the process of taking that action. In that sense, sustainable business management is also partly an ethical discipline. When a company needs to decide on investing in new technology, it will probably cause less harm to society when they choose green technology over traditional technology. On the other hand, investing in green technology which will lead to less energy consumption, will also lower the energy bill and therefore lead to more profit. We can decide that sustainable business management is influenced by ethics, but making sustainable decisions requires a broader mindset than only an ethical one.

CORPORATE GOVERNANCE

Corporate governance is the system of rules, practices and processes by which a company is directed and controlled. Corporate governance essentially involves balancing the interests of a company's many stakeholders, such as shareholders, senior management executives, customers, suppliers, financiers, the government and the community. (Corporate Governance, 2020)

In other words, corporate governance is the framework for making decisions in a company. It will ensure that all stakeholders are taken into account and that the decisions will lead to a result that is satisfying for all concerned parties. Corporate governance is more than business ethics management, as it will not only look at the fact whether a decision is right or wrong and whether it will cause any harm to others but also how it will contribute to the company's objectives while balancing the expectations of all stakeholders. In that sense, sustainable business management is a part of any good corporate governance. Ideally, sustainability is part of a company's core strategy and therefore also part of the corporate governance structure. At KBC (a Belgian bank) for example, 20% of the management's objectives is linked to sustainability. Moreover, the bank decided a couple of years ago to cease all investment activities in coal mining businesses, as they do not believe coal to be the sustainable energy solution for the future. By including sustainability in their strategy, the corporate governance structure of KBC will also incorporate sustainable business management.

However, corporate governance will balance the interests of all stakeholders, which means that it is perfectly possible to make decisions which will be in favour of profit and shareholders, while there could be a more sustainable decision possible. Balancing interests will most likely mean that a business will look for compromises so that most stakeholders will be satisfied.

When looking at the definitions of business ethics management and corporate governance, we can conclude that sustainable business management is more than just ethical decision-making. It will go beyond looking for what is right or wrong today, also taking into account the interests of future generations. On the other hand, when sustainability is a part of the strategy of a company, sustainable business management is also part of corporate governance. It means that the decisions that are made to support the company's objectives, will take into account all stakeholders while ensuring that the interests of society and the future generations are also taken into account in the decision-making process.

CASE:
EXAMPLES OF SUSTAINABILITY

GLOBAL INITIATIVE: UN SUSTAINABLE DEVELOPMENT GOALS

'The 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are the 17 Sustainable Development Goals (SDGs), which are an urgent call for action by all countries - developed and developing - in a global partnership.' (Sustainable Development Goals, n.d.)

The first example, which is the most widely spread example of sustainable development, is the example of the UN Sustainable Development Goals. In 2015, the United Nations presented a list of 17 goals on sustainability, aiming to provide the world with a sustainability framework that would help businesses, organisations and governments to launch their own initiatives on sustainability. The sustainable development goals (or SDGs) have since been adopted by thousands of initiatives and are used all over the world to show the relevance of these initiatives.

Figure 1.5 Sustainable Development Goals

The sustainable development goals are also seen from a broader definition of sustainability than just environmental issues. With areas such as decent work and economic growth (8), reduced inequalities (9) and peace and strong institutions (16), we can see that not only the environmental aspects are considered but that economic and social aspects are also taken into account. By adopting this broad definition of sustainability, the UN has created a greater awareness of sustainability in the world, thus ensuring that new initiatives are being launched in new areas.

For each goal, there is a set of concrete targets defined which should be reached by 2030. When we look at goal number seven, affordable and clean energy, the following targets are defined:

Figure 1.6 Targets and Figures for an SDG

Targets		Indicators	
7.1	By 2030, ensure universal access to affordable, reliable and modern energy services.	7.1.1	Proportion of population with access to electricity
		7.1.2	Proportion of population with primary reliance on clean fuels and technology
7.2	By 2030, increase substantially the share of renewable energy in the global energy mix.	7.2.1	Renewable energy share in the total final energy consumption
7.3	By 2030, double the global rate of improvement in energy efficiency.	7.3.1	Energy intensity measured in terms of primary energy and GDP
7.A	By 2030, enhance international cooperation to facilitate access to clean energy research and technology, including renewable energy, energy efficiency and advanced and cleaner fossil-fuel technology, and promote investment in energy infrastructure and clean energy technology.	7.A.1	International financial flows to developing countries in support of clean energy research and development and renewable energy production, including in hybrid systems
7.B	By 2030, expand infrastructure and upgrade technology for supplying modern and sustainable energy services for all in developing countries, in particular least developed countries, small island developing states, and land-locked developing countries, in accordance with their respective programme of support.	7.B.1	Investments in energy efficiency as a percentage of GDP and the amount of foreign direct investment in financial transfer for infrastructure and technology to sustainable development services

For each of the targets, one or more indicators have been defined as well, so the outcome and progress of the targets can be measured. On the website of the UN sustainability goals, a progress report is created every year reporting on the progress of each goal. For 2019, the UN reported the following concerning SDG number seven:

'Access to electricity in the poorest countries has begun to accelerate, energy efficiency continues to improve and renewable energy is making gains in the electricity sector. Despite this progress, some 800 million people remain without electricity while access to clean cooking fuels and technologies needs dedicated attention. In addition, if Sustainable Development Goals 7, 13 and related Goals are to be met, much higher levels of ambition are required with regard to renewable energy, including transportation and heating' (Sustainable Development Goals, n.d.)

It clearly states that efforts have been made in the field of renewable energy, but that additional efforts will be required if the targets set for this goal are to be met in 2030.

All across the world, businesses, organisations and governments have adopted these goals and use the logos on their communication and websites. In Belgium, we also see various initiatives launched, both in the private and public sector:

- Colruyt Group has adopted the SDGs in its sustainability agenda. They have linked all their actions and initiatives to a sustainable development goal on the consumer website of Colruyt, and the corresponding goal logo has been added to create awareness among the customers as well.

- The city of Ghent turned the spotlight on 17 bottom-up sustainability initiatives by linking them to a specific sustainable development goal and using the logos of the goals in their communication and on the website.

- The Royal Belgian Football Association has launched different initiatives such as Footballforall2020, which aims at reducing inequality claiming that everyone can join a (football) team. The RBFA used sustainable development goal number ten to link the initiative to and is using the logo on their website as well.

GLOBAL INITIATIVE: ISO26000

'It provides guidance to those who recognise that respect for society and environment is a critical success factor. As well as being the 'right thing' to do, application of ISO26000 is increasingly viewed as a way of assessing an organisation's commitment to sustainability and its overall performance.' (ISO26000, 2020)

The ISO26000 is not a certification like many other ISO standards, but it will offer a guideline to all companies that want to be more sustainable on how they can adjust their decision-making process. The ISO26000 offers guidance on seven core subjects linked to sustainable business management.

Figure 1.7 ISO26000: The seven core subjects

HOLISTIC APPROACH

6.7*
Community
Involvement and
Development

6.2*
Human Rights

6.6*
Consumer
Issues

ORGANISATION

6.1*
Organisational
Governance

6.3*
Labour
Practices

6.5*
Fair
Operating
Practices

6.4*
The
Environment

INTERDEPENDENCE
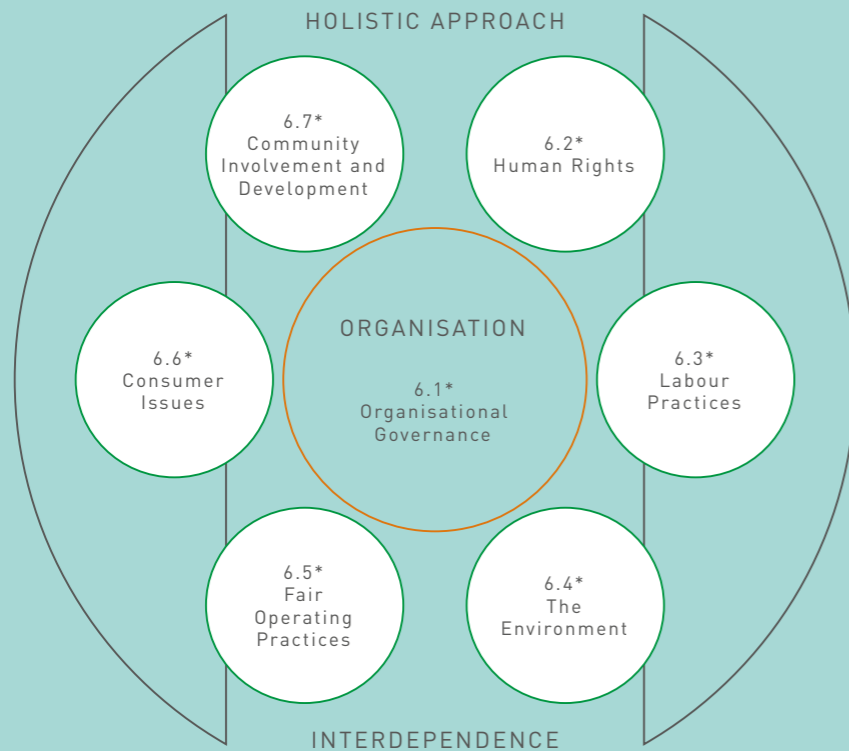
The seven core subjects will be explained in detail in the course of this book but will be described here briefly:

1. Organisational governance: business leaders should practice and promote ethical behaviour, accountability and transparency.

2. Human rights: businesses should identify members of vulnerable groups among their stakeholders and avoid taking part in abusing others or benefit directly from abuses committed by someone else.

3. Labour practices: all employees should earn a fair wage through fairly chosen work that they can execute under favourable conditions, at the businesses' own workplace and in workplaces that can be linked to the business (suppliers).

4. The environment: businesses should take actions to prevent harm to the environment and improve the environment where possible.

5. Fair operating practices: businesses should show ethical behaviour in their working practices, respecting honesty, property rights, fair wages and payment terms to ensure that their relationships can also fulfil their social responsibilities.

6. Consumer issues: businesses should protect their customers' health and safety, ensure minimal waste, limit the harmful effect of production and consumption and pay attention to the needs of vulnerable members of society.

7. Community involvement and development: a business' core business model should integrate community benefits such as job creation, skills development, provision of health and welfare, etc.

## LOCAL INITIATIVE: SUSTAINABLE BUSINESS MANAGEMENT IN FLANDERS

In the last paragraph of this chapter, the current state of sustainable business management in Belgium is presented. In 2018, ING and Antwerp Management School conducted a study, looking at the sustainability efforts in Belgian companies, both from a practical side and a motivational side (ING, n.d.) The study showed that most companies (90%) are aware of the need to incorporate sustainability in their daily processes and strategies but not all companies are already at the same stage when it comes to implementing concrete initiatives. Moreover, the study showed that most companies are dealing with sustainability from an ecological perspective, using the narrow definition of sustainability.

Figure 1.8 Sustainability in Belgian companies

Attention for Sustainability (in %)
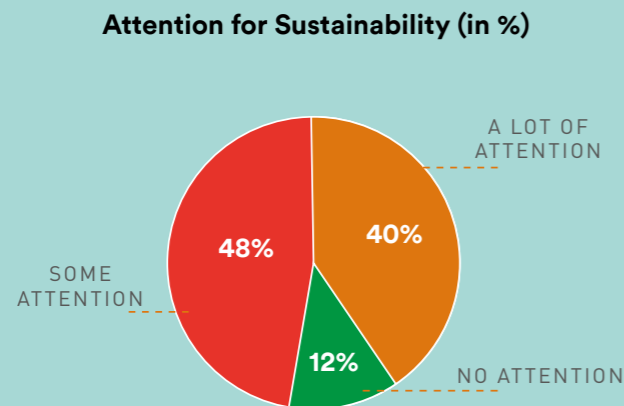
When we look at the motivational side of the sustainability initiatives that these companies are taking, we see that Belgian companies see sustainability often as an ethical choice. They choose to start sustainability initiatives because it is the right thing to do. Secondly, we observe the ecological motivation towards sustainability: initiatives are launched because it saves energy. This argument is usually not only an ecological one, saving energy usually means a lower cost as well and will, therefore, increase profit. In third place, we notice the businesses' ambitions to become more future-proof. As discussed earlier, sustainable business management is about ensuring that the future generations will be able to fulfil their needs, so this motivation seems to be inspired by this as well.

Figure 1.9 Motivations for sustainability

Motivations for Sustainability
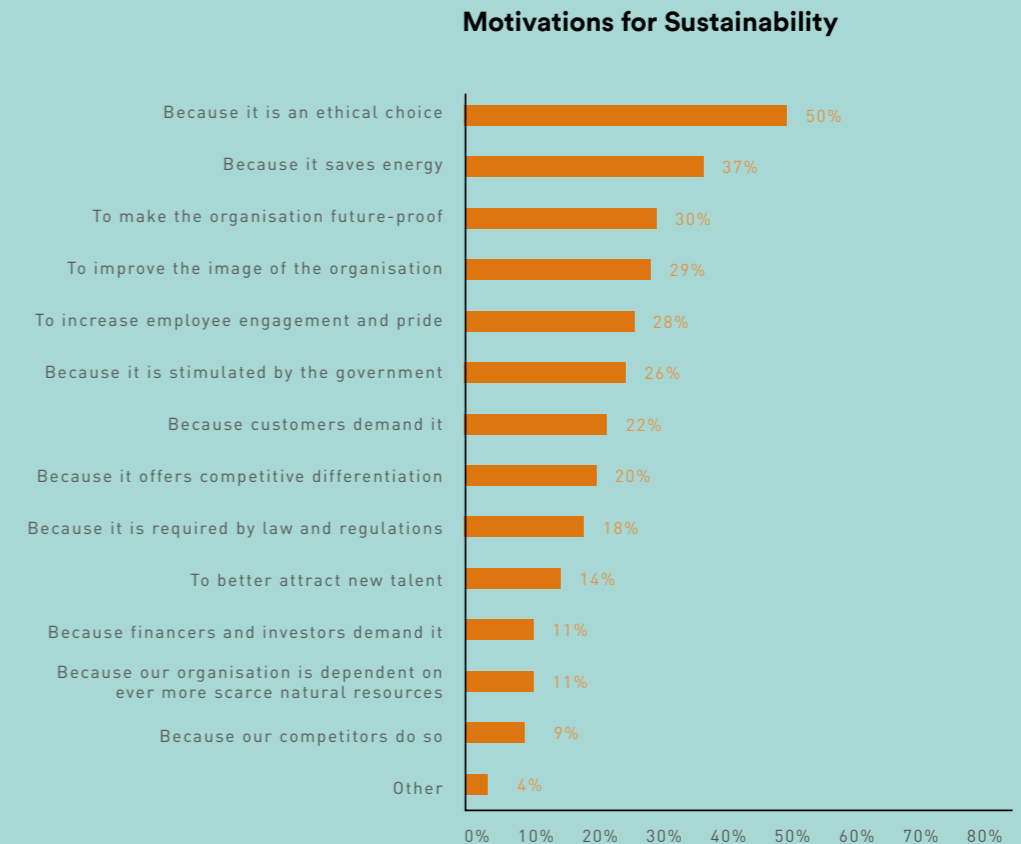
To conclude, it is also interesting to see what kind of initiatives the companies are taking today. In the study, the researchers focused on the ecological and social aspect of sustainability which led to the following results.

Figure 1.10 Activities on the ecological dimension

Activities on the Ecological Dimension

Activity	Percentage
Energy reduction	78%
Waste reduction	72%
Reuse/recycling/circular economy	42%
Waste reduction	40%
CO$_2$ reduction	36%
Collecting old products	31%
Generation/use of green energy	30%
Protection and improvement of natural environment	24%
Supporting good causes with an ecological goal	22%
Developing new and/or innovative green products	20%
No activities on this dimension	2%
Other	4%

The activities on the ecological dimension are primarily centered around energy reduction, waste reduction and circular economy. These solutions are also discussed in the second part of this book as these are areas within sustainable business management that offer concrete and promising solutions to ensure that we will reduce our impact on the planet. The activities on the social dimension are primarily focused on employee well-being. Although this is an important part of sustainability as well, businesses should dare to look beyond their company borders and look for initiatives to enhance the life of all stakeholders. We will talk about this more comprehensively in chapter 5 when we discuss stakeholder management and in chapter 6 and 7, when we talk about CSR and social entrepreneurship as possible sustainability initiatives.

Figure 1.11 Activities on the social dimension

Activities on the Social Dimension

Activity	Percentage
Attention for the well-being of our employees	64%
Attention for the employability of our employees	51%
Attention for diversity in cultural backgrounds within the organisation	44%
Supporting good causes with a social goal	37%
Employing people with labour market disadvantages	31%
Enabling employees to volunteer	27%
Developing new/innovative products with a social quality	18%
No activities on this dimension	4%
Other	3%