Corporate Sustainability and Sustainable Development: Is the Difference Simply Semantics?

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There are differing perceptions of the term corporate sustainability most of which stem from the general understanding of the notion of sustainable development and its dimensions. However, a review of contemporary and extant literatures show that while there are similarities between the two concepts there are, also, marked differences. The lack of clarity in understanding the concept of corporate sustainability stemming from the differing perspectives, and dimensions of sustainable development, through which practitioners learn of it may lead to an organisation’s inability to take proper steps towards its actualisation, hence the need for clarification. This report, therefore, provides some convergence of perspectives by examining various perspectives on sustainable development and corporate sustainability, offering an analysis of various conceptual definitions and in the process develops a basic model for mapping corporate sustainability. Also, it provides a consensual definition of the concept of corporate sustainability.

Keywords: Corporate Sustainability, Sustainability, Sustainable Development

1. Introduction

Since the inception of the concept of sustainable development, the term sustainability, has been used loosely. Important to this paper is its use alternately to corporate sustainability. This paper examines the origin of the concept of sustainable development as a way of understanding corporate sustainability. This is with a view to ascertaining their similarities and differences. In so doing, it reflects on the purpose of an organisation as well as identifies the issues that are central to the concept of corporate sustainability and those that are peripheral. It also explores the practice of corporate sustainability and concludes with a highlight of the benefits of the concept.

Journals and other resources reviewed for the purpose of this study generally appear to be focused on either sustainability or sustainable development. In situations where both concepts were used simultaneously it was for reasons other than examining their relationship directly. This study, therefore, sets out to directly explore the relationship between the two concepts. This highlights the need for empirical research to be done around the objective of this study due to this perceived limitation.

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This paper commences by exploring the background of corporate sustainability through an analysis of its relationship with the concept of sustainable development. The rest of the paper is organised as follows: section 3 is an analysis of sustainable development; section 4 will examine the meaning of sustainability while exploring its relationship with sustainable development; section 5 will analyse the idea of corporate sustainability; and section 6 will summarise the entire analysis.

2. Background

Corporate sustainability is a term that is used interchangeably with sustainability. In interactions with various people, including industry practitioners and academics, the term sustainability has been used. It often turns out that most people using the term in a business context do so from their perception or understanding of the concept of sustainable development, which is correct to a reasonable extent. Looking up the term in the dictionary gives a meaning of the word, while relating it to sustainable development broadens the scope and places it in a better perspective in relation to the contextual meaning, which is how most people arrive at their understanding of the term. The Oxford English Dictionary (2006) derives sustainability from the word sustainable which means ability to "be maintained at certain rate or level," while Collins Concise Dictionary & Thesaurus (2004) defines it as having the capacity to endure.

This situation relating to the use of the term 'sustainability' could be likened to a door designated as a fire (emergency) exit ONLY which should be 'kept shut and clear at all times' but is often left open and in use. It could result to a tendency of losing its essence, unless there is continuous reinforcement of the essence.

Many people have similar experience in different areas of life, including their learning process. This same situation prevails in the general understanding of this new buzzword – sustainability (Corporate Sustainability), hence the need to clarify it in a way that offers a better understanding of the concept and results in meaningful impact. This clarification becomes more compelling against the backdrop of a prevailing use of the term, sustainable, as a sort of 'prefix' in introducing the concept of sustainable development into many different contexts such as; 'sustainable housing,' 'sustainable production,' 'sustainable education,' and so on. To achieve this clarification there is a need to explore corporate sustainability's origin and objectives.

Individuals use the term, sustainability, in the literal sense which is reasonably correct based on the dictionary definition and within the context of an organisation's operations. For example, a human resources manager may ask his staff, who wants to employ five senior managers for a small department on full time basis, if it is sustainable? The question, most likely, is being asked based on the economic feasibility. The other context sustainability is usually brought in, particularly during corporate trainings, is in respect of materials and waste management, recycling.

We have all come to realise that the resources of this planet are limited and as such we cannot continue in our current pattern of its consumption. This is coupled with the fact that humanity has created an imbalance in our social and natural ecosystem in an unprecedented manner (Dasgupta, 2007) within the last century, and in a brief period of time (Cheung and Chang, 2003; Dasgupta, 2007; Borland, 2009) through activities such as over-exploitation of natural resources, military conflicts, and a host of other environmentally degrading activities. Again,
there is the increased awareness of a global relationship\textsuperscript{ii} (Mitchelle, 2000; Clift, 1998) between environmental issues and socio-economic problems such as inequality, poverty, in a way that even threatens the future of humanity (Wackernagel and Rees, 1996; Giddings et al, 2002).

3. Sustainable Development

Most individuals are aware of the efforts of the United Nations in trying to address this concern right from the Stockholm conference on human environment in 1972 to the Brundtland Commission (WCE, 1987) which offered a definition of the term – sustainable development. As has been noted earlier, most of us have rightly developed our understanding of the concept of sustainability from this angle. However, this raises two fundamental questions – whether there is a difference between sustainable development and sustainability (corporate sustainability), and whether an appreciation of sustainability based largely on sustainable development would support the realisation of the objectives of sustainability (if sustainability is different from sustainable development)? The basis of these questions is that people who understand sustainability from this angle may focus largely on what could be termed the ‘peripheral green issues’ (PGIs) such as reducing waste in the form of excessive energy consumption, office paper usage, and other activities increasing the operational carbon footprint. An important question which will be asked at this point but dealt with at a later stage is – whether an element such as human resources, isn’t it a factor (just like the PGIs) which its sustainability need to be considered critically within the context of the use of the term – ‘sustainable’ (literarily or contextually)? Of course, it then comes down to one’s understanding of the term – sustainability.

It is important to acknowledge quickly that individuals with such understanding or perception of sustainability are not wrong. The issue is whether such perceptions or understanding would result in actions that fundamentally address the challenges at stake with respect to sustainable development. This, then, leads one to explore what sustainable development is all about. The Brundtland Commission (WCE, 1987) called for equity between today’s and generations of the future, and an enhancement of the level of wellbeing which respects the carrying capacity of the social and ecological system (Naess, 1998), by implication, a reduction in the consumption of resources that are non-renewable\textsuperscript{iii} (Naess, 1988; Borland, 2009). It defined sustainable development as "development that meets the needs of the present without compromising the ability of the future generation to meet their own needs," which is a possible consequence of resources availability infringement (RAI). It is envisaged that in order not to compromise humanity in the long term, we must transit from the current ‘open cycle’ (Orecchini and Naso, 2003; Braungart et al, 2007; Tansley, 1935) pattern of consumption to a ‘closed cycle’ pattern as modelled in figures 1.0 and 2.0 respectively.
Having highlighted the origin of sustainable development the question that may follow from it is; what's the point, then? This still takes one back to the earlier position; that based on such highlighted understanding or perception of sustainability, one may not be able to make the fundamental changes within an organisation which is required in order to achieve the objectives of sustainability as distinct from sustainable development - if any.

The debate continues to rage as to the authenticity, or otherwise, of environmental ‘insults’ (Boron and Keith, 2004) such as global warming, which is another key dimension and contributor to the issue of sustainable development. Within the core issue of sustainable development debates persist as well.

4. What is Sustainability?

Sustainability is the corporate dimension of sustainable development. And this takes one back, once again, to the earlier emphasis that if there is continued understanding of sustainability, as a lot of people do presently, there will be inability to make the required fundamental changes (Wikstrom, 2010; Baumgartner and Ebner, 2010; Galbraith et al, 2008).

Sustainability is not just a social campaign or a convenient corporate slogan aimed at achieving sustainable development that could be deployed for short term returns or image enhancement. Sustainability is a holistic approach, a philosophy (Berns et al, 2009), and only when it is approached as such would it make the required impact. Managing waste within an organisation through means such as energy conservation, recycling toner cartridges and minimising the use of copier paper, as well as recycling used paper products are all in line with the philosophy of sustainable development (Haughton, 1999), and supports sustainability to
some degree. However, such measures do not factor in things like human resources waste such as overstaffing, an example of which was the HR staff employing five (5) senior managers on full time basis for a relatively small department. That is part of what the question – ‘is it sustainable?’ – should cover. The point is that, in as much as one can argue that these positive steps (i.e. addressing PGI) are in the right direction and geared towards sustainability they are superficial and would not engender the required fundamental changes towards sustainable developmentiv (Haughton, ibid).

Going back to the literal meaning of the term sustainability, which is part of what is implied in the contextual use of the term, it means being “capable of being maintained at a certain rate or level (Oxford Dictionary, 2006)” in other words; having the capacity to endure (Gilmour, 2003). Therefore, in analysing from the three sustainability perspectives as reflected below; sustainable approaches to business including PGI (organisation for sustainability), a coherent strategy for sustainability along the lines of the organisation’s functional units that will make a business endure (sustainable business), or the final state where the sustainability objectives are largely met (sustainable organisation) (Wikstrom, 2010), a big question arises; would the pursuit of PGI such as recycling papers and cartridges, using energy efficiently - all of which relates to ethical ways of doing businessv (Ketola, 2008; Porritt, 2007; Polonsty et al (2005) - bring about corporate sustainability? The obvious answer is NO! If there is an agreement on that, then that leads to the question; what is sustainability (corporate sustainability)?

Figure 3: Three sustainability perspectives (Sources: Wikstrom, 2010)

At this point there is the need to highlight the purpose of the organisation upon which the term, ‘sustainable’, is now being applied. The primary purpose of an organisation is to create value to enable it make adequate returns to the shareholders. Sustainability as being used, despite the merits, leaves it exposed to a major criticism of the concept of stakeholdership (Friedman, 1970) which sustainability is supposed to address - the lack of focus on only maximising shareholders profit. Sustainability, as intended, pursues the purpose of the organisation, addresses criticisms of stakeholdershipvi in a long term manner, and advances the objectives of sustainable development (Metcalfe, 1998).

5. Why Corporate Sustainability?

Sustainability is the transfer of the society’s concept of sustainable development to the business context in a fundamental way that enable’s a firm achieve twin goals of sustainable development and organisational objectives (Baumgartner and Ebner, 2010).
The business dimension of sustainable development is an imperative for the overall objective of sustainable development to be attained. Beyond the need for a firm’s activities to be ‘maintained at certain rate or level’ with the resultant benefits, it is very critical because of the role and impact of businesses in all our lives, besides objectives which firms set for themselves. Of the 100 largest economies in the world, according to UNCTAD (2006; 2002) data, 51 of them are corporations while only 49 are countries. This is besides the fact that the greater percentage of the earth’s resources are explored, exploited, harnessed, used, stored, bought, sold or owned by corporations (Maak, 2009). Therefore, if the concept of sustainable development is to succeed, corporations must be at the forefront by adopting sustainability as a core strategy. In this case the adoption of sustainability will have two key objectives; ‘ensuring equity between today’s and generations of the future’ and ‘the organisation and its activities being capable of being maintained at a certain rate or level.’ Therefore, sustainability entails more than the PGIs which fall within the realm of ethical business practices.

In today’s competitive environment one wonders if a charity can survive by focusing mainly on sustainable development-related issues, let alone a profit oriented firm. For sustainability to be achieved in an organisation it must be approached from three key dimensions highlighted in the model below, Fig. 4.0, which illustrates sustainability’s dimensions: business-related sustainability which comprises of strategy, HR, auditing, culture management etc; social sustainability - the awareness of a firm’s responsibility for its activities along with a long term commitment that is credible in all of its business activities, including participation in community activities; ecological or environmental sustainability relating to policies on the environment, the control and management of pollution, and the impact of industrialisation on biodiversity (Wikstrom, 2010; Baumgartner and Ebner, 2010; Bonn and Fisher, 2011).

**Figure 4: Dimensions of Corporate Sustainability**

Corporate sustainability is an organisation’s ability to make profit along with sustaining the environment (Market House, 2002); in other words, sustainable profit that is generated through practices that are well thought out and planned which are environmentally and socially sensitive (Kiuchi and Shireman, 2001). Sustainable approach to business involves a determination by an organisation to seek ways that will ensure that the business endures. This should be by achieving advantages that are sustainable through means that are fundamentally different; reinventing traditional management approaches and practices such that they are sustainable.

In order to achieve sustainability, a different or new paradigm needs to be adopted – instead of trade-offs that usually occur there should be solutions to social, economic and environmental issues simultaneously (Rowledge, 1999). The cradle-to-grave lifecycle needs re-evaluation and redesigning with sustainability adopted as the foundation and overriding objective for
business activities, while the perception of success need to be changed radically from economic-based to sustainability-based measures (LaGrega et al., 1994). The fact is that we are transiting from a knowledge-based economy to a sustainability-based economy (Epstein et al., 2010).

An anticipated question at this point is – whether it is possible for an entity to be pursuing the goals of sustainable development but not necessarily pursuing corporate sustainability? While there are various perceptions of the term sustainability that are reasonably correct, it is important to aggregate them in a way that offers a broad understanding which will enable its implementation serve the overall objectives of sustainable development, as well as those of the corporation. As one focuses on sustainable development, an organisation may be implementing the PGIs without necessarily having corporate sustainability as its core strategy.

This distinction between sustainability and sustainable development, which is illustrated in the model below, could be appreciated better if viewed with respect to entities such as charities, religious groups and associations, or activities in a family that may be pursuing the objectives of sustainable development. These entities cannot pursue sustainability in the context of this discourse.

**Figure 5: Relationship between Sustainable Development and Corporate Sustainability**

An organisation that is pursuing corporate sustainability must have a comprehensive and coherent top to bottom sustainability strategy, as part of its architecture (Berns et al., 2009). It must have clear objectives that are vertical as well as horizontal for every functional business unit. Using the Human Resources (HR) department of an organisation for instance, its vertical approach are those activities that are geared towards imbibing and engendering the tenets of sustainability in the organisation and its employees. This could be through policies and capacity building measures such as inductions, employees’ health and safety policies, team briefings, and staff trainings and development. The horizontal approach relates to implementation. This entails measures to ensure that the workforce and materials are efficiently and effectively utilised with sensitivity towards socio-environmental and business-sustainability related issues (Elkington, 2001; Wikstrom, 2010). This could be attained through means such as company manuals or guidelines that clearly incorporates and outlines the organisation’s sustainability strategy, operational guidelines geared towards sustainability,
organisational culture that engenders the tenets of sustainability, and effective staffing of departments.

The model below, which reflects the vertical and horizontal approach to sustainability, could be used to map the sustainability of the functional units of an organisation.

Figure 6: Vertical and Horizontal dimensions of Business-related Sustainability using Human Resources Dept.

6. Conclusion

Sustainability, economic development with full consideration of its socio-environmental consequences (Allaby, 1998), has as its objectives the attainment of the basic needs of everyone, extension of opportunity that allows the fulfilment of aspiration of a better life for everyone, moderation in the use of the earth’s resources, renewal of resources from nature that are depleting and finite, along with the attainment of corporate objectives (Shrivastava, 1995; UN, 1992; UNWCED, (1987).

If the concept of sustainability is clearly understood within an organisation there is a higher possibility of the organisation developing a broad and coherent strategy towards attaining it. This will consequentially propel it towards sustainable development. It should be clearer now that although sustainability is an offshoot of sustainable development, sustainability has a subset of activities that are unique to it. Hence an organisation may imbibe sustainable development values but may not attain the state of a sustainable organisation. A sustainable organisation should not fail.
The twentieth century growth in world population has been about four to six billion, corresponding increase in industrial output by a multiple of 40; the use of energy by a multiple of 16; growth in the population of methane-producing cattle at the same pace with human population; increase in fish catching by a multiple of 35; emission of carbon and sulphur dioxide by a multiple of 10 resulting from the use of fertilisers, application of nitrogen to the terrestrial environment; the increased presence of fossil fuels and leguminous crops now greater than from what comes from combined natural sources (Dasgupta, 2007).

The principles of ‘concentricity’ reminds us that we depend totally on the environment for our existence, and reiterates that the three core domains of sustainability; economics, environment and society are in a hierarchical relationship, not a co-planar one (Mitchell, 2000; Clift, 1998).

Technically, non-renewable are renewable, but under certain conditions which takes a very long time span, therefore, non-renewable in terms of human usefulness. Sunlight, wind, wave and all types of flora are renewable resources which are also the only replaceable energy sources. While sunlight remain the most important source of renewable energy, along with flora they constitute the basis of all life on earth as they are the source of our food (Naess, 1988; Borland, ibid)

Five principles of sustainable development are futurity (inter-generational equity); social justice (intra-generational equity); trans-frontier responsibility (geographical equity); treating people openly and fairly (procedural equity); the importance of biodiversity (inter-species equity) (Haughton, 1999).

Issues which were traditionally consigned to corporate social responsibility and business ethics are now at the heart of sustainability and the environment.

Stakeholdership entails the management of an organisation for the good of individuals or groups affected by the achievement of the organisation’s objectives.

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