Sustainable Green Business

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Abstract:

The world is today facing unique environmental challenges. The idea that business has a responsibility other than producing goods and services is not new. Corporate responsibility now extends to encompass not only the needs of employees, but also the environment and society as a whole. As industry grows in strength and importance, it is also is being called upon to share the benefits of its growth with members of society. The article focuses on Sustainable Green Business as a way for sustainable development. PESTLE analysis is a useful tool for understanding the industry situation as a whole, and is often used in conjunction with a SWOT analysis to assess the situation of an individual business.

Key words: business, environment, management, PESTLE analysis, sustainable development

1 Introduction

A sustainable business is any organization that participates in environmentally-friendly or green activities to ensure that all processes, products, and manufacturing activities adequately address current environmental concerns while maintaining a profit. In other words, it is a business that "meets the needs of the present world without compromising the ability of the future generations to meet their own needs"[1]. It is the process of assessing how to design products that will take advantage of the current environmental situation and how well a company's products perform with renewable resources [2]. The Brundtland Report [3] emphasized that sustainability is a three-legged stool of people, planet, and profit. Sustainable businesses with the supply chain try to balance all three [4] [through the triple-bottom-line concept—using sustainable development and sustainable distribution to impact the environment, business growth, and the society [5]. Everyone affects the sustainability of the marketplace and the planet in some way. Sustainable development within a business can create value for customers, investors, and the environment. A sustainable business must meet customer needs while, at the same time, treating the environment well [6].

2 Environmental Organizational Scanning

PESTLE analysis is a useful tool for understanding the industry situation as a whole, and is often used in conjunction with a SWOT analysis to assess the situation of an individual business. PESTLE stands for "Political, Economic, Sociological, Technological, Legal and Environmental" factors. The questions to ask yourself are :

- What are the key political factors likely to affect the industry?
- What are the important economic factors?
- What cultural aspects are most important?
- What technological innovations are likely to occur?
- What current and impending legislation may affect the industry?
- What are the environmental considerations [7]?

Originally designed as a business environmental scan, the PEST or PESTLE analysis is an analysis of the external macro environment in which a business operates. These are often factors which are beyond the control or influence of a business, however are

important to be aware of when doing product development, business or strategy planning [8].

Factor	Often Comprised Of
Political	- Current taxation policy - Future taxation policy - The current and future political support - Grants, funding and initiatives - Trade bodies - Effect of wars or worsening relations with particular countries
Economic	- Overall economic situation - Strength of consumer spending - Current and future levels of government spending - Ease of access to loans - Current and future level of interest rates, inflation and unemployment - Specific taxation policies and trends - Exchange rates
Sociological	- Demographics - Lifestyle patterns and changes - Attitudes towards issues such as education, corporate responsibility and the environment - Social mobility - Media views and perceptions - Ethnic and religious differences
Technological	- Relevant current and future technology innovations - The level of research funding - The ways in which consumers make purchases - Intellectual property rights and copyright infringements - Global communication technological advances
Legal	- Legislation in areas such as employment, competition and health & safety - Future legislation changes - Changes in European law - Trading policies - Regulatory bodies
Environmental	- The level of pollution created by the product or service - Recycling considerations - Attitudes to the environment from the government, media and consumers - Current and future environmental legislative changes

Table 1: PESTLE analysis [7]

It is important to take into account PESTLE factors for the following main reasons:

- Firstly, by making effective use of PESTLE analysis, you ensure that what you are doing is aligned positively with the powerful forces of change that are affecting our working environment. By taking advantage of change, you are much more likely to be successful than if your activities oppose it
- Secondly, good use of PESTLE analysis helps you avoid taking action that is likely to lead to failure for reasons beyond your control
- Thirdly, PESTLE is useful when you start a new product or service. Use of PESTLE helps you break free of assumptions, and helps you quickly adapt to the realities of the new environment [8].

So where did the term PEST or PESTLE derive? What were the origins? The term PESTLE has been used regularly in the last 10+ years and its true history is difficult to establish. From our research, the earliest know reference to tools and techniques for 'Scanning the Business Environment' appears to be by Francis J. Aguilar (1967) who discusses 'ETPS' - a mnemonic for the four sectors of his taxonomy of the environment: Economic, Technical, Political, and Social. Shortly after its publication, Arnold Brown for the Institute of Life Insurance (in the US) reorganized it as 'STEP' (Strategic Trend Evaluation Process) as a way to organise the results of his environmental scanning. Thereafter, this 'macro external environment analysis', or 'environmental scanning for change', was modified yet again to become a so-called STEPE analysis (the Social, Technical, Economic, Political, and Ecological taxonomies). In the 1980s, several other authors including Fahey, Narayanan, Morrison, Renfro, Boucher, Mecca and Porter included variations of the taxonomy classifications in a variety of orders: PEST, PESTLE, STEEPLE etc. Why the slightly negative connotations of PEST have proven to be more popular than STEP is not known. There is no implied order or priority in any of the formats. Some purists claim that STEP or PEST still contain headings which are appropriate for all situations, other claim that the additional breakdown of some factors to help individuals and teams undertaking an environmental scan. It is important to clearly identify the subject of a PESTLE analysis (that is a clear goal or output requirement), because an analysis of this type is multi faceted in relation to a particular business unit or proposition - if you dilute the focus you will produce

an unclear picture - so be clear about the situation and perspective that you use PESTLE to analyze.
A market is defined by what is addressing it, be it a product, company, organization, brand, business unit, proposition, idea, etc, so be clear about how you define the market being analyzed, particularly if you use PESTLE analysis in workshops, team exercises or as a delegated task. The PESTLE subject should be a clear definition of the market being addressed, which might be from any of the following standpoints:

- A company looking at its market
- A product looking at its market
- A brand in relation to its market
- A local business unit or function in a business
- A strategic option, such as entering a new market or launching a new product
- A potential acquisition
- A potential partnership [8].

3 Importance of Change

The difficulty with any change phenomenon during its infancy is that evidence supporting the importance and viability of the various mechanisms and techniques is scant. There are many issues that warrant attention and require a response. Interpreting the importance of change means that one can understand its implications. A single stakeholder group may not suggest a trend, but many such groups indicate a powerful force for change. Listening and learning about needs and wants of customers and stakeholders provide the inputs necessary for determining how to deal with forces of change within the business environment. It can establish the underlying conditions, trends, patterns, and related consequences. Today, however, solutions have to be framed in the context of the social, economic, political, environmental, and technological structures as well as the legal and regulatory ones. Interpreting the mechanisms of change within the complexity of this more holistic view requires an enormous amount of information from a multiplicity of sources. Some of the most important consideration are:

- Who are the change agent?
- What are the requirements for change?
- What is the speed of change?
- What are the most compelling opportunities for effecting improvement?
- What are the required means and mechanisms to achieve sustainable competitive advantages? [xx].

4 Corporate Responsibility

Corporate responsibility now extends to encompass not only the needs of employees, but also the environment and society as a whole. As industry grows in strength and importance, it is also is being called upon to share the benefits of its growth with members of society. The key element of a precautionary approach, from a business perspective, is the idea of prevention rather than cure. In other words, it is more cost-effective to take early action to ensure that irreversible environmental damage does not occur [10]. An EMS is the organizational structure and associated responsibilities and procedures to integrate environmental considerations and objectives into the ongoing management decision-making processes and operations of an organization. According to an EPA summary, an EMS is a continual cycle of planning, implementing, reviewing and improving the processes and actions that an organization undertakes to meet its business and environmental goals.
Leaders of successful, high-growth companies understand that innovation is what drives growth, and innovation is achieved by awesome people with a shared relentless growth attitude and shared passion for problem solving and for turning ideas into realities. Companies that continuously innovate will create and re-invent new markets, products, services, and business models – which leads to more growth. Innovation is founded on your enterprise's ability to recognize market opportunities, your internal capabilities to respond innovatively, and your knowledge base. So, the best thing to do to guarantee growth is to build a sustainable innovation organization around the following components:

1. Vision and strategy for innovation
2. Culture supporting innovation
3. Processes, practices and systems supporting innovation
4. Top management team leading innovation
5. Cross-functional teams mapping innovation road
6. Empowered employees driving innovation [11].

5 Vision and Objectives of Sustainable Development

Plan B for Slovenia is an initiative for sustainable development by a group of non-governmental organisations and individual experts. With it we offer for consideration, adoption and implementation a

series of programmes and projects which we believe are essential for achieving the development objectives adopted at the national level with the Development Strategy for Slovenia (Government of Slovenia 23.6.2005). The economic development objective is to overtake the EU average level of economic development (measured in GDP per capita in purchasing power parity) and raise employment in line with the Lisbon Strategy. The social development objective is to improve the quality of life and increase the prosperity of all citizens, measured by indices of human development, social risk and social interconnection. The intergenerational and ecological development objective is adherence to the principle of sustainability as the fundamental qualitative measure in all domains of development, including sustainable population renewal. The sustainability principle, namely, requires that the present generations fulfil their needs in a manner that does not compromise the ability of future generations to satisfy their needs at least as well. In the international arena Slovenia's development objective is to become a country recognised and distinguished in the international community by its developmental model, cultural identity and active engagement[12] . They propose the following vision for Slovenia by 2020:

Slovenia is a country of prosperity and quality of life in true co-existence with nature. It achieves competitive advantage and fulfils its obligations in the global world by:

- Respecting the constraints of the environmental space, particularly by rapidly transiting to a low-greenhouse gas emission society;
- Effectively adapting adaptation to climate change;
- Incorporating and interlinking local resources for regional development;
- Innovative technologies grounded in human resources, the spatial pattern, the natural, cultural resources and the social edifice of Slovenia (e.g. ecoremediation)
- Educating creative people;
- An efficient state based on participative democracy and respect for human rights;
- Effectively preserving areas and ecosystems;
- Giving an example to other countries by its sustainable development.

They also propose the following temporally limited and quantified implementation projects, which are ambitious but nevertheless realistic and feasible in their view.

Economy

Higher global competitiveness: by 2020 Slovenia is ranked at least 20th on the WEF competitiveness index.

Greater energy efficiency: zero growth of primary energy use by 2020.

Higher share of renewable energy in final energy use: by 2020 the share of renewable energy sources (RES) is at least 30% of final energy use, and at least 70% by 2050.

Natural potentials for added value in the countryside are realised: by 2020 the share of persons employed and self-employed in their municipality of residence rises to 65% (2005 = 54.5%).

High rate of employment for the active population: by 2013 unemployment is under 4% of the active population.

Higher investment in research and development (R & D): by 2013 gross domestic expenditure for R&D is at least 3.2% of GDP.

Society

Better public health: by 2020 life expectancy rises to 80 years of age.

Uprooted poverty: by 2020 less than 8% of the population lives below the poverty line.

Accelerated development of all regions: by 2020 the Human Development Index (HDI) in every region is above 0.949 (which was the HDI for Italy as a whole in 2004).

Housing for young families: by 2020 a rented flat is available for every young family for 30% of the average net wage.

Higher education of the young: by 2020 the full generation attends secondary school. 50% of the generation finishes tertiary education.

Better educational structure of the population: by 2013 the annual share of actively engaged in education is above 50%.

Stronger civil society: by 2013 the share of added value created by non-profit civil society organisations is at least 2% of total added value.

Environment

A balanced ecological footprint: by 2020 the ecological footprint of global hectare per person is less than 2.8.

Lower contribution to climate change: by 2020 greenhouse gas emissions are at least 30% lower than in 1990 and 80% lower by 2050.

Adaptation to climate change: by 2020 less than 5% of the population is threatened by environmental or economic impacts of climate change.

Proper nature preservation: by 2013 the Natura 2000 network is fully implemented and ecologically important and protected areas are respected.
Sustainable growth of built-up areas: by 2013 the growth of built-up areas is lower than the growth of GDP.
Sustainable agriculture: by 2015, 20% of agricultural land and 15% of farms are engaged in sustainable agriculture.
Preservation of water resources: by 2015 good water condition is attained in line with the Water Framework Directive
Environmental pollution is no threat to public health: by 2015 no region of Slovenia is under threat according to the Environmental Protection Law.
Access to public transport: by 2015 at least 80% of the population has access to public transport of good quality [12].

5 Conclusion

One of the key reasons for the problems of today is the absence of an integral approach in planning or drafting development strategies. It is a feature of natural eco-systems that each thing or living creature can do several things at the same time and that each important task is supported by several different elements. Human society may also be viewed as an integral system made up of individuals and groups, but subjected as a whole to the laws of nature. To achieve a desired objective we have to know the law that determine interactions in order to be able to foresee all the main consequences of our actions [12]. Specially in Sustainable Green Business.

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