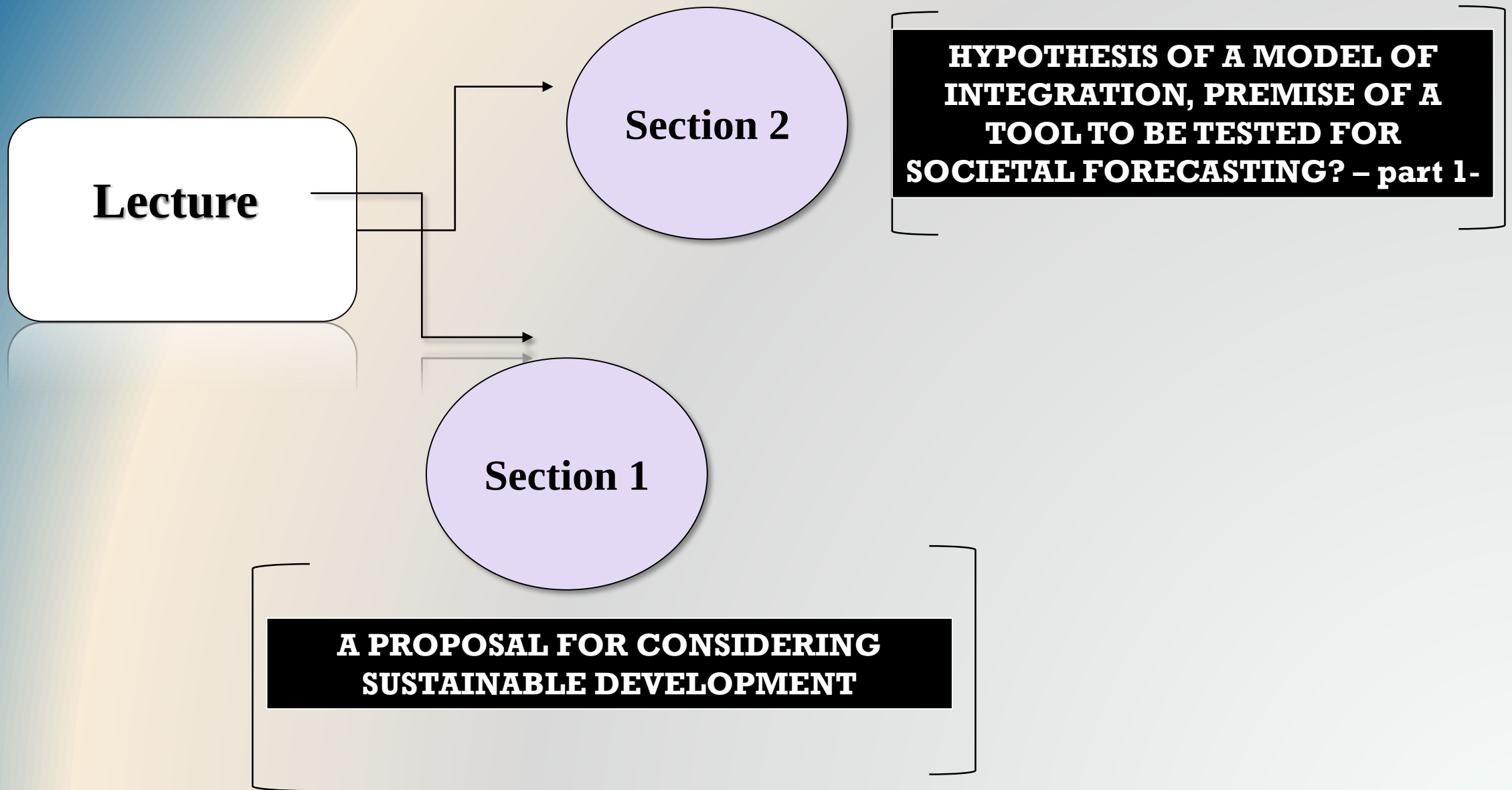


WELCOME



Section 1

A PROPOSAL FOR CONSIDERING SUSTAINABLE DEVELOPMENT

INTRODUCTION

"The principal cause of continuous degradation of the world environment is a model of consumption and nonviable production, in particular in the industrialized countries, which is extremely alarming because it worsens poverty and creates imbalances".

Companies are the first concerned, whether they be leaders or followers, multinationals or SMEs. We know about innovation which relates to a product, a process or a new activity; but can one speak about innovation when the added value is not measured against the result (what the firm or the organisation produces for its customers) but on the way in which this result is obtained (human resources) and how this difference impacts or can impact consumers? The representation of value will differ from one person to another and above all the intrinsic value of a product is related to personal values which are constantly evolving. This subject is widely synthesised by the sustainable development concept.

INTRODUCTION

Beyond the context which highlights the contradictions of our societies, which companies submit to or resolve, the example of sustainable development describes how a concept can stem from values that are not shared and yet be integrated by companies in order to gain an opportunity of equitable development for everybody.

So, we show that sustainable development can be considered as a tool to evaluate economic scenarios: it can provide a competitive advantage by developing both products or technologies respecting the environment and society's values throughout their life cycle.

INTRODUCTION

Finally, sustainable development could be integrated into social development scenarios where companies listen to all those involved in projects (internal or external) and to their values.

THE CONCEPT OF SUSTAINABLE DEVELOPMENT:TOWARDS A SUPPRESSION OF CONTRADICTIONS?

ORIGIN OF SUSTAINABLE DEVELOPMENT

The concept of development sustainable has been gradually developed since the Seventies with the discovery of the limits of the means of growth of our companies that are exhausting natural resources and generating a great disparity of wealth. With the cry "we have only one Earth!" (Stockholm-1972) various currents of thoughts came together. It became necessary to protect the environment against the degradation of ecosystems and against the exhaustion of natural resources related to human activities.

THE CONCEPT OF SUSTAINABLE DEVELOPMENT:TOWARDS A SUPPRESSION OF CONTRADICTIONS?

ORIGIN OF SUSTAINABLE DEVELOPMENT

Then, gradually, a socio-economic dimension was added to the environmental dimension. The expression "sustainable development" was invented in 1980 by an ecologist NGO, the IUCN, in its "world Strategy for environmental protection". The World Commission on the Environment and Development (UNO) uses the term and states, in 1987, in its report "Our future" called the "Brundtland Report" (the name of Madam the Norwegian Prime Minister who chaired the Commission) the need for adopting sustainable growth.

THE CONCEPT OF SUSTAINABLE DEVELOPMENT:TOWARDS A SUPPRESSION OF CONTRADICTIONS?

ORIGIN OF SUSTAINABLE DEVELOPMENT

In 1992, 173 States committed themselves towards sustainable development by underwriting "the Rio declaration on the Environment and Development" and a document of more than 2500 proposals for actions "the Agenda for the 21st century" (commonly called Agenda21 or Actions21)(CNUED, 1989). The collaborators of companies who work in those fields close to the criteria observed by sustainable development each have their own definition of the concept.

AN ATTEMPT AT A DEFINITION

Semantic clarification of this new concept

Development does not only include the economic vocation of the company but also covers the objectives and the more individual intentions with all of its partners in a long-term vision by committing to the responsibility of all. The debate of the primacy of one objective over another, economic objective or social objective, has become sterile.

AN ATTEMPT AT A DEFINITION

Semantic clarification of this new concept

Companies have to be involved in a process that combines both requirements. The concept of temporality is included in the word sustainable that indicates, as an essential principle of the development of companies, the long-term vision of the commitments entered into. It also covers the dimension of support and assistance (bearable, acceptable, viable development). Thus, it invites companies to register the range of their management decisions over a longer time scale and to guarantee a certain stability.

AN ATTEMPT AT A DEFINITION

Semantic clarification of this new concept

Whereas there are publications on all of the various concepts related to sustainable development, the subject has never yet been covered as a whole. There are many surveys that approach human management, the impact of companies on the environment, quality and relations with customers and suppliers as well as the principles of the healthy company government, or the deontology of companies. But it is also the total harmony of the various missions of the company and all of its relations with its various partners that it is necessary to study and know to apprehend. An overall way is thus complex.

AN ATTEMPT AT A DEFINITION

Semantic clarification of this new concept

The emergence of the concept is not recent in the United States and in some countries of Northern Europe that saw, by the means of investment funds in particular, certain militant minorities introduce ethical and ecological concepts alongside purely economic and financial considerations. Very early, in these countries, observation of companies was made with other frames of reference than those of simple profitability. Through the various criteria it integrates, sustainable development takes into account the cultural bases involved. Thus, within companies, the place of workers and social orientations are dependent on the cultural, political and sociological values in force in the country or in the geographical area where these companies are based. It's also right for all the other criteria of the concept. It is the cultural background that gives "colour" to the various criteria of sustainable development in each country.

AN ATTEMPT AT A DEFINITION

Semantic clarification of this new concept

Similarly, the influence of the business sector of the company must be taken into account in the various criteria of sustainable development. Today several factors make sustainable development, a "fashionable" concept. The media focus on certain events (ecological problems, but also certain social dramas) has favoured this awakening of the need for a new orientation of business development.

AN ATTEMPT AT A DEFINITION

Semantic clarification of this new concept

The globalisation of economies and exchanges, favours new models of regulation, more complex and global than the simple domination of money. The conference of Porto Alegre in Brazil stigmatised the limits of models of exchanges built on the principles of profitability. This conference, which competed with the conference of Davos in Switzerland, did not refute globalisation as such, but underlined the importance of social data in the rules of these exchanges.

AN ATTEMPT AT A DEFINITION

A complex concept

Sometimes, the concept covers fields with contradictory purposes. In its broadest meaning, the sustainable development of the companies is analysed through a significant number of not easily measurable and quantifiable criteria that one can classify according to the following fields:

social action (individual and collective), environmental management, corporate governance, external contractual relations of the company (customers and suppliers), relations with the sporting and cultural civil society, actions of insertion, deontology and humanitarian actions and human rights.

AN ATTEMPT AT A DEFINITION

A complex concept

It is sometimes difficult to make the interests of all partners compatible. For example, how can we combine the interests of workers with those of organisations for environmental protection when we have to give up an industrial activity, certainly employment creating, but with polluting consequences?

Lastly, the concept is complex, but also relative, i.e. it varies according to countries and companies. But certain fundamental values transcend sociocultural differences and the essential elements would have to articulate around long term considerations which would preserve the environment, which would take into account the balancing of the interests of the various players of the civil society, and which would place at the centre of corporate management the customer whoever that might be.

AN ATTEMPT AT A DEFINITION

A definition that will evolve with time

Sustainable development that is not paradoxical with the concept of economic progress and financial profitability can supplement the operations of a company by guaranteeing performance in the long term.

It appears difficult to give a definition of the concept of sustainable development that is universal. By nature, it is evolutionary in time and space. The difficulty is thus significant for the major international firms that wish to apply transverse modes of management, and find directly operational principles.

AN ATTEMPT AT A DEFINITION

A definition that will evolve with time

The most recognised definition by the international community is one resulting from the Brundtland report: " sustainable development is a development which meets the needs for the present without compromising the capacity of the future generations to meet theirs." (CNUED, 1989) By "needs", the report understands fundamental needs, such as food, employment, energy, water and hygiene. The Brundtland Commission was less interested in the definition of an ecological objective than by the achievement of socioeconomic objectives such as the access to resources and the equitable distribution of the costs and the advantages of development.

AN ATTEMPT AT A DEFINITION

A definition that will evolve with time

It wished to see the human population stabilised on a level suitable with the productivity of ecosystems. It also wished to see economic growth starting again in the industrialised countries and the developing countries.

That leads to the following fundamental question: does one seek, with sustainable development, to have everything, in other words to have a high growth rate and to protect the environment at the same time?.

AN ATTEMPT AT A DEFINITION

A definition that will evolve with time

In fact, one can define sustainable development as the search for a dynamic balance between three dimensions: environmental protection, social equity, and economic effectiveness. The aim is to bind the three spheres, to seek a balance by adopting a triple gain strategy from economic, social and environmental points of view by integrating these three dimensions in any project or any action (Figure 1).



Figure 1 : the 3 spheres of sustainable development

CONCEPT OF SUSTAINABLE DEVELOPMENT: THEORETICAL

BASES

Economic approach to sustainable development

Sustainable development is distinguished from the environmental economy (which, compared to the economy alone, aims to integrate external factors) in that the latter is only one chapter of the neo-classical economy, while sustainable development calls into question the very utilitarian ethical principles of the neo-classic economy.

The function of timeless well being in sustainable development, if it exists, differs from the function of neo-classical timeless well being which leads to the maximisation of discounted value. However, in the very long term, the latter is incompatible with the sustainable development. The maximisation of discounted value does not take account of questions of equity, whereas sustainable development relates primarily to intergenerational equity.

CONCEPT OF SUSTAINABLE DEVELOPMENT: THEORETICAL

BASES

Economic approach to sustainable development

Sustainable development can be regarded as a political ideology or a Utopia. As an ideology or a Utopia, sustainable development competes with other ideologies such as the ideology of the open market. Ideologies are synthetic and systemic beliefs intended to mobilise people so that they act. They are not scientific theories but rather scientific residues of theories. In this context the intervention of authorities plays a significant role in sustainable development.

Voluntary actions are not enough to implement a political ideology. "The challenge for governments and environmentalists is to find means of creating the incentives which will convince industry it is profitable to be clean." The elements of sustainable development have already been the focus of rigorous economic analysis, but there is no detailed economic theory of sustainable development that goes beyond economic problems.

CONCEPT OF SUSTAINABLE DEVELOPMENT: THEORETICAL

BASES

Principal characteristics of sustainable development

(a) Development must be sustainable. Development does not only mean economic development. It also includes social and cultural development.

Although external factors (air, the "quality of life", well being, happiness, authenticity, spirituality, beauty, sacrifice, etc, all things which concern ethics, culture and religion) are obviously excluded from GNP because they are not negotiable, an internalisation is necessary but not sufficient to exceed the distinction between growth and development.

CONCEPT OF SUSTAINABLE DEVELOPMENT: THEORETICAL

BASES

Principal characteristics of sustainable development

According to the endogenous theory of growth, technical progress and human capital, which were hitherto (in the Eighties) like a measurable but exogenous residue, become variables of growth on which one could act. It is on this idea of positive externalities of these factors of production that Porter built a new formalisation of the determinants of economic growth (additional factors not entering within the framework of the GDP, but lying rather within the broader scope of the Total Productivity of Factors (PTF)). It is about the endogenous model of growth.

Thus, according to this theoretical framework, economic policies in favour of education (human capital) or innovation have a real impact on the sustainable economic development of companies and nations. On the contrary, it is a question of taking into account "negative" external factors when one speaks about pollution for example

CONCEPT OF SUSTAINABLE DEVELOPMENT: THEORETICAL

BASES

Principal characteristics of sustainable development

Thus, if one represents sustainable development by sustainable growth then the endogenous factors such as human capital and the safeguarding of the natural environment are real engines for a sustainable development of companies and nations.

CONCEPT OF SUSTAINABLE DEVELOPMENT: THEORETICAL

BASES

Principal characteristics of sustainable development

(b) The socio-ecological system is a closed system, whereas the economic system is an open system. The economic system is an open system compared to its physical environment. Thus the economic concept of the closed circuit model became invalidated. There is always an interpenetration of the economic system and the environment.

(c) The complementarities of natural capital and other factors of production. Natural capital is the source of services (ecological functions and the world's natural resources) and of the environmental pit (physical waste). To not recognise the complementarities between natural capital and production factors could inevitably lead to the degradation of the environment or a weakening of development potential or a combination of the two phenomena.

CONCEPT OF SUSTAINABLE DEVELOPMENT: THEORETICAL

BASES

Principal characteristics of sustainable development

(d) Intergenerational, spatial and intragenerational equity. An interpretation of intergenerational equity requires that the well being (general utility) of all generations should not decline in an unspecified future. Intragenerational equity means simply the death of poverty (the World Bank, 1992). To take account of this double dimension of durability, temporal and space, the concept of widened sustainable development is introduced.

(e) The decentralisation of socio-ecological decisions. Governmental institutions, with their vertical mandates, are perceived as being unable to manage sustainable development, which requires horizontal mandates. Moreover one political principle called "the principle of subsidiarity" recognises various stages of decision-making, the higher stage helping the lower stage, and not the opposite.

CONCEPT OF SUSTAINABLE DEVELOPMENT: THEORETICAL

BASES

Principal characteristics of sustainable development

(f) To apply the principles of prudence and irreversibility to socio-ecological decisions (principle of precaution). The principle of prudence calls for policies that avoid risks, because of our dubious knowledge of the environment. The principle of irreversibility takes into account the value of future learning possibilities based on the fact that no irreversible decision has yet been made, except that of avoiding risks. In practice, this means that the cost-benefit ratio is not a sufficient criterion to make irreversible decisions, except if the costs include/understand the value of future information which one gives up by making an irreversible decision and which could make the decision taken regrettable.

What I expect from you?



merna@esu.ac.ae

thank
you!

The image features the words "thank you!" written in a blue, cursive script font. The text is centered and surrounded by several short, orange, dashed lines that radiate outwards, giving it a celebratory or highlighted appearance. The background is a soft gradient, transitioning from a deep blue on the left to a light blue and white on the right.