FROM ENVIRONMENTAL MANAGEMENT TO CORPORATE SUSTAINABILITY

Maria Urbaniec

Abstract
A general change of economic behaviour is essential for sustainable development. Sustainable development not only aims at the improvement of competitiveness but also of added value. In addition, the resources protection and the perception of social responsibility from ethical and social behaviour perspectives are more and more required. Sustainable development is not only a point of view. Corporate leaders increasingly accept the fact that new strategic and operational approaches are required to manage their company's role and responsibilities in society. Corporate sustainability should not be driven by formal requirements or pressure. Businesses should undertake voluntary initiatives to promote greater environmental and social responsibility. There are a number of factors or instruments that attempt to link environmental management and corporate social responsibility. The paper aims at examining the increasing prevalence of corporate sustainability and relevant practices related to it. The main research questions are: how can enterprises contribute to sustainable development and what are the possible indicators for its monitoring? The paper addresses key implications for corporate managers and other affected decision-makers. It concludes that corporate sustainability is becoming increasingly important as it contributes to environmental management and social responsibility by various standards or tools. Therefore, corporate sustainability can also offer significant competitive advantages.

Key words: sustainable development, environmental management, corporate social responsibility, corporate sustainability, reporting

JEL Code: Q01, Q56, M14,

Introduction
Sustainable development is both in the literature as well as at the political level widely perceived as a key trend of global environmental policy and socio-economic development. To this end, numerous initiatives have been undertaken, new organizations have been created, and innovative projects promoting environmental protection have been carried out at both
international and European levels, e.g. UN, OECD, European Commission. Not only government institutions and civil society organizations (i.e. third sector organizations), but also companies play an important role in the implementation of sustainable development (Schaltegger, Kleiber and Müller 2003, p. 331; Valentine, 2010, pp. 284-285). From the microeconomic point of view, the concept of sustainable business development assumes that the company should strive to achieve broad benefits for all stakeholders, local communities and the environment, and not only care about the economic interest. Many companies, especially large ones, are already undertaking a number of different actions for sustainable development (Jenks, 2009). To reduce the uncertainty regarding the decisions concerning the development and business efficiency, companies should strive to implement actions in accordance with the market trends, social and legislative initiatives, including the issues of sustainable development. In practice, different reasons may lead businesses to adopt more sustainable solutions. They may be related to the improvement of the company image or the benefits of eco-innovation. Also, more and more environmentally conscious consumers have exerted impact on environmentally friendly and social activities of companies (Peattie, 2001).

In the context of sustainable development, a fundamental change of management is needed, which requires not only integrated and interdisciplinary system solutions based on the co-operation between various stakeholders, but also new instruments. The implementation of sustainable development at the company level can be supported by different instruments, including Environmental Management Systems (EMS) and Corporate Social Responsibility (CSR), as they provide some framework for companies to voluntarily integrate social and environmental aspects into their business as well as into the interrelationships with stakeholders. Stakeholders now play a very important role, especially in the corporate decision-making. They direct to enterprises not only economic requirements, but also social and ecological needs (Wagner, 2010; Urbaniec, 2009). The perception of stakeholders’ needs is an essential element of business activities.

As a result of the growing awareness, an increasing importance may now be noted of the social business model which is based, on the one hand, on the behavioural theory of enterprise, illustrating the complexity of the company and the complexity of its behaviour, as well as the contradiction and the convergence of interests of different stakeholders and businesses, and on the other hand, on the paradigm of sustainable development. Both of these trends have contributed to the emergence of the concept of CSR, which has become a new direction in their business.
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The growing importance of the corporate social responsibility in the activities of various organizations shows a comprehensive range of interactions between their stakeholders and the company. This is especially important for the reason that the implementation of this concept in companies requires not only ethical behaviour, but also translates into greater innovation and efficiency in their business, in comparison with firms not taking any action in this direction. It forces a change in the perception of issues of social responsibility towards its full integration not only with the mission and strategy of the company, but most of all with their specific behaviours. The future of enterprises and other institutions depends on the efficiency in the implementation of these changes.

In this context, the paper aims to synthetically indicate and examine the increasing prevalence of sustainable development in enterprises as well as the relevant practices related to, among others, environmental management and corporate social responsibility. This paper will attempt to answer the following research questions: how can enterprises contribute to the sustainable development and what are the exemplary indicators for its monitoring? For this purpose, the meaning of environmental management as well as corporate sustainability will be introduced first. In the second Section, the role of the most prevalent instruments concerning sustainable development will be presented, while the following Section contains the exemplified indicators for corporate sustainability. The last Section concludes the paper with the discussion of the findings.

1 Environmental management and corporate sustainability

Environmental management can be implemented at operational, strategic and normative levels. In a broad sense, environmentally friendly business management can be analyzed both functionally (i.e. in relation to the tasks and activities) as well as institutionally (i.e. with regard to the organization) (Delmas & Toffel 2004; Urbaniec, 2014). In the functional terms environmentally friendly business management means a systematically planned, implemented and controlled environmentally friendly behaviour in all functional areas of the company and directly related to the strategy of sustainable development. In order to implement these comprehensive issues, the importance of concepts of environmental management, such as internationally and formally recognized environmental management systems which support environmentally friendly business management at an institutional level, has grown since the mid-90s. Among the most widespread international environmental management systems the following ones should be mentioned:
• the ISO 14001 standard - in force worldwide,
• EMAS (Environmental Management and Audit Scheme) - in force in the European Union.

Environmental management systems (EMS) are used for the implementation (based on standard guidelines) of normative, strategic and operational activities in the field of environmental protection and management. A commonly used definition of EMS is based on the ISO 14001 and describes EMS as a part of the general management system in the organization, which includes organizational structure, planning, responsibilities, practices, procedures, processes and resources for developing, implementing, improving and maintaining the environmental policy (International Organization for Standardization, 2009). The definition of EMS according to the ISO 14001 also applies to the environmental management system with regard to EMAS.

The implementation of EMS, as an integral part of corporate sustainability, strongly supports good practices and solutions in the field of environmental management. Moreover, it helps to control any undesirable changes in the environment, which may appear as a consequence of the implementation of new projects. The implementation of environmental management systems according to the ISO 14001 and EMAS can help companies to find solutions that support processes of environmental changes with the purpose of improving corporate performance.

Environmental management of enterprises can be regarded as a business’s response to sustainable development through the strategies and practices that address key issues for sustainable development in the world. In general, corporate sustainability (also known as business sustainability) covers the management of environmental, social and financial demands and attempts to ensure responsible, ethical and ongoing development of activities. Corporate sustainable development is increasingly becoming a concrete, tangible management task. Both in theory and in practice it is widely accepted (Schaltegger, Kleiber and Müller 2003, p. 331) that sustainable development:
• is desirable and necessary,
• requires an effective achievement of objectives in each of the three dimensions: environmental, social and economic
• can only be considered if the integration of environmental, social and economic goals is successful.
There is no consensus in the literature on how to define corporate sustainability. Corporate sustainability can be related to the corporate citizenship, business ethics, corporate social responsibility and stakeholder management. Atkinson (2000), for instance, points out that “corporate entities are increasingly under pressure to demonstrate how they contribute to the national sustainability goals outlined by government.” He notes that the emerging debate on this issue is caused by the existence of different concepts of “corporate sustainability“ and “corporate (environment) responsibility“. Moreover, corporate sustainability is often used as a synonym of CSR (Dyllick and Hockerts, 2002) without an examination of the theoretical foundations of the two concepts and their relationship. Both concepts require that companies look at their own business in the broad and long-term perspective. Although the most common arguments emphasize the nature of the market in favour of these concepts (cost reduction, pressure from consumers, meeting their needs, new business opportunities), also their ethical justification is important. Companies are increasingly aware of the fact that the financial result is not the only value that guarantees the development. An assessment of the activity and the condition of the company as well as its impact on the environment and its social responsibility are also to be considered.

2 Instruments for corporate sustainability

The growing sense of responsibility as well as business impact on the environment and society, and the resulting search for methods and tools for the integration of corporate responsibility has led to the creation of a number of instruments for the implementation, management, measurement and communication of corporate sustainability in recent times. Starting from environmental management, a wide range of management tools for implementing corporate sustainability has been developed over the last two decades (Schaltegger et al., 2002).

This includes both a number of guidelines, standards and codes defining the rules for the conduct of business as well as the management systems, audit tools, methodologies and communication or “screening” of the investment. Although there are no reliable data on the specific number of companies that use different instruments, it can be stated that in recent years the use of corporate sustainability instruments has become widespread in the business, especially international business.

Standards and instruments of corporate sustainability answer the needs of the implementation of the principles of responsibility in everyday business practice as well as in terms of indicators, methods and tools of evaluation, and communication practices relating to
social, environmental and ethical aspects of business. The existing instruments can be ranked differently, for example according to the type of instruments, the source of their origin, their scope and subject matter. In general, corporate sustainability instruments can be grouped into four categories, as shown in the table below.

Table 1. Type of instruments of corporate sustainability

<table>
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<th>Type of instrument</th>
<th>Specification</th>
<th>Examples of instruments</th>
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| rules and codes of conduct | provide for companies patterns of broadly accepted and desired methods, but they lack the formal mechanisms of implementation and external verification | - UN Global Compact,  
- The Ethical Trading Initiative,  
- Global Sullivan Principles,  
- OECD Guidelines for Multinational Enterprises,  
- numerous industry codes (e.g. IPIECA, ICMM) |
| management systems and certification schemes | can be implemented, audited, reviewed and submitted to external certification of compliance with the standard | - at the organisation level, e.g. ISO 14001, Eco-Management and Audit Scheme (EMAS), ISO 26000,  
- at the workplace level, e.g. Social Accountability 8000 (SA 8000),  
- at the product level, e.g. Forest Stewardship Council (FSC) |
| evaluation indicators used by investment agencies in the field of Socially Responsible Investing (SRI) | based on the set of three issues: environment, social justice, and corporate governance (EGS), under which ratings and non-financial evaluation of enterprises are established (used for the stock market indexes) | - Dow Jones Sustainability Index series (DJSI),  
- Calvert Social Index (CSI),  
- FTSE4GOOD series,  
- FTSE Johannesburg Stock Exchange Socially Responsible Index (JSE SRI),  
- KLD Global Sustainability Index Series (GSI),  
- RESPECT Index |
| guidelines for reporting and communication | methods and procedures for communication, dialogue with stakeholders and response to their needs in relation to social, environmental and economic aspects of the company | - Global Reporting Initiative (GRI),  
- AccountAbility 1000 (AA1000)  
- numerous industry guidelines, indicating the essential content and topics for communicating |

Source: Own elaboration.
Standards are usually created and developed by a wide range of entities ranging from companies themselves, consultants, through non-governmental organizations, academia, to government authorities and international organizations. The implementation of different instruments for sustainable development allows primarily the identification of areas for achieving a competitive advantage by exploiting the opportunities and reducing the risk. The use of management systems and standards in the areas of sustainable development may be due to both internal and external conditions, such as customer demands, competitive pressures, the need to improve internal processes, the willingness to apply the proven tools or the requirements of business partners, mainly large companies (Chen, 2008, p. 532). Implementation of various solutions that support corporate sustainability not only contributes to a change of the corporate image to a more 'organic' one, but also reduces production costs, and can mean new activities.

3 Exemplary indicators for corporate sustainability

The result of business activities conducted in a socially responsible manner is the reporting of sustainable development or CSR. Reporting non-financial data is an important and rapidly growing area on a global scale. This manifests itself in the use of different practices by companies. The increasing environmental and social consumer awareness as well as growing expectations of investors contributed to the fact that financial data were no longer a sufficient basis to assess the situation of the company. In response to this demand social reports are gaining more importance as they present in a comprehensive manner the activity of companies in three areas: social, environmental and economic, as opposed to annual reports containing only the financial results.

The reports developed in accordance with international standards are characterized by a high degree of reliability of the disclosed information because they are often subjected to further independent verification. Among the most popular tools for CSR reporting, the following ones may be mentioned: Global Reporting Initiative (GRI), OECD Guidelines for Multinational Enterprises, United Nations Global Compact Principles, Guide to Responsible Investment (PRI), Guidance on Social Responsibility (ISO 26000).

Among the many reporting guidelines, however, the guidelines developed by the Global Reporting Initiative (GRI) are considered to be the most universal and are recognized by investors worldwide. They contain standardized rules for reporting on sustainable development and measurement of the company's activities in three categories: social, economic and
environmental. This tool can be used by all companies, regardless of the industry, size or location (GRI, 2013, p. 3). The new version of the GRI guidelines shows a modified approach to reporting, involving a greater integration with other standards and guidelines in the area of CSR, e.g. with the UN Global Compact or OECD Guidelines (GRI, 2013, pp. 87-88). In addition, GRI allows the reporting of information in a wider range, taking into account the supply chain. These guidelines relate to the three categories, wherein the social category covers four areas, which is presented in more detail in the table below.

Table 2. Sustainability categories and aspects in the GRI guidelines (GRI - G4)

<table>
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<tr>
<th>Category</th>
<th>Aspects</th>
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<tbody>
<tr>
<td>Economic</td>
<td>Economic Performance, Market Presence, Indirect Economic Impacts, Procurement Practices</td>
</tr>
<tr>
<td>Society</td>
<td>Local Communities, Anti-corruption, Public Policy, Anti-competitive Behaviour, Compliance, Supplier Assessment for Impacts on Society, Grievance Mechanisms for Impacts on Society</td>
</tr>
<tr>
<td>Product Responsibility</td>
<td>Customer Health and Safety, Product and Service Labelling, Marketing Communications, Customer Privacy, Compliance</td>
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Source: Own elaboration based on GRI (2013, p. 44).

Based on the results of a study conducted by KPMG on a group of global business leaders (the so-called G250) it can be concluded that the use of the guidelines of the Global Reporting Initiative (GRI) is becoming more common. 78% of all companies publishing CSR reports worldwide referred in their CSR reports to the reporting guidelines developed by the GRI organization (KPMG, 2013).
Conclusion

In recent years the concept of sustainable development is more and more frequently taken into account as a component of business strategies of multinational companies. Among the largest global companies there is none that would not take any measures in the field of corporate responsibility. On this basis, it can be assumed that the need for functional standards of corporate sustainability will continue to increase and individual initiatives will gain in importance. The effectiveness of corporate sustainability depends mainly on the strategic directions of development, which is confirmed by widely recognized and verified environmental management systems or CSR standards.

Although these instruments are voluntary, in practice companies are confronted with pressure from the conscious society as well as from competitors and business partners. Instruments used in the enterprises business practice are aimed at encouraging a continuous development and improvement, creating programs and strategies which are ever more complex and individually tailored for each company. As a result, organizations can better manage corporate social responsibility, implement the appropriate methods as well as evaluate and take into account the impact of their activities on the environment. The amount of available instruments and stakeholders’ growing expectations suggest that they become a permanent part of corporate strategies.

In general, it should be noted that the issue of corporate sustainability is a complex area because it relates to the economy, environment, society, and the relationship with the external environment. It is of key importance that in this context not only enterprises play an important role, but also entrepreneurs who perform different functions in the economy, in culture, in science and in the wider socio-economic environment.

Summing up the importance of corporate sustainability, it should be emphasized that companies have many possibilities to implement corporate sustainability. In order to meet the challenges of shaping the future and continuously react to rapidly growing markets, scientific progress, environmental requirements and social changes, companies must continue to act in favour of sustainable development. On this basis it should be noted that corporate sustainability contributes to the identification of the use of best practices evaluated by different instruments and indicators. This work is limited to a conceptual evaluation of document-based research. Further detailed empirical research is needed to explain the drivers for the implementation of corporate sustainability by numerous tools and standards.
References


Contact

Maria Urbaniec, PhD
Cracow University of Economics
Department of Entrepreneurship and Innovation
27 Rakowicka Street
31 510 Krakow (Poland)
maria.urbaniec@uek.krakow.pl