SUSTAINABILITY AS PURPOSE OF BUSINESS IN THE 21
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CENTURY- IMPLICATIONS FOR HIGHER EDUCATION

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Abstract

If, as E. Durkheim put it over a century ago, the aims of education are merely to prepare youth for being responsible citizens of their society on the one hand and providing them with the skills they need for their future occupation, universities -especially those that offer technical programs- have fulfilled their functions. However, if the aim of universities is not only to provide skills to future professionals and for their responsibilities as citizens, but also to respect the planet and to achieve sustainable development, most universities have failed in their mission.

Lautensach (2018) proposes a blueprint for a transformative education in the context of the sustainability imperative. This author points out that, in spite of more recurrent and more aggressive natural catastrophes that jeopardize the lives of millions of people -and not only in the developing world- the educational discourse continues to revolve around topics like enrolment figures, course curricula, program organization and didactics. He states that governments have systematically ignored the warnings of the scientific community in favor of short-term economic goals. Furthermore, he blames Professors for not taking their duty seriously of caring for and acting in the best interest of the learners and of the society at large. For Lautensach, education systems have failed in two ways: by teaching falsehoods, and by not teaching what is most important. Examples of this type of failure include teaching the false axiom that consumption and economic growth are the basis of human welfare; an anthropocentric attitude and the instrumentalization of nature for the benefit of humanity.

Lautensach criticizes university curricula whose aim is to prepare students for their integration into the capitalist economic system with special attention to their employability and proposes a new pedagogy. This new pedagogy will be attained by reinforcing the productive parts of the existing curricula and subverting those parts that are counterproductive. The curricula of the new pedagogy Lautensach (2018) proposes should include adaptive skills to live in a new planet which is constantly jeopardized by collapse. These adaptive skills would prepare students to make the personal choices which cause the least harm to the planet and to distinguish between those parts of students’ culture that help the planet and those that harm it. Furthermore, this researcher proposes a redefinition of progress as achieving sustainability instead of progress in terms of economic wealth, and to replace anthropocentric values with ecocentric values.

While the new pedagogy proposed by Lautensach makes sense in the context of the 21st century, which has been characterized by more natural catastrophes due to climate change, it is unrealistic to assume that employability will lose its preponderance as the most important aim of education, since employability is synonymous with survival. The student is a consumer of knowledge, and students usually, if not always, aim to acquire education as a credential that will enable them to enter the labour market and earn a living.

This paper reports on the increased attention on sustainability as a purpose of business in the 21st Century and its key implications for the 21st Century Higher Education. The paper builds upon a constructivist approach, combining a literature review and research on key publications and academic reports.

Keywords: Transformative Education, Sustainability, Professors, Universities, Social change, Curriculum, Employability, Business.

1 INTRODUCTION

In their article Why sustainability is the new digital, Gadiesh and Davies-Peccoud (2021) state that just like with the digital revolution at the beginning of the millennium, when companies realized that they needed to go digital not to be left out of the market and hired digital experts, nowadays companies have realized that they are in the middle of a sustainability revolution and are hiring sustainability experts. While Gadiesh and Davies-Peccoud (2021) point out that this is a good start, these authors are of the opinion that business requires a radical transformation- from the belief of a global economy based on
the paradigm of unlimited access to resources and the primacy of shareholders to one that accepts the limits and consequences of extraction, manufacture, consumption and waste, as well as the impacts of economic activity on the people. Gadiesh and Davies-Peccoud (2021) provide examples of disruption in consumption patterns from 2014 to 2019, some of which are quite dramatic: the global renewal capacity of energy has grown by 50%; meat substitutes in the United Kingdom have increased more than 85%; the global electric car stock has augmented more than 900% and global sustainable debt issuance has increased over 1000%. One of the problems they observe is that, while most businesspeople are in favor of sustainable objectives, they remain wary of the costs.

Consumer environmental awareness is the engine of the ‘sustainability revolution’: According to the 2021 global sustainability study by Simon-Kucher & Partners, an average of 63% of consumers have made modest to dramatic shifts towards being more sustainable in the past 5 years. Sustainability plays a role in the purchasing decisions of consumers, especially in the purchasing decisions of millennials, with 33% of millennials preferring a sustainable alternative when available. Furthermore, “50% of consumers rank sustainability as a top 5 value driver, which demonstrates its increasing relative importance during the purchase process and the role it plays as a key differentiator in the overall value proposition.” Of the over 10,000 consumers surveyed in 17 countries, 78% of them felt that environmental sustainability is important, though only 34% stated that they were willing to pay more for sustainable goods or services.

Rosenbaum (2017) points out that business is a major regulated interest that weighs especially heavily due to the power of business leaders on national economies and the vital services they provide to society. He states that due to the importance of private business for national economies, public officials are willing to give business leaders enough to ensure profitability. Furthermore, the lobbying power of business takes precedence over the demands of the citizenry. However, business depends on consumers, and environmentalism has had a decisive impact on public opinion. Long gone are the days when the interests of business and the interests of the community were irreconcilable. The publication of the Brundtland Report in 1987 by the World Commission on Environment and Development had a strong advancing effect on the public concern with sustainable development. The definition of sustainable development by the Brundtland Report was “meeting the needs of the present without compromising the ability of future generations to meet their own needs.” The definition of sustainable development encompasses 3 components:

- The economic one- namely, a business must be able to produce goods or services on a continuing basis and be profitable;
- The social one- namely, a socially sustainable system must be able to attain distributional equity, to adequately provide social services such as education and healthcare, to strive for gender equality and encourage participation and accountability, and
- The environmental one- a sustainable system must be able to maintain a stable resource base, avoiding depletion of non-renewable resources, while protecting biodiversity, atmospheric stability and other functions of the ecosystem (Rosenbaum, 2017, p.49).

2 FROM CORPORATE SOCIAL RESPONSIBILITY (CSR) TO CORPORATE SUSTAINABILITY

Scandals abound of companies that do harm to the environment, to the communities and other stakeholders and of the negative reactions of consumers, who often have called for boycotts of said enterprises. The damage caused to the company’s name in terms of public relations and stock prices can take a long time to repair, or even drive some out of business. While even the most conservative corporations are expected to follow regulations, some companies have gone beyond the compliance expected from them and engaged in voluntary environmental programs. Many businesses have thus embraced self-regulation and, motivated by a desire to “do well by doing good” adopted a new CSR model framed by the concept of sustainability as a means of boosting shareholder value and as a source of competitive advantage (Rigling Gallagher and Weinthal, 2012).

Nowadays, there is an aggressive call to business by local communities, consumers, NGOs and other stakeholders who demand responsibility. As a result, a majority of enterprises have realized and recognized that there is a need to harmonize environmental, social and government issues (Sharma, 2016, p. 50). Sustainable development goes beyond CSR since it not only focuses on the environment, but also includes the principle of fairness to future generations. As Sharma (2016) puts it, “sustainable
development is all about social, environmental and economic progress within the boundaries of our natural resources.” (p.53). Consequently, economic, environmental, and social concerns are elements in the decision-making of the sustainable corporation. Sharma (2016) identifies 4 elements of sustainable development strategies in corporations:

1. Social progress which encompasses the whole society
2. An effective and efficient protection of the environment
3. Rational use of non-renewable natural resources, and
4. Keeping an appropriate level of economic growth and employment.

Corporations who aim to inform stakeholders about their activities and progress in the realm of sustainability are creating corporate sustainability reports; however, these tend to focus on the environmental and economic dimensions of sustainability (Ajmal et al., 2017). One of the main challenges is harmonizing the objectives of providing a satisfactory quality of life, both for individuals and communities; preserving healthy financial markets and avoiding the depletion of natural resources. Nevertheless, the social dimension is usually the most difficult of the three to include into actual organizational policies and projects (Ajmal et al., 2017, p.4). While there is an increasing trend in corporations of measuring, improving and reporting their sustainability activities, evidence shows that there is a tendency to carry out selective reporting of the positive aspects of a company’s sustainability initiatives while overlooking negative aspects of their operations. However, reporting has brought the triple bottom line of people, planet and profit into deliberations about the environmental and social consequences of economic decisions (Ajmal et al., 2017, p.5). Of the 3 dimensions, the societal one is the least developed. A reason for this, according to Ajmal et al. (2017) is that social aspects cannot be measured in a quantifiable manner, like through cost-benefit analysis.

3 REINVENTING CAPITALISM BY CREATING SHARED VALUE

Porter and Kramer (2011) state that capitalism as we know it is under siege. Corporations are usually perceived as profiting at the cost of broader communities. These researchers state that “The legitimacy of business has fallen to levels not seen in recent history”, and that the more businesses embrace CSR, the more they are blamed for society’s failures (p.4).

The criticism of Porter and Kramer (2011) about CSR is that most still see societal issues as a periphery issue, and not a core one. They propose substituting the concept of CSR for the concept of shared value, that is, of creating economic value in a manner that also creates values for society, by addressing social challenges. In other words, a company’s progress must go hand in hand with social progress (p.4). In their view, societal needs along with conventional economic needs define markets- and social ills can create costs for companies (Porter and Kramer, 2011, p.5).

These researchers provide examples of how corporations can expand the total pool of social and economic value instead of just focusing on redistribution. One of these examples is that instead of paying farmers in the developing world a fair price for their produce, which would be a redistributive practice, companies focus on providing new technologies for increasing farmer’s yields, product quality and sustainability (Porter and Kramer, 2011, p.5). Another example provided by these researchers is by reconceiving products and markets, for example by developing products that satisfy societal needs. Another point they make is that shared value blurs the line between for-profit and nonprofit organizations. Examples of cooperation between for-profit and nonprofit organizations include an initiative undertaken by WaterHealth International to provide drinking water at a low cost to more than one million people in India, Ghana and the Philippines. In this cooperation initiative, the Acumen Fund, the International Finance Corporation of the World Bank and Dow Chemical’s Venture Fund were involved (Porter and Kramer, 2011, p.7).

Porter and Kramer (2011) claim that most corporations have failed to see the potential of disadvantaged communities as viable markets. Nonetheless, the social benefits of satisfying the needs of disadvantaged communities in the developing world can be significant, while companies can make substantial profits. An example of how companies can satisfy the needs of disadvantaged communities is the provision of low-cost cell phones that provide mobile banking services to the poor.

Porter and Kramer (2011) state that, for companies to create shared value, they must first identify social needs, benefits and harms that are embodied in a company’s products. The opportunities are in constant change with technology, economic development and societal priorities (p.8).
4 CONCLUSIONS

Consumption patterns show that consumers in the 21st century, especially millennials, have become more environmentally aware and more demanding that the goods and services offered to them are sustainable. This in turn has influenced the way that corporations do business. While most reputable businesses have already adopted a policy of CSR, as Porter and Kramer (2011) point out, CSR is an obsolete paradigm.

Companies that aim to create share value need thus business leaders that can think in a holistic manner, not just considering profits but shared value for the company, for stakeholders and the environment. For this reason, business management curricula have to be modified. Porter and Kramer (2011) propose concrete modifications to business management curricula to fit with the new business aim of creating shared value. Managers of the 21st century have to be capable of identifying societal needs, advantages and disadvantages that could be contained in the firm’s products. Thus, new business management curricula must include subjects that aim to identify social needs in communities that in turn can help them recognize the potential of new markets that were previously overlooked (p.8). Another crucial characteristic of the new curricula for sustainability would be in new green technologies that aim to reduce pollution. As Porter and Kramer (2011) point out, a rethinking of logistics is necessary to reduce shipping distances, to streamline handling and improve vehicle routing (p.9). Another important subject of the new sustainable business curricula is economical resource procurement and use, including elements of the circular economy. Other suggestions these professors make is enhancing employee productivity by providing health care, as managers have seen the devastating consequences for business that absenteeism due to illness has. Another important aspect mentioned by Porter and Kramer (2011) that used to be ignored was the location of business. Nowadays, this fallacy is being challenged by higher energy costs and high carbon emissions. Yet another element of the new sustainable business programs is cluster development, as clusters have multiplier effects on a firm’s growth and on the communities where the clusters are located. An example these researchers give of enhancing cluster productivity are workforce development initiatives.

Mahayan and Bose (2018) state that the transition from conventional business management to sustainable management is a great challenge as it requires not only an interdisciplinary approach to business but also overcoming psychological resistance to change. While they acknowledge that sustainability has been indeed included in business management curricula, it has been as “standalone courses”, and not integrated in a holistic manner. However, sustainability is no longer a matter of choice- neither for businesses nor for academia, as environmentally aware consumers are demanding sustainable goods and services.

REFERENCES

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