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Uma Rani Bade

Professor, Department of
management Studies,
Sphoorthy Engineering
College, Hyderabad, India

Sudarshan Chakravarthy

Vice President (Operations),
Rainbow Technologies,
Hyderabad, India

Sustainability Development in India: Role of Business and its Contributions

Uma Rani Bade, Sudarshan Chakravarthy

Abstract

Sustainable development (SD) is the development that meets the needs of current generations without compromising the ability of future generations to meet their needs and aspirations and it can be pursued in many divergent ways. It is a process for improving the range of opportunities that will enable individual human beings and communities to achieve their aspirations and full potential over a sustained period of time, while maintaining the resilience of economic, social and environmental systems. This paper focuses on the role of businesses towards sustainable development of the economy. Sustainable development involves global, regional and national partnerships in finance, trade, science, technology and innovation. Businesses should support environmental challenges approaches; undertake initiatives to promote improved environmental responsibility; and encourage the development and transmission of environmentally friendly technologies for attaining environmental and sustainable development considerations in business operations. Sustainable development requires that business enterprises realign their priorities and take the lead in implementation of the SDGs by adopting sustainable business practices.

Keywords: sustainable development, sustainability, corporate stakeholder, Corporate Social Responsibility, environmental management

Introduction

Sustainability is to maintain a balance between the businesses and the society, doing business activities without wasting the resources of the nature for the development and betterment of the whole society. Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs. Sustainable development has persistently evolved to protect the world's resources. The major principle of sustainable development is maintaining a stable relationship between human activities and the nature, which does not reduce the prospects for future generations in enjoying the quality of life as equal to the present generation. The main objective of sustainable development is to balance all the three needs viz., economic, environmental and social, allowing prosperity for present and future generations. Sustainable development consists of a long-term, integrated approach to developing and achieving a healthy community by jointly addressing economic, environmental, and social issues, whilst avoiding the over consumption of key natural resources. Sustainable development can be achieved by the businesses by creating win-win opportunities whilst increasing the market share and profits. This can otherwise create employment opportunities.

To ensure deeper and lasting economic and human progress, the architecture of the post-2015 development agenda calls for a rethink and redesign of development policy frameworks. SDGs are targeted towards global development advocating a holistic and integrated approach to economic, social and environmental concerns. These three core pillars are inter-dependent and inter-linked. For example, the economic growth involves a policy that leverages social progress. Sustainable development involves all regions like Global, regional and national partnerships in finance, trade, science, technology and innovation.

Correspondence:

Uma Rani Bade

Professor, Department of
management Studies,
Sphoorthy Engineering
College, Hyderabad, India

Sustainable development progress is dependent on:

1. Robust and high quality inclusive growth accompanied by job generation, with benefits shared widely across society;
2. Effective domestic and global governance mechanisms that support corporate and environment sustainability and climate action;
3. The ability of Governments to better leverage the strengths and resources of the private sector for sustainable development; and
4. Augmenting multilateral frameworks to harness finance; trade; and science and technology.

Businesses are working on the concept of eco-efficiency by identifying cost effective pollution reduction schemes and other environmental improvements. But still, in most cases the growth of the economy is measured in terms of increasing energy and resource consumption and an immediate action is required to decouple them. And also the social and cultural dimensions of sustainable development received less business attention than the environmental dimension.

According to UN Conference on Environment and Development (UNCED) report businesses should support environmental challenges approaches; undertake initiatives to promote improved environmental responsibility; and encourage the development and transmission of environmentally friendly technologies for attaining environmental and sustainable development considerations in business operations. The major areas include,

- i) Collaboration between government, industry and other groups in promoting sustainable development through product profiles, product information hotlines, environmental reports by industry and eco-labelling.
- ii) Another important area is technology transfer. The most effective mechanism is the company-to-company transfer, and intra-company transfer of knowledge, on-the-job experience in operating procedures and management systems.
- iii) A third area has been that of economic instruments to change corporate and consumer behavior.
- iv) A fourth area is a new group of professionals from industry and government in promoting environmental managerial accounting who help the business not only to be environmental and social responsibilities, but also show the way towards profitable opportunities for eco-efficiency and eco-innovation.

Objectives

A sustainable business operates along with social, economic and environmental system and ensures a long run survival of business Sustainability is to maintain a balance between the businesses and the society, doing business activities without wasting the resources of the nature for the development and betterment of the whole society. The main objective of this paper is to define the role and contribution of businesses towards sustainable development in current scenario and to find out the issues and challenges.

Research Methodology

Research Design: Exploratory research was applied, which is based on past literature review.

Sources of Data: Major source of data is secondary sources

of data taken from web sites, journals, books, published research etc.

Review of Literature

A sustainable development approach suggests that for the long term social well-being and continued success of the business, private businesses should plan their business strategies that contribute towards community betterment and thereby achieving their objectives. According to Ray-Ann Sedres (2007) there is a need for all business to plan strategically around the reality of change, to understand that change and to manage it. Sustainability refers to an organization's activities which are typically considered voluntary and that demonstrate the inclusion of social and environmental concerns in the business operations by Marcel Van Marrewijk, (2003). Inyang (2004) states that the business owes society an obligation or debt – for taking something from the former and so it must give something in return to the latter, and this would continue to provide the fertile grounds for latter's continuous existence.

Sustainable Development

Sustainable Development is “a process for improving the range of opportunities that will enable individual human beings and communities to achieve their aspirations and full potential over a sustained period of time, while maintaining the resilience of economic, social and environmental systems” (Munasinghe 2001). Thus, sustainable development requires (i) opportunities for improving economic, social and ecological systems; and (ii) increases in adaptive capacity (Gunderson and Holling 2001). Expanding the set of opportunities for system improvement will give rise to development, while increasing adaptive capacity will improve resilience and sustainability.

Elements of sustainable development

I) Economic Domain: The Economic domain seeks economic efficiency through pareto optimality. Its actions improve the human welfare. Economic sustainability seeks to capitalize on the flow of income that could be generated while maintaining the capital which yield these beneficial outputs. Economic efficiency continues to play a significant role. It is difficult to identify the kinds of capital to be maintained like manufactured, natural, and human resource stocks, as well as social capital and their substitutability. Problems also arise in valuing these assets and the services they provide, particularly in the case of ecological and social resources. Uncertainty, irreversibility and catastrophic collapse are issues that pose additional difficulties, in influencing sustainable development paths.

II) Environmental Domain: The environmental dimension of development arises from the understanding that human welfare eventually depends on ecological amenities. It seeks to manage scarce natural resources in an efficient manner, reduce pollution, and protect biodiversity otherwise it will increase the risk of undermining long-run prospects for development. Environmental sustainability is the sustainability in the environmental sense highlights the overall viability and health of ecological systems – defined in terms of a comprehensive, multiscale, dynamic, hierarchical measure of resilience, vigor and organization. Resilience is determined by the amount of disruption that

will cause an ecosystem to switch from one system state to another. Vigor is associated with the primary productivity of an ecosystem and is related economic system output. Organization depends on both structure and complexity of an ecological or biological system. Higher states of organization imply lower levels of entropy. To maintain biodiversity level which in turn helps the resilience of the ecosystems, ecological and socioeconomic systems should be coupled as human welfare depends on it.

III) Social Domain: Social development notion involves improvements in both individual well-being and the overall society welfare. This process requires increases in social capital. Social capital is determined by the quantity and quality of social interactions that underlie human existence, including the level of mutual trust and extent of shared social norms. Social capital has an institutional component and an organizational component. Social sustainability includes, augmenting human capital through education and reinforcing social values and institutions like trust and behavioral norms, preserving cultural diversity and cultural capital across the globe, strengthening social cohesion and networks of relationships, and reducing destructive conflicts. On the other hand, weakening social values, institutions and equity will decrease the resilience of social systems and destabilize governance,

To recapitulate, for both ecological and socioeconomic systems, the important underlying concepts are equity and poverty alleviation. Equity has mainly social, and some economic and environmental dimensions. It is an ethical and human concept, which emphasizes on the equality in decision making of both the processes and outcomes which include generic approaches include parity, proportionality, and priority. Sustainability also depends on social equity, because partial distributions of income and social assistances are less likely to be acceptable in the long run. Equity is likely to be strengthened by empowering disadvantaged groups and safeguarding the rights of future generations. Environmental equity has received more consideration of late, because of the disproportionately greater environmental damages suffered by deprived groups. At the same time, poverty alleviation efforts are being expanded to help the poor, who also face degraded environmental and social conditions. Both equity and poverty need to be assessed using a comprehensive set of indicators as they have economic, social and environmental dimensions. From an economic policy viewpoint, emphasis needs to be placed on intensifying employment and gainful opportunities for poor people through growth, improving access to markets, and increasing both assets and education. Social policies would emphasize on empowerment and inclusion, responsive to the poor. Environmentally related measures include reducing vulnerability to disasters and extreme weather events, crop failures, loss of employment, sickness, economic shocks, etc. mostly oriented towards poor people.

Role of Business and Its Contributions

After 2015 Sustainable development goals have effectively replaced the millennium development goals (MDG) with 17 goals as agreed by all 193 member states of the UN covering a 15-year timeframe to 2030 and include 169 targets. The context, framework and focus on poverty eradication of the new sustainable development agenda has been laid out by United Nations Secretary-General in a

report- The Road to Dignity by 2030. The goals that are business specific include Goal 8 that targets to achieve full employment for all and also decouple economic growth from environmental degradation which paves way for sustainable business. Goal 9 is about sustainable industrialization which involves increasing industry's share of employment and gross domestic product, and double its share in least developed countries. Goal 2 favors smallholder farmers over large-scale agri-business, Goal 2 ensures access to water and sanitation for all, while the fishing industry is targeted by Goal 14. Goal 17 gives robust support to global business and free trade, and calls for meaningful trade liberalization under the World Trade Organization (WTO).

Addressing these challenges requires greater innovation by business. Governments can encourage such innovation by setting long-term sustainability This requires appropriate policy instruments, which set a direction but allow business more flexibility in getting there than traditional 'command-and-control' approaches. These instruments include incentive-based regulation and voluntary agreements with business. Participating in, or encouraging, partnership approaches by business – such as supply chain initiatives or multi-stakeholder collaborations.

Sustainable development requires that businesses rearrange their significances and take the lead in execution of the SDGs by implementing sustainable business practices. Some important elements of this dual role include:

1. Businesses can help in economic growth: Private businesses involvement in the economy can harness opportunities for export-oriented production by creating and expanding economic opportunities as well as better participation in global and regional value chains. Indian Government is promoting 'Make-in-India' policy to support productive capabilities that drive its growth. Business enterprises play a major role in the economic growth of any economy.
2. Businesses help in creation of employment: Creation of employment can lift the people out of poverty especially women and youth. Government of India started 'Skill India' programme and under Ministry of Skills Development and Entrepreneurship for skill updation. Businesses have a clear and significant role to play in this programme through generating work opportunities.
3. Businesses should follow low carbon development paths: Business models have to be developed within the standards of sustainable development in the future. They have to focus on low carbon development paths compiling with the environmental standards by using more creative use of technologies.
4. New sources of renewable energy: In India 70 percent of greenhouse gas emissions are because of thermal energy and 25 per cent of households don't use modern energy. Sustainable Energy for All (SE4All) can be achieved by harnessing renewable energy opportunities. There is enormous untapped solar and wind energy in India. As a result, India launched National Solar Mission which can generate 100,000MW of solar power by 2022. Businesses can thus shrink thermal energy consumption by investing in renewable energy and thus can enhancing energy efficiency. All these opportunities can pay rich dividends while decreasing our carbon consumption.

5. Sustainable Urbanization: Urbanization offers enormous commercial opportunities for infrastructure and services which can support sustainable development. By 2050 Indian cities are expected to accommodate more than 50 per cent of the population, which lead to India's 100 Smart Cities proposal. These new cities will be established on the basis of public-private partnerships. And the role played by businesses increases more towards sustainable urbanization.
6. Way towards Green Banking and Financial Services: Financial institutions should highlight sustainable development in their lending programmes through green banking and financial inclusion. In this regard Indian Government Jan Dhan programme on financial inclusion is a major success as 115 million people have bank accounts.
7. Frugal innovations: Indian companies are known for their frugal innovations especially in engineering and technology field that led them to the development of useful and affordable products. Frugal innovation generates more business and social value while optimizing available resources and the businesses have to invest in these approaches in future.
8. Corporate Social Responsibility (CSR) activities of business: CSR is an important aspect of the contribution of business enterprises to achieving the SDGs. The primary delivery of sustainable development outputs must be through business practices themselves. With the new company's law requiring 2 per cent of profits to be reserved for CSR the businesses can effectively channelize these resources into sustainable development priorities.

The need to shift to more sustainable development paths is very important and a country like India is very vulnerable to the effects of global warming. Nearly 50 per cent of India's populations are dependent agriculture and forestry for their livelihoods which are climate sensitive sectors. Hence the impact will be more. Decarbonisation and Green growth are the two important routes to low-carbon development paths and to sustainable development approaches. Businesses have to switch to low carbon sustainable technologies supported by global cooperation to counteract them.

Conclusions

To attain sustainable development, the major role is played by the government both as a regulator and facilitator of the market. It should amend policies towards increasing environmental performance and help stakeholders. It must remove environmentally perverse subsidies; introduce policies like market-based instruments, performance standards and effective agreements which allow firms to adopt the solutions which fit their conditions best. And also the governed must introduce information-based measures to stake holders. Businesses on the other hand have to recognize their wider environmental responsibilities by diffusing their experiences in building supplier relationships throughout the country. Retailers and investors can also play an important role in those countries where regulatory capacity is limited. Businesses are making sustainable development as a goal for success and for the survival in the present and for the future by optimum utilization of present resources for the benefit of the future generation.

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