GOVERNANCE FOR SUSTAINABILITY

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It is not the intention of this brief paper to re-invent the wheel in terms of repeating all the facts and figures on the precarious state of the economy – (it's in the 'danger zone' according to IMF Chief, Sept. 2011), the depletion of the world's natural resources, the deterioration of the world's environment, the unprecedented reduction of our natural habitats and extinction of species, hence upsetting the very equilibrium of our ecosystems, resulting in climate change impacts, increasing poverty, hunger, violence, insecurity, to mention but these negativities of our state of affairs.

So long as business concerns do not take heed of the hard fact that the planet's natural resources are not unlimited, that society is not only 'others' 'over there' but all of us are in the same 'boat' as it were, that they need to take consideration global societal needs (food security, protection, decent livelihood, peace of mind, affection, leisure, creation, identity, freedom, safe potable water, proper sanitation, political stability) in their economic strategy equation, nature is going to adjust itself to all those unnatural 'disturbing' factors by spitting back on our face with some of the most disastrous crises: economic crises not only economic meltdown, natural catastrophes, to mention but these two. The good news is that 'green' initiatives are already paying dividends across the globe, and these need to be fully publicised and commended.

Way back in 1987, Brundtland provided the well accepted and so often cited definition of "Sustainable Development" as development "which meets the needs of the present without compromising the ability of the future generations to meet their own needs", (Brundtland Commission Report WCED, 1987).For businesses, a corporate definition is provided by the Dell Sustainability Report (2004): "A development creating long-term stakeholder value by integrating economic, social, environmental and institutional responsibility into everything we do".

WORLD-WIDE CHALLENGES

Challenges that urban areas face:
Increases in surface temperature, accelerated sea level rise, and biodiversity loss pose threats to urban areas due to their location and concentration of people and resources.

Challenges that large international organizations face:
According to the Economist Intelligence Unit, around 75% of large international organizations were under pressure to report on social and environmental performances alongside financial measures.

Over the past forty years

There has been mounting concern that the route adopted leading to development is unsustainable, e.g. continuing growth of world population. And even more evidence of the dramatic potential impact of climate change.We are navigating through and shaping the Anthropocene in a fashion unfathomable till recently.

The **Anthropocene** is a recent and informal geologic chronological term that serves to mark the evidence and extent of human activities that have had a significant global impact on the Earth's ecosystems. The term was coined by ecologist Eugene Stoermer but has been widely popularized by the Nobel Prize-winning atmospheric chemist Paul Crutzen, who regards the influence of human behaviour on the Earth's atmosphere in recent centuries as so significant as to constitute a new geological era for its lithosphere.

CORPORATE REACTIVITY IN ACTION… OR LATE AWAKENING BEFORE DOOM?...

As a response, some effort to establish sustainability indicators and measures at the business scale has been made (Table 1 below), namely;

The Global Reporting Initiative	**GRI, 2002**
The sustainability metrics	**IChemE, 2005**
The Dow Jones Sustainability Index	**Jones, 2005**
OECD guidelines for multinational enterprises	**OECD, 2005**

Table 1 Some examples of corporate sustainability indicators

PERFORMANCE V/S SUSTAINABILITY

If firms are to achieve simultaneous improvements of economic, social and environmental performance of business, the lack of integration turns out to be a major obstacle.Sustainability management will not create business value, thus will be practised only as long as firms are successful (Figge *et al*., 2002). It is apparent that the institutions, organizations and mechanisms by which humans currently govern their relationship with the natural environment and global biochemical systems are not only insufficient, but are also poorly understood. Hence, more effective governance systems are needed.

GLOBAL ENVIRONMENTAL CHANGE (GEC)

What are the roles of inertia, policy mismatches across scales, resistance from special interest groups, and uncertainty in constraining responses to Global Environmental Change? Can interventions in the governance dimensions of architecture, agency, adaptiveness, accountability, access and allocation, assist areas in their sustainability transitions? We need a better understanding of the existing or projected global challenges in terms of capacity, financing, diversity, security,authority, responsibility sharing and coordination, participatory approaches and network building.

SUSTAINABILITY INTEGRATION

Global sustainability is increasingly influenced by processes of industrialization and urbanization: we need, and observe, the inclusion of sustainability measures into the organization performance measurement system (PMS). Urban areas are complex and dynamic systems that reproduce, within their territory, the interactions among socio-economic, geopolitical, and environmental processes on a local, regional, and global scale. The interactions of urban areas with global environmental change are bi-directional, with a large proportion of the human impact on these changes originating in urban areas, but its (GEC) consequences in turn, have severe effects on urban areas, particularly the urban poor. The specific aspects however, have been understudied – particularly the latter. The conversion of Earth's land surface to urban uses results in one of the most irreversible human impacts on the global biosphere (Michael K. Reilly, Yale School of Forestry and Environmental Studies, Yale University, Connecticut, USA).

SUSTAINABILITY EXPERIMENTS (SE's)

SE's (sustainability experiments) can be defined as planned initiatives that embody a highly novel socio-technical configuration likely to lead to substantial (environmental) sustainability gains. These experiments play a key role in innovating socio-technical regimes, which constitute the social, institutional and technological fabric of economic activity. Key approaches used in the drive toward creating these "sustainable development pathways" are sustainability experiments. Sustainability experiments (SE's) represent a significant new source of innovation and capability formation, linked to global knowledge and technology flows, which could reshape emergent socio-technical regimes and so contribute to alternative development pathways in late-industrialising countries.

Such alternative growth models promise both a faster transition to resource-efficient and low emissions development pathways, as well as social and economic benefits in the short- and long-term. Technological innovation and capability-building play a key part in generating and anchoring

new, more sustainable ways of doing things. Socio-technical regime change is fundamental to structural change in economies, of the type that leads toward greater sustainability.

POSSIBLE APPROACHES

- Improve the governance of the major policy responses to environmental change at the global and national levels.
- The Green Economy - to segregate economic growth from both greater uses of resources and damage to the environment, through the development of new products, processes, services and ways of life. The phrase “green economy” has come to refer to an economy which has reduced its negative impacts on nature.

DIMENSIONS OF SUSTAINABILITY *(adapted for this paper)*

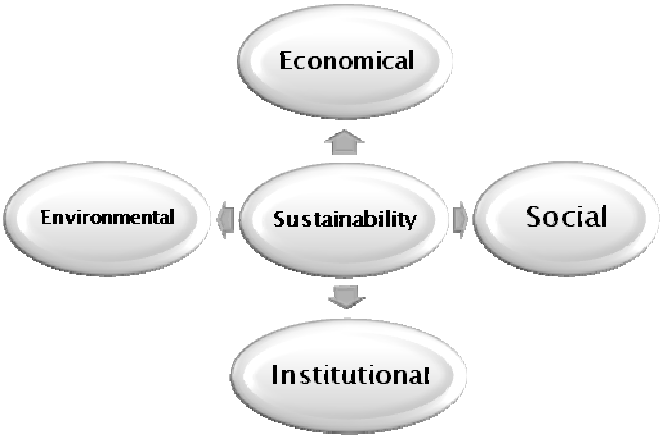

Figure 1. Co-relationship between the 4 dimensions that surround sustainability.

ECONOMICAL DIMENSION

This deals with the human wellbeing, how to attend to human needs and increase the opportunities of development equally for all people (Commission on Sustainable Development, 2002; Sachs, 2004; Wang, 2005):

- Labor practices and decent work
- Corporate citizenship
- Customer relationship management
- Suppliers and partners
- Public sector

ENVIRONMENTAL DIMENSION

It encompasses the ecosystem wellbeing. Contribution of companies for this wellbeing happens through reducing their resources consumption, waste generation and pollution, as well as their impacts on ecosystems, land, water and air (GRI, 2002). Measures should be able to express performance and trends in order to better support the decision making process and vice versa.

Product recyclability and environmental friendly measures have several positive impacts on company performance since reductions on environmental impacts mean optimization in the usage of raw materials, energy, water, prevention of fines, decrease in the risk of compensations owing to impacts on third parties and maintenance of reputation.

INSTITUTIONAL DIMENSION

At the institutional level, one has to ensure Sustainable Institutions and a Sustainable Society, without overlooking the need for modifying individual and institutional behavior, should we preserve the quality of the ecological, social, and economic systems on which the well-being of future generations depends, e.g. sustainability reporting initiatives and higher education initiatives.

SOCIAL DIMENSION: HYPER-DIMENSIONAL NESTING

“What is good for society has to be good for business and what is good for business has to be good for society,” said Indra Krishnamurthy Nooyi, CEO and chairwoman of PepsiCo, at an annual Clinton Global Initiative gathering.

Environment, Society and Economy are ‘nested and dependent spheres’ (TNS Sustainability Primer 2010). All economic and social progress ultimately depend on the environment, the largest sphere: that’s our natural capital. The middle sphere represents the human capital or society. Our economy, necessarily the smallest sphere, is governed by the rules, regulations and structures of the other two spheres. We cannot have one at the expense of the other.

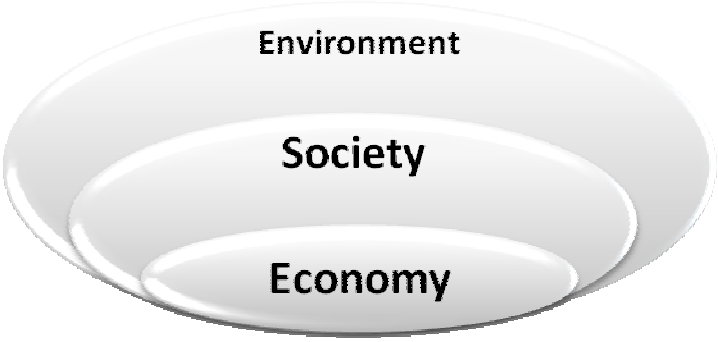

Figure 2. Hyper-dimensional Nesting

Some examples may be coined: labour practices and decent work, human rights, codes of conduct, social report and selection, assessment and partnership with suppliers.

SUSTAINABILITY COMMITMENT AND POSITIVE STATEMENTS

Green Building Development:

- Use sustainable building development practices to improve building performance and reduce our environmental impact.

Social Accountability:

- Support local needs and provide education with regard to sustainability in communities where our employees live and work.

Economic Responsibility:

- Provide shareholders an attractive return by protecting our social and physical environment.

WE DO NOT NEED TO:

- 'Reinvent the wheel' and create another layer of global bureaucracy

RATHER WE MUST:

- Promote Global standards for governance quality for existing (and new) institutions / programs / mechanisms / instruments.

This is not about telling institutions what they 'must' do, or not, but rather that they need to demonstrate that participation in their structures is meaningful and deliberations within their processes are productive and sustainable, as well.

- Become a sustainability champion

All that is needed is passion, commitment, and a systemic approach to Change.

CONCLUSION

Mahatma Gandhi listed 7 social sins which we need to refrain from; Earl Weaver added an eighth one; the 9th one is the author's humble submission:

REALITY: SEVEN + 2 SOCIAL SINS

1. Politics without Principle
2. Wealth without Work
3. Commerce without Morality
4. Science without Humanity
5. Pleasure without Conscience
6. Education without Character
7. Worship without Sacrifice
8. *Development without Sustainability*
9. *Governance without belief / governance without faith*

We would be fortunate if everyone seriously accepts the concept of sustainable business practices, that the viability of business itself depends on the resources of healthy ecosystems - fresh water, clean air, robust biodiversity, productive land, on the stability of just societies, and by viewing all the interrelationships between the several components illustrated above (Figs. 1 & 2) using a 'systems approach' rather than individually or sector-wise. Fortunately, there are signs of business concerns starting to care about these things directly. There is reason to be optimistic; sustainable business can become a reality in the longer term, provided each institution encourages one champion or more to emerge. Awareness creation should be an unceasing process. Political support is fundamental, but not enough; the institutions need to embed 'green economy' and 'governance for sustainability' in their strategic plans and implement same. Much resides on the board and its fortitude to ensure good governance practices, especially by its independent member.

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