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IMPORTANCE OF ROLE OF BUSINESS IN SUSTAINABLE DEVELOPMENT: A STUDY BASED ON UNITED NATIONS ENVIRONMENTAL PROGRAMME (UNEP)

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ABSTRACT

Sustainable Development is an important concept which is the need of an hour not only nationally but globally. It is an alarming issue which cannot be overlooked if the nations round the globe want to survive and want to lead a healthy life. Sustainable Development is the solutions of the problem and so it is in demand for taking on a larger role which may not only come out from advocacy and watchdog groups but also from customers, investors, partners, employees and overall all businesses. As prevailing businesses are majorly responsible for the present environmental conditions, so their role in sustainable development becomes mandatory to help the world by improving the environment.

On the issue, UN had called a meeting in 2015, in which 193 world leaders are present and discussed on the matter related to the environmental problems. As a result the entire 193 world leader agreed on the ambitious agenda to transform our world by 2030, by adopting Sustainable Development Goals (SDGs) which aim to ensure that no one is left behind and everyone is benefited from developmental efforts. Agenda 2030 is unprecedented in scope and significance. In this agenda, 17 points Sustainable Development Programme had agreed by the world's government which requires countries as well as businesses deep commitment, trillions of dollars as investment, innovative ideas and approaches and also require all businesses and individuals to bring together the very best offer in order to achieve this shared vision of prosperity for all.

Introduction:

Business has to play an important role in sustainable development worldwide because business had created these situations and now they are self responsible to help the world to overcome from this problem with the help of various sustainable development programmes.

The need for Sustainable Development arises because businesses for attaining their goals and objectives emitted greenhouse gases, consumed energy and natural resources, polluted water, used toxic material, produce waste and many more which resulted in end number of industrial accidents such as Bhopal Gas Tragedy (caused due to leakage of Ammonia); Fire and explosion of Hydrocarbon in Martinez, USA; Chlorine Transport accident in Lahore, Pakistan and many more. Not only this, business had influenced all major global environmental changes as they are also responsible for continuous climatic changes which results in various natural calamities. Impacts on Environment due to business are shown below in the table observed in the survey made by UN:

Area	Impact
Climate Change	Global emissions of CO2 reached a new high of nearly 23,900 million tons in 1996 – nearly four times the 1950 total.
Biodiversity	In 1996, 25 percent of the world's 4630 mammal species and 11 percent of the 9675 bird species were at significant risk of total extinction.
Freshwater	If present consumption patterns continue, two out of three persons on Earth will live in water – stresses conditions by the year 2025.
Coastal Zones	More than half the world's coral reefs are potentially threatened by human activities, with up to 80 percent at risk in the most populated areas.
Chemical Risks	Exposure to hazardous chemicals has been implicated in numerous adverse effects on humans, from birth defects to cancer. Global pesticide use results in 3.5 – 5 million acute poisonings a year.
Desertification	Some 20 percent of the world's susceptible drylands are affected by human – induced soil degradation, putting the livelihoods of more than 1,000 million people at risk.

Source: UNEP, Global Environmental Outlook 2000.

The reason, why business contribution is mandatory in sustainable

development is that businesses are highly dependent upon the private sector as a generator of wealth and greater market integration globally, which is only possible when the sustainable development is worked out and achieved successfully. As during 1980's, privatization and private sector development become key part of economic reforms in many developing countries and economies in transition, which leads to a greater reliance on market forces and private enterprises. This had helped in increasing the private capital flows (i.e. foreign direct investments, portfolio investments and private loans) from developed to developing countries. The increase in foreign direct investment reflects the growing number of multinational corporations with activities in two or more countries as from 1992-1999, the no. of multinational corporations were increased from 37,000 – 60,000 globally.

By greater global market integrations, market is facilitated by advance technologies and telecommunication based business competitions which are intensified and market become more complex. This increases the reliance and influences of the businesses in this area which were previously considered as government responsibility. As resultant, the role of business becomes increasingly more central and mandatory to sustainable development.

Meaning of Sustainable Development:

Sustainable development has been defined in many ways, but the most frequently quoted definition is from *Our Common Future*, also known as the Brundtland Report:

"Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs. It contains within it two key concepts:

- the concept of **needs**, in particular the essential needs of the world's poor, to which overriding priority should be given; and
- the idea of **limitations** imposed by the state of technology and social organization on the environment's ability to meet present and future needs."

The concept of sustainable development can be interpreted in many different ways, but at its core, it is an approach to develop the balance which may be different and often competing needs against an awareness of the environmental, social and economic limitations which we face today as a society.

Development is driven by one particular need, without fully considering the wider or future impacts. We are already seeing the

damage this kind of approach can cause, from large-scale financial crises caused by irresponsible banking, to changes in global climate resulting from our dependence on fossil fuel-based energy sources. The longer we pursue unsustainable development, the more frequent and severe its consequences are likely to become, which is why we need to take action now.

The United Nations defines sustainable development as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs”. Previous dialogues on sustainability have more or less focused on climate change and environmental issues, but the new paradigm of sustainability, as negotiated over the last three years for the summit conducted in 2015 for Sustainable Development includes all efforts towards an inclusive, sustainable and resilient future for people and the planet. There is a significant departure from the previous framework to now include a “harmonizing” of three elements: economic growth, social inclusion and Environmental Protection. “Eradicating poverty in all its forms and dimensions is an indispensable requirement for sustainable development,” the UN has said.

Need for Sustainable Development:

All available indicators of ecological situations is showing the disaster which is not far from us. Natural ecosystems are under stress and decline across most of the countries, some 10 percent of the countries wildlife was threatened with extinction, agricultural biodiversity had declined by over 90 percent in many regions; water bodies are polluted as they are not suitable for drinking neither for agricultural use, 2/3rd of the land is degraded to various levels of sub-optimal productivity; air pollution in several cities is amongst the world’s worst etc. Due to above indicators sustainable development is the need of the hour in which corporate sector’s contribution is required on the peak for:

- *Good Management Practice.* Over the last ten years, sound environmental management has become synonymous with good business management. Preventing or reducing wastes, emissions, and discharges, using less toxic chemicals, and improving energy efficiency—a preventive approach called “cleaner production” or “eco efficiency”— is now widely recognized as more cost-effective and efficient than the “end-of-pipe” control and treatment measures of the 1970s and 1980s. Sound environmental management is increasingly becoming a business advantage in an increasingly competitive market, not only more efficient environmental practices but also through market recognition schemes.
- *Government policy.* Regulation and economic incentives are undisputed key factors that stimulate companies to higher levels of performance and help establish a more “level playing field” of standards for all companies to meet. Companies have an incentive to establish a good record of behavior to limit the need for regulators to inspect, to avoid future penalties, liabilities and legal costs, and to establish the trust and confidence needed for more flexible regulatory and voluntary methods in achieving future sustainable development challenges.
- *Public opinion.* New information and communication technologies, combined with growing public concern about the environment, make it increasingly important for companies to be doing and to be seen doing “the right thing.” A negative public image can affect a company’s market share, regulator and community relations, investor confidence, and ability to attract future employees.
- *Financial drivers.* In the future, it is going to be increasingly difficult for companies without sound environmental management practices to get a bank loan or insurance. Financial institutions and insurance agencies have a financial self-interest in ensuring that companies are integrating environment and other sustainable development concerns into their core decision-making processes.
- *New opportunities.* Sustainable development generates new markets, new technologies and new partnerships. These may be catalyzed by a combination of the above drivers—public opinion and government policy, for example, may lead to the

development of international agreements that then may lead to new markets and new partnerships for new technologies.

- *Other Business Benefits:* There are three business benefits.

Firstly, the Sustainable Development Goals (SDGs) are a set of unmet needs that companies can help to solve. By innovating new products and services that tackle issues like hunger, health and climate change, businesses can grow their revenues faster with new innovations that deliver on clean water and sanitation or ensuring healthy lives for all.

Secondly, the Sustainable Development Goals (SDGs) are intended to inform future investment and public policies. The goals will target both private and public finance into the issues that matter. By focusing research and development on the topics that the world’s governments have deemed a priority, companies can swim with the tide and capitalize on the incentives that may follow. So businesses that align with the SDGs can enhance their license to operate by being active in the areas that regulators care about.

Thirdly, business opportunity comes from collaboration. The goals herald a new era of partnerships between companies, non-governmental organizations (NGOs) and governments. The challenges are simply too complex for any one sector to solve on its own. But these partnerships won’t just be about companies writing cheques.

Therefore, business must help to bring about meaningful change, it will require complex, multi-layered partnerships around a shared set of priorities. Crucially, they will extend across the value chain and where each partner brings unique skills and strengths. Through these collaborations, companies can scale up their impacts and build stronger relationships, effective partnerships which involve shared learning; fresh insights for companies which help to develop new solutions and open up new markets.

Agenda of United Nations Environmental Programme (UNEP):

The UN General Assembly committed to “eliminate poverty in all its forms everywhere” by 2030, which was decided in the meet in New York in 2015. The Sustainable Development Goals (SDGs) were launched with much fanfare, endorsed by heads-of-state, celebrities and CEOs.

A recent survey paints a sobering picture of business engagement with the SDGs. Only 37% of corporate respondents in the US said they were planning to engage with them. Additionally, the top three goals of possible interest to business were: SDG 13: climate action; SDG 8: decent work and economic growth; SDG 12: responsible consumption and production – all classic public goods.

The excitement around the launch of Sustainable Development Goals (SDGs) has reached stratospheric levels as 193 world leaders will commit to 17 Sustainable Development Goals on 25th September, 2015. But very few businesses have really grasped what this opportunity means for them.

There are several things that make the SDGs quite different from their predecessors, the Millennium Development Goals (MDGs). One is their scope: the SDGs cover more issues for both developing and developed countries. Many of the topics, such as economic growth, are fundamental to business success.

A second major difference is the role of companies. Industry was one of nine major groups that helped develop the SDGs and the private sector will be looked upon as a crucial partner for achieving them. All this means that we can expect the SDGs to become the new, de-facto standard for businesses to design, measure and account for their contribution to sustainable development.

To get started, consider two rules of the road en route to 2030.

- (i) *The SDGs cannot succeed without business leadership*
- (ii) *Sustainable development serves sustainable business interests*

According to estimates from McKinsey, there could be a \$30tn

(£21tn) consumer market in 2025 in emerging markets. But as these markets experience slow growth and currency devaluations, the \$30tn prize seems more distant. In the longer-term, the failure to close many of the gaps in getting to the SDGs would cause the realised value of these markets to fall far short of the estimates.

Ways to achieve Sustainable Development Goals:

Sustainable Development Goals (SDGs) are meant to be comprehensive, a systemic approach to complex problems of sustainable development at a planetary level. But when confronted with a construct such as this, companies may struggle with where to begin. Trying to cover it all would be operationally overwhelming and a waste of resources. Some goals may be too broad or too distant.

One of the first challenges for any company is familiarizing itself with the 17 SDGs (listed in the chart below) is simply contending with their sheer breadth. The list of goals and publicity materials from the UN looks like a colorful game board and includes big ideas such as “no poverty,” “life on land,” and “peace and justice.”



Image: United Nations

To get company managers attain the goals set by United Nations Environmental Programmes (UNEP) in the form of 17 Sustainable Development Goals (SDGs), three steps are proposed i.e.

1. Segment the SDGs. First, segment the SDGs relevant to your business into a “story” that helps establish a hierarchy and captures some of the logic about which ones are most relevant to you. One way to do this is to organize the SDGs into three main focus areas: people, planet, and policy principles. It’s useful to clarify which goals are end-state goals and which are intermediate goals designed to get to larger goals. As table explains:

Segmenting Sustainable Development Goals Helps Companies Figure Out Where to Engage

Match your goals against these four larger aims.

SEGMENT	FOCUS	SDG EXAMPLES
People	Basic human rights	5 Gender equality 2 No hunger 1 No poverty
Planet	An acceptable and sustainable planet, including the state of natural resources and environment	13 Climate action 14 Life below water 15 Life on land
Policy	Collaboration among policymakers to create conditions for a fair and equitable global society	16 Peace and justice 10 Reduced inequalities
The human condition	Essential societal and health issues	3 Good health 8 Good jobs and economic growth 4 Quality education

SOURCE: BHASKAR CHAKRAVORTI

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2. Identify where the company fits. The next step involves identifying which goals intersect with some part of the company or its value chain’s activities. These are places where the company can have meaningful impact and that can, in turn, have the widest and deepest impact in larger society.

3. Make the business case. The last step is to identify business case factors that establish the commercial argument for where to play and why. Earlier research on the question of business case drivers found that there was no shortage of them among the

companies we studied. The most frequently cited motivation was the reduction of business risks from the potential disruption of operations or risk of reputational damage, which was cited 38% of the time. This was followed by the motivation to adhere to industry norms of transparency, traceability, environmental responsibility, and other accepted standards, cited 27.6% of the time

Conclusion:

Shepherding the achievements of the SDGs is an enormous task that requires the involvement of every sector and each level of society as SDGs provide a powerful framework for companies to mobilize, organize both internally and with partners, and take action, the first step is to stop trying to visualize the entire SDG framework, and frame it as a hierarchy of connected and sequenced goals. This helps to prioritize and build logic for choice and to integrate the strategy for building a sustainable business with the company’s strategy for engaging in sustainable development. As per the UN meet companies that take this first step can join the league of the inclusive innovators.

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