

# ENSURING OF SUSTAINABLE DEVELOPMENT FOR CONTEMPORARY ORGANIZATIONS DEVELOPMENT

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## Abstract

*The environment in which organizations operate today is rapidly becoming more complex than ever before. Major shifts in technology and business and economic environment present many opportunities, but also many challenges to organizations striving to manage and thrive in the midst of great change. Organizations seek new areas for sustainable competitive advantage. Understanding of significance of sustainable development and its methodology can be used as important and contemporary instrument for progressive changes in organizations management.*

*The sustainable development is on the opposite side of the financial benefit and aim the long-term development of internal organizational competences, concern with the social administration of the employees and also the concern with the ecological impact of strategies carried out by the organization. The research that allowed recognizing the importance of sustainable development implementation methods and tools has shown that certification and culture of sustainable development could help implementing sustainable development ideology in the organization. The paper contributes to a better understanding that one of the most important tasks in the context of economic globalization is effective sustainable development management and its integration into the existing organization management system on the basis of system theory approach.*

**The type of the article:** *Theoretical article.*

**Keywords:** *sustainable development, sustainability assessment, contemporary organization, organization management.*

**JEL Classification:** *L16, P41.*

## 1. Introduction

Increasing worldwide competition in across business areas, sustainability management and its control has acquired on new meaning, and its importance is steadily increasing in many areas of organizations management. Today, it is necessary to develop an integrated approach to sustainable development in the management and implementation by focusing the strength in the organization's strategic plan goals that relate to the organization's achievement of sustainability.

Mostly there are three main levels of sustainable development described in the scientific papers: environmental, economic and social. Among the problems often cited by researchers, the key problem can be distinguished: how to reconcile the multiply concept of sustainable development groups and use them as an instrument to ensure the coherence of sustainable development overall.

Organization's sustainable development is a constant process of change, the use of resources, targeting investment, scientific-technical development, innovation, staff development and institutional change to harmonize with each other and redirect the current organization of the future potential for increase in the satisfaction and achievement of strategic goals. Economic stability is one of the most important tasks that become effective in management of sustainable development and its integration into the existing organization management system.

Analyses of organizations sustainable development challenge unclosed necessity of the studies in this field covering sufficient intense, as researchers mainly focused on the problem of financial and economic aspects. Much more, these studies are necessary and must be developed.

Although sustainable development is a complex category, it has to reflect aggregate organization's activities as full as possible. Many issues remained unresolved: there is no consensus on the following categories as "organization sustainability, "sustainable functioning", the conditions and models allowing organizations to predict sustainable functioning and, even more, progress in sustainable development are analyzed not enough.

**The purpose of this paper** is to consider and summarize the methods and principles for achieving sustainable development in the organization and foresee opportunities for advanced sustainable development.

**The research methods:** logical, systemic analysis of scientific studies, situational analysis based on the comparative method.

**Value/originality.** Advanced approach of the distinguished system of methods and principles leads for achieving sustainable development progress in contemporary organization management.

## 2. Sustainable development

At the very end of the second millennium the United Nations (UN) tried to define the future trajectory of our civilization, take a new look at solving the global problems related to the social-environmental crisis. The International Environmental Development Commission was established. The main content of the programme was marked by the Commission under the term of "*sustainable development*" which meant a development that could be sustained for an unlimited period of time. In 1992 the term was approved by the UN Conference on Environment and Development (Rio de Janeiro, Brazil, 3-14 June 1992) which tried to shape this activity into particular programs.

The history of sustainable development started from the UN Stockholm conference on the human environment in 1972, and the international declaration on environmental education in the Intergovernmental Conference on Environmental Education in Tbilisi. The declaration noted that the environmental education should be a continuous lifelong process taking into account the changes of the rapidly changing environment. It should prepare a person for life by emphasizing the complexity of environmental problems and thus the need to develop critical thinking and problem-solving skills to play an important role in improving life and protecting the environment. Environmental education must be carried out in the interests of the public (UNESCO, 1977).

Later on the UN Conference on Environment and Development in Rio de Janeiro (1992), attended by the most states and governments, emphasized the economic role in transition to sustainable development. International community realized that economy must be employed to satisfy human needs rather than being provided for by human and natural resources (United Nations, 1992).

Theoretic basis for sustainable development is still in the development stage. The concept is based on achievements of a number of natural and social sciences and therefore has a deep philosophic content (Hopwood *et.al.*, 2005).

As for the philosophic meaning of the concept, it should be noted that it raises the issue of transition to management of human and environmental relations and at the same time of human and communities relations on the level of particular states and regions and also on the global level. The concept comprises organic harmony between the world-view and philosophic attitudes as this concept is intended to give an answer on the nearest future of human and the nature on the planet and at the same time is of a practical character because based on its theoretic assumptions, practical recommendations are meant to orient the global society and the governments of particular states to solve the topical issues in protecting the environment and improving the conditions of human life on the planet, and afterwards to overcome the existing contradiction so called unequal opportunities to use natural resources, and at the same time inequality in the level and quality of life (Jabareen, 2009).

The concept of sustainable development suggests two philosophic conclusions:

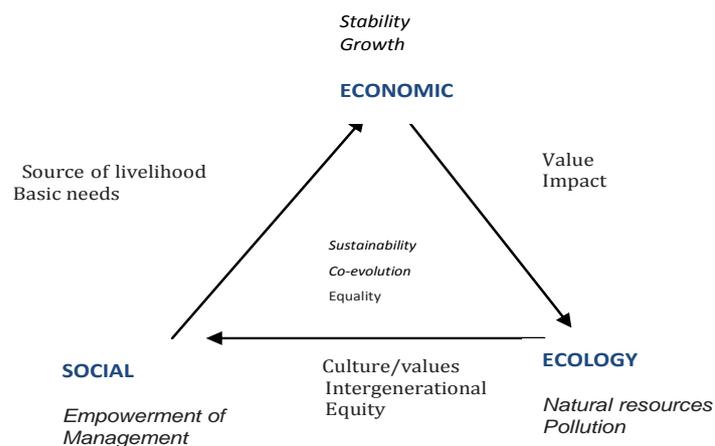
1. Human's way to the future must be laid through protecting and improving the environment for the existing and future generations of the whole mankind, and also through gradual

eradication of huge and increasing inequality of living conditions among regions, countries, and nations.

2. The second conclusion is related to the human consciousness, its supreme manifestation, i.e. to the relation of being and science, reorganization of being on the scientific basis; in other words, managing the society on the global level to achieve the goals defined by the UN Rio de Janeiro Conference.

The following three main goals of sustainable development were announced:

- environmental – protection of the ecosystems integrity such as the carrying capacity of the biosphere, biological diversity and global environment;
- economic – the issues of the economy growth and efficiency, economic inequality;
- social – living conditions, social justice, protection of cultural diversity, and constitutional development.



**Figure1.** Interrelation of economic, social and environmental factors

*Source:* adapted by the authors with reference to Robinson (2004)

These three dimensions (social, economic, ecology) interact (Ebner & Baumgartner, 2006). Economic component comprises the requirements for sufficient and stable economic growth such like maintaining financial stability, low and constant inflation rates, ability to invest and innovation implying a fair distribution of natural resources in space among the regions and in time between the present and the future, which requires to harmonize economic activities and productivity of ecosystems and is based on the concept of maximum income that may be obtained by preserving the reserves of the required assets (capital) generating this benefit for future generations (Čiegis & Zeleniūtė, 2008). This is how the principle of fair distribution among generations is implemented. This approach is widespread in the literature that analyzes sustainable use of renewable natural resources as this is the main theory of optimal and economic efficiency adjusted for the use of limited resources. However, here we face the complications of assessing the types of capital to be preserved (e.g. created by human, natural, and human capital) and their convertibility as well as among particular types of assets, including environmental resources.

The point of the sustainable environmental development approach is sustaining of the natural capital on a constant level which guarantees the unabated human opportunities to satisfy the needs in the future and also the continuous development. Based on the approach supported by Allen and Holling (2008), the initial task of the economic development is to ascertain the limits of the natural systems on various economic activities, therefore a special emphasis is made on the preservation of biologic diversity by ensuring the natural balance, flexibility of eco-systems on the global level and the ability to adapt to the increasingly changing biosphere. Wider biologic diversity leads to the stability of the eco-system, i.e. increasing productivity and resistance to unwanted factors; and therefore it is a great indicator of the regional environmental condition (Allen & Holling, 2008).

It is noteworthy that the problem becomes even more serious when biologic diversity is related to the following two characteristics: irreversibility and non-secureness. Irreversibility means that after the natural resource is exhausted it cannot be created by man. In case particular species of animals becomes extinct due to the negligence of human, it is very unlikely that it could be recreated even using the existing technologies or know-how (Orr *et al.*, 2005).

Non-secureness is related to the fact that mankind does not have sufficient information and perception on the true significance of the environment and future value; thereof it is related to the development of the mankind. In modern market, in most cases natural resources are assessed only as factors of production, while certain important environmental elements that do not participate in the production process have no value ascribed thereto. Following this approach, decreasing natural resources or potential does not imply any economic losses to society. Thereby, there is a threat that the market itself will be not able to regulate or prevent from the use of all of the natural resources because it will not evaluate its true significance to the mankind's development or even to life maintaining thereof (Čiegis, 2004).

To ensure stability of ecosystems, the emphasis is made on the importance of preserving the biodiversity by ensuring balance in the environment, stable climate, recurrent use of nutrients, protection of river-basins, elasticity of ecosystems on the global level, ability to adapt to the increasing rapid changes in the biosphere by maintaining the ability to retain future possibilities. Wider biodiversity brings more stability to ecosystems. The condition of the biodiversity is the best ratio to evaluate the environmental balance in the development of society, country or region.

The concept of social sustainability reflects the relation between development and prevailing social standards which aims at sustaining the stability of public systems, including retaining equality between separate generations and cultural diversity, and also at decreasing the possibility for destructing conflicts. The main principles that help active development of the whole system – social, economic, and environmental dimensions – are convergence with nature, deepening understanding of the local ecosystems, encouraging training in organizations and public institutions, consistent implementation of resistant and sustainable social-economic system as a value (Kliučininkas, 2008).

The role of the social aspect is of particular importance when evaluating sustainable development. Natural physical conditions restrict the possibilities of the economic growth even in cases where the growth could be desired. On the other hand, social-ethical conditions restrict the desirability of growth even when the growth is possible as everything depends on the public self-consciousness, treatment of the environment, and historic traditions.

### **3. Systemic approach and sustainable development**

The works analyzing the sustainable development issues employ a systemic approach to analyze a complex structure covering the public and environmental systems, social, economic and environmental interrelation. Given the target direction, the analyzed ratios are divided into three categories: input outcome indicators, condition indicators, and management indicators. Input outcome indicators characterize human activities, processes and characteristics which effect sustainable development. Condition indicators characterize the current condition of various aspects of sustainable development. Management indicators are the response indicators which allow making a political choice or some other way of response in order to change the current condition (Bansal, 2005).

The essence of sustainable development is to ensure high ratios of social, economic and environmental condition in a country or a region for a long period of time. For example, Rainey (2010) notes that “basically it is a new type of development of society which enables to achieve a stable socio-economic condition in a country or a region by setting the development goal, and at the same time it must create reliable assumptions for sustainable development in the long-time perspective. The center of gravity must be transferred from the high qualitative ratios and development levels, including production and consumption in the present, to retaining their huge

potential in the future. The existing generation must take care of the future generations and ensure the improving social, economic and environmental living conditions. Achievement of sustainable development in each country is impossible without achieving of sustainable development within its regions. Each of the regions has a lot of specific characteristics which lead to the necessity to search for regional approaches for transition to sustainable development. And also, sustainable development in any region is impossible without the sustainable development of companies and organizations existing and operating within the region.

Ensuring of sustainable development within an organization is reflected in achievement of the system's (social, technical, economic, and environmental) goals based on the consistent compliance with the principle of responsibility to society. In this case, profit is not an ultimate goal to orient the managing activity. It is one of the economic goals and has an important function, i.e. it is the measure to achieve the whole system's goals. According Ramirez (2012), Mike (2013) to define sustainability in terms of complexity, uncertainty and dynamism with and among organizations and their environments and as described by Espinosa and Porter (2011) as a dynamic, flexible model focusing on processes among all the organization's system structures.

To define the criteria of the organization's sustainable development we should also analyze the ratios such like achieving a stable economic growth of the main business in the organization, generating profit and sufficient economic development for financing and stable growth of the company in dynamics. And also, economic growth is not a simple increase of the main operating ratios in the organization. Economic growth covers and consolidates the whole country, eliminates distrust among the representatives of various economy levels, stimulates the transformation of society, residents, and corporate structures into a unanimous system. Organizational sustainability incorporates permanence along with performance and consideration of social, environmental and economic aspects (Mike, 2013).

Like most terms, sustainable development has a number of definitions but the most-often quoted is the one, "*Sustainable development* is a development that meets the needs of the present without compromising the ability of future generations to meet their own needs" (International Institute for Sustainable Development, 2012). The above definition contains two key concepts within it:

- 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.

All definitions and explanations of sustainable development suggest that the world should be seen as one system, i.e. a unit that covers and joins both space and time. For example, when we see the world as a single unit we realize that air pollution coming from the North America and pesticides sprayed on the fields in Argentina may harm the fish near the coasts of Australia. When the world is seen as a unit, we realize with time that the farming solutions adopted by our ancestry had impact on the present agriculture, and the economic policy we subscribe for today will be reflected in the future. We need to realize that the quality of life is also a system. It feels very good to be physically healthy but what if we are poor and have no possibility to seek for education? It is good to have constant and guaranteed income but what if the air pollution is very high in our residential area? It is very good to have the freedom of religion and expression but what if we are not able to provide for our family?

Sustainability may be based on the contribution made by each of us in creating a world (in the economic, environmental and social respect) where we all want to live and which remains for our children and grandchildren. However, this means that we must realize both visible and invisible interrelations between our daily solutions and the effect that have complicated balance between the social, economic and environmental systems (Alzamil, 2010).

#### 4. Ensuring of sustainable development in organization

Sustainable development of organization is a constant process of change, when the use of resources, targeting investment, scientific-technical development, innovation, staff development and institutional changes are in line with each other and direct current for future potential of the organization increases, it's the satisfaction and achievement of strategic goals. In the economic stability, effective management of sustainable development and its integration into a functioning organization's management system become one of the most important tasks.

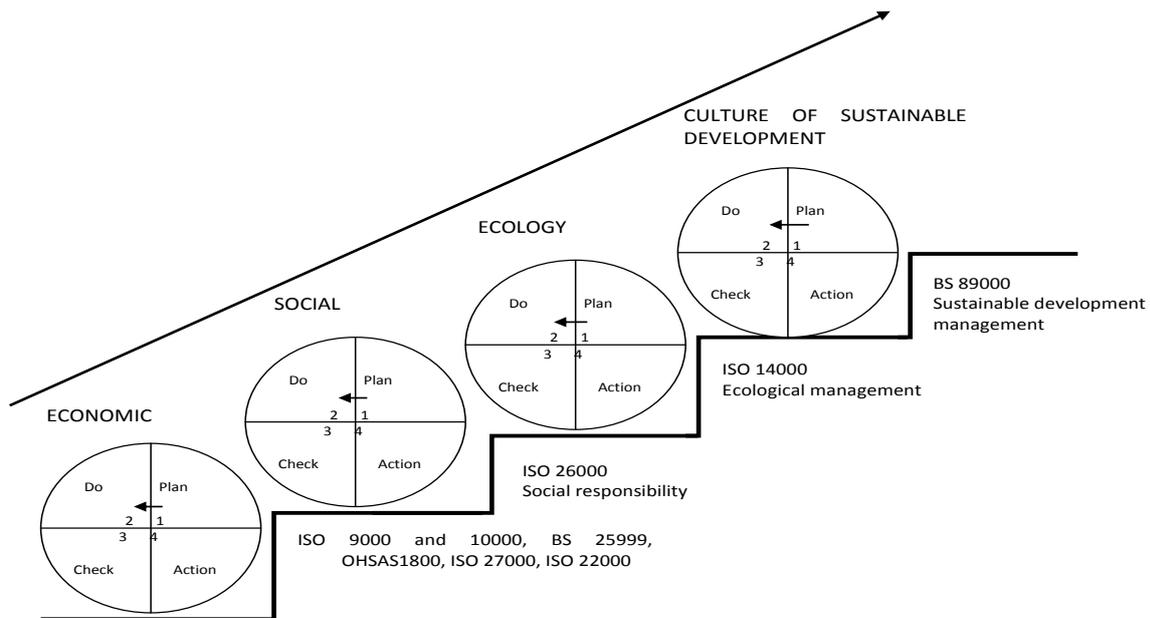
International and national experience generalization in this field has become the principles and methodologies of ensuring of organization's sustainable development. Standards of sustainable development exist in the various countries: Great Britain, Canada, France, the U.S. and others (Table 1). Adoption of recognized international standards has been described as having a potential to contribute to the quest for corporate sustainability (Kolk & Perego, 2010; Rasche, 2009; Yin & Schmeidler, 2009).

**Table 1.** Basic standards of sustainable development in different countries of the world

Country / organization of standards	The main standards in the field of business continuity
Great Britain	BS 8900:2006 Guidance for managing sustainable development BS 8901:2009 Sustainable events management system — Specification with guidance for use BS 8902:2009 Responsible sourcing sector certification schemes for construction products. Specification
Canada	CAN/ CSA-Z809-02 Sustainable Forest Management: Requirements and Guidance CSA PLUS 1133:2003 Guidelines for Sustainable Forest Management Systems — General Audit Principles and Audit Procedures for Auditing Sustainable Forest Management Systems CSA PLUS 1134:2003 Guidelines for Sustainable Forest Management Systems — Qualification Criteria for Sustainable Forest Management Systems Auditors CSA PLUS 1136:2005 Introduction to CAN/CSA-Z809-02, Sustainable Forest management: Requirements and Guidance
Japan	JIS/TR Q 0005:2005 Quality management system. Recommendations for sustainable development
France	SD 21000:2005 Sustainable development – Corporate Social Responsibility – Guide for the taking into account of the stakes of sustainable development
ISO (International Organization for Standardization)	ISO 20121 project of standard. Sustainable events management

Standards on management practices, such as ISO 14001, are focused on the implementation of control systems, central purpose of which is to manage organization's environmental and social responsibility (Jiang & Bansal, 2003; ISO, 2008).

When objectives are set out in economic, social and natural environment, and also in other areas that focus on the implementing of sustainable development, the organization can achieve it gradually by implementing a culture of sustainable development (see Figure 2).



**Figure 2.** Deployment of culture of sustainable development

Source: developed by the authors

According to W. E. Deming Cycle model, to present the appropriate level of quality, it is necessary to repeat constantly the following steps:

**Plan:** what to do, when it needs to be done, who should do it, and who is supporting.

**Do:** fulfillment of planned works;

**Check:** determine whether the execution of works is realized by the expected result;

**Act:** make correction of plans, evaluating of the information obtained during inspection phase.

In order to develop sustainable organizations in service economies, the people whose knowledge and skill provide the direct services must be engaged in the development of the culture of the organization (Mike, 2013). Organizations show different reactions to the challenge of sustainable development. Some of them ignore sustainability issues: others organizations are acting just in the theoretic field not their business practice and there are organizations which try to integrate sustainability aspects into their strategies and business practices.

Mike (2013), Stoughton & Ludema (2012), Harris & Crane (2012) offered a discussion of culture of organization which implementing sustainable development philosophy in arguing the same points about organizations, culture and sustainable design using different words.

The main indications characterizing the sustainable development of the organization are:

- best technology of this time period is used to ensure minimizing of harmful industrial and economic activities on the natural environment;
- personnel's level of social protection assurance, which is not lower than the average of industry level;
- optimal balance between the organization's use and build-up setting of resources;
- fulfillment of all obligations, assumed by the organization.

Effective and appropriate organization culture of sustainable development can satisfy needs of modern society, at the same moment giving an opportunity for future generation to satisfy their requirements.

## 5. Discussion

Summarizing it can be stated that the concept of sustainable development is based on systemic thinking. Sustainable development is concentrated on improving the quality of life to all

inhabitants of the Earth without causing too high consumption of natural resources with limited renewable capacities. It is also suggested that we should realize that inactivity will have outcomes, thus it is necessary to look for innovative ways to change the established (initial) structures and to impact individual behavior of each person. Sustainable development states that we must take actions, change behavior and policy, and apply this on all levels from individual to international.

Organizations participation in sustainable development involves recognition of the need to commit to transformational change. It also requires the skills to facilitate and participate in collaborative processes with many actors, internal and external to the organization, who have an interest in the economic, environmental and social aspects of the organization's products, services and technologies. These processes are designed to envision more sustainable organization's systems, to identify the basis for action and change toward sustainable development in the organization.

In the article there were expressed the main ideas that implementing sustainable development in organizations could be improved by some methods like ISO standards and especially deployment and improving culture of sustainable development. Effective management of sustainable development and its culture integration into the existing organization culture and management system could lead to organization's sustainability.

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