

MANAGERIAL APPROACHES REGARDING THE DEVELOPMENT OF COMPANIES ON ECOLOGICAL PRINCIPLES

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Abstract: *In light of the increasing challenges caused by the diminishing natural resources, accelerating environmental degradation, and increasing social pressures, sustainable development is a topic of much discussed and studied in the academic community due to the need to find appropriate answers and solutions to the problems that affecting our security and future as individuals and society. In this context, the integration of sustainability into business organizations is the way forward for companies to face the challenges ahead and to develop safely. The purpose of this paper is to highlight the increasing complexity of the issues related to sustainable development and concerns about the contribution of business organizations to sustainability by reducing the negative impact on the environment and an ecologically responsible attitude in all business activities.*

Keywords: *sustainable development, organizations, environment, management, environmental management system.*

JEL classification: *Q₀₁, M₁₃.*

1. Introduction

The organizations should pay special attention to current context that are characterized by a new era of global problems that can only be solved through a sustainable approach. The systemic trynom „environment –

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economic – social” highlights the fact that the problems of economic growth cannot be separated from problems of environmental pollution, population growth and quality of life or the depletion of natural resources. The academic world has often highlighted the contradiction between economic development and the environment, namely: due to accelerated economic development, environmental factors are physically degraded and polluted, and natural and energy resources are consumed at a rapid pace which leads to their exhaustion. As society has come to understand that there is a close connection between the quality of life and the environment in which people live, the business organizations have been encouraged to identify sustainable solutions that will enable them to prosper without affecting the safety of future generations. It all started in the year 1987 through the issue of the report „Our common future” by the World Commission for Environment and Development, which defined the sustainable development as being „the development which corresponds to the present needs, without compromising the possibility of the future generations to satisfy its own needs” (Brundtland Report, 1987). The document recognizes that „while it has helped to improve living standards and life expectancy for many people around the world, economic growth has negatively affected the environment by depleting (or irreversibly damaging) the natural resource base and, in the long term, undermines prospects for future growth and living standards” (United Nations, 1987). The economic development cannot be stopped, but it is necessary that this development be within the limits of existing resources. The main challenges are determined by the need to change the current way of life, the way of production, consumption and market, with the ultimate goal not to negatively affect the future of the planet. Therefore, is necessary an orientation towards development involving reduction of the negative impact on the environment, in the sense of obtaining more goods and services with less consumption of natural capital, respectively ecoefficiency (Zaman & Goschin, 2010). In 2015, the United Nations launched the 2030 Agenda for Sustainable Development that aims at ambitious actions related to all three dimensions of sustainable development (economic, social and

environmental) and advocates for collaboration to achieve the Sustainable Development Goals (United Nation, 2015). Among the 17 objectives, the protection of the atmosphere by promoting energy consumption and transport systems stands out sustainable, strengthening a sustainable infrastructure for water, sanitation and solid waste management, combating deforestation, promoting sustainable agriculture and rural development, conserving biodiversity, water resources, seas and oceans. One of the basic ideas of this document emphasizes that the environment protection and sustainable development strategy must be integrated at the business level, which can contribute to maintaining the ecological equilibrium at local, regional and national level. The involvement of companies in the implementation of sustainability goals can be embodied in the concept of a green organizations, alongside other concepts widely used in the academic literature, such as: green consumption, green growth, environmental performance. In response to the impact on the environment generated by the development of the current economy, more and more companies seek to reduce their carbon footprint, minimize environmental risks, increase resilience and incorporate sustainability into their operations.

2. Literature review

The literature is rich in sustainable development research and approaches to companies activity in this context. The concept of „sustainable development” was considered to be the result of an integrated approach, in which „environmental protection and long-term economic growth are considered complementary and mutually dependent” (National Strategy for Sustainable Development of Romania Horizons 2013-20202030). According to specialists, sustainable development can also be defined as the responsible provision of a healthy environment based on ecological principles and effective resource management (Tan et al., 2015). Currently, there is an increase in awareness of the damage that business activities can cause to the environment. Many studies (Al-Minhas et al., 2019; Herghiligi et al., 2019) show that achieving sustainable goals is

more feasible when there is an ecological orientation and an associated environmental policy and management system.

A sustainable organization has to be ecological „clean”and environmentally responsible in all its business activities, by optimizing the consumption of resources, so as to waste as little as possible and to reuse as much as possible. Basically, a sustainable enterprise has a „management process responsible for identifying, anticipating and satisfying the needs of consumers and society, in a profitable and sustainable manner” (Peattie, 2001). This significant component in the process of sustainable development requires increasing organizational skills in effectively managing the dynamic challenges of the environment (Singh, 2019). The specialists identify three strategic typologies in green enterprises: (1) green innovation, (2) greening of the organization; (3) green alliances (Cronin, et al., 2011). These strategies allow managers to demonstrate responsible managerial behavior and take into account the consequences of business activities on the environment, using the solution of environmental and industrial safety issues as a means of increasing the competitive capacity in all markets in which the company is engaged. The recommendation is that the evaluation of the organization's estate and the manner in which it responds to the ecological exigences, to be oriented towards the following fields: the economic sector where the company operates; the values of the management; the production, the servitudes and the involved obligations; the use of own base for the research activities and constructive experimentations (Dragomir, 2021). We can talk about a self regulation of the production systems, in sense of continous perfection of the technological process and valorification with productive purposes of the professional knowledges of the specialists and their technical intelligence. In this way, the companies can answer to the environment protection concept and its can assure stoping the poluation at source trough acting on causes and not only on effects. Therefore, companies that understand the connection between the well-being of society and business prosperity and that promote green initiatives can gain a competitive advantage. Such an approach implies ensuring the balance

between environmental protection and economic growth, which leads to the satisfaction of current and future development needs (Antonescu, 2011). However, the decision to implement green initiatives is difficult, especially in a small firm, due to limited resources, knowledge and technical capabilities. Even so, in recent years there has been an increase in SMEs' environmental responsibility and interest in sustainable business practices.

3. Scope and methodology

The purpose of this paper is to highlight the increasing complexity of the issues related to sustainable development and concerns about the contribution of business organizations to sustainability by reducing the negative impact on the environment and an ecologically responsible attitude in all business activities.

The methodology used in the research is based on the bibliographic documentation in the field and direct observations from the management practice in the organizations.

4. Results and discussion

4.1. Prognosis models of sustainable development

The sustainable development prognosis, as an anticipation process for the deployment of the economic, social and ecologic processes and phenomena in the future is being constituted as a complex evaluation activity, in many alternatives and stages, based on past evolutions and given possibilities by the specific methods and techniques, that are being used in the scientific research in the domain (Allur et al, 2018).

The need of efficient consideration of the multiple and complex effects of companies' activities on the environment, led to analyse models of some sustainable development scenarios. The prognosis models of the sustainable development work out to fight against the degradation of the environment quality, in which purpose there are being searched for

solutions to ensure the environment preservation and maintainance of the ecological balance according to the economic, sociologic and ecologic objectives of the sustainable development. We mention among these: the Georgescu-Roengen model (1976); the Williams model (2002); the Nilsson and Huhtala model (2000); the Mayers and Van Regemorter model (2021). In fact, Georgescu-Roengen (1976) was the first to draw attention to the negative effects of economic growth on the environment. For him, economics is a science of life, anchored in biology, which does not respond to a mechanical logic. All the prognosis models of the sustainable development aim to save energy resources and raw materials by developing and applying a program that takes into account not only the fate of contemporaries, but also that of future generations with the help of the variable trend of the economy evolution regarding the major aspects of the sustainable development by including the economic, social, ecologic and phisical systems (figure 1).

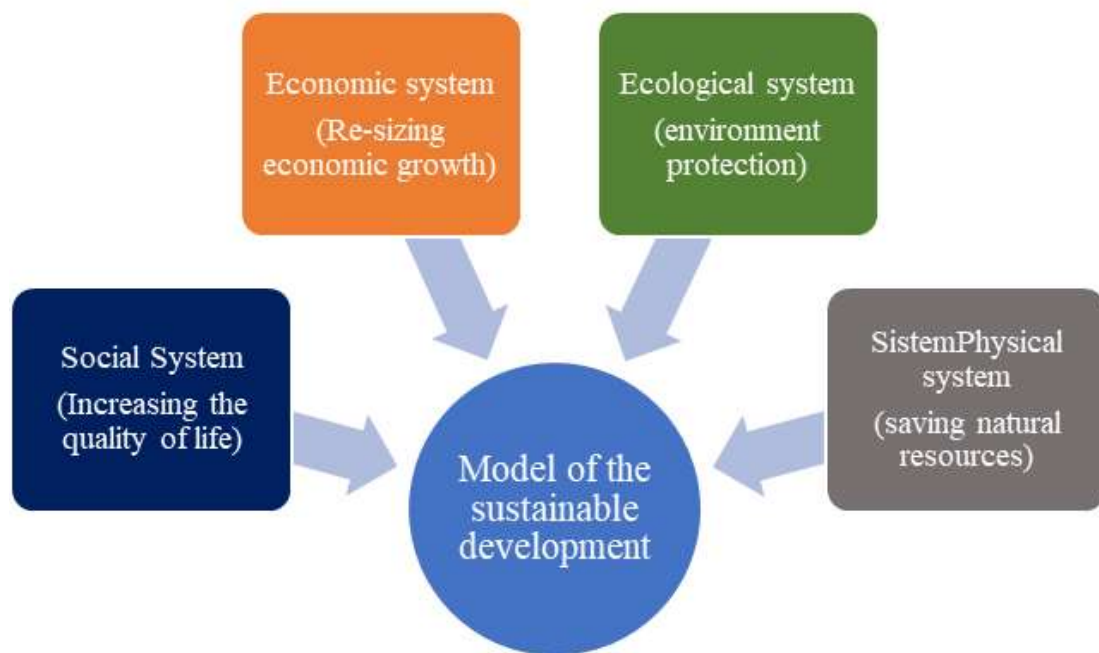
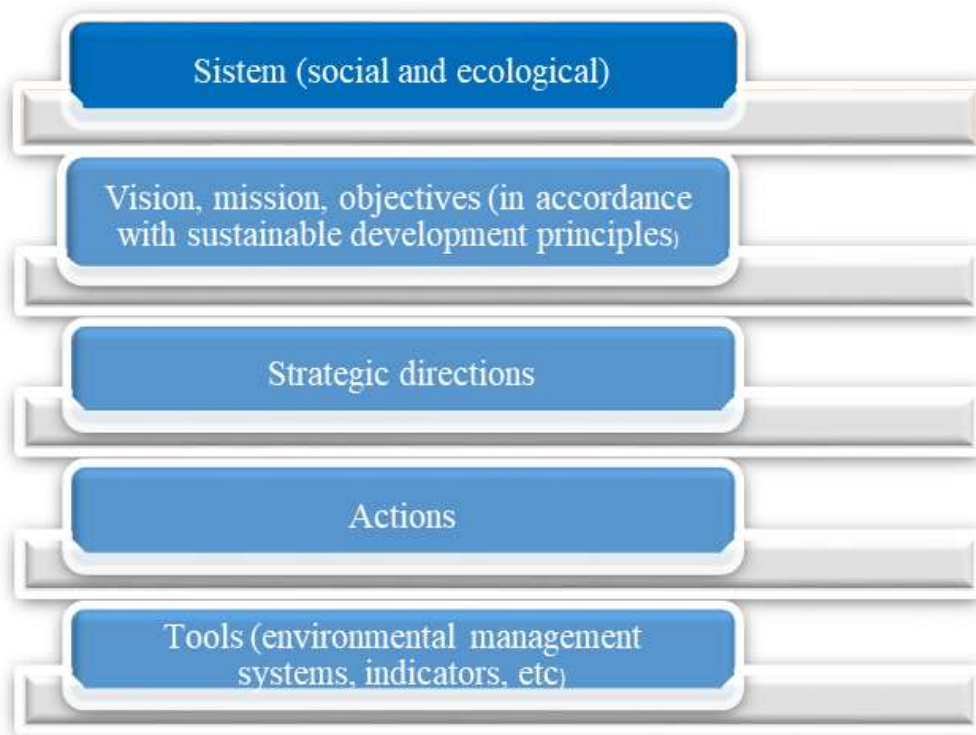


Figure 1. Model of the sustainable development

The integration of sustainable development into the company's strategy is not possible without the planning of viable instruments for financing the actions that this approach involves. At the business management level, the prognosis issue regarding the sustainable development, represents a highly complex process. A planning framework for strategic sustainable development at the firm level was developed by Robert Karl-Henrik (2000). This framework consists of five distinct but interdependent stages (figure 2).



*Figure 2. Planning framework for strategic sustainable development at the firm level
(adapted from Robert, 2000)*

The five stages describe: a system (the company within society and the natural environment); setting goals in accordance with sustainable development principles; establishing strategic directions according to sustainability principles; contemplated activities aligned with sustainable development principles; tools for measuring and monitoring the

transition to sustainable development (environmental management systems, indicators, etc). These are stages for a step-by-step approach to meet the principles for sustainability (the transition towards sustainability and then the strong development). Among the indicators that evaluate the integration of sustainable development principles in companies, the main role belongs to: the indicator of environmental sustainability; environmental performance indicator; the indicator of true progress; sustainable development indicator, which takes into account the costs of pollution and the loss of natural resources. To be relevant, the indicators must meet certain criteria, such as: a clear purpose; to be adapted to the company's situation; to reflect problems with identifiable solutions; be easy to use; the information must be reliable and comparable (Atlee & Kirchain, 2006). The use of evaluation indicators for environmental aspects is directly proportional to the size of the company. Thus, most small and medium-sized companies do not use a structured system of sustainable development indicators. In most situations, these companies use specific evaluation methods, which can be assimilated to some indicators.

4.2. Organization of sustainable development management

Treated as a function of sustainable development management, the organization represents the set of actions undertaken in order to use the material, human and financial resources available to the company with maximum ecological efficiency. In accordance with the requirements of sustainable development management, the organizational function aims to group personnel, establish tasks and activities and establish the necessary links in order to direct all efforts towards the achievement of established sustainability objectives. The ecologically efficient use of these resources requires their harmonization, for which purpose managers must ensure fair relations between all categories of resources, use judicious organizational structures and a rational information system. The procedures that this process involves must be applied with in a flexible internal management system which is constantly undergoing

analysis for permanent improvement. In this sense, managers' efforts must be directed in a more consistent way towards the identification and application of solutions capable of ensuring a better use of the human, technical and financial resources at their disposal. Basically, all three fundamental dimensions of sustainable development should be integrated and addressed in an effective way in business management so that economic objectives are combined with social and environmental ones in a „virtuous circle with positive feedback” (Rodriguez-Fernandez, 2016). Therefore, the simultaneous integration of economic, social and environmental objectives in the business strategy can generate, under the guidance of effective management, numerous benefits, such as: it helps the company to develop his business as profitably as possible; increases the credibility of the enterprise and the advantage over competitors; provides an appropriate framework for managing environmental issues; facilitates the reduction of operational costs by improving the efficiency of production processes and better risk management (Whelan & Fink, 2016); facilitates the process of sustainable development of the enterprise.

4.3. The implementation of Environmental Management Systems (EMS)

The main approach in sustainable enterprises development focuses on the correct position of the management in relation with the regulations on environmental protection and conservation. A recognized solution to sustainable development of the companies is the implementation of Environmental Management Systems (EMSs). These systems help organizations “identify, manage, monitor and control their environmental issues in a holistic way” (Waxin et al., 2020) and supports continuous improvement associated with environmental performance. The certification of the environmental management system (EMS) in accordance with the ISO 14001 standard is a managerial practice known for the sustainable development of businesses. Through this approach, values, policies and practices are implemented at the organizational level to ensure a planned and systematic management and an improvement of

the processes carried out within the company in order to „provide safe products and services, without eroding the ecological and community systems of life support” (Visser, 2010). The purpose of ISO 14001 was to reduce the impact that the activity of the companies has on the environment and to facilitate sustainable development by introducing a system of standards recognized world wide (Ionaşcu et al, 2017). Organizations that have implemented an environmental management system have reported that „ISO 14001 certification helps: (i) demonstrate compliance with legal requirements, (ii) increase employee engagement, (iii) improve company reputation and stakeholder trust through strategic communication (iv) achieve strategic business objectives by incorporating environmental issues into business management, (v) provide a competitive and financial advantage through improved efficiency and reduced costs, and (vi) encourage the maximization of environmental performance associated with suppliers” (ISO, 2015; Herghiligiu et al., 2019). There are numerous studies showing that the certification of the environmental management system influences the performance of the companies and can generate sustainable business development (Dragomir & Tîtu, 2021). In their complex study with data collected from over 100 countries, Prakash and Potoski (2006) point out that the companies are motivated to have ISO 14001 certification, especially from the perspective of developing commercial relations when the main export markets of the investigated states have accepted this regulation. An ISO 14001 certified organization sends the signal to the market that it is concerned about environmental protection (McGuire, 2014), and has implemented a system where by it constantly mitigates the impact of its activities on the environment. This message will improve its image and strengthen its position on the international market. Additionally, improving the image of an company by showing concern and interest regarding environmental protection can lead, also to the improving of competitiveness (Molina-Azorin et al, 2015) and to financial performance by demand increase (Nishitani, 2011), productivity improvement and costs reducement (Nga, 2015). Therefore, the implementation of Environmental Management Systems

(EMS) supports continuous improvement associated with environmental performance. The ISO 14001 certification can be an important factor in sustainability monitoring and reporting and constitutes a competitive advantage for companies.

5. Conclusion

In the current context of the business environment, marked by heightened competition, strict environmental protection regulations and, above all, by the pressure of increasingly demanding and better informed consumers in relation to the quality and durability of the products and services provided, companies must improve accountability in how they respond to these challenges. The enterprises, regardless of their size, location or object of activity, are called upon to align their goals with sustainable development values, incorporating them into all functions and processes carried out. A more conscious approach to sustainability, as well as the use of sustainable development assessment tools (qualitative and quantitative indicators) is necessary to increase the competitiveness and long-term prosperity of businesses. The approach regarding the reduction of the negative impact on the environment and the modernization of management systems by adopting environmental standards is a strategic decision that supports the enrollment of these companies on a sustainable development trajectory and makes a difference in an extremely competitive market. The consequence of such an approach is the realization that sustainable enterprises are the successful business model in the 21st century. The initiatives and actions of these companies have a proactive character and go beyond simple compliance with the legislation requirements regarding social and environmental protection.

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