

STRATEGIES FOR A SUSTAINABLE GROWTH

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Annotation

The article deals with the strategies for a sustainable growth – environmental strategies. Legislation, market forces and competition are forcing companies to develop environmental strategies. However, there are few good guidelines. Companies must be able to address environmental concern in both support and primary activities [9]. The main and non-deputicable task of top managers is to think and manage strategically. In this case the strategy becomes one of the key success factors. The environmental strategy as a key success factor and her implementation is described in the article.

Introduction

To understand **environmental strategies**, their formulation, aim, content and plans of action, we first have to define the concept. The **environment** has a broad meaning. It can imply everything about an object that can be represented by a person, a company or a city. In a business perspective, the environment can be separated into two parts: external and internal [1].

There is no single universally accepted definition of the strategy. The original Greek word **strategos** (stratos means "army" and agein means "to lead") provides some insight [9]. Generally, strategies are statements presented broad company's intents that show "the types of the required action to achieve the objectives" [2,11].

Chandler defines the strategy as „a definition of the basic long term targets of the company, ways of their obtaining and the allocation of resources necessary for realization of these targets" [2]. Mintzberg mentions that strategy is one of those words we inevitably define in one way, but use in another. In his words, the strategy can "be a plan, a pattern, a position or a perspective" [3]. Quinn, Mintzberg and James define strategy as „a

pattern or a plan that integrates organisation's major goals, policies and action sequences into a cohesive whole" [8].

Even without the universal definition of the environment or the strategy, we must broaden perception of business. Environmental strategies mean plans and actions for the company to achieve both internal and external environmental goals [1]. The environmental effort of the company is the ongoing process of the continuous improvement. Environmental strategy must, therefore, be regarded as a process, not as a position or a point in time. The strategic management of the environment is the management of the process leading to ever-higher environmental goals.

Environmental strategies

The more theoretical way to describe and analyze the feature of the environmental strategies is to use the Porter's value chain [9]. Yet the Porter's chain is not sufficient, as waste handling (including recycling and re-use) as a primary activity and environmental management as its support activity must be added.

The features of the environmental strategy provide a system to manage, measure and evaluate company's environmental efforts. The system can be divided into three components [1]:

- written documented practical routines,
- periodic control and audit and
- environmentally adjusted product development.

Another way to analyze the environmental strategies is to relate them to the Eco-Management and Audit System (EMAS). The strategies have several fundamental requisites:

- the environmental policy including both legislative demands and obligations to achieve environmental improvements,
- the analysing system enabling determination of the environmental status of the company,
- the action program including quantitative goals and measures,
- the environmental guide demonstrating the organizational structure, diversification of the responsibility, routines, goods and resources,
- periodic internal audits and
- the environmental accounting.

Nearly three decades ago, environmentalists such as Paul Ehrlich and Barry Commoner made this simple but powerful observation about sustainable development: the total environmental burden (EB) created by human activity is a function of three factors [3]. They are population (P), affluence (A), which is a proxy for consumption, and technology (T), which is how wealth is created. The product of these three factors determines the total environmental burden. It can be expressed as a formula: $EB = P \times A \times T$ [3].

Achieving sustainability will require stabilizing or reducing the environmental burden. That can be done by decreasing the human population, lowering the level of affluence (consumption), or changing fundamentally the technology used to create wealth. The first option, lowering the human population, does not appear feasible short of draconian political measures or the occurrence of a major public-health crisis that causes mass mortality [3].

The second option, decreasing the level of affluence, would only make the problem worse, because poverty and population growth go hand in hand: demographers have long known that

birth rates are inversely correlated with level of education and standard of living. Thus stabilizing the human population will require improving the education and economic standing of the worlds poor, particularly women of childbearing age. That can be accomplished only by creating wealth on a massive scale [3].

That levels the third option: changing the technology used to create the goods and services that constitute the world wealth. Although population and consumption may be societal issues, technology is the business of business.

If economic activity must increase tenfold over what it is today just to provide the bare essentials to a population double its current size, then technology will have to improve twentyfold merely to keep the planet at its current levels of environmental burden. Those who believe that ecological disaster will somehow be avereted must also appreciate the comercial implications of such a belief: over the next decade or so, sustainable development will constitute one of the biggest opportunities in the history of commerce [3].

Nevertheless, as of today few companies have incorporated sustainability into their strategic thinking. Instead, environmental strategy consists of piecemeal projects aimed at controlling or preventing pollution. Focusing on sustainability requres putting business strategies to new test. Taking the entire planet as the context in which they business, companies must ask whether they are part of the solution to social and environmental problems or part of the problem. Only when a company thinks in those terms can it begin to develop a vision of sustainability – a shaping logic that goes beyond today internal, operational focus on greening to a more external, strategic focus on sustainable development.

Emergent Strategies for Industry – Environment Policies

One of the main features of a matrix analysis is that it allows us to identify various strategies for dealing with the issue at hand. Looking at the industry-regulator matrix, a set of possible strategies for governments to pursue, when dealing with the interface between industry and environment policies, begins to emerge [13]. These strategies are represented by the four quadrants of the matrix, and are set out in Figure 1 [13].

Walace have summarized the extremes of low or high political independence from industry on environmental issues with the terms (environmentally) “complacent” and (environmentally) “responsible”. Readers would be correct in detecting a certain bias towards environmental concerns, rather than industry’s concerns, in this formulation [13]. Similarly, according to the quality of dialogue between its regulatory institutions and industry, a country will adopt either an “innovator” or a “non-innovator” approach to meeting environmental objectives.

High	Complacent innovator	Responsible innovator
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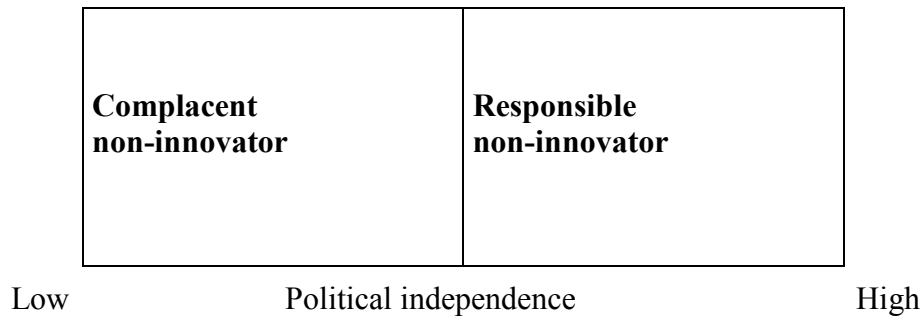


Fig. 1 Strategies for Industry-Environment Policy

Industry-Environment Strategies

For the policy-maker, these strategies provide a range of options for tailoring industry and environment policies to national political, economic and cultural conditions and for managing the most pressing problems associated with environmental regulation [13].

- *Complacent Innovator*

This strategy can be a successful one for those countries with a relatively low level of environmental issues have to be tackled, the methods for doing so are likely to be in keeping with industry's capacity to respond technologically and organizationally. This will tend to favour lowest-cost, innovative responses to environmental challenges and so avoid any loss of competitiveness for the industries involved [13].

- *Responsible Innovator*

This strategy avoids the political risk inherent in new environmental issues or increased environmental consciousness, either domestically or internationally. It shares with the previous strategy the advantages of achieving environmental objectives at lowest cost, through flexible processes which allow innovation to be harnessed [13].

One possible drawback, which it shares with the "complacent innovator" strategy, is the effort required to maintain the quality of the industry-regulator dialogue. This is an issue which the study has not examined in any depth, but we can form an impression of how great the administrative and management costs of an effective dialogue are likely to be [13].

- *Responsible Non-Innovator*

This is strategy with little to commend it. Countries end up here by accident rather than design, and then agonize about how to escape. The answer is, with great difficulty [13].

This is the area where regulatory approaches have been rule-bound and costly for industry. Where the affected industries compete in international markets, worries regarding international competitiveness add to political anxieties over the burden of regulations. The recessions which are part of the normal business cycle will bring calls for deregulation and less concern for the environment to periodic crescendos. This creates a dichotomy between environmental protection and cost, producing policy swings with each change of political leadership.

- *Complacent Non-Innovator*

This the realm of the less developed countries (LDCs), and for them it can be a successful and sensible strategy, although it brings with it a continuously increasing risk [13].

In many LDCs, economic liberalization is causing rapid economic growth. Even if they wanted to, LDC governments are often unable effectively to regulate labour conditions, health and safety or environmental performance. Redressing such weaknesses in institutional capacity is an objective of international aid agencies, such as the UNDP. At the same time. LDC governments are generally far more concerned with promoting industrialization than with protecting the environment. They devote much of their resources to assisting their industries to find foreign partners or acquire foreign aid. Politically, they tend to be closely associated with their industries. As long as advances living standards outstrip any environmental damage, and the population approves of this approach, the strategy can rightly be judged a success (international impacts aside).

Company staff is getting involved, learning about the environment, and acting upon the knowledge. Financiers are looking at company's future prospects. In marketing, environmental factors have become important considerations [2, 7,11].

Conclusion

The increasing competition and a number of predatory players in the market show the increasing importance of the well-prepared strategy. The strategy makers must integrate environmental aspects into their business strategies and must realize that they compete for the support of investors and shareholders, not only with their rivals in their own industry branch, but with all investment possibilities in the global market.

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