

Why the US government and American companies should lead Sustainability globally

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In a few weeks, representatives from around the world will convene in Copenhagen, under the auspices of the United Nations, to focus on a new international agreement on climate change. This is a very important moment for the world. The world needs the US to set an example, something that could be achieved should the bill concerning the reduction of carbon emissions be passed. However, the bill, currently being discussed by the Senate, will probably not be passed in time for Copenhagen. Polls also indicate that ordinary Americans are becoming less engaged with climate change issues. In Europe and many other places in the world like South America the concerns are much higher together with the expectations for a good deal but it is also realistic to say that in Copenhagen "we will not be able to conclude a treaty," Angela Merkel said during a meeting with EU leaders. Arguments claiming that the costs are too high are not necessarily true since a strong agreement in Copenhagen is essential for global economic recovery.

Intelligent companies and clever countries like the UK are working to better understand—and cut—those carbon emissions (which Copenhagen aims to reduce) ahead of new regulations and use "Carbon Neutrality" or Carbon reduction schemes as a competitive advantage for their investors, customers and society's environmental expectations. This is mainly achieved through the consistent and appropriate use of Sustainability strategy and reporting. Nowadays corporate management practice undergoes serious transformation due to a well-established trend towards a sustainable development approach, especially amidst the global financial and economic crisis.

The cognitive process towards reporting on Sustainability derives from the acknowledgement of the highly assessed stakeholder theory discussed among academicians within the management discipline. According to acclaimed scientists from the field of management the stakeholder analysis empowers the understanding of company's environment and enhances its capacity to cope with increasingly unpredictable changes and transformations. It should therefore come as no surprise that stakeholder engagement and dialogue are crucial for the profitability and continued existence of a company, as stakeholder opinions can be utilized to guide its vision and mission, and reflect on its performance. To simultaneously realize the potential of stakeholder groups, and to retain their valuable insights, a company must be willing to engage stakeholders in frequent dialogue, weigh their opinions, and allow them to participate in various decision-making processes. If this is not done, the company runs the risk of losing stakeholder capital – whether this is monetary,

intellectual, or labor capital - which could prove potentially catastrophic to the life of the company in the long-term.

Follow-up of and feedback from stakeholders provides a cycle of opportunity for the growth and improvement of a company. Diverse stakeholder groups, when engaged in frequent dialogue, can steer a company in a profitable and productive direction through the provision of perspectives on a variety of issues. For efficient and effective stakeholder dialogue to be established, constant, clarifying communication between parties is essential, such as the identification of common goals among stakeholder groups and the company, as is the engagement and participation of stakeholders in relevant fora. Building relationships that transcend traditional business boundaries is a proven way to involve stakeholders in the mission of the company on a personal and emotional level, and evokes a genuine desire to learn from partnerships.

Awareness of Sustainability practices is relatively new in the US compared to Europe, where there is comprehensive legislation and many advanced initiatives. US companies, which wish to distinguish them and become global leaders (in terms of revenues, social and environmental results) in their sector, should implement Sustainability practices more strategically and actions should be taken towards that direction. The creation of annual Sustainability Reports should neither be perceived nor become an end in itself or just another promotion tool for organizations, which are really Sustainable. The creation of such a report should be perceived as a means of communication with stakeholders (shareholders, customers, employees, partners, society), which leads to a competitive advantage rather than as a means of promotion. Wherever the latter occurs it becomes evident by the fact that there usually are no indicators or performance measurements to show that the company has integrated the Sustainability concept, whereas projects little connected to social responsibility are unduly emphasized.

Skilled CSR specialists should replace the PR or Communication managers so as to instill the concept throughout the whole organization and avoid Green Washing. Sustainability is a unique concept for increasing company competitiveness and supporting financial performance only if it is used in the right way and US companies could and should lead the way.

Tomorrow there will be two kinds of companies. Those that will survive following best practices in Sustainability and the skeptical ones that will be struggling in this new business environment