WHAT ARE OTHERS TELLING US ABOUT SUSTAINABLE DEVELOPMENT?

Introduction

Information overload is nowhere more apparent than in the field of sustainable development. There are millions of pages and entire web sites dedicated to definitions, codes, programs and views on this topic. Most of it is what we call “spin.” Organizations are posting materials to promote their own vision of what is meant by sustainable development. This is still an emerging field. It has not developed its own consensus identity and this may not even be possible at any level higher than the local level where this course is focused. Each business, organization, local government and individual is different. They all have unique challenges, culture, stakeholders and management systems. It is argued that sustainable development cannot have a “one size fits all” program that will satisfy this diversity. However, it has not prevented some from trying to fill the void.

Hopefully this chapter will not overwhelm you as you begin to grapple with this subject! It may not help your feeling to know that only a small slice of the total amount of information has been presented here. In some cases, you will be referred to larger bodies of information. You may wish to review them should you have the interest to do so. However, we will be trying to look for the key points that may help define what should be sought after by those interested in sustainable development with a local focus.

Most people argue for sustainable development at a multinational corporation, country and global level. Business and government schools like to think that top-down programs work best. Even if this were true, they could work even better with a healthy component of bottom-up attention. This employee-driven program development (i.e., at the nexus of the local business, the local government and the individual stakeholders) is the theme for this course even though it is often thought to be a contrarian view to those that advocate taking a global view of sustainable development.

The top-down, global sustainability people argue that it would take too long to get to where we need to be if everyone were to follow the local path. However there is ample evidence to the contrary. For example, the City of Portland1 (Oregon, USA) had a thriving sustainable development effort at the local level. Portland has long been an area with many grassroots groups interested in the concept of Sustainable Development. The governor of the state of Oregon2 brought the effort to the state level. He helped to convince the governor of the neighboring state (Washington, USA) to institute a

1 City of Portland (Oregon) Office of Sustainable Development; [http://www.sustainableportland.org/](http://www.sustainableportland.org/)
2 Sustainable Oregon; [http://www.sustainableoregon.net/](http://www.sustainableoregon.net/)

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program\textsuperscript{3} in that state. These two governors brought the urgency of what they have been doing to the Western Governor’s Association\textsuperscript{4}. The governor’s adopted Policy Resolution 05-17 that states:

“In summary, mindful of our rich Western heritage, recognizing the need to sustain a vibrant Western economy, convinced of the importance of protecting and enhancing the environment for the well-being of present and future generations, and acknowledging the benefits of existing and new approaches to environmental management, Governors and other Westerners with diverse experience have agreed to the principles that follow. The principles have come to be known as the Enlibra principles, Enlibra being a newly created word meaning balance and stewardship.”

Other states have followed with their own sustainable development programs. The Commonwealth of Massachusetts has a well-developed sustainable development program\textsuperscript{5} at the state level. This example shows that there is a route to sustainable development from the bottom-up. It is not meant to indicate that this is the only such example.

Now let’s take a look at what people mean when they use the term, “sustainable development.”

**Definition of ‘Sustainable Development’**

There are over 150 published definitions of sustainable development. Some of them even differentiate this term from the term, “sustainability.” However, the best known term is the World Commission on Environment and Development’s publication, “Our Common Future” in 1987. This definition suggests that development is sustainable where it “meets the needs of the present without compromising the ability of future generations to meet their own needs.”

Sustainable development is about maintaining a delicate balance between the human need to improve lifestyles and feeling of well-being on one hand and preserving natural resources and ecosystems on which we and future generations depend. This latter concept is often referred to as our “natural capital”.\textsuperscript{6} Sustainable development is not a new concept. Many cultures over the course of human history have recognized the need for harmony between the environment, society and the economy. What is new is an articulation of these ideas in the context of a global industrial and information society.\textsuperscript{7}

Sustainable development has become a very popular term despite our ability to define it with any level of consistency. The concept has been adopted across the globe and by a

\textsuperscript{3} Sustainable Washington; http://www.ecy.wa.gov/sustainability/
\textsuperscript{4} Western Governor’s Association: http://www.westgov.org/wga_energy.htm
\textsuperscript{5} Massachusetts EOEa Sustainable Development Program; http://www.mass.gov/envir/Sustainable/
\textsuperscript{6} Natural capital definition: http://en.wikipedia.org/wiki/Natural_capital
\textsuperscript{7} Definitions of sustainable development; http://www.sdgateway.net/introsd/definitionis.htm
wide variety of disparate organizations from national governments, non-government organizations (NGOs) and multi-national businesses to local authorities and community groups. There are a large number of web sites that offer compendia of definitions on sustainable development.

Differences in interpretation primarily stem from how each of the three responsibilities of sustainable development – environment, society and economy – is emphasized. Many of those associated to the environmental management field clearly emphasize the environmental responsibility. The concern with balancing the needs of present and future generations (i.e., the intergenerational dimension of sustainable development) is also a point of disparity. Many consider it ethically wrong to make assumptions about future human needs by just considering basic biological needs. Many multi-national companies refer to the three responsibilities as: people, planet and profit. Thus there can be profoundly different understandings of what sustainable development means.

These differences can affect peoples’ perspectives on the topic. Some will see sustainable development as a radical “green” call for a fundamental organization of social, economic, and political life. People remember the “deep ecology” movement in the 1980’s. Others will see sustainable development as a means to emphasize “business as usual” with a spin on patterns of economic growth in the name of social and environmental progress. In other words, we need to have growth to pay for all of this sustainable development activity!

The UK Government and Devolved Administrations created a strategy for sustainable development with a local focus. They state:

“The goal of sustainable development is to enable all people throughout the world to satisfy their basic needs and enjoy a better quality of life, without compromising the quality of life of future generations. For the UK Government and the Devolved Administrations, that goal will be pursued in an integrated way through a sustainable, innovative and productive economy that delivers high levels of employment; and a just society that promotes social inclusion, sustainable communities and personal well-being. This will be done in ways that protect and enhance the physical and natural environment and use resources and energy as efficiently as possible.”

The four aims of this strategy are:

1. Social progress which recognizes the needs of everyone
2. Effective protection of the environment

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8 Sampling of web sites offering definitions on the term, “sustainable development:”
   http://www.ecy.wa.gov/sustainability/definition.htm;
   http://www.ecy.wa.gov/sustainability/more_defns.htm; http://www.ecifm.rdg.ac.uk/definitions.htm;
   http://www.sustainableliving.org/appen-a.htm;

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3. Prudent use of resources; and
4. Maintenance of high and stable levels of economic growth and employment.

There are some who argue over the exact interpretation and definition of sustainable development. Some of these same people claim that you cannot move down the path to sustainable development without first agreeing on the definition. However, it is important not to get bogged down in a definitional quagmire. A cursory survey of the definitions should help you see that there are enough common elements that most agree on as central to a sustainable development approach. This said, there is still disagreement as to whether this should be approached from a global perspective or a local perspective. Most choose to use the regional or global model. Not to diminish this popular perspective on sustainable development, this course will focus on the local perspective. You need to have both!

Well, that wasn’t so bad! But we have just begun. There is another concentration of people and organizations that use the term – “corporate social responsibility” (CSR). Their literature also claims that it is not possible to define CSR! They bemoan the fact that the language surrounding the concept of CSR is still evolving and can be confusing since some of their adherents use terms like – corporate citizenship, social responsibility, ethical business, corporate governance, corporate stewardship, corporate accountability, socially responsible investment, and corporate sustainability. It is easy to see that CSR is raised or used when people talk about businesses’ role in the community and what they could or should be doing to help those who live and work in the area around them. This issue was raised in the publication, “Agenda 21\textsuperscript{11}” – a comprehensive plan of action that was to be taken globally, nationally and locally by the 178 governments represented at the United Nations Conference on Environment and Development (UNCED) held in Rio de Janeiro, Brazil, 3 to 14 June 1992. Section 30\textsuperscript{12} of this document is entitled, “Strengthening the Role of Business and Industry.” This emphasis on the business responsibility does not address the local authority initiatives in support of Agenda 21.\textsuperscript{13} However, there are lessons for local government to use even though it is called CSR.

It is important to sample some of the many CSR definitions\textsuperscript{14} that have been offered and compare them to the definitions for sustainable development. It can be noted that most of the CSR definitions do not mention the term sustainable development. Many of these definitions also have a much richer focus on the social issues than those posed by the sustainable development adherents. However, the key difference is the focus on stakeholders. In essence, what these definitions are saying is that a business has

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responsibilities to all of its stakeholders. Those stakeholders are both within the company and its operations, as well as outside the business. Stakeholders encompass a wide range of people:

- Employees and business partners are stakeholders, while those investing money in the firm are an important sub-set of stakeholders or shareholders.
- Those stakeholders that are part of the community in which the business operates, for example, other businesses, community groups, residents and the like.

A small business with one location is going to have a different outlook on whom or what “their community” is in comparison to a chain of stores or a multi-national company. While both have “communities” that encompass internal and external stakeholders, the size and perhaps number of those communities is vastly different.

Companies are motivated to involve stakeholders in their decision-making and to address societal challenges because today’s stakeholders are increasingly aware of the importance and impact of these decisions upon the community and the environment. The stakeholders can reward or punish companies. Companies that embrace CSR find that it changes a number of things for them:

- Stronger financial performance and profitability, due in part to something known as eco-efficiency
- Improved accountability to and assessments from the shareholders, investment community and the community at large
- Enhanced employee commitment and involvement
- Decreased vulnerability through stronger relationships with communities—often referred to as the “license to operate;” and
- Improved reputation and branding.

It is important to note that conceptions of what constitutes a ‘responsible’ company will inevitably differ between localities, regions and countries. This is largely influenced by historical and cultural factors and by the different types of social actors that are demanding action on sustainable development priorities.

Traditionally in the United States, CSR has emphasized philanthropic and diversity issues. Companies make profits then they donate a certain share of those profits to charitable causes. They also make sure that minority communities share in the benefit of these contributions. In Europe, there has been a greater focus on operating the core business in a socially responsible way. The success of this model has certainly had its influence on many companies in the United States that are re-invigorating their CSR programs or starting new ones.

CSR is generally understood to be the way a company achieves a balance or integration of economic, environment and social imperatives while, at the same time, addressing

15 Eco-efficiency; http://www.wbcsd.org/templates/TemplateWBCSD5/layout.asp?type=p&MenuId=NzA&doOpen=1&ClickMenu=LeftMenu

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shareholder and stakeholder expectations. Expectations of these two groups can vary significantly. While business compliance with laws and regulations set at the official level of CSR performance, CSR is often understood as involving the private sector commitments and activities that extend beyond this foundation or mere compliance with laws. From a progressive business perspective, CST usually involved focusing on opportunities to improve in a way to respond to interrelated economic, social and environmental demands in the marketplace. Many of the firms active in CSR believe that this focus provides a clear competitive advantage and stimulates product and service innovation. An organization known as Business for Social Responsibility\textsuperscript{16} posts on its web site a paper entitled, “\textit{Overview of Business and the Environment}.” Currently this organization has posted 53 issue briefs\textsuperscript{17} on the topic of CSR. One other issue paper that is available on the Internet is “\textit{Corporate Social Responsibility: An Issues Paper}”\textsuperscript{18}, written by for the International Labor Office’s, World Commission on the Social Dimension of Globalization.

\textbf{Creating Principles, Codes, Creeds, Standards and Charters}

To provide a clearer picture of what they mean in practice, many of the definitions are underpinned by key principles that serve to guide policy making and decisions. The International Institute of Sustainable Development\textsuperscript{19} (IISD) lists over 100 principles with links to each. One of the earliest set of published guidelines on sustainable development is the 27 principles found in \textit{Agenda 21}\textsuperscript{20}. Some of the principles focus exclusively on the social and ethical responsibilities in sustainable development, while others include a broader focus including labor, human rights, environment and corporate governance. All of these documents are designed to help move organizations down the path to sustainable development. Some of the documents contain principles applicable to an organization’s sustainable development program and others are targeted more towards the external reporting of the programs. None of these programs combine all three areas of sustainable development under a single scheme. They are necessary, but certainly not sufficient. These documents address the “WHAT?” an organization should do, even though there is little agreement on this. Yet, these documents do not address the “HOW?” It is the how that is what the organization will need to develop in order to move down the path.

Deborah Leipziger, the European director for the organization, Social Accountability International, provides a list\textsuperscript{21} of the “best CSR instruments available.” After an exhaustive study of these documents, she concluded that many of the best codes of conduct and standards were not well known while some CSR instruments that are well disseminated are not terribly effective. She goes further to say, “Some comprehensive

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  \item Business for Social Responsibility Issue Brief; \textit{http://www.bsr.org/CSRResources/IssueBriefDetail.cfm?DocumentID=49037}
  \item BSR Issue Briefs – A Listing: \textit{http://www.bsr.org/CSRResources/IssueBriefsList.cfm?area=all}
  \item IISD, “Sustainable Development Principles;” \textit{http://www.iisd.org/sd/principle.asp}
  \item \textit{Agenda 21}, “Rio Declaration on Environment and Development;” \textit{http://www.un.org/documents/ga/conf151/aconf15126-1annex1.htm}
  \item Leipziger’s List of the Best Codes; \textit{http://www.greenleaf-publishing.com/pdfs/codeexec.pdf}
\end{itemize}

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codes of conduct achieve nothing, while other quite vague codes of conduct become well-embedded into the organization and foster innovation and change.” She wanted to help companies select, develop and implement social and environmental codes of conduct based on these principles.

Organizations can choose from these principles and make a unilateral commitment to follow them and report to the stakeholders on their progress. These organizations often make a pledge to meet the principles and set goals to spur their actions. Goals are mostly qualitative in nature and leave room for interpretation. The only sanction for not meeting these goals is the threat of some harsh words from the organizations that developed the principles, although this rarely happens. Unilateral commitments mostly take the form of letters of understanding that are non-binding in character. Participation in programs with sustainable development principles is seen as an opportunity to improve the organization’s public image. Because of anti-trust laws in the United States, most unilateral commitments cannot require organizations to employ specific management strategies, actions or outcomes. Without this legal requirement, the commitments would be considerably less ambiguous and more transparent to the stakeholders. Uncertainties regarding the legality of unilateral commitments have the added effect of limiting the effectiveness of monitoring and enforcement of the stated goals. Most unilateral commitment programs rely on self-reporting. It would strengthen the credibility and effectiveness of the commitments if an independent, third-party was to provide monitoring and dispute resolution.

An organization with a number of corporate and consulting company members decided to release a software tool and database to help companies that do not want to select codes and must report on multiple codes. They selected 17 leading standards and compiled all of their principles into a 175-point survey. This software product, only available through the direct involvement of select member consultants, could detect gaps in a company’s overall accountability and sustainability practice. Through repetitive use, this tool will begin to benchmark corporate programs and provide a tool for helping to prepare a report to the stakeholders. This group promotes this tool by stating that it will “solve questionnaire fatigue by measuring top-line performance and enabling fast, customized responses to each of the many surveys from social investment and responsibility groups without filling out questionnaires one-at-a-time. The audit provides a short list of actions to enhance corporate performance and reporting and reduce risk and liabilities.” When first released, the “comprehensive” audit was $60,000!

The proliferation of guidelines and principles are a key reason why many organizations have opted to create their own guidance or principles. In a recent survey of 107 multi-national companies conducted through a study commissioned by jointly by the World Bank and its financial arm, the International Finance Corporation, survey participants were asked to identify what guidelines their organization used to determine CSR. Fifty-one percent of survey respondents identified their own organization’s code of conduct, while one-third adhered to an external code or standard22. Until a globally-accepted,

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consensus-based standard is developed, such as that which may form out of the efforts of the International Organization for Standardization (ISO), there will likely be little in the way of uniform practice or approach.

There is a fledgling business in the area of sustainable development audits using the principles and related sustainability indicators. An objective and evidence-based approach is used to gather information (either qualitative or quantitative) to determine whether the audit subject (i.e., the company’s facility and processes) conforms to the audit criteria. For most sustainability audits, the information being evaluated may include more qualitative, than quantitative evidence. People in the company maintain evidence of how they follow every principle in their program. The audit reports must address all material issues, be complete and responsive to the audience for whom the report is intended. The role of third-party verifiers is to provide an independent, non-biased assessment of the veracity of a company’s sustainability program. Currently the only standard in place for audit practices in assessing, attesting to, and strengthening the credibility and quality of organizations’ sustainability programs and reports is AA100023. It is an assurance standard developed through an international membership organization known as AccountAbility.

Let’s move on and see who has been trying to organize the situation and make it easier for facilities to understand what they need to do to get a better understanding of sustainable development so they can get on the path.

Organizing Sustainable Development

A number of different groups have tried to provide some sense of organization to the concept of sustainable development and help governments, businesses and individuals move down the path of this bewildering array of concepts. Four efforts will be covered in this chapter:

1. The Natural Step (TNS)
2. SIGMA Project
3. Systems Approach

The Natural Step

The Natural Step24 is a non-certified methodology for helping to organize sustainable development behaviors in organizations and individuals. TNS was founded in Sweden in 1989 by Dr. Karl-Henrik Robert. TNS claims to have a scientifically-proven framework that can applied in any country and cultural setting, using language that employees throughout the organization can understand.

23 AA1000 Assurance Standard; http://www.accountability.org.uk/aa1000/default.asp
24 The Natural Step; http://www.naturalstep.org/

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TNS is built on four systems conditions:

1. In the sustainable society, Nature is not subject to systematically increasing concentrations of substances extracted from the Earth’s crust. Companies should replace certain minerals that are scarce in Nature with abundant and benign substitutes. All materials should be used efficiently.

2. In the sustainable society, Nature is not subject to systematically increasing concentrations of substances produced by society. Companies need to replace certain persistent and synthesized chemicals with ones that are normally abundant in Nature or break down more easily. We all need to use all substances produced by society efficiently.

3. In the sustainable society, Nature is not subject to systematically increasing degradation by physical means. Companies need to draw resources only from well managed eco-systems, using those resources efficiently, substituting unnecessarily area-consuming activities with others and exercising general caution in all kinds of manipulation of Nature.

4. In the sustainable society, human needs are met worldwide. Companies need to use all resources efficiently, equitably and responsibly so that the needs of all its stakeholders, staff and neighbors around the world, as well as people who are not yet born, have the ability to have their needs met.

TNS uses a tool called backcasting (i.e., also called the ABCD Method). In Step A, people using this tool first raise awareness by introducing and discussing the framework of the four system conditions. This creates a common understanding of what sustainability means to define the frame or destination for all planning. It is also important to identify the “need” for the product, service or organization and take the view of the key stakeholders. In Step B, this same group analyzes the present situation asking what are we doing well and what do we need to change keeping the four system conditions in mind? Next the group moves to Step C where it create a scenario of a desirable future that is compatible with the four system conditions and creates a list of actions that will help get there. Finally, in Step D, the group identifies and adopts strategies that step-by-step will take the company towards the sustainable future. The TNS leaders see this as a systematic way to back-cast from principles. Unlike forecasting, where one looks forward with projections, backcasting starts with one’s goal or vision and looks back at how one might get there. Many TNS consultants admit to having problems using this tool because it is very difficult to get people to imagine a near-perfect condition. It is like asking people what the “after-life” is like. This gets back to the same problem of trying to define sustainability before embarking on a journey to get there.

TNS advocates a step-by-step implementation strategy. Organizations are encouraged to move systematically by making investments that will provide benefit in the short-term, whole retaining a longer-term perspective. They can use a series of steps that will
eventually lead to sustainable development – the meeting of the four system conditions. TNS is not prescriptive and does not judge the organization. Instead, it serves as a guide. Despite these points, many companies do not find it to be very practical in a business environment.

TNS does have an emphasis on the environmental responsibility. In terms of the social responsibility, there is little in the way of stakeholder dialogue included in the TNS approach. Instead, TNS feels that it is able to address these responsibilities by keeping them linked to environmental concerns. In terms of the economic responsibilities, TNS works on the basis that economics is no more or less than the process through which humans create social and environmental outcomes.

There is an excellent book on the use of TNS in communities written by Sarah James, a resident of Cambridge, Massachusetts. Dr. Robert has a book telling his story. Dr. Hudgens also has a very readable book on the TNS methodology.

**SIGMA Project**

SIGMA is an acronym for Sustainability Integrated Guidelines for Management. It was a multi-stakeholder effort that was launched in 1999 with the support of the UK Department of Trade and Industry and was led by the following groups:

- British Standards Institution
- Forum for the Future
- AccountAbility.

This collaboration developed the SIGMA Guidelines and a series of tools to provide clear, practical advice to organizations to enable them to make a meaningful progress towards a sustainable future. Organizations can use its management framework to integrate sustainability issues into core processes and mainstream decision-making. A SIGMA toolkit consists of targeted tools and approaches to help with specific management challenges. The guidelines were developed through a rigorous process involving:

- Research into best practice and the commissioning of new work
- Piloting the Guidelines by actual companies and public sector organizations
- Extensive input from stakeholders.

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The Guidelines link into existing management systems (described in a section below) and other frameworks. This makes it not only compatible with existing systems, but also allowing companies to build on what they may already have in place. The result of these efforts and ideas provides flexible and workable solutions that can be implemented by a wide variety of different organizations.

This is probably the finest and most practical set of tools and approaches available today to help companies move down the path to sustainable development. The SIGMA guidelines will be found in many of the topics that will be discussed in this course.

**Systems Approach**

The Systems Approach was developed by the Instructor (Robert B. Pojasek, Ph.D.) to provide the working tools that were not included in the SIGMA Project and other process improvement programs (e.g., lean, six sigma, and the Baldrige model for performance excellence). There are five steps in the Systems Approach:

1. Characterize the process with all of its uses and losses of resources using a hierarchical process mapping technique and a series of linked accounting sheets. Suppliers and customers are included in the hierarchical process maps as “supporting processes.” A book of maps can be easily created to provide a life cycle view of any product or service. This provides a “process focus” for the sustainable development effort and allows all stakeholders to have a uniform view of the process.

2. Select opportunities to improve the process. These improvements will lead to better resource productivity and eco-efficiency, an important prerequisite to moving down the path to sustainable development.

3. Enable employee teams to prepare action plans for the select sustainable development projects using a series of quality management tools. The action plans are approved and reviewed by a management oversight committee. This provides for effective bottom-up and top-down management of the program. Each action plan is operated on a cost/benefit basis and must address all three responsibilities in the sustainable development program. Goals for the program are set by integrating the performance goals of actual projects and perhaps stretched a little to drive continuous improvement.

4. The projects and overall sustainable development program are scored using a performance excellence model that is known as the Baldrige model for performance excellence in the USA, the European model for Business Excellence (EFQM), Progressive Excellence Program (PEP) in Canada and the Australian Business Excellence Framework. This model is currently used in...

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more than 70 countries and is the platinum standard for performance measurement in the world.

5. Determine the “lessons learned” and manage the process knowledge to continually improve the process as you move to sustainable development.

Most process management and improvement programs fail because of poor implementation. The Systems Approach is employee-driven and supports itself with a set of sound financial management tools. It is possible to involve stakeholders directly in the process improvement program. All the documentation is maintained in a visual format and is carefully linked to the main processes responsible for products and/or services. Stakeholders are easier to engage when they have the knowledge to ask good questions and to understand the improvements that have been made. Many smaller companies can start out with a process improvement program that is solely based on the Systems Approach. They can add components of the SIGMA Project Guidelines or of TNS to help the organization move down the path to sustainable development. As in the case of the SIGMA Project Guidelines, the Systems Approach is designed to work within any program or approach to sustainable development.

**Global Reporting Initiative (GRI)**

Sustainable development programs, like other process improvement programs, are results driven. The result metrics are called “sustainability indicators.” There are literally thousands of sustainability indicators in use. The GRI33 is a multi-stakeholder process that develops and disseminates globally applicable guidelines for reporting to the stakeholders using sustainability indicators. GRI originated in 1997. It develops the guidelines using a process of open dialogue and collaboration. Its guidelines establish core economic, social and environmental indicators of corporate activity for the reports. In June 2002, the GRI was established as a permanent, independent, international body with a multi-stakeholder governance structure and support from the UN Environment Programme (UNEP). In January 2006, GRI released a new set of Guidelines for public comment. These Guidelines, once accepted, will update the 2002 Guidelines.

To be in accordance with the GRI, organizations must meet a defined set of sustainability reporting conditions based around the reporting process and content. The GRI indicators do not provide for any level of performance. It is envisioned that in time the GRI will move towards a more integrated framework that links the three areas. Perhaps they will even look to performance measurement to simplify the tracking of continuous improvement within the sustainable development program.

The GRI is one of the few tools that attempts to pull together different indicators as they may relate to other standards but also works towards integration between economic, environment and social responsibility criteria. Few other tools are as comprehensive in their coverage or as inclusive in the participation of various stakeholders. Their biggest weakness is that by focusing on reporting organizations they may be steering away from

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33 Global Reporting Initiative (GRI); [http://www.globalreporting.org/](http://www.globalreporting.org/)

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the real issue, that of performance. They use the word performance measurements. But the sustainability indicators are results. The Baldrige model and its counterparts in other countries are needed to measure and score true performance.

**Management Systems – Conformance Programs**

A management system is a systematic process that produces information designed to assist decision makers in selecting cost-effective strategies and actions to improve the efficiency, enhance the quality, environment and occupational health and safety, and protect the investment in the organization’s processes designed to produce products and/or services. Management-system process includes identification of performance measures, collection and analysis of data, determination of needs, selection of strategies and actions to address identified needs, and evaluation of the effectiveness of implemented strategies and actions. A management system can be as simple or complex as the users' needs demand.

There are a number of management systems that are usually included in sustainable development programs:

- Quality Management System – ISO 9000
- Environmental Management Systems – ISO 14001 and EMAS
- Occupational Health and Safety Management System – OHSAS 18001
- Social Responsibility Management System – ISO 26000 (proposed)
- Social Accountability Management System – SA8000
- Sustainable Development Management System (future).

These management standards are *conformance* standards. They set a standard reference point for the program to conform to. All organizations seek to reach that level of conformity. They can choose to be certified by a third-party as meeting that level of conformance. It is important to note that these management standards are not performance standards. There is often confusion when people refer to the results obtained in a conformance program as performance results. As you will learn in a section below, that performance programs can measure *true* performance and score the results.

You will note from the list of management systems above, that they are offered as stand-alone programs. The key to developing an overall sustainability management system is to work to fully integrate these management systems into a single system. All of the “organizing systems” described in the previous section are compatible with these management systems. The Systems Approach holds the key to fully integrating these management systems by providing a common platform for all to work on – the focus on the process.

**ISO Family of Standards**
The ISO 9000 and ISO 14001 series of management system standards are directly related to sustainable development and refer to quality (ISO 9000) and environmental (ISO 14001) management. These standards have been developed by the International Organization for Standardization (ISO)\textsuperscript{34} which is a worldwide federation of national standards bodies from approximately 130 countries. This organization administers over 11,000 standards. ISO is not an acronym, but a word, derived from the Greek “isos,” meaning ‘equal.’ From equal to standard, the line of thinking that led to the choice of ISO as the name of the organization.

The ISO family of standards has no specific performance requirements beyond what is required by legislation. Rather they focus on management systems in order to assist companies to meet legislative requirements of performance.

The ISO member bodies could not agree to establish a standard for occupational health and safety. To meet this need, an independent group created a management standard known as OHSAS 18001\textsuperscript{35}. It is written in the very same format as ISO 14001. Many organizations create a separate management system when implementing this standard. It has not been very popular yet in the USA. Many larger organizations are using a voluntary program with the US Occupational Health and Safety Administration (OSHA) known as the Voluntary Protection Program\textsuperscript{36} (VPP). It is not offered as a management standard.

ISO is currently developing a management standard for social responsibility. It will have the designation, ISO 26000\textsuperscript{37}.

The Eco-Management and Audit Scheme\textsuperscript{38} (EMAS) is a voluntary environmental management initiative that is not related to the ISO management standards. It has been operating in the European Union, the European Economic area and some bordering countries. The objective of EMAS is to promote continuous environmental system improvements. Organizations can certify to EMAS. This management standard requires the organization to have an environmental management standard (EMS) in place that is equivalent to the ISO 14001 standard. EMAS is considered to be more robust than ISO 14001 as it requires publication of an environmental statement in addition to the implementation of the systematic environmental management approach. Some organizations are concerned with this level of disclosure to the stakeholders.

\textsuperscript{34} International Organization for Standardization; \url{http://www.iso.ch}
\textsuperscript{35} OHSAS Organization; \url{http://www.ohsas-18001-occupational-health-and-safety.com/}
\textsuperscript{36} US OSHA VPP Program; \url{http://www.osha.gov/dcsp/vpp/}
\textsuperscript{37} ISO 26000; \url{http://isotc.iso.org/livelink/livelink/fetch/2000/2122/830949/3934883/3935096/home.html?nodeid=4451259&vernum=0}
\textsuperscript{38} EMAS; \url{http://europa.eu.int/comm/environment/emas/index_en.htm}
Social Accountability 8000 (SA8000)

SA8000 is a social accountability management system produced by Social Accountability International\(^{39}\) (SAI). This standard focuses on labor issues in supply chains and covers the issues of employment and working conditions. The company that uses this management standard must conform to the standard and comply with national and other applicable law and conventions. The specific social issues covered in the standard include: forced labor, child labor, freedom of association, collective bargaining, health and safety, minimum wage, living wage, discrimination practices, disciplinary practices, working hours and training. Organizations that sign up to SA8000 are audited for their conformance to the stated criteria. These audits examine objective evidence of effective management system procedures and information that can prove conformance with the standard. Once certified against the standard, a company is entitled to display the SA8000 certification mark and thereby use it in their marketing program.

SA8000 provides a robust approach to labor and employment issues especially for contract manufacturing in developing nations. However, its limited applicability has reduced its potential use by many companies. It has primarily been adopted by retail organizations and apparel companies. Evidence suggests that a lot more work is needed to ensure use of the management standard provides benefits throughout the supply chain. In many cases, the key suppliers have demonstrated conformance but have not extended this to their vast network of subcontractors.

Although there has been little criticism of the standard itself, there has been concern over the veracity of auditing by those authorized to conduct such audits. This is a common problem with all management systems. Some trade unions and labor organizations would like to see an expansion of employee involvement in defining the appropriate labor standards and conditions for the program in the future.

Sustainable Development Management System

At the current time, there are no widely-recognized management systems for sustainable development. However, this has not stopped some multi-national organizations from trying to develop one for their own use. The best way to use management systems as the foundation for a organizing and implementing a sustainable development program is to first integrate the available systems into a single management system. While some organizations have claimed to have done this, they are generally just creating tables of requirements and aligning the requirements that are the same in all of the management standards. Full integration will require much more than this.

Integration means combined – putting all the internal management practices into one system. They cannot remain as separated components. For the management systems to be an integral part of the company’s management system, there have to be linkages so that the boundaries between processes are seamless. The integrated sustainable development management system should integrate all currently formalized systems focusing on quality, environment, occupational health & safety, social responsibility,

\(^{39}\) Social Accountability International; \url{http://www.sa-intl.org/}

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personnel, finance, security, etc. What this means is that all the management system processes and the documents that describe them would be integrated. This does not mean that a similar item will just sit next to the other similar components—it has to be directly linked to the others so as to make a whole—an integrated system. Putting all of the systems into one manual does not integrate the systems. Buying a software product that handles quality, environment, safety, and other documentation is not integration. Integrated management is a concept whereby functional management is dispersed throughout an organization so that managers manage a range of functions. Later in the course, you will learn how to fully integrate these management systems and start to build a sustainable development management system.

Performance Programs

All of the performance programs currently in use are modeled after the Baldrige Performance Excellence Program. Performance programs actually measure true performance and can assign it a single quantitative score. This can be done either with self-examination\(^{40}\) or with trained third-party examiners. In a performance program, the organization is scored against the performance criteria. The results are scored separately. All the results can be scored and assigned a single grade—not unlike a grade-point average that you achieve when you go to the university.

Performance programs drive the behaviors that make the conformance programs work better! These behaviors are provided in six criteria\(^{41}\) categories:

- Leadership
- Strategic Planning
- Customer and Other Stakeholder Focus
- Measurement, Analysis, and Knowledge Management
- Human Resource Focus
- Process Management

Many companies base their operational excellence programs on these six criteria. Some of the other countries’ performance excellence programs have a different number of true performance criteria. To the Instructor’s knowledge, no company is currently using its Baldrige knowledge to measure the true performance of its sustainable development program or any of its management system programs.

Performance programs are also carefully aligned with the organization’s vision, mission and core values. Baldrige suggests a number of core values that help optimize true performance:

- Visionary leadership
- Customer-driven excellence
- Organizational and personal learning

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• Valuing employees and partners
• Agility
• Focus on the future
• Managing for innovation
• Management by fact
• Social responsibility
• Focus on results and creating value
• Systems perspective.

All of these core values are helpful in developing a sustainable development program.

In Baldrige, “results” is the seventh criterion. Results are evaluated separately from the six performance criteria. In a sustainable development program, the sustainability indicators are the results. The Instructor is not aware of any organization scoring the results with the Baldrige program, even companies that have both an operational excellence program based on Baldrige and a sustainable development program.

Performance systems and conformance systems work in a complementary fashion. The concept of true performance to drive a sustainable development program will be covered again in a later chapter.

**Taking the First Steps**

It is easy to see that it would be quite difficult to define the end-point of an organization’s journey to sustainability. You will learn next week, that some organizations use the stakeholders to define that point. However, you do not need to have full knowledge of the destination in order to take a journey there.

There are a plethora of principles that you could use to help you steer on the path to sustainable development. But, which ones will you select? How will you use them well in order to move down the path if no one is telling you how to use them?

You have learned about a number of organizational approaches that address the formation of a sustainable development program. There are a variety of management systems that can be used in concert with these organizational approaches. Finally there are performance improvement programs that will help make the conformance management systems work better and measure how close the organization is getting to sustainable development and the rate of approach to that worthy goal. It will take a talented systems engineer to integrate these programs and make them work well within the prevailing organizational culture.

Sustainable development is a highly fragmented discipline. It is still emerging. Most of the major corporations that practice sustainable development implement it from the top-down. Varying amounts of training and other assistance are provided to the individual facilities in the organization. Businesses and other organizations without someone mandating a sustainable development program are on their own to find a way to get on
the path and to maintain their journey. There is a need to recognize that each facility requires a local “license to operate.” Shareholders can make it very difficult for an organization to thrive if it is ignoring their “interests.” This is a strong argument for a strong employee-driven bottom-up sustainable development program that is aligned with the corporate wishes or another model of what a sustainable development program should look like.

In the next chapter, you will learn how an organization can get on the path to sustainable development once it has the basic knowledge that has been presented in this chapter.