

The business case for sustainable development

“Yet in the end, sustainable development is not a fixed state of harmony, but rather a process of change in which the exploitation of resources, the direction of investments, the orientation of technological development, and institutional change are made consistent with future as well as present needs . . . Painful choices have to be made. Thus in the final analysis, sustainable development must rest on political will.”

WCED 1997, Our Common Future

The World Business Council for Sustainable Development (WBCSD) emerged from the vision and concerns of a small group of business leaders during the two years leading up to the 1992 Earth Summit in Rio de Janeiro. This is why we feel a responsibility to update our views before another Earth Summit (the 2002 World Summit on Sustainable Development in Johannesburg).

Much of this book looks ahead, into the first decades of this new millennium. However, we begin by looking back at where we have been, what issues prompted us to act, and how those concerns and visions have played out over the decade.

To do that, we need to go back yet another decade, to the early 1980s. Then, ‘development’ seemed to be failing. Large parts of the globe were stagnant economically and falling heavily into debt. The 1980s is known in Latin America as ‘the lost decade’. At the same time, the environment was being mismanaged, if managed at all. From a United Nations viewpoint, neither the UN Development Programme (UNDP) nor the UN Environment Programme (UNEP) seemed to be very effective.

With both development and environment in crisis, citizens’ groups championing either cause argued fiercely over which ‘comes first’. Against this background, the UN General Assembly in 1983 adopted a resolution to establish a commission to seek ways forward. A total of 21 members, mostly from the developing world, composed

this World Commission on Environment and Development (WCED), and former Norwegian Environment Minister Gro Harlem Brundtland chaired it.

The Commission did two things that had a lasting impact. In its 1987 report, *Our Common Future*, it developed and championed the concept of 'sustainable development' and, in the final pages of that report, it called for preparations for 'an international conference' on sustainable development. That conference was eventually held as the 1992 Earth Summit.

Why no one likes sustainable development

In calling for such a conference, the Commission wrote (1987):

When the century began, neither human numbers nor technology had the power to radically alter planetary systems. As the century closes, not only do vastly increased human numbers and their activities have that power, but major, unintended changes are occurring in the atmosphere, in soils, in waters, among plants and animals, and in the relationships among all of these.

That rhetoric is interesting because it demonstrates the WCED's environmental motivation. It tended to have much more to say about environmental management than about meeting human needs. Yet in defining the term 'sustainable development' it gave equal weight to both concerns:

Sustainable development seeks to meet the needs and aspirations of the present without compromising the ability to meet those of the future. Far from requiring the cessation of economic growth, it recognizes that the problems of poverty and underdevelopment cannot be solved unless we have a new era of growth in which developing countries play a large role and reap large benefits (WCED 1987).

So, sustainable development is partly about social justice. Debate about what constitutes a fair and just distribution of wealth, rights, and opportunities is nothing new. In the past, debates about social justice tended to focus on distributional issues within a particular generation. However, with the rise of concern about environmental issues over recent decades, increasing attention is being given to future generations and considerations of justice between generations (Starkey and Welford 2001). This is one aspect that makes sustainable development seem so challenging. Another aspect is the systemic nature of the concept. Sustainable development cannot be achieved by one nation alone. It cannot be achieved in only one sphere, such as the economic sphere. It will require types of partnership never before witnessed in human history. The Commission argued that the conditions of the present poor must be improved, a fairly radical argument considering how low this goal was on most political agendas.

The WCED's key concept of sustainable development has informed environment and development discussion since 1987 but it has never quite caught on to become a mainstream, unifying, rallying cry among the general public or even among environmental and development groups. We suggest this is because of the following reasons:

- Environmental groups do not appear to like the concept because they did not 'invent' it and because it has the word 'development' in it.
- UNEP seemed to take a similar 'not invented here' stance, offering alternative expressions such as 'environmentally sustainable development'. They resisted its use in the official title of the 1992 Earth Summit, which became the UN Summit on Environment and Development.
- Developmental groups do not appear to like it because they see it as being too green, feeling that all the emphasis is on the needs of the future rather than the needs of the present.
- Governments seem to shy away from it because it does not fall to any single ministry or department. It requires levels of integrated thinking and acting that governments have thus far failed to achieve.
- Academics tend not to like it because it can be made the property of no single discipline. Finding its definition vague, they endlessly redefine it, so that today there are many competing definitions. Academics also point out, rightly, that the concept does not really help one to know what to *do* about issues such as climate change and species loss.
- The general public also has trouble with the concept. After all, its main message is that in thinking about environment and development issues, as in thinking about one's own life, one must figure out how to live off interest and not capital. One must not eat one's seed corn, burn down one's house to keep warm or use one's drinking water to wash the car. The public is not excited by such thinking. Thus it is unlikely to read about sustainable development in its newspapers or hear about it on radio or television. Surveys in the USA found that few had heard the expression, but, on hearing it, they took *sustainable* to mean *static*—requiring that one always drive the same car, have the same amount in the bank, and live in the same house. So the term *sustainable development* is unlikely to rally millions to the cause of sustainable development.

The business connection

Thus for the past decade or so we in the WBCSD have been championing a term that is unknown to most of the world's inhabitants but is universally known among environment and development actors and thinkers, where it seems to mildly annoy them all. Whether this will change now that the 2002 summit has been titled the 'World Summit on Sustainable Development' remains to be seen.

Why are some of the world's major corporations drawn to such a problematic concept? First, we must admit that sustainable development is still largely unknown among most businesses around the world. Nor do those who know about it neces-

sarily accept it readily or understand what it means for their companies. Yet some business leaders were drawn to the concept as they realized that not only was it not anti-growth but also it called for serious economic growth to meet the needs of the current population. Also, some warmed to the idea as they compared the issues involved in sustaining a planet with those involved in sustaining a corporation. Both require balancing acts between managing for the long term and managing for the short term. Companies can fail spectacularly—and become ‘extinct’—if they get this wrong in either direction. Companies that live only in the present may not notice disruptive technologies coming their way, as happened when some of the big computer makers missed the advent of the personal computer. Yet companies that base their strategy on meeting future needs—as did many of the dot.coms in the late 1990s—may burn through their resources before a market based on those perceived needs emerges. Thus business leaders may have an experimental understanding of sustainable development that governments and citizens’ groups lack.

Also, financial markets expect companies to grow or be taken over. But many corporate leaders have realized that there is little growth potential in using the same strategies of the past 30 years. As they search for new strategies, they find that sustainable development thinking opens new ways to grow.

However, this is not to claim that it is easy to sell sustainable development within the ranks of a company. Paul Tebo, vice president for safety, health, and environment at DuPont, finally created the term *sustainable growth* to get the message across to colleagues:

Growth was very important. I tried *sustainability* and the business leaders saw it as status quo. I tried *sustainable development* and they viewed it as environmental sustainability. I tried *sustainable business* [but] growth is what organizations want—either you’re growing or you’re not and not growing is not a very good sit (Spencer-Cooke 2000).

When the Earth Summit came around in 1992, business wanted to be involved, partly to protect its own interests. The quotation at the beginning of this chapter says that sustainable development is about changes in resource exploitation, investments, technological development, and institutions. It is not surprising that business therefore decided to take a keen interest in what was to transpire at Rio and to make sure that it was business-friendly.

The Business Council for Sustainable Development (BCSD) emerged after one of us, Swiss industrialist Stephan Schmidheiny, was asked to serve as the principal adviser for business and industry to the secretary general of the Summit, Maurice Strong. Not knowing quite how to fulfill such a responsibility, he rounded up some 48 other CEOs of major companies to create a group with two functions: spread the sustainable development message among business and produce business input for the Summit. Schmidheiny promised the BCSD group that they were a ‘mission’, not an organization, and would disband after Rio (see page 16). The International Chamber of Commerce (ICC) also prepared business input for Rio. In 1993, a group of ICC member companies formed the World Industry Council for the Environment (WICE), which, in the beginning of 1995, merged with the BCSD to form the WBCSD.

The BCSD had its first meeting in the spring of 1991 and had to produce something by June 1992. This was a tall order for people who had not worked together before