

## SUSTAINABILITY AND DURABILITY – CRITERIA INCLUDED IN THE EVALUATION OF BUSINESS EXCELLENCE OF COMPANIES

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**ABSTRACT:** *Currently, many more global companies started including programs aimed at climate protection, sustainable raw material usage in manufacturing processes, waste reduction of all types (especially when it comes to water and energy) and production steered towards firm client needs as well as local community requirements, in their development strategies. The aforementioned actions of companies are determined in part by current global trends oriented towards sustainability and business responsibility and by recommendations set in place by certain international bodies, such as certain branches of UN, or simply by their self management conscience. This paper's discussion is geared towards the analyzing possibility of whether these actions can or cannot be included in the field of criteria regarding the evaluation of business excellence of companies.*

**KEY WORDS:** *sustainability, business, responsibility, social, criteria, excellence.*

**JEL CLASSIFICATIONS:** *M10, M11.*

### 1. INTRODUCTION

In the last few years, in the medium of big and small corporations, entrepreneurs and especially in European financing policies we started seeing terms as: *durable, sustainable, green business, social responsibility, lasting development, innovative development, lasting economy, lasting community, green economy*, etc. For these aforementioned terms, specialty literature offered an abundance of definitions and explanations in the last five decades.

In this section, based on the documentation provided by bibliographic resources, I will synthesize the associated approaches of concepts such as: durability, sustainability, green economy, Corporate Social Responsibility-CSR, as well as the context in which they have been defined.

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## 2. REGARDING DURABLE DEVELOPMENT

The following presents the most commonly used approaches and definitions that have a high degree of acceptability. For sustainable development, the definition according to the UN Report of 1987 is provided, respectively (UN World Commission on Environment and Development). (Report of the WCED, 1987).

The terms: Ecological development; eco-development; sustainable development. The United Nations Conference on the Human Environment in Stockholm in 1972 was the first global conference that turned the environment into a major concern and issue. (ONU, 1972) Participants adopted a series of principles for the healthy management of the environment, including the Stockholm Declaration and the Action Plan for the Human Environment, addressing aspects of societies' development in a sustainable manner. Thus, the term ecological development emerged within the framework of economic development programs at the United Nations level. One of the major outcomes of the Stockholm Conference was the establishment of the United Nations Environment Programme (UNEP). The Stockholm Declaration from this conference contains 26 principles, placing environmental issues at the forefront of international concerns. This moment marked the beginning of a dialogue between industrialized and developing countries regarding the connection between economic growth, air pollution, ocean pollution, and drinking water pollution, with negative effects on the entire world. In part, the plan of action is made out of three main document categories:

- Global climate evaluation programme (surveillance programme);
- Climate management activities;
- International measures aimed at encouraging management evaluation activities both nationally and internationally.

In 1976 Ignacy Sachs in the paper "Environment and Styles of Development", explains in broad terms the concept of eco-development as being "an approach on development that is set on the harmonization of social and economic objectives with a solid ecological management, in a spirit of solidarity with the coming generations". (Sachs, 1976), (<https://www.scribd.com/>).

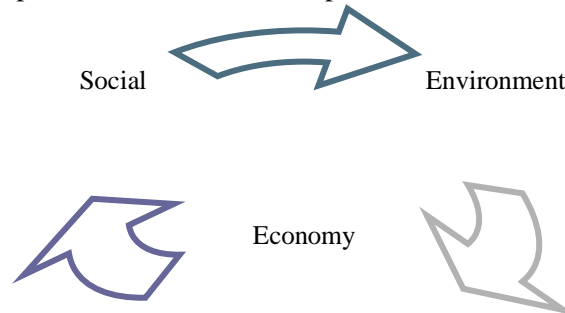
The concept of durable development has been used in the 1980's by the UN for Nature Conservation (International Union for Conservation of Nature - IUCN), aside with the UN Environment Programme (UNEP) and the World Wildlife Fund (WWF). (IUCN, 1980, <https://www.environmentandsociety.org/>). This term has been explained inside the report named "Our common future" of the UN published in 1987, known as the Brundtland Report. In this report, UN gives the following definition for durable development: "it is development that satisfies the needs of the present generation without compromising the future generation's capacity to meet it's future needs.", accentuating three wellbeing aspects: economic, ecologic and social. (Report WCED, 1987).

In the same paper it is mentioned that, in essence, durable development is a change process in which: resource exploitation, investment direction, orientation of technological development and institutional change, should all be in harmony and

should improve the current and future potential of accomplishing the satisfaction of human needs and aspirations.

Measures that can be taken by people in business climates, together with public authorities or other institutions to obtain the durable development of society are in the following components. (United Nation, ECOSOC):

- Climate component.
- Social component and economic component.



Source: Sustainable development

**Figure 1. The mechanism of obtaining durable development of society through green entrepreneurial projects**

There are 17 formulated objectives for sustainable development stated by the UN in a 2015 document which involve global durable objectives on a time scale set to end in 2030. (UNPD, 2030 SDG's). These 17 objectives are a priority for better world wide operating, being an universal call towards all nations to end poverty, protect the planet and ensure that until 2030 all people will enjoy peace and prosperity. Evidently, one business or one nation will not be able to solve all these issues nor would they be able to handle even one of them, although, if more businesses would work towards the same goals, they could improve over time. The concerned issues are:

1.No Poverty	2. Zero Hunger	3. Good Healt and Well Being	4. Quality Education
5. Gender Equality	6. Clean Water and Sanitation	7. Affordable and Clean Energy	8. Decent Work and Economic Growht
9. Industry, Innovation and Infrastructure	10. Reduced Inequalities	11. Sustainbles Citiy and Communities	
12. Responsible Consumption and Production	13. Climate Action	14. Life Below Water	
15. Life on Land	16. Peace, Justice and Strong Institutions	17. Partnerships for The Goals	

Source: 2030 Sustainable Global Goals, accesat pe <https://www.undp.org/>

**Figure 2. The goals formulated by the UN for sustainable development**

How can society and the global economy aspire to solve one or more of these problems and become a green type of business. One answer could be: developing a sustainable business model. There are many options to build sustainable businesses, beginning from making sure the energy needs of one's business is met by solar panels (which improves renewable energy usage being greener and cheaper) to reusing industrial equipments, clothing and certain personal use items.

### **3. MORE ABOUT GREEN ENERGY**

The concept of green economy sprung up from the necessity of sustaining durable development and needing to solve a series of critical issues related to this kind of development. These issues are the ones linked to: evermore intense climate pollution; the method of exploiting and using resources; imbalance of spreading resources world wide; aspects of social involvement regarding different social categories, communities or even nations.

A green economy is defined as being "a reduced carbon emission economy, resource efficient and socially inclusive. In a green economy, the rise of workforce and income is determined by public and private investments, in such a capacity that all economic activities should facilitate the reduction of carbon emissions and pollution, determine a raise in energy efficiency, optimize resource value, prevent the loss of biodiversity and prevent ecosystem unbalances."(Green Economy, UNEP).

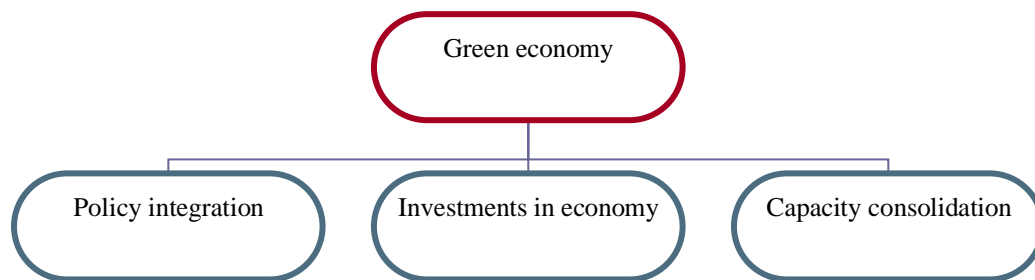
The notion of a green economy doesn't replace the term of durable or sustainable development, in fact it creates a new concept in the field of new economic orientations. These orientations are geared towards the way activities unfold in any field, but especially in polluting industries, infrastructure investments, jobs and even in creating and developing new social and climate competence. In order to see results in this kind of green economy, businesses need support through public expense funneling towards set categories of investments, regulations, policy reform and tax reform.

The scope of a green economy, durable consumption, production efficiency and resource usage for durable development are geared towards the fact that:

- durable production and consumption wants to improve production processes and consumption practices to reduce resource consumption;
- measures are being taken by businesses to reduce waste production and air pollution all throughout the life cycle of manufacturing processes and produce consumption;

Development of green economies can be stimulated and supported through many mechanisms, that can be grouped in three main categories. (Green Economy, UNEP):

- international and macroeconomics policy integration at a local and regional level;
- investments in economy and greater access for financing;
- capacity consolidation and open collaboration.



Source: <https://www.unep.org/>

**Figure 3. Support and stimulation of a green economy**

Primary actions of each three components can be the following:

1. On the policy integration component action can be taken through:
  - development of governmental policies that support green economies;
  - support given to countries involving integration and development of macroeconomic policies to support the transition towards a green economy;
  - access to the required technologies and manufacturing systems;
  - strategies and guides.
2. On the investments in economy component action can be taken through:
  - promoting a green economy through the ranks of businesses and entrepreneurs with a centered accent on access to eco friendly financing, technology and green investments;
  - identifying financial mechanisms for this role;
  - new business models and the creation of better green entrepreneurial practices.
3. On the capacity consolidation component action can be taken through:
  - promoting at a macroeconomic level of durable economic growth through cluster and forum creation on a regional, subregional and national level;
  - knowledge and opportunity consolidation in key activities;
  - policy harmonisation between finance and tax systems.

In conclusion, green economy gives a macroeconomic take on durable economic growth, with accent geared towards investments, workforce occupation and ecological competence development.

#### **4. ABOUT CORPORATE SOCIAL RESPONSIBILITY**

Corporate social responsibility represents a concept that implies voluntary involvement by businesses in social and climate issues in their commercial operations as well as in the relations that these companies develop with other concerned parties. Businesses that implement in their strategies objectives and programs of social responsibility will not only determine a positive outlook of their activity from clients or collaborators, but can also positively influence sustainable or green economy projects.

Specialty literature is generous with its myriad of definitions and analysis regarding the topic of corporate social responsibility. I will specify only two of these definitions.

The European comity defines corporate social responsibility as „*a concept through which companies integrate, voluntarily, social order and ecology aspects in their business dealings as well as their interaction with specified factors.*” (Iamandi, I. at Dura C., 2018). Another definition given about Corporate Social Responsibility in unity with durable development is given by the World Bank as follows: “*social responsibility is a commitment taken by businesses to contribute to a durable economic development, side by side with the employees, families, local communities and society in an ensemble set on improving their living quality through adequate means for business and development*” (Dura C. et al, 2018, pag.4).

In a 2010 study from the paper "Sustainable Business Survey for 2010" which investigates the Corporate Social Responsibility situation at the level of big businesses, terms such as "corporate social responsibility" and "sustainability" have been used as synonyms (Dura & Ghicajanu, 2012). Inside this study, aside from investigating the efficiency of CSR programmes at corporate levels, the way of involvement of these said companies in responsible and sustainable business practices has been analyzed (for example actions such as carbon emission reduction, the improvement of certain degraded natural areas, air and water pollution reduction, etc). Furthermore the, *International Institute for Sustainable Development* presented the evermore important role of companies and their involvement in sustaining a durable development of economy through CSR programmes. On another note, another definition given to CSR is one of social involvement, respectively "a long term partnership with the community, supporting it taking a front row seat as a goal towards solving its social issues". (Lazăr, 2009). From this perspective CSR can be practiced in many forms. Even the smallest business can have an impact upon social changes by making a simple donation to a local food bank or investing in the quality of life lead by its employees. Most popular and well received CSR projects are set on the following paths:

- Carbon emission reduction;
- Betterment of work policies for the employees;
- Fair commerce ( fair prices for raw materials);
- Education support;
- Charitable donations;
- Volunteer work;
- Corporate policies that protect the environment;
- Socially and environmentally conscious investments.

## 5. BUSINESS LEVEL SUSTAINABILITY

Taking into context the aforementioned facts, more and more companies and organisations are preoccupied with developing and practicing business in terms of sustainability and durability. Some companies include in their manufacturing processes resource saving solutions for water or energy or steering towards products obtained

through recycled materials, other companies develop CSR projects for the environment, education and their own employees or the neighbouring community. Other companies practice green type entrepreneurship. Many of these companies collaborate in these directions and associate themselves in organizations for support and consultancy when it comes to these issues. For example, Business for Social Responsibility organization is an organization that supports and promotes durable and socially responsible businesses nad has been founded ever since 1992 in San Francisco, U.S.A. (Business for Social Responsibility, <https://www.bsr.org/>). From the quarters of this organization we can distinguish over 300 big corporations from various fields and continents. Some of the best well known corporations inside this organization are: American Express, Coca-Cola, Google, Microsoft, Adboe, Amazon, AstraZeneca, Booking Holding, Burberry, Capri, Chanel, Cisco, Dropbox, Enel, Fujitsu, Fuji Oli, Ferero, Heineker, Hitachi, IMB, Johnsons-Johnsons, Mars, McDonalds, Meta, Mitsubishi, Nissan, Pepsico, Peanuts, Primark, Samsung, Sony, Scania, Toyota, Toshiba, Visa, Wella Company, Zoom, Zalando, Xerox, etc.

Collaborative initiatives among these companies are oriented towards developing performant businesses in a more durable economy and a fairer world. The majority of actions find themselves on the tracks layed out by ONU's global sustainability objectives such as:

- reduction of carbon emissions from manufacturing, commerical and supply chain processes;
- inovation of new production and commerce ways that are more environmnet friendly;
- a better risk assesment when talking about the climate, community or nature in general;
- long term strategies and investments with objectives geared towards responsible consumption and production;
- equality, fairness and justice for all people regarding the acces to resources, education and a good quality of life.

## **6. INCLUSION OF SUSTAINABILITY ACTIONS OF COMPANIES IN THE ASSESSMENT CRITERIA OF BUSINESS EXCELLENCE**

Business excellence is appreciated through a sum of criteria based on multiple evaluation models. Most known business excellence apreciation models are ones from total quality management: Deming Japanese Model, Baldrige American Model, European EFQM Model (European Foundation for Quality Management. (Ghicajanu, 2020). Authors such Thomas J. Peters and Robert H. Waterman (Peters & Waterman 2011) have analyzed business excellence of ceertain companies and concluded that all had in common certain qualities: inclination towards business, keeping close client relations, productivity through people, entrepreneurship and autonomy, the practice and motivation of value, concentration towards already known facts, simple organizational structure and the smallest staff feisable, simultaneous decentralization and authority.

In practice, businesses are assessed as having business excellence and given distinctions for this, based on excellence blueprints that have, at ground level, a certain number of appreciation criteria. Companies that enter into a competitive market are assessed based on said criteria. These criteria are somewhat similar to those identified by famous authors such as Peters and Waterman, like those related to TQM models which also present certain differences, depending on the prize's type, (Peters&Waterman, 2011).

**Table 1. Business excellence assessment criteria**

Business excellence criteria formulated by Peters and Waterman	Current criteria
Business predisposition; Staying close to the client; Productivity through people (new methods of employee motivation); Autonomy and entrepreneurship (promoting and supporting innovation in companies); Organizational culture (value driven business); Being concentrated on a certain business strategy; Simple and flexible organizational structures; Balance between centralized and decentralized leadership.	Favorable business climate; Client orientation; Product and service quality obtained through international certifications; Promoting leadership-based management; Organizational culture; Flexible structure and services; Involvement in social and educational activities (social responsibility).

In current years, the tendency of certain bodies that organize and reward businesses in this sense have included criteria such as the ones mentioned beforehand, as well as one extra criteria, having actions of social-educative involvement. In the next part I will present only a few organizing bodies that reward companies in competitions of business excellence.

**Global Business Excellence Awards.** The global business excellence award giving organization, Global Business Excellence Awards, annually organizes a competition for any business that wants to enter and win an award, being appreciated especially for business success, in economic and financial terms, marketing, production and innovation and leadership. Competitions are arranged separately on multiple contest categories and a company can sign-up in no more than 5 of these. In current years there have been included categories that assess aspects of durability and sustainability, such as (<https://gbeawards.com/>):

- *climate action category* which includes- projects and actions for durable environment protection such as: energy efficiency, reduction of water consumption, waste reduction, recycling and carbon footprint reduction, etc.
- *diversity, inclusion and equality of chance category* – actions and concrete ways in which businesses ensure workplace equality of chances for employees without having age, gender, ethnicity, religion, disability, sexual orientation, education and national origins or business partner relations be a limiting factor.

**International Business Awards.** Also, the competition run by International Business Awards rewards businesses on 26 categories, grouped in six subsections, from which we can mention sustainability and CSR programs. These sections are: Business & Innovation Customer Experience; Employee Experience; Sustainability and CSR; Digital; People (<https://ibxawards.com/>).

**Acquisition International.** The online business publication Acquisition International took upon itself in current years to organize competitions aimed at rewarding businesses for innovation and business excellence, as well as for the CSR category (AI, accessed on <https://www.acquisition-international.com/>).

**Biz Sustainability Awards Gala.** In Romania, Biz Sustainability Awards Gala rewards businesses and NGOs for sustainability programs and CSR leadership in the next categories (<https://sustainabilityawards.ro/>):

- Community Hero, for businesses that invest in sustaining and strengthening the communities in which they function.
- Social Impact hero, for societal value and behavioural influences on the long term.
- Circular economy Hero, for ones supporting and investing in circular economies and recycling programs.
- Sustainable Business Hero, rewards businesses that make the transition from a consumer society to a resource responsible society.
- Forward Thinking Hero, for inovations that change manufacturing ways, consumption and behavioural practices into an environment aware society.
- Next Generation Hero, for new generation businesses that fight for a more responsible world, for bringing a new perspective for the future.
- Leadership Hero, businesses that promote programs and management based on leadership as well as for sustainable business practices.
- Ecuation Hero, for businesses that get involved in educational programs.
- Change Champion, rewards the promoters of perspective change when it comes to ways in which society and economy should function for a durable future.
- Tech For Good, rewards businesses that inovate in the newest technologies that better quality or life or change the world for the better.

## 7. CONCLUSIONS

Conclusions which can be drawn from this material are as follows:

- concerns towards ONU announced SDG's are evermore present in the business climate;
- business managers need to understand the fact that in order to develop a long lasting business a change in mindset and problem solving needs to be made, especially when it comes to issues such as environment protection, equality and equity, resource manufacturing and consumption;
- in the evaluation of business excellence varied organizations launch initiatives or online platforms amongst which we can also find the criteria of sustainability, initiatives following this scope can develop, harmonize and better themselves in the future.

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