

# The Sustainable Company – a Company for the Future

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**Abstract:** The concept of sustainable development at the macro-economic level has a correspondent within the concept of „sustainable company” in the business world. The paper underlines some arguments in the favor of the idea of the company’s sustainability. The sustainable company is the one that can be successful on long term, having a well defined, energizing direction, combined with positive environmental purposes and purposes for the community. A clear definition of the idea of sustainability could help the entrepreneurs in applying this concept within their own organizations, so that the future generation will be able to satisfy their own needs.

**Keywords** - sustainable development, sustainable company, SMEs. principles, drivers.

## I. INTRODUCTION

The world is changing dramatically, in diverse ways, and increasingly rapidly. These changes create many opportunities and challenges for businesses, whether multinational corporations or local partners in their supply chains.

While emerging nations represent the 'growth markets' of the future, many are not engaged in the global market economy. However, new technologies and relationships are developing that create great potential for their ultimate success... if we can find the ways to bring need and opportunity together in a sustainable way. Business has a huge - but certainly not sole - role in this process.

To successfully achieve that role by responding effectively to global changes and assure long term prosperity, businesses must integrate sustainability thinking in their core, in their strategic decision-making processes.

But what is “sustainability?”

## II. WHAT IS SUSTAINABILITY?

The 3 legs of a well-balanced stool are:

**Community-** For actions to be sustainable they must help strengthen the local community by drawing people together in common places, with common goals and with respect and caring and a sense of responsibility for one another. Very simply, sustainable actions foster good relations among everyone.

**Economy** - Those same actions must help stimulate the local economy. We need to meet most of our needs with the goods and services provided by local producers and business owners. This keeps community assets circulating amongst us.

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**Environment** - Furthermore, our actions must take into account the effect on our natural resources. Our endeavors must be carried out with a long-term perspective on the environment. The health of our air, land, water and life forms of all kinds is crucial to us all. It is our responsibility to safeguard the health of our environment.

The achievement of sustainable development by the European Union must be based on finding a balance point between sufficiently protecting the environment and allowing SMEs to continue to flourish. In other words, Europe cannot simply afford to protect the environment whilst losing competitiveness for SMEs or indeed leading to their exclusion from the market in the long run. This means that the European environmental policy should not be orientated towards big industry, which represent only 0,3% of European businesses, but shaped on the features of SMEs (and particularly of micro and small businesses, which represent the majority of SMEs).

## III. THE FEATURES OF THE EU LEGISLATION WITH RESPECT TO THE SME SECTOR

The European legislation regarding the small and medium enterprises sector should have the following characteristics:

- it should strike a balance between the three pillars of sustainable development;
- it should be consistent and coherent with other environmental legislation;
- it should be more “user friendly” (this means that it should be conceived in a way to make its national implementation as easy as possible. In this framework, the European Commission should monitor that Member States do not unnecessarily complicate the national laws implementing European legislation. This is particularly important for SMEs, which do not have the legal and technical expertise to deal with extremely complicated legal texts);
- it should contain precise and uniform definitions in order to prevent Member States adopting different interpretations of the same concept;
- it should be based on the cost/effectiveness approach, in order to maximize the positive effects on the environment and limit expenses to the minimum;
- it should be in line with the basic features of SMEs. This means that the EU legislation should contain:
  1. either specific provisions for SMEs, like, for example:
    - the possibility to apply alternatives to BAT (Best Available Technologies) which are economically viable. In this framework initiatives such as the “Clean, Clever, Competitive Europe” partnership should be encouraged.

- the possibility to adopt an integrated approach, compacting in a single procedure all the common requirements of environmental legislation, health and safety legislation and quality management;

2. or a general application of the proportionality principle. This means that provisions of legislation should not be applied generally to all kind of businesses. They should be applied differently, according to a set of criteria, like:

- the size of the enterprise;
- its location;
- the nature, scale and complexity of its activities;
- the amount of its pollution;
- the significance of associated environmental impacts.

In practice, the legislation should be applied “cum grano salis”, in a reasonable way, suitable to the way SMEs operate.

These conditions are indispensable to allow SMEs to comply with European environmental legislation. Providing assistance to SMEs to comply with environmental legislation is precisely the aim of the Compliance Assistance Programme that is to be set up in the framework of the 6<sup>th</sup> Environment Action Programme. This new Programme needs to focus on providing information in an adequate form to SMEs and micro enterprises in particular as well as technical assistance. Moreover, it should also have its own budget line.

SMEs, and particularly micro-and small enterprises, differ from large enterprises in that:

- Their procedures are different from the procedures of big companies. They are extremely direct, with a minimum amount of paperwork. This results from the fact that most SMEs are self-employed businesses or that entrepreneurs work in close contact with the employees.

- They have no environmental division and/or specialist for environmental legislation. Entrepreneurs alone are in charge of understanding the legislation and deciding what to apply.

- They do not have any own source of information about environmental legislation and rely on the activity of SME-organisations to be up to date.

- They have neither the same financial resources nor the same bargaining power in accessing to new financing as big businesses. Many SMEs totally depend on banks for financing.

It is, therefore, obvious that, whenever legislation is necessary, it should also foresee:

- specific provisions aimed at ensuring assistance to SMEs in the implementation phase at European and national level (this assistance could involve information, training, fiscal incentives, low rate loans, etc.);

- the involvement of national SME organizations in the above-mentioned tasks, since they are the main instrument to accompany SMEs in the implementation of environmental legislation.

Moreover, representatives of European and national SME organizations need to be consulted before European environmental legislation is adopted.

In addition, it is of paramount importance that the EU decides to rationalize and codify the current and future European environmental legislation, in order to:

- maintain only the necessary legislation;

- make it more consistent, coherent and homogeneous.

### III. CONCLUSIONS

We can ask ourselves if there is not a too big importance given to the concept of sustainable enterprise, but the answer can be found as follows:

- The enterprise is and will remain the type of organization where the biggest part of the goods and services needed by the society are being produced, where the biggest part of people are working;

- The sustainable company is a new type of enterprise, characterized by functionality and high creativity, through a relatively equal accent set on the economic, social and ecological aspects, through its capacity to continuously improve, achieving new products and services, generating information and competitive knowledge which insure a long term development, benefic for entrepreneurs and for employees as well. The sustainable company has these qualities, even if it is mainly a small size enterprise, a SME.

- The entrepreneurial spirit represents the basis of establishing and developing a sustainable company. Thus, the encouraging and promotion of the entrepreneurial spirit represents the main engine of a sustainable company.

- The sustainable company – by all of the above – is really necessary for entrepreneurs, employees, cities, regions, countries and the entire nations. By insuring decent jobs, products services and good ratios of price/quality, consistent incomes to all those involved as well as to the local, regional and national communities, the sustainable company represents the irreplaceable support for the progress of the economic and social life.

- A sustainable company cannot exist without a sustainable environment, a favoring frame for its functioning from many points of views: fiscal, commercial, financial, managerial, technologic, administrative, educational, juridical, ecologic, cultural and political. A sustainable environment cannot be represented but by the new economy, the knowledge based economy.

- Romania has to focus not on creating any type of enterprises, but on sustainable companies, the only ones that are capable to entirely eliminate the economic, social, technical, social, scientific, cultural malfunctioning from the developed countries.

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