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## Enhancing Corporate Sustainability

A framework based evaluation tool for sustainable development

by  
**Markus E. Langer** and **Aloisia Schön**

Abteilung für Wirtschaft und Umwelt (IUW)  
Institut für Wirtschaftsgeografie, Regionalentwicklung  
und Umweltwirtschaft  
Wirtschaftsuniversität Wien

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## **Abstract**

Corporate sustainable development is placed between simplified interpretations and an overabundance of complexity and requirements that hampers implementation. Stakeholder Relations Management is one approach for the operationalization of sustainable development on the corporate level, which enables the inclusion of aspects of sustainability into corporate decision-making in a pragmatic way. However, stakeholder pressure and economic constraints lead companies to adopt only a small segment of the concept of sustainable development. Therefore, a referential framework is needed in order to regard corporate initiatives within the wider context of sustainable development on the theoretical level.

The framework of sustainable development presented here, which was developed during a research project funded by the “Austrian Science Fund”, takes the wide range of notions of sustainable development into account. Like a map, the framework depicts approaches to sustainable development and provides an overview of the aspects of sustainable development (scope) as well as the different levels of complexity that are associated therewith (depth). This framework is conceived as a tool to classify approaches to sustainable development in a wider context.

## **Keywords**

Stakeholder relations, theory of sustainable development, operationalization of sustainable development, framework of sustainable development

## **1. Introduction**

On the societal level, sustainable development has become a guiding principle of economic, environmental and social policy. In the past, this guiding principle was rudimentarily implemented on the corporate level through conventional command and control instruments. Voluntary agreements and participatory approaches (e.g. Local Agenda 21) as well as market based incentive systems (e.g. emissions trading) gradually complement or sometimes even replace conventional approaches. Emerging synergies strengthen integrative approaches and contribute to corporate competitiveness.

However, it has to be conceded that the consequent implementation of principles of sustainable development on the corporate level still faces a number of obstacles. On the one hand, sustainable development is more comprehensive and complex than environmental management and respective approaches. On the other hand, instruments for the operationalization and implementation of sustainable development are largely not available yet.

Stakeholder Relations Management could be one of the promising methods to further integrate the concept of sustainable development into corporate management. However, presently little is known about the relationship between specific stakeholder demands related to sustainable development and corporate instruments utilized in this respect. Furthermore, if a comprehensive approach is aimed at, it is essential to incorporate and assess a company's activities towards sustainable development within a larger context of the concept of sustainable development. To deal with these challenges, it is necessary to have a tool at hand that provides an overview of the concept. Here a Common Framework of sustainable development is presented that allows the classification of approaches in a general context, but can also serve as an orientation tool to facilitate coordination, informed decision-making as well as evaluation in the context of corporate sustainability.

## **2. Corporate sustainability**

For a company, the term sustainable development encompasses long-term preservation, improvement of competitiveness, innovation and the recognition of responsibility for society and environment. The Agenda 21 also emphasizes the importance of competitiveness, entrepreneurship and voluntary initiatives (Agenda 21, Chapter 30).

On the corporate level, sustainable development has thus far been treated mostly in a simplified manner from two perspectives: On the one hand, sustainable development is regarded to be synonymous to an increase in eco-efficiency through environmental technologies in terms of Factor 4 or 10. On the other hand, methods and instruments for corporate sustainable development focus on the development of environmental management systems (Gladwin 1998, Fichter 1998, Schneidewind 1997, EPE 1996, Levett 1996). However, systemic crosslinking and the extension of system limits, two major principles of sustainable development (the integrated management along chains of value added and the consideration of long-term issues in economic planning), have rarely been adopted on the corporate level.

When it comes to social sustainability on the corporate level, only selected issues have been applied so far (Meffert 1998, Carrol 1999). With regard to internal social systems, sustainable development is implemented through the participation of employees in the development of guiding principles. In some cases, elements of organizational development are explicitly geared towards sustainability (Rohn 2001, Dybe 2001). In the context of recent developments on the labor market and financial provisioning for retirement the responsibility of companies for former employees has gained importance. With regard to the international social environment, the issue of production in low-wage countries and the associated work conditions are of prime interest.

Sustainable development on the corporate level is associated with increased complexity and multi-dimensional issues. The simultaneous consideration of social, ecological and economic criteria represents an enormous challenge for companies for strategic and other decision-making processes. Similarly, the consideration of interlinked causes and effects increases complexity. The long-term perspective underlying sustainable development exceeds the planning horizon of companies and is difficult to conciliate with dynamic changes of general circumstances.

However, the present theoretical discussion of sustainable development provides little in terms of orientation and instruments for the implementation on the corporate level. The overabundance of requirements and high level of complexity tends to hinder companies in adopting sustainable development.

### **3. Orientation for the implementation of sustainable development**

As a major starting point for the definition of sustainable development, the Brundtland Report (WCED 1987) is referred to in practically every treatise on sustainable development as well as in the Agenda 21. From this generally accepted idea, a great number of definitions and approaches for the operationalization and the implementation of sustainable development have emerged.

With regard to the scope of sustainable development in theoretical concepts, partial and holistic approaches can be found (Simonis 1998, Sachs 1999), which are either, ecocentric or anthropocentric (Rao 2000). The most prominent distinction of sustainable development concepts rooted in economics is between weak and strong sustainability (Daly, Cobb 1989). Between these antagonizing schools of thought there exists a number of intermediate approaches, referred to as “sensible sustainable development” or “intermediate sustainable development” (Serageldin 1996, Rao 2000). Common features and differences of these concepts have been broadly discussed in literature.

However, defining sustainable development on the theoretical level and building consensus about desirable social goals are distinct processes (Costanza, Patten 1995). Sustainable development means progress towards objectives over which there exists consensus within a social group that they will ensure sustainability of the system under consideration. However, the objectives may vary between different social groups and may change over time (Rao 2000). In other words: The definition of objectives related to sustainable development is subject to social processes on various levels. Sustainable development involves the choice of individuals, organizations and governments. Thus despite far-reaching consensus on the core

idea of sustainable development, the associated objectives are subject to theoretical and political discussion. Different notions are applied according to the situation and the interest pursued, as the concept of sustainable development may serve as a moral appeal in policy or planning processes (Pfister, Renn 1997).

While the definitions and objectives of sustainable development are already diverse, the variety of approaches to achieve them is even greater. Because sustainable development implies the optimization of multiple criteria, there is not a unique solution. Consequently, there exists a wide range of viable strategies and not a single optimal path. However, it is possible to identify those paths of development that are not sustainable over a defined period of time. From the remaining options, the selection of a strategy is subject to a social process. The theory and international documents on sustainable development provide requirements for this process in order to ensure the persistence of the decision (Spangenberg 1999).

Whereas the theoretical discussion provides a large number of definitions, concepts, objectives and approaches of sustainable development, pragmatic approaches are often exclusively based on an analysis of the current situation and an intuitive vision of sustainable development. There is little guidance to ensure that essential conceptual and technical issues of sustainable development are finally considered when sustainable development is put into practice.

#### **4. The Sustainable Stakeholder Relations Approach**

The theory of stakeholder relations, elaborated by Freeman (1994), provides the scientific basis for the understanding of the relations between companies, their business partners, employees, customers and society in general. The theory of stakeholder relations implies that the neglect of stakeholder groups will have negative effects on corporate results, whereas a trustful relationship will have positive effects for both sides.

Internal and external stakeholder groups represent a variety of societal interests, in particular social, economic but also ecological ones. Sustainable development is based upon a continuous process of balancing different societal interests. A Stakeholder Relations Approach, which is oriented towards sustainable development, is stepping in right there. The Stakeholder Relations Approach represents one among a number of possibilities for the operationalization of the paradigm of sustainable development in companies.

Currently, approaches to sustainable development in the political context (like Local Agenda 21) result in a shift in the importance of interest groups or in the creation of new groups. *Sustainable* Stakeholder Relations Management thus deals with an enlarged array of interest groups, for instance special interest groups, neighbors or NGOs.

In this concept, companies actively and deliberately advance relations with their social environment. Through this process, the set of usually considered parameters in corporate decision-making is enlarged by including aspects of sustainable development. The stakeholder groups thus play a major role in transferring issues of sustainable development into companies.

Sustainable Stakeholder Relations Management is based upon a trustful relationship with stakeholder groups, and exceeds this requirement with regard to sustainable development. In this context, the normative aspects gain in importance (Moir 2001). „Corporate citizenship“

and „social responsibility“ are concepts for dealing with the ethic responsibility of companies with regard to sustainable development. Through the systematic and integrative consideration of claims of strategic stakeholders, corporate initiatives for sustainable development are based on a broader foundation.

Overall, the Sustainable Stakeholder Relations approach reveals itself as economically attractive: The active advancement of communication and the exchange of information positively influences innovation, reputation and risk management and thus enhances corporate competitiveness. An active and anticipating approach creates a wider room for decision-making and action in comparison to reactions enforced through the socio-economic environment. Similarly substantial is the aspect of risk minimization: The comprehensive and early consideration of stakeholder interests helps to better predict potential threats to planned activities and enables decision makers to switch to alternatives on time.

#### **4.1. Limits of the Sustainable Stakeholder Relations approach**

However, Sustainable Stakeholder Relations Management alone does not offer a comprehensive approach towards sustainable development. Societal norms and conceptions are primarily considered, while ecological or even social issues of sustainable development, which do not generate societal concern and direct economic pressure, are not regarded on the corporate level through Sustainable Stakeholder Relations Management.

Thus, a specific set of criteria for corporate sustainability is likely to develop in function of the particular corporate social and natural environment. Opposed to normative approaches of sustainable development, the Sustainable Stakeholder Relations Management approach offers a considerably extended room to maneuver for the design of initiatives for corporate sustainability.

Nevertheless, there are two main issues that make it necessary to consider a referential framework of sustainable development. On the one hand a referential framework can be used to evaluate the contribution of Sustainable Stakeholder Relations Management to sustainable development. On the other hand a referential framework can help to reveal whether aspects of sustainable development have been neglected, which inclusion could enhance corporate sustainability.

### **5. Features and limits of the Common Framework**

The framework is a tool providing guidance through the dimensions and aspects of sustainable development and facilitating informed decision-making. The target groups of the framework comprise managers but also evaluators and institutions commissioning evaluations of sustainable development processes.

The framework takes the wide range of notions of sustainable development into account in a systematic way. Like a map, the framework depicts the landscape of concepts and approaches to sustainable development and provides an overview of the aspects of sustainable development (scope) and the different levels of complexity that are associated therewith (depth).

With the help of the framework, the scope and depth regarding sustainable development can be determined for projects or processes and compared to other approaches. For example corporate sustainable development processes can be distinguished according to the aspects of sustainable development included and the level of complexity intended. An explicit determination of the aspects and qualitative levels of sustainable development of projects or processes will help to make the concept of sustainable development more tangible and operational. Similarly, a clear terminology also facilitates communication and co-ordination among involved parties. With regard to the implementation of sustainable development, the framework can help to match the demands and expectations concerning sustainable development that exist on policy and corporate levels.

The framework describes different qualitative levels on which sustainable development can be implemented. On this basis, an informed choice for a specific qualitative level, adequate for the given situation, can be made. Furthermore the framework points out perspectives for possible improvement, extension and further development of a process of sustainable development. Thus the framework can offer support in directing processes from a basic approach to a more complex level. Finally, the framework also provides a guideline for identifying approaches that may not be suitable to lead to sustainability.

However, the framework does not represent a readily applicable set of criteria evaluation and assessment. The framework does not define any quantitative levels for environmental, social or economic targets, as there do not exist generally applicable thresholds. Instead, it is conceived as a framework to classify and systematize approaches to sustainable development in a wider context.

This aspect is particularly important in the case of corporate sustainable development. Economic constraints and stakeholder pressure lead companies to adopt a restricted view of sustainable development and pursue targets accordingly. The application of the referential framework makes it possible that corporate initiatives can be investigated within the general context on the macro-level, e.g. regional or national strategies or programs to sustainable development.

## **5.1. The structure of the Common Framework**

The structure of the framework, as depicted in table 1, follows the three corner stones that determine sustainable development:

<b>System properties</b>
Integration of Systems
Temporal system boundaries
Spatial system boundaries
Dynamic change
<b>Capacities – the material and immaterial basis of stocks to be sustained</b>
Levels and limits
Distribution

<b>Process aspects</b>
Participation and Governance
Reflexivity

Table 1: Structure of the framework (Langer et al. 2002)

Based on these three corner stones, the framework is structured in aspects and their levels. The aspects determine the scope and focus of a project or process and thus allow a rough orientation. By using the aspects of the framework, a match in scope of concepts concerning sustainable development applied in planning, implementation and evaluation of processes or projects can be determined. Furthermore the aspects allow the categorization regarding the sustainability of approaches according their focus on the social process, on systemic integration or on impact and results. The aspects are described in more detail below.

All of the systemic as well as capacities aspects should be considered for a process or project of sustainable development as they include all the internationally accorded aspects of sustainable development. It is interesting to note in this respect, that there are only few approaches to sustainable development that explicitly include systemic approaches. “The Natural Step” (TNS 1997) as well as the “SQM” approach (Strati et.al. 1999) are noteworthy exceptions. The aspects defining the process of sustainable development may be subject to choice. In a particular project or process, certain process aspects of the framework may thus not be relevant. However, the determination of such aspects should be the result of a transparent decision making process which is taking all aspects into consideration. Similarly, the evaluation of a Stakeholder Relations Approach with the help of the framework would comprise all aspects of sustainable development and consciously exclude the ones not relevant via a transparent and well-grounded process.

Whilst the aspects describe the scope of the process, the requirements or approaches associated therewith take on different levels of complexity or stringency. In this context, the levels are referred to as “basic”, “intermediate” and “complex”, in order to avoid value judgments. In some cases also a “non sustainable” level can be determined. Such levels have been chosen for the systemic, the capacities and the process aspects of the framework and will get further attention below.

## **5.2. The main aspects and levels of the Common Framework**

In the following section selected aspects and levels of the framework are presented to offer a more detailed picture of its design.

### **5.2.1. System properties**

#### **Integration of different systems**

The interrelations between the social, the economic and the environmental system are key to the concept of sustainable development. In theory as well as in political practice, there exists broad consensus on the idea that pursuing solely economic objectives without considering social and ecological interdependencies and vice versa will not be sustainable.

Nevertheless, in the attempt of making sustainability operational, the concept of sustainability is frequently applied to partial systems. The goal systems of sustainable development, also



referred to as dimensions of sustainability, are considered separately leading to separate concepts of environmental sustainability, economic sustainability and social sustainability. Three approaches can be identified that are based on systemic parameters and can be applied in different cases (see table 2).

<b>Integration of systems</b>	
<i>Description of Aspect</i>	Sustainable development is based on the notion to consider systems thus far mostly seen as separate or even as non-relevant for the other, as being interrelated. Interrelations are case-specific while the relevance of an interrelation is mainly determined via outside referential systems.
<i>Depth (Levels)</i>	<ul style="list-style-type: none"> <li>• A partial approach to sustainable development focuses on a singular system or its constituents, for instance natural resources, but also considers some feedback mechanisms from outside the system under scrutiny.</li> </ul>
	<ul style="list-style-type: none"> <li>• A focused approach to sustainable development is characterized by the fact that priorities are attributed among social, economic and environmental objectives.</li> </ul>
	<ul style="list-style-type: none"> <li>• With a unitary approach all relevant facets of development including environmental, social and economic issues are considered in a functional and holistic way including the complex structure of effects.</li> </ul>

Table 2: Extract from the framework (Langer et al. 2002): Integration of systems - aspect and levels

The partial approach focuses on a singular system, for instance economic performance, but also considers feedback mechanisms from outside the system under scrutiny. Yet this approach does not attempt an integration of systems.

Partial approaches reduce the complexity of sustainable development, and the associated requirements are easier to determine. From the perspective of corporate reality, partial approaches are appealing for their straightforward and convincing implications.

The focused approach to sustainability is characterized by the fact that the goal system comprises of environmental, social and economic aspects, but not necessarily in a balanced way. Those systems with high priority are considered in an integrative manner including their interactions and reciprocal effects. The technical perspective and the context influence the weight of the respective dimensions.

A unitary approach to sustainable development takes into consideration environmental, social and economic issues simultaneously. A unitary approach to sustainable development requires the integrated analysis of the complex structure of effects in a functional and holistic way (Sachs 1999).

Instead of finding solutions for isolated problems and minimizing arising conflicts with other goal functions, the principle of integration requires a systematic search for win-win-situations. However, the fully integrated consideration of interrelations is an ideal that can be accomplished neither in scientific analysis nor in corporate decision-making.

### Temporal system boundaries

The integration of different goal systems is directly linked to two more system aspects of sustainable development.

The setting of time horizons is of particular relevance with regard to corporate decision-making. In a context of rapid changes in the economic environment, decision-making cycles focus on short and medium term effects. However, sustainable development requires a long-term perspective. Clearly, uncertainty and lack of predictability place constraints on the adoption of this principle on company level.

Critical issues associated with the setting of temporal system boundaries in corporate planning are the consideration of adequate time spans according to the planned measures, the consideration of feedback mechanisms and long-term indirect effects. In a similar manner, the requirement of intergenerational equity demands long term considerations also in corporate decisions. See table 3 for more details:

<b>Temporal aspects of sustainable development</b>	
<i>Description of Aspect</i>	An extended temporal perspective is inherent to sustainable development. There are different time-spans to be considered. Furthermore there are feedback mechanisms in place that also have different temporal scales and add to the complexity of the issue.
<i>Depth (Levels)</i>	<ul style="list-style-type: none"> <li>• The time horizon can be set according to the duration of major effects caused by the respective project or processes, which often last beyond the period of interventions within the project as such.</li> </ul>
	<ul style="list-style-type: none"> <li>• The time-horizon can be chosen according to the system influenced by the decision. The adequate time horizon would be consistent with the time these systems need to react and to regenerate.</li> </ul>
	<ul style="list-style-type: none"> <li>• The time horizon is set along the concept of intergenerational equity to ensure equal opportunities for the generations to come.</li> </ul>

Table 3: Extract from the framework (Langer et al. 2002): Temporal aspects - aspect and levels

### Spatial system boundaries

Similarly the spatial extent, in which possible effects of decisions are regarded, is made more complex, if principles of sustainable development are adhered to. Within sustainable development it may be necessary to deal with indirect long-range effects of decisions. Again, there are different approaches on how to set the spatial orientation of a system and the determination of an external system of reference is still under discussion. The issue of setting adequate spatial system boundaries in decision-making processes gains importance as studies and calculations may come to different results according to the spatial level.

A basic approach is chosen if the spatial boundaries are set according to the area of activity. A company can choose to primarily deal with issues restricted to the plant and its immediate environment. Criteria for setting the boundaries include direct and immediate influence.

An intermediate approach is chosen if the delimitation includes more than just the immediate area of activity and if relevant interrelations with other spatial levels are also considered. Companies involved on the regional level could provide an example.

The global perspective characterizes the most complex approach. This approach is based upon the idea, that activities are thus far interlinked, that effects on the global level need to be examined for their relevance for corporate sustainability. An overview is given in table 4:

<b>Spatial aspects of sustainable development</b>	
<i>Description of Aspect</i>	The spatial boundaries in the context of sustainable development need to account for interrelations on various spatial levels.
<i>Depth (Levels)</i>	<ul style="list-style-type: none"> <li>• The spatial boundaries define the immediate area in which an activity takes place.</li> </ul>
	<ul style="list-style-type: none"> <li>• The delimitation includes not just the immediate area of activity, but also relevant interrelations on other spatial levels</li> </ul>
	<ul style="list-style-type: none"> <li>• Far-reaching interrelations are included, also on the global level.</li> </ul>

Table 4: Extract from the framework (Langer et al. 2002): Spatial aspects - aspect and levels

### Dynamic Change and Risk

Sustainable development is linked with the issue of change and uncertainty as well as risk especially through its long-term perspective. (See table 5)

On a rather basic level risk is dealt with as a potential direct hazard on a local scale. It primarily gets attention through addressing issues of dread. Changes are not anticipated or proactively managed, but simply reacted to.

On the intermediate level changes and possible paths of development are being anticipated and feasible ways to react are prepared. Uncertainty, risk and dread are being comprehensively considered. Therefore, indirect effects as well as long-term issues are included into the assessment. Societal choices are facilitated via participatory methods.

Finally, the precautionary principle is being followed strictly to deal with potential risks. The strict avoidance of irreversible situations, the minimization of risk and participation are put into the foreground.

<b>Dynamic Change and Risk</b>	
<i>Description of Aspect</i>	A number of characteristics of sustainable development are inevitably linking the paradigm to dynamic changes and the emergence of risk. On the one hand it is the extended temporal scope and the systemic interconnectedness. On the other hand it is the uncertainty that is linked to societal decision-making on limits, trade-offs and processes.
<i>Depth (Levels)</i>	<ul style="list-style-type: none"> <li>• Changes are being reacted to and not anticipated or proactively managed. Risk is considered to arise primarily from direct influence and is being dealt with on a local scale mainly as an issue of dread.</li> </ul>
	<ul style="list-style-type: none"> <li>• Changes are being anticipated and at least partly being proactively managed. Indirect effects as well as long-term issues are being considered and issues of uncertainty, risk and dread are comprehensively considered.</li> </ul>
	<ul style="list-style-type: none"> <li>• The precautionary principle is strictly being followed.</li> </ul>

Table 5: Extract from the framework (Langer et al. 2002): Dynamic change and risk - aspect and levels

## 5.2.2. Capacities

### Levels and limits

Especially on the macro-level, minimum and threshold levels for the natural, social and economic basis of sustainability are defined. Also programs and policies are in place in order to control the use of resources and capacities in industry. Constraints limit the room to maneuver for corporate activities (Binswanger 2000) and thus have impact on competitiveness.

Sustainable development requires a certain amount and quality of stocks in natural, social / human and economic resources in order to deliver flows of goods and services. The concept of sustainability is based on the idea that natural resources are scarce to some extent (Neumayer 1999), which means that any use today may preclude a use tomorrow and that tomorrow's use may require cautious management of today's use. Minimum conditions have to be fulfilled in order to ensure the stability of the system. As a consequence, requirements for the use of resources and the conservation of capacities play a prominent role in most concepts of sustainable development. Furthermore, firms that are able to deal with (upcoming) restraints do have competitive advantages.

<b>Levels and Limits</b>	
<i>Description of Factor</i>	<p>Within defined system boundaries, sustainable development is based on the persistence of a certain amount and quality of stocks of natural, social and economic resources and capacities. These stocks provide flows of goods, services.</p> <p>Approaches for operationalization focus either on value, threshold levels or functions.</p>
<i>Depth (Levels)</i>	<ul style="list-style-type: none"> <li>• Target values in monetary terms pose restrictions to the use of resources. Two major strategies can be distinguished, focusing either on an overall value or the value of specific resource categories (Daly and Cobb 1989; Pearce and Turner 1989).</li> <li>• Safe minimum standards define quantitative levels for the protection of stocks. The standards may refer to renewable and non-renewable natural resources, quality of life or economic capital (Rao, 2000:79).</li> <li>• Instead of specific threshold levels, this approach focuses on functions. As long as functions and system properties such as productivity, stability and resilience can be maintained, there is scope for the use of resources (Rao 2000: 77; ICPQL 1996: 97).</li> </ul>

Table 6: Extract from the framework (Langer et al. 2002): Levels and Limits of sustainable development

The determination of the adequate environmental, economic and social resources and capacities to be maintained for the future cannot be resolved by technical optimization alone (SRU 1994) (see also table 6). The definition of objectives concerning the state of the economic, social and environmental system within a temporal and spatial context comprises scientific and political processes and systemic integration, which are dealt with further down.

## Distribution

Apart from the issue of limited resources, the question of distribution is a major task of sustainable development (WCED 1987: 32). Equity, as the objective of the distribution of opportunities, benefits and burdens among individuals, organizations and social groups, is thus a key issue for the evaluation of sustainability performance. Frequently attention is paid to the factor of equal distribution of opportunities of people in developing and industrialized countries to meet their needs. But the concept equally applies to corporations and stakeholders. In the corporate context equitable distribution refers to employees and stakeholders who are often highly influential on a firms competitiveness but also the company itself relative to competitors. Equitable treatment by authorities and governments clearly has further implications on competitiveness. (See table 7 for details.)

<b>Distribution</b>	
<i>Description of Factor</i>	This factor focuses on the social system. Sustainable development deals with distributing opportunities, benefits and burdens among individuals, organizations and social groups.
<i>Depth (Levels)</i>	<ul style="list-style-type: none"> <li>• Adequacy to property rights: The rights to use, access to resources and opportunities are distributed according to existing property rights (Huber 1995: 38).</li> </ul>
	<ul style="list-style-type: none"> <li>• Adequacy to performance: Goods, rights and opportunities are distributed according to performance in key sustainability indicators. High performance companies, employees or other stakeholders are rewarded with more opportunities (Huber 1995: 38).</li> </ul>
	<ul style="list-style-type: none"> <li>• Adequacy to needs: This approach takes into consideration, that stakeholders in different environments have different values and preferences and thus need different resources and preconditions in order to achieve their objectives (Huber 1995: 38; WCED 1987: 29).</li> </ul>

Table 7: Extract from the framework (Langer et al. 2002): Distribution and equity

The criterion of equity is exclusively related to the human and social system. But apart from the social and political framework, the economic activities and the state of the natural environment determine the distribution of opportunities, benefits and burdens among individuals or social groups (Sachs 1999). In the process of development decisions need to be taken that involve trade-offs between winners and losers. Shifts in the distribution of opportunities, benefits and burdens occur. The assessment of progress towards sustainability is determined on how the requirement of equity is interpreted.

Equity refers to the distribution of material goods and immaterial rights to individuals or groups relative to others. The principle of equity does not necessarily imply equality. Equity can be assessed in terms of adequacy to property, adequacy to performance or adequacy to needs. In the corporate context, it is in particular “adequacy to performance” that plays a major role. This criterion implies that corporations with higher sustainability performance, for instance in terms of eco-efficiency, still dispose of the same amount of rights to use resources enabling them to produce more than competitors. On a similar basis, it can be argued that employees with the same performance shall be paid equivalent wages.

### 5.2.3. Process

#### Cooperation and networking

To implement sustainable development stakeholders need to have the capacity to deal with the challenges they are facing. Aside from factors like participation, which will be dealt with further below, especially the development of cooperative structures needs to be at the core of the implementation process. Furthermore, especially cooperative issues are highly relevant for firms, as they can have decisive impact on the competitiveness of firms. (See table 8 for details)

<b>Cooperation and networking</b>	
<i>Description of Factor</i>	The increase of performance of organizations and initiatives operationalizing sustainable development can be achieved through increased cooperation and networking with stakeholders. Evaluation has to determine if the actual extent of cooperation and networking is adequate for the goals set.
<i>Depth (Levels)</i>	<ul style="list-style-type: none"> <li>• Only stakeholders who are highly influential are actively dealt with via information strategies or are integrated for example via steering committees. Arising issues are dealt with via a mono-disciplinary approach (Cragg and Greenbaum 2002: 322).</li> <li>• Cooperation also includes stakeholders who are strongly influenced by activities or products, even though the stakeholders may not be influential. Arising issues are dealt with via an interdisciplinary approach (Humber 2002; Clarkson 1998: 259).</li> <li>• There is cooperation and networking with stakeholders in a systematic way. A contextual, spatial as well as temporal extension of stakeholders is including also indirectly involved entities that are not necessarily powerful or have urgent claims. Issues are dealt with via trans-disciplinary approaches and extensive knowledge- and social networks are established (Stead and Stead 2000: 315).</li> </ul>

Table 1: Extract from the framework (Langer et al. 2002): Cooperation and networking

On the one hand stocks and flows of resources and potentials and linkages between them play an important role within sustainable development. On the other hand the linkages and interaction on the social level are at least as important for sustainable development as successful stakeholder integration and cooperation is imperative for the implementation of the concept of sustainable development. Especially in the context of sustainable development it is essential that cooperation and networking of agents helps to deal with growing complexity and inter-relatedness of major environmental, social and economic issues both on the micro- as on the macro-level of sustainable development. Further insight into these issues provided by stakeholders may lead to competitive advantages. Cooperation and networking is needed to catalyze and fast track innovation, research and development for sustainable development, to resolve current frustrations with inadequate or inappropriate policy development and implementation, and the realization of economic, environmental and social benefits (Vangile and Naresh 1995).

## Participation and Governance

With regard to Agenda 21 (UNCED 1992), the Millennium Declaration (UN 2000) and similar documents, the design of the process is increasingly perceived as a prerequisite for sustainable development. The adequate organization of the process and the applied social rules that are considered to ensure social stability and acceptance of decisions naturally vary from case to case. Also in the context of Stakeholder Relations Management as a tool to foster the implementation of sustainable development on the corporate level, the issues of participation and corporate governance necessarily gain importance. More and more it becomes evident, that the growing number of stakeholders can influence corporate performance and competitiveness.

As sustainable development and governance touches everybody's life, people want and need to participate at decision-making and implementation processes to facilitate change. Evaluation has to be aware of stakeholders and their interests, as stakeholders often have different expectations and thus assess sustainability performance differently (see table 9).

<b>Participation and Governance</b>	
<i>Description of Factor</i>	Participation is a key prerequisite for governance and for sustainable development (UNCED 1992). The concept of sustainable development is facing similar challenges governance issues are facing. On the one hand the issues touched by today's policy as well as by sustainable development are considered as being increasingly complex and hard to understand. On the other hand, both issues are seen as very important for the personal life and well-being. Thus stakeholder involvement like participation becomes highly relevant for conceptual advance of sustainable development. Different levels can be distinguished:
<i>Depth (Levels)</i>	<ul style="list-style-type: none"> <li>• Full participation is offered in specific and limited cases. The issue of governance is touched in a very restricted way (Spangenberg 1999).</li> <li>• Full participation is possible for specific stakeholder groups (also legal persons) on the organizational, local or regional level, which also contributes to new forms of governance (Schomberg 2002: 14).</li> <li>• There is an extended possibility to fully participate on these policy levels. Integrated governance is ensured or at least seriously aimed at on all policy levels (Coenen 2002).</li> </ul>

Table 2: Extract from the framework (Langer et al. 2002): Participation and governance

## The evaluation of sustainable development

Evaluations of sustainable development are not only assessments of the "success" of projects, but part of a larger "Management-System" on administrative, political and corporate levels, which consists of agreed goals, implementation and feedback (evaluation). It should lead to a more objective and long-term oriented policy, harmonized objectives and activities between politics and companies, guarantee an adequate use of resources to attain goals and reduce the need for tedious, detailed coordination on the part of the agents. See table 10 for more details:

<b>Reflexivity</b>	
<i>Description of Aspect</i>	Reflexivity on the process determines system conditions of the process, will help to steer the process and support learning. Reflexivity is an important aspect to facilitate a sustainable development and to promote learning to

	further innovation on various levels.
<i>Depth (Levels)</i>	<ul style="list-style-type: none"> <li>• The measurement of the attainment of goals – generally during a process – is backing specific learning, which is facilitating particular change and development.</li> </ul>
	<ul style="list-style-type: none"> <li>• The provisioning of incorporated feedback structures combining quantitative as well as qualitative measures is facilitating an integrated learning process that supports a forward oriented course.</li> </ul>
	<ul style="list-style-type: none"> <li>• Integrated organizational learning is facilitating institutional innovation to guarantee the consistency with and of policies.</li> </ul>

Table 10: Extract from the framework (Langer et al. 2002): Reflexivity - aspect and levels

## 6. Conclusion

The linkage between Stakeholder Relations Management and sustainable development is a new field of research. Presently the Research Focus „Managing Sustainability“ of the Vienna University of Economics and Business Administration initiates a research project in this field.

The research project is utilizing the Common Framework as a tool to systematically deal with the relationship between stakeholder demands and corporate instruments in the context of sustainable development. There the Common Framework is applied as the conceptual frame for the empirical analysis within the research project.

From the present point of view, Stakeholder Relations Management can be considered to be a promising approach to support the implementation of sustainable development on the corporate level. However, it is essential to incorporate and assess a company's activities towards sustainable development within the larger context of the concept of sustainable development. The Common Framework can serve as the evaluation tool in this matter.



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