A business case for sustainable development

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Abstract

The aim of the paper is to show that there is a business case for sustainable development and how this concept interacts with corporate social responsibility. Although SD was originally a macroeconomics concept it is more and more implemented by businesses. Companies has started to include sustainable development goals in their corporate social responsibility strategies which are even sometimes replaced by sustainability strategies. By analogy to CSR it is shown that development of such strategies is not only a strategic necessity but also it could contribute to the competitive advantage of these companies. Theoretical considerations have been illustrated by presenting some examples from practice as well as the results of the desk research on corporate sustainability.

Keywords: sustainable development, business case, corporate social responsibility, competitive advantage

Introduction

The growing focus on sustainability suggests that business social activities should be related to the sustainability goals. These goals involve inter alia the protection of the environment, the fight against poverty and social inequalities, the access to education and healthcare.

The aim of the paper is to show that involving sustainability goals in Corporate Social Responsibility (CSR) programmes is the next stage of the development of CSR activities and if these goals are well chosen and realized it could contribute to the business competitiveness or even become its main driver. Striving towards sustainable development (SD) is the environmental change of strategic importance which can no longer be neglected. Although it was noticed and promoted by different national and international organizations since the Brundtland Report was issued in 1987 it seems that they do not have enough power to implement it. The real changes started when consumers became interested and involved in sustainability problems and as a consequence companies, which aim at satisfying their needs, followed them. Consumers have become more and more aware of the costs of a fast growing economy which destroys non-reversible natural resources, more interested in their health and wellbeing, better educated and informed due to the development of different media

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and last, but not least, more powerful (Re-thinking consumption...2012). This interest has been expressed inter alia in a trend towards sustainable consumption. The Oslo Symposium in 1994 defined sustainable consumption and production (SCP) as 'the use of services and related products which respond to basic needs and bring a better quality of life while minimizing the use of natural resources and toxic materials as well as the emission of waste and pollutants over the life cycle of the service or product so as not to jeopardize the needs of further generations"[1]. Sustainable consumption in practice means changes in behaviour such as a greater efficiency in the consumption of energy and resources in the home, the minimization of waste and more environmentally sound purchasing habits of households. The companies should react to these trends by implementing new types of marketing which serves as an agent of sustainable change (Seretny, M. and Seretny A., 2012). The consumers' interest in SD and their pressure grows with the income level (the most active in this field are Scandinavian countries) but in the global economy also, if not mainly, the less developed countries benefit from it. It is due to the fact that multinational companies who operate on a global scale are tracked by the governmental and nongovernmental organizations dealing with the environmental and social problems which reveal negative as well as positive facts about global behaviour to the public. As far as small and medium sized companies are concerned trend towards sustainability could be a threat as well as an opportunity for them (IFC, 2002). Threat comes from increased regulations related to the goals of sustainable development which are difficult to fulfil by the SMEs due to the financial restrains. But here the focus is rather on opportunities by showing that the trend towards sustainable development could increase business competitiveness.

The paper is structured as follows: first the development of the CSR concept is analysed in the context of the forces which stimulated it to show how SD and CSR interact and that sustainable development goals are now becoming included in CSR strategies but these two concepts should not be identified with each other. This development reflects the motives and related to them the stages of the CSR concept; companies which are on the end of this ladder try to find out how SD could contribute to their competitive advantage. Since sustainability becomes the goal of CSR, the general theory of the role of CSR in gaining sustainable competitive advantage (SCA) is applied to show how the companies should engage in sustainable development in a beneficial manner. A particular attention is paid to environmental problem solving which is now considered the most important goal of sustainable development.

[1] See more: http://enb.iisd.org/consume/oslo004.html

1. From business responsibility to business sustainability

The idea of business responsibility could be traced to the time when companies started making donations and behaved in an ethical manner. It was initially present as a concept of business ethics and it was rather a concern for philosophers. Sadler (2004) argued that "the definition of the self-commitment of corporations with wider social and moral obligations began to take place in the centres of capitalism development in the 19th century". But at that time economists did not recommend companies to engage in activities related to them; for example A. Smith claimed that "the general welfare was better served by people pursuing their enlightened self-interest than by misguided attempts to serve society" (Munilla and Miles, 2005).

After World War II, when mass production caused more and more additional costs – pollution, waste and so on, the concept of business responsibility which started being called corporate social responsibility (CSR), drew more and more attention. Some companies started to be involved in CSR but at that time scientists' views on the sense of such actions were divided. In the middle of the last century the two basic views on including CSR in companies' actions were formed: Bowen's school, which promoted it and M. Friedman's school which put forward the arguments against CSR. Davis (1960) stated that the corporations' involvement in solving such problems is "at least partially beyond the firm's directed economics or technical interest" (Munilla and Miles, 2005).

This discussion was over along with the spread of the stakeholder theory (Freeman, 1984; Donaldson and Preston, 1995) which emphasizes company responsibility towards all stakeholders (not only shareholders), the need for their satisfaction and the necessity of balancing the expectations of various interests. As pointed out in Carroll's definition of CSR, "the social responsibility of business encompasses the economic, legal, ethical, and discretionary expectations that the society has of organizations at the given point in time" (Carroll, 1979). Carroll (1991) also constructed a very useful framework for understanding and evaluating the nature of a firms' performance within these fields, called the pyramid of CSR. At this stage CSR concept development was characterized by the introduction of social audits, which examined the performance of companies in the areas of social responsibility with respect to the communities, the employees, the suppliers and the investors, and also to the consumers in the late 1980s'. In the late 1990s', social auditing was strengthened by introducing externally set and verified standards.

Contemporary interest in CSR has been stimulated by its relations to the concept of sustainable development which became one of the predominant macroeconomics drivers. It was introduced for the first time by the World Commission on Environment and Development in 1987 and it was defined as "Development which meets the needs of current generations without compromising the ability of future generations to meet their own needs" (Brundtland Report, 1987, p. 11). The Commission stressed that it means not only counteracting degradation of the environment, but also attitudes towards meeting the needs of society as a whole (fight against destitution and poverty), pursuit to set up the market system based more on cooperation than competition as well as in opposing degradation of the cultural variety and tradition (Dąbrowska *et al.,* 2015). Although the Report drew a lot of interest and was commented on widely, it did not speed up global progress towards sustainability very much due to the many limitations (Dyllick and Hockerts, 2002, p. 131). They were related to the limited ability to force and coordinate activities of many independent countries. Some progress has been made since the mid-90s when local authorities became very active in launching different initiatives related to sustainability, including sustainable cities.

The boost of the concept might by associated with the companies' involvement in sustainable development. One reason for the growing interest of business in SD is the fact that it influences consumers' purchasing decisions. The Nielsen Report on Sustainability (2015, p. 5) reveals that key drivers on consumer purchasing decisions involve characteristics related to sustainability such as: their trust in the company, health & wellness benefits delivered by the product, or fresh, natural and/or organic products' ingredients.

The idea of sustainability has been more and more adapted by corporations and sometimes even treated as interchangeable with CSR. It is due to the fact that it was promoted by different international organizations allied with the EU as a concept which should be adopted by corporations. It is reflected in the definition of CSR which was put forward by the Commission of the European Communities (2001) describing it as "a concept whereby companies integrate social and environmental concerns in their business operations and their interactions with the stakeholders on a voluntary basis". So according to EU CSR is a business activity which should be directed towards looking for solutions which are socially acceptable, friendly to the natural environment and economically sound. It is worth stressing that the new "social model" approach refers to the shaping of relations with all stakeholders, not only owners and shareholders – as in the financial approach – but also with clients, suppliers, employees, government, social institutions and society at large.

S. Sharma and A. Ruud (2003, p. 205) tried to differentiate CSR from SD. In their opinion "scholars and practitioners concerned with sustainable development focused mainly on environmental management, whereas those concerned with Corporate Social Responsibility (CSR) have focused on social and ethical issues such as human rights, working conditions and philanthropy". It was maybe true at the beginning when sustainable development focused on environmental problems but now it is seen as "the development which aims at ensuring long-term business success while contributing towards economics and social development, a healthy environment and a stable society" (IFC, 2002, p. 7). So it covers similar areas to CSR but as far as corporate social responsibility focuses more on the issues in the close environment of the companies, sustainable development aims to solve the main problems faced by contemporary world society, so it is more strategically oriented. More and more companies, especially global corporations, include its goals in their CSR reports or just develop reports on sustainability e.g. General Motors, Coca Cola, H&M.

Implementation of sustainable development in companies are often described as corporate sustainability. But this concept is not clear. When referring to the definition of sustainable development from the Brundtland Report the corporate sustainability means that companies should consider the future (as well as the present) in their decision- making and actions, with the aim of using their resources for creating value in the long run (Salvioni *et al.,* 2016, p. 3). But it is one of many definitions of this concept which could be found in the literature so in fact it is difficult to define and as a consequence it is difficult to measure. Mostly it is stressed that implementing corporate sustainability safeguards the interest of all stakeholders thanks to the joint recognition of economics, environmental and social issues in strategic planning. As such this concept is very close to the contemporary concept of CSR.

2. Could sustainability focus become a source of competitive advantage?

Contemporary views on CSR stress that it is not only philanthropy but it could be also the source of profits (Stefańska, 2014). But the process of recognizing that fact takes time. Van Marrewijk and Were (2003) indicated five levels of CSR development based on the criterion of CSR perception and implementation. They reflect the ways in which the company becomes a sustainable corporation. At first level it is said that a compliance driven company implemented CSR because it was forced to do it and treats CSR expenditures as simply cost. Companies being at the next level implement CSR to improve their profitability. CSR expenditures are perceived as an investment and the way to develop because they contribute to the competitive advantage. Some companies care not only about the profits but also about the planet. They use CSR to balance the "triple bottom line" of profits, people and planet[2]. Such corporations are managed to create wealth for shareholders but also to

[2] This "triple-bottom-line" concept was introduced by Elkington, J. (1997). Cannibals with forks. *The triple bottom line of 21st century and* was feather developed e.g. by T. Dyllick and K. Hockerts (2002). This idea is related to the definition of corporate sustainability as "meeting of the needs of a firm's direct and indirect stakeholders, employees, clients,

improve the welfare of the whole society. The two last levels refer to the corporations which are really involved in CSR activities. Companies which are synergistic use the CSR as an attempt to create a "sustainable corporation". "Social and/or environmental responsibility is strategically used to create competitive advantage and meet the corporations' economic responsibilities" (Munilla and Miles, 2005, p. 377). At the holistic level, CSR becomes the corporate culture in which social/and or environmental responsibilities are strategic tools used to achieve competitive advantage and meet the corporation's economic responsibilities.

Similarly, S. Zadek (2004) showed how the organization is learning and how it changes from the organization which behaves in a defensive way claiming "it is not our job to fix that" (when it faces the public criticism) to become a leader of changes in the whole sector. At this stage called civil it promotes broad industry participation in corporate responsibility. Between these two there are three more stages of company learning. In the compliant stage the company adapts different CSR policies to avoid criticism which could affect long term profitability by damaging its reputation. But at this stage CSR expenditures are treated as a cost of doing business. At the next stage called managerial the managers are responsible for integrating responsible business practices into daily operations. The aim is to mitigate medium-term erosion of economic value and achieve long term gains. But the competitive advantage could be achieved only if the company integrates the social issue into its core business which takes place at the strategic stage. In this way it could have the advantage of being the first mover and thus enhance long term economic growth.

Dunphy (2011) searched how the companies develop their attitude towards protecting the environment from carbon emission and she found similar stages. According to this research (Dunphy, 2011; Benn and Dunphy, 2007) six stages could be identified: 1. Rejection, 2. Nonresponsiveness, 3. Compliance 4. Efficiency, 5. Strategic proactivity, 6. Sustaining corporation. Here three stages are related to the reluctance of taking the sustainable actions before the company will engage proactively in contribution to sustainable development.

Changes in CSR strategies, shortly described here, took place because the markets are not static and consumer preferences, competition characteristics, product and production processes as well as the regulatory laws change and to survive companies have to adapt to these changes. So they have to shape the social, environmental and financial decisions of their activities in a way that fits the market requirements (Elkington, 1997). The many contemporary market requirements are related to

pressure groups, communities etc.), without compromising its ability to meet the needs of future stakeholders as well" (Dyllick and Hockerts, 2002, p. 131).

sustainable development and as a consequence the companies should develop strategies which take into account its goals.

Dunphy, who focused on environmental problems, indicated that in practice sustainability consists inter alia in actions that (Dunphy, 2011, p. 9):

- extend the socially useful life of organizations;
- enhance the planet's ability to maintain and renew the viability of the biosphere and protect all living species;
- enhance society's ability to maintain itself and to solve its major problems;
- maintain a decent level of welfare, participation and personal freedom for present and future generations of humanity.

A sustainable organization is one that engages in and embodies actions of these kinds, eventually eliminating destructive effects on the biosphere and human health. The arguments which were put forward include:

1. The consumer power to endorse or boycott firms according to their behaviour towards the environment e.g. (Sharma *et al.,* 2008; Sisodia *et al.,* 2003);
2. Consumer preferences – more and more consumers seek environmentally friendly products and favour environmental friendly business behaviour (Hozik, 2016; European Commission, 2016). The examples of companies which successfully position themselves in the market include Ben and Jerry's, Body Shop, Patagonia (Sharma *et al.,* 2008). These companies enjoy an ecological reputation should have ecological-conscious suppliers to develop an environmentally friendly supply chain.

As has been shown, companies come to the stage at which they try to involve sustainability purposes in their strategies in a way that contributes to their competitive advantage.

3. Development of CSR strategy built on sustainability

Sustainability is an important challenge in contemporary economy and could contribute to the existing competitive advantage so expenditures related to it should not be treated as expenses but rather as an investment. As such the management should think over how this investment could contribute to achieving sustainable competitive advantage (SCA) by the organization. Due to the fact that implementing sustainable goals is the next stage of development CSR strategies theories developed to show how CSR could contribute to SCA might be applied. Below it is shown how the representatives of two main streams of development SCA see the problem of the relationships between CSR and sustainable competitive advantage.

Porter and Kramer (2006), representatives of positioning view described the methodology of selecting CSR activities, suggesting that each company should choose the issues which contribute to its competitive advantage, and include them in its strategy. They noticed that although "the rich literature on CSR has emerged still the practical guidance it offers corporate leaders is often unclear" and they try to give guidance on how to plan CSR in a way that it contributes to the overall strategy of the company (p. 81). They propose "a new way to look at the relationship between business and society that does not treat corporate growth and social welfare as a zero-sum game. They also developed a framework that individual companies can use to identify themselves by strengthening the competitive context in which they operate; to determine which CSR initiatives they should address; and to find the most effective ways of doing so" (Porter and Kramer, 2006, p. 80). They propose how the fit between CSR and company overall strategy could be accomplished following the Porter view on achieving sustainable competitive advantage by analysing environmental changes, exploiting market opportunities and maximizing the value added chain. For that the company should identify, prioritize, and address the social issues that matter most and or the ones on which it can make the biggest impact. Porter and Kramer (2006, p. 85) identified and prioritized three groups of issues:

- "Generic Social Issues" – important for the society but neither significantly affected by the company's operations nor influencing the company's long-term competitiveness;
- Value Chain Social Impact – social issues that are significantly affected by a company's activities in the ordinary course of business;
- Social Dimensions of Competitive Context – social issues in the external environment that significantly affect the underlying drivers of a company's competitiveness in the location where it operates".

Each company should choose the issues which will contribute to its competitive advantage, and include them in its strategy. The most important are strategic issues (located in Social Dimensions of Competitive Context) which could differentiate the company from its competitors and create a unique value proposition.

The example of such a strategy based on sustainability issues is provided by Patagonia – the American company specializing in outdoor apparel[3]. This family business, trading since 1973, is well

[3] See more at: http://www.patagonia.com/corporate-responsibility.html.

known for implementing rules of sustainable development in business practice what differentiates it from competitors[4]. The main characteristics of its operations include:

- Material which is durable and functional and could resist degradation from wearing and washing;
- Reducing the environmental and social impact of the whole supply chain;
- Offering FT products;
- Supporting ethical consumption by encouraging consumers to follow this trend according to the slogan “buy only what you need, repair it when it breaks and recycle it when you’re through”, egg on bringing the old clothing , or campaigns like “Don’t Buy Our Jackets”;
- And many others like donating 1% of annual sales to environmental charities and grassroots organizations.

Patagonia products are not cheap but in spite of that fact the number of loyal customers is constantly growing. This example shows that issues of sustainability could become the core of the strategy. Patagonia has been successful because it was able to identify and develop market niche. Global companies as for example H&M which sell mass production at rather low prices could only try to solve social issues related to its value chain, like:

- mitigate harm from value chain activities;
- transform value chain activities to benefit society while reinforcing strategy.

How a company manages them is announced to the public in the sustainability report[5]. A good example of such issues is also given by Wal-mart, the biggest retailer in world. The company was able to get this position due to the fact that it successfully differentiated from the competitors inter alia by the incorporation of logistics operations and consistent pressure on costs. In 2005 Wal-mart started to implement a program aimed at reducing cost of transport which involved (Crissey, 2015):

1. Establishing in 2005 and implementing the formula to calculate fleet efficiency, what resulted in 38 percent improvement in fleet efficiency in 2008 compared to 2005 baseline;
2. Replacement in 2008 and 2009 2,400 of its 7,000-trucks with the newer aerodynamic models to further increase fuel efficiency;
3. Lean routing – implementing innovative management tools that enables to develop logistic efforts more efficiently.

[4] See: http://csrcentral.com/patagonia-the-clothing-company-with-a-revolutionary-approach-to-csr-sustainability/
[5] See: https://about.hm.com/content/dam/hmgroup/groupsite/documents/masterlanguage/CSR/reports/2016%20 Sustainability%20Report/HM_group_SustainabilityReport_2016_FullReport_en.ppdf

This initiative, which is called the global responsible initiative, has resulted in an 84,2 % improvement in fleet efficiency in the years 2005-2013, in other words, 830 million cases while driving 300 million fewer miles. In this way, by cost reduction, it contributed to its overall strategy at the same time creating the image of a company which takes care about the environment.

So by corporate social responsibility companies could differentiate and reposition themselves, boost their economic returns and, as a result, get a competitive advantage (Schaltegger and Synnestvedt, 2002; Kramer and Porter, 2011; Oczkowska and Śmigielska, 2012). The same of course applies to sustainable strategies if they are well planned and implemented.

The question of the development of a competitive advantage by CSR has also been addressed by the representatives of the resource based view (RBV) e.g. Aragón-Correa and Sharma (2003), Heikkurinen and Forsman-Hugg (2011), Dennis *et al.* (2008). The resource-based view treats a company as a bundle of resources. It could develop sustainable competitive advantage if its resources are valuable, rare, difficult to copy and well organized. One stream of discussion focuses on the problem if CSR resources fulfil these conditions. Dennis *et al.,* (2008), referring to corporate social performance (CSP) theory which describes the proposed relationship between corporate social responsibility activities and firm – level corporate financial measures, proved that CSP capabilities could become the source of competitive advantage. They examined four major components of CSP, which also contribute to the development of sustainable organization, community relations, the environment, diversity and employee relations and tried to show that if CSP is strategically and effectively developed and managed, it could provide the firm with a competitive advantage leading to higher performance levels. Aside from direct savings on prevention of pollution projects the companies could derive benefits from an enhanced image, increased goodwill, improved branding. So these capabilities are valuable. They are also rare because they are largely idiosyncratic and may be difficult to duplicate or to substitute, so they are a primary resource for the development of sustainable competitive advantage. To sum up Dennis *et al*. (2008, p. 26) found that the "firm's CSR capabilities are resources that can, if strategically and effectively developed and managed, provide the firm with competitive advantage leading to higher performance".

By contrast, Falkenberg and Brunsael (2011) favour the opinion that CSR should be treated as a strategic necessity, but they also show the way how it could contribute to develop long term competitive advantage. The necessity arises because of external stakeholders' pressure, competitive pressures, norms in the environment and due to the fact that in certain industries some standards appear. So the companies which introduce them first get an advantage although it is only a temporary advantage. It could be transferred into long term advantage by getting a reputation as a leader in the field. So the only way the company could leverage the CSR is by developing the reputation which could become the source of SCA.

A lot of research was focused on the development of an environmental strategy which would lead to the development of SCA (Aragón-Correa and Sharma, 2003). According to them the positive relation between proactive environmental strategies and organizational performance takes place when the firm develops capabilities. “These include the tacit capabilities of total quality management, the socially complex capabilities of cross functional and cross-stakeholder management, and the rare capabilities of shared vision” (Aragón-Correa and Sharma, 2003, p. 72). Companies which developed such capabilities could get a number of benefits including: lower costs because money they invest in environmental protection pays for itself, an improved reputation and strategic alignment with future changes in the general business environment. They suggest that companies should develop the proactive environmental strategy as a dynamic capability. The adaptation of a few environmental practices for a limited period of time will not necessarily lead to a competitive advantage. “Rather it is important to adopt a long term, consistent strategy that fosters the following: continuous outside-in learning from multiple stakeholders, so as to reduce the complexity and state uncertainty of conflicting environmental issues, the development of managerial and organizational knowledge for managing the organization and effect uncertainty at the business-natural environmental interface; and the generation of continuous improvement and innovation” (Aragón-Correa and Sharma, 2003, p. 83). But they also notice that proactive environmental strategy does not always result in the competitive advantage; due to the general business environment characterized by uncertainty, complexity and munificence. For the East Central European countries, the most important thing is if in their case it is also possible to develop value by implementing sustainable strategies there. Such a problem is addressed in the Report “Developing Value. The business case for sustainability in emerging markets” (IFC, 2002, p. 4) in which the results of reaching 240 real-life examples from over 60 countries are presented. Its analysis shows that companies which decide to introduce strategies which also involve sustainability goals could:

1. Save costs by making reduction to environmental impact eco-efficiency (p. 12). Cost savings come directly from using less energy and materials, charges for waste handling and disposal, not paying fines for breaking environmental regulations. Reorganizing production process and a whole supply chain could also result in higher productivity. Sound employment practices e.g. good working conditions could increase productivity and save costs of recruitment and training the new employees.
2. Increase revenue by improving the environment and benefiting the local economy.

3. Develop new environmentally safe products, sell them at premium price, position products as local.
4. Reduce risk through engagement with the stakeholders. Stakeholders management is essential for getting the “local licence to operate”. This engagement also helps companies to adjust to the changing needs of stakeholders. It improves access to capital and insurances, and reduces vulnerability to regulatory changes.
5. Build reputation by increasing environmental efficiency. Company reputation is an intangible asset which helps to build sales, attract capital and business partners, recruit and retain employees.
6. Develop human capital through better human resources management. In the knowledge-based economy a quality work force is critical for productivity, product quality and innovation. Along with usual issues related to the recruitment and motivation of employees’ health issues are also very important in less developed countries.
7. Improve access to capital through better governance. Among other sustainability factors the strongest evidence is connected to the governance environmental management.
8. Other opportunities from community development and environmental products. Growing markets for environmental infrastructure and pollution abatement technologies, water supply, waste management, soil remediation, air and water pollution control, eco-efficiency, sustainable agriculture, eco-tourism.

Saving costs is an important factor. According to the Ethical Fund Global Study 2011 financial returns are the key driver for investors when taking up Social Responsibility Investments (SRI) – 60% taking part in the survey indicated this factor as very important whereas 32% found it somewhat important. Also, environmental and social evaluation play an important role. About 30% of investors indicated them as very important while the stakeholders’ engagement and well-known name in SRI got less investors’ attention. So investors prefer if companies’ engagement in the projects bring direct benefits. Examples include – DuPont who saved \$2 billion in 10 years by investing in energy efficiency equipment while reducing greenhouse gas emissions by 75% (IFC, 2002, p. 3, 7), Kuybyhev Azot (KuAz) chemical and fertilizer producer in Russia improved energy efficiency and cleaner production with the cost of \$20 million while the cost savings were \$9 million a year and reduction in carbon emissions were over 115 tonnes of CO_2 per year which means taking 23 000 cars off the road.

The strategic importance of taking sustainability goals into account when developing strategies is visible in the Research Report Corporate Sustainability at a Crossroads (Kiron *et al.,* 2017) which reveals that 60% of interviewed companies have sustainable strategies whereas only 25% have developed a clear business case for their sustainability efforts.

4. Discussion

The issue of sustainable development is very complex. It should be understood as an umbrella concept, relating to the various social/economic/ecologic issues (Saveanu, 2015). This concept is quite new for the companies but of growing importance. Research presented here fit into the whole spectrum of attempts to sort out the problem of the business case for CSR and SD (Carroll and Shabana, 2010; Baechler, 2016). The contemporary theoretical foundation of research in corporate sustainability is mainly embodied in the institutional and resource-based theory of SCA (Linnenluecke and Griffiths, 2013) whereas here also the environmental view has been recalled due to the fact that it is like a practical guide for the business case. The focus is on how sustainable development trend has affected big companies but also some remarks are made about how it could become the opportunity to start the new businesses. As far as corporations are concerned it should be noticed that the most active in implementing sustainable policies are these which often are subjected to severe criticism from manufacturing and chemical industries (Singh *et al*., 2015). They have the resources which enable them to react and turn the threats into opportunities. Some of them, as it was shown, were very successful in implementing the sustainable strategy, contributing to their competitive advantage. Transnational corporations often adjust the range and scope of activities to the characteristics of particular foreign market. It is seen when comparing for example general CSR report of Tesco (Webb, 2015) and its CSR report for Poland[6].

Corporations are important because they are the leaders but on the other hand still an overwhelming part of businesses belongs to the SMEs sector. Although for many companies from this sector trend towards SD became an opportunity, generally it is perceived as a threat for the small and medium sized businesses due to their lack of resources. But it is not true for all countries. For example the research conveyed in Great Britain (Revell *et al.,* 2008) showed that SMEs' strong early action on climate change outweighed the costs and there is a business case for sustainability. In the Czech Republic, which is a former socialist country, enterprises are aware of the importance of the concept of sustainability to achieve long term growth but it is not integrated in the business processes (Krechovská and Procházková, 2014). Research conveyed in 11 Asian countries reveal the important role the government and local communities in resource efficiency improvement by the small and

[6] See more at: https://www.tesco.pl/resources-pl/download/dokumenty/raport-csr-2014-pl.pdf.

medium sized enterprises. (Takahashi *et al.*, 2007). These results indicate further interesting areas which could be investigated – how the small and medium sized enterprises manage the changes related to sustainability in different regions.

In the opinion of Dennis *et al.* (2008, p. 26) the business case for responsible social activities is that positive social actions can improve the stakeholders' perceptions of a firm's products and services and thus increase the its financial performance. Here it has been shown that it could not only increase the firm's profitability by improving the image but also directly by offering the innovative products and services which are desired by the market as well as by reducing the cost of operations.

Conclusion

The paper draws attention to the problem of adopting the idea of sustainable development into business strategies. The issue of SD which has been the domain of NGOs and governments (including local governments) is now also the challenge for the business companies. It could not be identified with the corporate social responsibility but it could be treated as the next step of its development in which the company takes into account not only its close environment but also uses CSR to balance the "triple bottom line" of profits, planet and people. Sustainable strategies should contribute to achieve the aims of sustainable development like environmental protection, reduction of poverty and global warming. So in practice it means that transnational companies focus less on local problems e.g. donations for schools in their country of origin but more on helping children in the less developed countries where they have their mills. How to do it and at the same time maintain profitability become the challenge for business. This topic is important because financial returns are crucial to the investors whereas only twenty five percent of the companies have a clear business case for sustainable actions. In this paper several ways to reconcile these were indicated. The most important include: eco-efficiency, development of environment friendly products, and reputation building.

It should be stressed that the activities mentioned above could also contribute, and even become core elements of the company's competitiveness. When referring to the positioning view of sustainable competitive advantage development SD becomes for some companies an external change that significantly affects the underlying drivers of their competitiveness, e.g. Patagonia. The most affected by the sustainability trend are businesses which run activities that harm the planet and employees like chemical, transport, fashion companies producing in the less developed countries and so on. They should take actions to mitigate harm from value chain activities and/or to transform value chain activities to benefit society while reinforcing the strategy. By introducing new products and technologies which are environmental friendly these companies could gain advantage over their competitors. SD is also a chance for the entrepreneurs who could identify the opportunities and develop the new businesses which could fill market gaps.

Taking into account the ongoing trend towards SD it seems that involving sustainability goals into companies' strategies should be treated as a strategic necessity and the way to gain long term competitive advantage by getting the reputation of the leader in this field. The development of proactive environmental strategy as a dynamic capability instead of implementing few environmental practices for a limited period of time should be considered by the companies. If the trend towards SD continues, further research on identifying the resources which are critical for success in different sectors should be conveyed.

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