

PERUSING SUSTAINABLE DEVELOPMENT GOALS: THE ROLE OF SOCIAL STANDARDS IN UK BASED FIRMS

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ABSTRACT: *As a consequence of the changing conditions of doing business, the number of industrial and company-specific codes of conduct, as well as social and environmental standards is increasing rapidly. The decision to adopt such standards and to develop effective implementation strategies has engrossed managers at all levels and in all types of organisations in recent years. Some organisations have claimed that compliance issues have been determining their bottom-line and business performance in the market place. This conceptual paper addresses the challenge of how sustainable development can be achieved, suggesting that social and environmental standards has a part to play within the paradigm of sustainable development. Three specific internationally established standards are discussed: Environmental Management system (EMS), Life Cycle Assessment (LCA), and Fair Trade. These institutionalized approaches are described and then contrasted in relation to a number of different factors. The paper concludes that the implementation of social standards principles in UK can contribute to the development of long-term sustainable development goals.*

KEYWORDS: Standards, Sustainable Development, Environmental Management.

INTRODUCTION

In the era of globalization the world economy creates a business environment where standards compliance is a mandatory requirement, not an options for the business firms. While most standards remain voluntary, companies need to provide all its stakeholders with a benchmark to measure their performance. A standard is a technical manuscript that describes an agreed and recognized way of doing business. When a business is certified to a standard it can demonstrate to its stakeholders that it take the performance of its business seriously. Hence, being certified to a standard can increase the chance of business winning the market share. This paper go further in arguing that in a world of globalisation with greater transparency and information availability it will be important for UK based companies to be clear about their policies on business management and trade.

Objective of the study

The main objective of this paper is to provide an evaluation and comparison of the standards that should become mandatory for all UK based companies in order that they can secure a sustainable future for their own business and communities and which helps meet sustainable development goals in the UK as a whole. The recommendations of the standards are made on the basis of analysis of standards that are currently available, with a transparent and independent justification.

Benefits of Standards to the business

Standards are the prevailing tools for business of all sizes which can support innovation and increase productivity. Standardization can promote competition and increase profitability of businesses by enabling them to take a leading role in shaping the industry. In a recent survey conducted by British Standards Institution on 100 decision makers in FTSE250 demonstrated that 100% of respondents believed that consumers view businesses that apply standards more favourably than those that don't. (BSI. 2005)

In this competitive business environment, the ability to exhibit compliance with widely recognized standards is a strategic means of business differentiation. As consumers are becoming more and more informed about their choices, compliance to recognise standards are becoming more crucial. Hence businesses are realizing the benefits of using standards to achieve substantial improvement to their competitive advantage over the competitors. This can bring them a sustainable base for growth, increased market access through shared insight and reduced risk, customer confidence by assuring them on reliability, quality and safety of the product and services. (Economics, D. 2005)

Empirical evidence of the benefits of standards to the UK based firms

Standardization can play an important role in enhancing the success of UK based firms that are operating in an intensely competitive global environment. There is strong empirical evidence of the benefits of standards to the UK economy as a whole. (Economics, D. 2005). The DTI Economics paper published in June 2005 demonstrated that standards are contributing £2.5 billion a year to the UK economy accounting for 13% of growth in UK labour productivity. The study by DTI of British Standards Institution's portfolio of formal standards also demonstrated that standards are enabling innovation and international technology transfer and providing a framework for sustainable growth and profitability through streamlining business efficiency. (BSI. 2005)

Business and Sustainable Development

The concept of sustainable development has emerged as a new challenge for business, Government and international organizations after the Rio Summit. (Mcdonach, K et al. 2002)

As defined in 1987, The World Commission on Economic Development (WCED) provided what has been the most enduring definition of Sustainable Development: "development that meets the needs of the present without compromising the ability of future generations to meet their own needs." (WCED. 1987) This definition says that all inhabitant of this world must be able to maintain a rational quality of life for an indefinite period. Assuming that our standard of life is highly dependent on the use of natural resources, they must be sustained. (Kates,R et al. 2005). However, the recent concept of sustainable development identifies that, it is the combination of three important factors: Environment, social equity and economics. (Mcdonach, K et al. 2002)

In the corporate context, International Institute for Sustainable Development (IISD) has developed the following definition of sustainable development: "for the business enterprise, sustainable development means adopting business strategies and activities that meet the needs of the enterprise and its stakeholders today while protecting, sustaining and enhancing the human and natural resources that will be needed in the future" (IISD. 2007) This definition supports the concept of the report of WCED and focuses specifically on areas of interest and

concern to business firms. The definition also emphasizes the dependence of the business on human and natural resources and highlight on the fact that businesses must not degrade the human and natural resources. (Shen, L et al.1999)

Businesses are increasingly being asked to actively promote environmental as well as human resources and social issues as part of their operational freedom in society, which is a great challenge for today's business organization. (Shen, L et al.1999). Consumers, Government and companies up and down the supply chain are all seeking ways to reduce their environmental impact and increase their long run sustainability. (IISD.1996) For companies, the key goal is to become more efficient to get more output per unit of input while earning profit and maintaining the trust of their stakeholders. To this end, industry is developing voluntary environmental standards to provide corporations and other organizations with sound guidance and direction about their business performance. (Nash, J et al.1997)

Standards recommended to become mandatory for all UK based firms

A government intervention on setting standards is worth examining given the size of the corporate sector in UK. According to BERR Economics paper published in 2008, there are approximately 1.5m companies registered on the Companies House register, of which around 15000 are public companies. Of those, about 2700 are listed or quoted public companies. The vast majority of companies are private and around 98% of these have five or fewer shareholder. In total, in Britain, companies' activities constitute almost 80% of the country's economic activity measured by turnover. Companies also provide 60% of all employment. (BERR 2008).

In this scenario a Government intervention on setting standards is worth examining. Some standards that Government can make mandatory for all UK based companies in order that they can secure a sustainable future for their own business and communities, and which helps meet sustainable development goals in the UK as a whole are discussed in the following sections.

Environmental Management Systems

Today environmental degradation is an important issue all over the world. There is a huge pressure on business from all its stakeholders to minimize the environmental degradation. Adoption of an Environmental Management system (EMS) can be a solution to this pressure which can make the business more environmentally proactive and efficient. EMS can be identified as the component of a firm's overall management system that establishes the structure that a firm should follow to assign responsibility, focus attention, and allocate resources in the environmental area. (Nash, J et al. 1997) It consists of "a number of interrelated elements that function together to help a company manage, measure, and improve the environmental aspects of its operations." (Delmas, M. 2004)

If we look back the origin of Environmental Management system, BS7750 developed by British Standards Institute was the World's first EMS standard which was published in March 1992. (Birchall, R. 2005). Since then various countries and organizations have developed their own EMS's. The ISO 14001 developed by the International Organization for Standardization (ISO) and the Eco-Management and Audit Scheme (EAMS) developed by the European Commission are the most popular EMS. Today a lots of UK companies are using these two EMS standards. BS8555 was launched by British Standards Institutions in 2003 which is a staged approach for the UK firms particularly the small and medium

enterprises (SME) to adopt the EMS. The new BS8555 bring the UK businesses a dynamic choice. (Chen. B. 2004)

Recommended EMS for Small and Medium Enterprises (SME's) in UK

SME's play a very important role in UK Economic systems, but collectively they are responsible for substantial environmental impacts. (Lu, S. 2006). According to Companies Act (Section 382 and 465) definition, business employing 50 people or less having a turnover of less than 6.5m pound and having net assets of less than 3.26m pound is considered as small business and business employing 250 people or less having a turnover of less than 25.9m pound and having net assets of less than 12.9m pound is considered as medium enterprises. (DTI. 2007). According to BIS (previously BERR) Small Business Services (SBS) data for 2007 published in July 2008 In UK, there are 4.7 million businesses in the UK of which 99.3% are small and 0.6% are medium which account for approximately 50% of UK GDP and have an annual turnover of 1.48 trillion pound. So SME's are the backbone of Britain's economy. (BIS. 2010)

However, SME's are responsible for 70% Of all industrial pollution. The heterogeneous nature of the small and medium sized firms sector makes it difficult to generalise about the environmental impacts and strategies of the sector. (Hillary, R. 2004) Hence the significant impact of SME's on environmental degradation need special attention of UK Government and engaging them in EMS is essential for sustainable development.

BS8555- A mandatory EMS for all UK SME

BS8555 was evolved from Project Acorn which was developed to improve environmental impacts by UK SME's in 2001. It is a phased EMS implementation process which is broken down in to five levels. The sixth level of the process allows organizations to develop systems with the possibility of achieving recognition against internationally recognized EMS standards ISO14001 or registering under the European EMAS regulation. (Chen. B. 2004) Though it provides guidance to all organizations seeking to adopt a formal EMS, BS8555 standard is particularly appropriate for SME's as it breaks down the otherwise daunting task of achieving ISO14001 into small parts. (Birchall, R. 2005).

Why BS8555

A significant amount of research finding identified the benefits for SME's to adopt BS8555. BS8555 is designed particularly to break down the traditional barrier to SME in adopting EMS. The unique features of BS8555 offers phased implementation, practical training, onsite support and modular external audits that can be used to pave the way for SME's to adopt an accredited EMS. (Birchall, R. 2005).

The reason of BS8555 considered more appropriate for the SME's is its flexibility of implementation. SME's can start from any phase according to their existing EMS and stay at any phase according to different need of the companies which can ensure the efficient utilization of resources for SME's. (Lu, S. 2006)

Lack of resources in terms of financial, human and physical resources is usually considered as the main barrier for SME's to adopt an EMS. (Hillary, R. 2004) The step by step implementation process of BS8555 allows SME's to stop at any phase that meets its specific

objective and continue the next phase when resource is available. Thus it can reduce cost, time and administration. (Lu, S. 2006)

Currently, the main source of motivation for using BS8555 as a route to certification is the big businesses who are considering “greening of the supply chain” as a way to gain competitive advantage in the market. BS8555 can help SME’s to establish constructive and mutually beneficial supply chain relationships with these big businesses that ultimately can ensure sustainable development. (Birchall, R. 2005). Management systems in SME’s usually focuses on day to day business and tend to be immediate, responding to critical incidence situation management. So long term intangible environmental benefits receive low priority especially in UK where the average life of SME’s is three years. A UK survey shows that only 6% of SME’s had an environmental policy, 4.6% of had an EMS and about 70% of had no intention of implementing an EMS. (Lu, S. 2006)

In this scenario Government should made EMS a mandatory for SME’s and BS8555 can be a good strategic tool to involve SME’s in EMS implementation and ultimately achieve the goal of sustainable development of UK Government.

Overview of ISO14001-ISO14004 and EMAS

ISO14000 series is a new standard for international standardization of EMS which comprises of two main parts: one is specification with guidance for use and the other one is general guideline or principles, systems and supporting techniques. In ISO 14000 series ISO14001 is the specification document and ISO14004 is guiding documents.(Zutshi. A et al. 2004) The aim of the series is to change the ways managers think about environmental issues and to bridge the relationship between firms and environmental regulators.

ISO14001 is consists of a set of compliance with which an organization can demonstrate that it has an established EMS in place. (Rondinelli, D et al. 2000) This standard was developed and is maintained by International Organization for Standardization (ISO). To become ISO14001 certified, first the organization have to reduce its environmental impacts. Then it should demonstrate that its EMS comply with the five basic requirements: definition of the company’s environmental policy, project planning (Plan), implementation and operation (Do), Checking (Check), and corrective action (Act) and management review. Once registered under ISO 14001, the organization must follow the Plan-Do-Check-Act cycle in order to effective management of the system. (Arimura,T et al.2008, Iraldo, F et al. 2009)

EMAS the Eco-Management and Audit Scheme is the new market based instrument of the European Union in environmental management system. It is considered as a comprehensive EMS involving both external assessment and provision for the disclosure of relevant information to the public. The scheme has two hierarchical system levels: first is a company level where it act as a management tool and second is a environmental policy level where it act as a policy instrument. The objective of EAMS is to encourage industrial firms to take responsibility for their environmental issues in a self regulatory and voluntary way. (Honkasalo. A. 1998)

Comparison of BS8555 with ISO14001-ISO14004 and EMAS

Now if we compare BS8555, ISO14001-ISO14004 and EMAS we can see that all the standards have their own strengths and weaknesses however for UK SME’s which accounts

for the 50% of UK GDP, BS8555 can be a good choice who want to start EMS implementation.

Several studies questioned the benefits from ISO14001 and EMAS adoption for both, a company and society in large. Firstly, some authors criticise ISO14001 standard for its weak focus on actual environmental performance of company. (Balzarova et al. 2008) Although commitment to improved environmental performance and compliance with existing command and control regulations are prerequisites to ISO 14001 certification, the ISO 14001 standard does not provide any real measure of environmental performance. It is therefore difficult for stakeholders to assess the value of such a standard. (Delmas, M. 2004)

The main drawback of ISO14001-ISO14004 is its ambiguous scope and lack of set guidelines for setting objectives and targets and extent of involvement of employees, suppliers and other stakeholders. Sometimes organizations are unsure about the interpretation of the auditors of some aspects of the standards. (Zutshi. A et al. 2004). On the other hand, the rigidity of the EMAS scheme and the complicated language of the text of the regulation can produce difficulties for the firms and hinder them from applying the system in a creative way. (Honkasalo. A. 1998)

For all these reason, ISO14001-ISO14004 and EMAS are considered as a costly EMS for SME's in comparison to BS8555. It also involve extra costs like consulting, training, auditor fees, annual audit etc required in addition to implementation and certification of EMS and its maintenance. (Zutshi. A et al. 2004, Balzarova et al. 2008). One of the major impediments associated with ISO14001-ISO14004 is its extensive documentation system which implies a certain degree of bureaucracy. Many organizations view this standard as a bureaucratic exercise requiring more paperwork and red tape without demonstrated payback. (Zutshi. A et al. 2004)

Though the EMAS system is a comprehensive environmental management system involving both external assessment and provision of the relevant information to the public (Honkasalo. A. 1998) it is not as appropriate as BS8555 for SME's. The additional costs of environmental reporting may frightened SME's and discourage them in adopting EMS. (Chen. B, 2004). Honkasalo claim that only industrial sites can join the EMAS scheme. Moreover the EMAS scheme sets an upper level for the process of continual improvement by demanding that the environmental impacts are reduced to the level that can be reached with the use of best available technology. (Honkasalo. A. 1998) Therefore it's not appropriate for SME's.

However BS8555 has clear relationship with ISO14001 and EMAS. It is a supportive approach for those who want to get ISO14001 certification or EMAS registration but doesn't have rich infrastructure as a large company in terms of physical, human and financial resources. Therefore, choosing BS8555 will not conflict with the ultimate aim of ISO certification or EMAS registration. (Chen. B. 2004).

From the above discussion it can be justified that BS8555 is the most effective EMS rather than ISO14001-14004 and EMAS which UK Government can consider to make mandatory for all UK SME's.

Life Cycle Assessment

Life Cycle Assessment (LCA) is emerging as a powerful tool in the improvement of environmental impact of manufacturing process. (Culaba, A et al.1999) It is a methodological framework for estimating and assessing the environmental impacts such as climate change, degradation of natural resources etc, associated with the life-cycle of a product, process and system encompassing the extraction and processing of raw materials, manufacturing, transportation and distribution, use, reuse, maintenance, recycling and final disposal. (Rebitzer, G et al. 2004. Finnveden, G et al. 2009).

ISO14040 defines LCA as “A technique for assessing the environmental aspects and potential impacts associated with a product, by compiling an inventory of relevant inputs and outputs of a product system, evaluating the potential environmental impacts, and interpreting the results of the inventory analysis and impact assessment phases. LCA is often employed as an analytical decision support.” (Khasreen, M et al. 2009)

LCA has become a widely used methodology because of its integrated framework. The methodology consists of four distinct steps which are: defining the goal and scope, creating the life-cycle inventory, assessing the inputs and outputs related to a product or service life-cycle from ‘cradle to grave’. (SAIC. 2006. Khasreen, M et al. 2009). Hence, a complete LCA begins from the acquisition of raw materials and follows manufacturing stages until the product is produced, used and discarded. (Culaba, A et al. 1999)

Recommended LCA for the manufacturing industry in UK

Manufacturing and productive industry can play a critical role in rebuilding the UK economy. Over the past 25 years UK manufacturing industry declined from 25% to 22% of the economy. This has accelerated in the last ten years and has now reduced to 12% of GDP. The seriousness of the situation is needed to be identified and special measure is needed to be taken by the UK Government to protect this crucial industry. The UK has benefited from a strong manufacturing base in the past and can again become a major world player if a more productive; environment friendly manufacturing industry can be established. (ERAF. 2010)

PAS 2050- A mandatory LCA for UK based manufacturing companies

Publicly Available Specification (PAS) 2050:2008, Specification for the assessment of the life cycle greenhouse gas (GHG) emissions of goods and services, was jointly sponsored by the Carbon Trust and the UK Department for Environment, Food and Rural Affairs and was published by the British Standards Institution on 29 October 2008 with the aim of addressing the single-impact category of global warming and to provide a standardized and simplified implementation of LCA methods for assessing GHG emissions from products and services. (Bolwig, S et al. 2009. Sinden, G. 2009)

The aim of PAS 2050 is to set out a standardized and consistent method for assessing the product carbon footprints, providing firms with a rigorous approach in quantifying and managing the GHG emissions embodied the life cycle of products and services. While PAS 2050 is based on existing LCA approaches, it clarifies, simplifies, and adapts these approaches to the specific objective of determining the carbon footprint of products across their life cycle. (Sinden, G. 2009)

Why PAS 2050?

The UK is the first country in the world who introduced a legally binding framework to tackle climate change. The UK's Climate Change Act (ACC) became law in the late autumn of 2008 where the Government sets legal targets to reduce CO₂ emissions through domestic and international action by at least 80% by 2050 and at least 34% by 2020. (Anderson, P et al. 2009) To achieve this 80% target, a vast majority of economic activity in Britain will have to reduce its carbon impact significantly which demands a long-term strategic approach from the UK Government that sets stable frameworks for businesses and consumers. (WRAP. 2009)

In UK consumers are showing more and more interest in product carbon foot print information and in recent surveys it is evident that consumers prefer carbon labelled product and firms, and also willing to pay a price premium for products with significantly lower footprints. Meanwhile, consumers are also very sceptical about the credibility of the "climate-friendly" claims made by retailers and manufacturers and show a preference for third-party verification. (Bowling. S et al. 2009). A 1995 market research report released by the Co-operative Wholesale Society in the UK based on a survey of 30,000 people, found that approximately 70% of the respondent's buying decisions had been impacted by attitudes of wholesalers/retailers towards environmental issues. Furthermore, 80% of the respondents believed that, it was the retailers' duty to provide information on how their products impact on the environment. (Zutshi. A et al. 2004)

Thus the assessment of GHG emissions arising from products is emerging as a high profile application of LCA. There is an increasing desire from retailers and other supply chain organizations to better understand, and in some cases, communicate a consumption based perspective of the carbon foot print of products. (Sinden, G. 2009)

In response to that now there is a strong need for legislation and common guidelines from the Government for communicating product carbon footprint information to increase its credibility, consumer and stakeholder acceptance, and, ultimately, transition to a low carbon economy. As an organisational tool, the PAS provides an excellent and effective method for quantifying the GHG emissions associated with products and services. It aids organisations in identifying carbon 'hotspots' across a supply chain and can provide a basis for internal benchmarking and reporting. (Higginson, F. 2009)

In PAS 2050 there are a wide range of potential uses for information on the carbon footprint of products. It allows the internal assessment of the existing life cycle GHG emissions of goods and services and facilitates the evaluation of alternative product configurations, sourcing and manufacturing methods, raw material choices, and supplier selection on the basis of the life cycle GHG emissions associated with goods and services. (Sinden, G. 2009)

Concerning the wider implications, it was found that the PAS has potential to reduce UK emissions since it adopts a rigorous and consistent approach to foot printing, which increases consistency and comparability of the quantification of emissions across the market. (Higginson, F. 2009) The move to a low carbon economy can bring costs as well as economic benefits for UK. But the cost of inaction will be far greater than the cost of action. (WRAP. 2009) In order for the PAS 2050 to be truly successful on both levels, organisations and the UK government need to work in partnership to drive its development.

This collaboration will ensure that the PAS has a much larger potential to reduce the UK's emissions.

Comparison of PAS 2050 with ISO14040, ISO14044 and ISO14048

According to ISO 14040 the methodology involves a framework in which the goals and scope of the LCA are defined, inventory analysis and impact assessments formulated and the results interpreted. (Rebitzer 2005) ISO 14040 specifies the general framework, principles and requirements for conducting and reporting LCA studies. However, ISO 14040 does not describe the life-cycle assessment technique in detail. (ICOMIA. 2007. Rebitzer, G. 2005)

Although ISO LCA has many positive aspects, it also presents many challenges, including cost, insufficient or inappropriate data, inconclusive results and the lack of a standard methodology. (Rebitzer, G. 2005). When studying the ISO 14040-series, the immediate impression is that LCA may be out of reach for the small and micro size enterprises. A comprehensive LCA involving inventory analysis and impact assessment could take several person-months to complete. (ICOMIA. 2007)

From the above discussion it can be justified that PS 2050 is the most effective LCA for UK firms rather than ISO 14040 and 14044. As a tool addressing the environmental pillar within the concept of sustainable development, PS 2050 LCA is of importance in setting and supporting related strategies to help reduce wastes, emissions, and the consumption of resources that are attributable to the provision and consumption of goods and services. To prepare for future environmental legislation, it is strongly recommended the manufacturing industry establish programs with the intention of developing industry-adapted templates and systems for carrying out typical product Life Cycle Assessment.

Ethical and Fair Trade

As agreed by FLO, WFTO, and EFTA "Fair Trade is a trading partnership, based on dialogue, transparency and respect, which seeks greater equity in international trade. It contributes to sustainable development by offering better trading conditions to, and securing the rights of, marginalized producers and workers especially in the South. Fair trade organizations are engaged actively in supporting producers, awareness raising and in campaigning for changes in the rules and practice of conventional international trade."(Castaldo, S et al. 2008)

Why Fair Trade

Fair Trade has grown dramatically in recent years in many developed countries and has entered mainstream markets through supermarkets, coffee retailing chains and mail order catalogues. Many of the products are guaranteed through the use of the "Fair trade Mark" which now has a 50% consumer recognition level in the U.K. (Hayes. M et al. 2005) An NOP Consumer Market Research Survey conducted in 1994 (on behalf of Christian Aid) found that 44% of respondents would rather buy fairly traded products and that 68% would pay more for them if they could be sure the producers were getting a fair return. (Strong, C. 1997)

The goal of Fair Trade is to use trade as a tool for improving the livelihoods of the poorest, which is now a mainstream concept and one that has a lot of resonance for many worldwide institutions and bodies. Fair Trade can have a greater outreach and impact as it continues to facilitate better market opportunities for the poor and marginalized. (Redfern, A et al 2002).

The study by Arnould, Plastina, and Ball (2006) reports that the Fair Trade certified farmers generally received higher prices and sold larger quantities of coffee than non-certified farmers, and also appeared to enjoy a higher material quality of life. Certified farmers also appeared somewhat better off than their counterparts in terms of education and health levels within their families. Another study report that certified farmers appear to have greater satisfaction with prices and incomes, greater crop diversification, and higher food consumption and dietary quality than non-certified farmers. (Hiscox, M et al. 2008)

Fair Trade can be considered as a self-taxing scheme for concerned consumers who basically agree to pay higher prices in return for the promise that producers in developing countries will benefit directly. In other words, this is a way for consumers in developed countries to finance social assistance to producers in developing countries. (Arnould, E et al. 2006)

Comparison of Fair Trade with SA8000 and Rain Forest Alliance

SA 8000 doesn't cover the huge variety of issues like Fair Trade. The subject of SA 8000 consists mainly of working conditions and rights for co-workers. SA 8000 is comparatively expensive. Certification to the SA8000 standard entails two categories of costs. The first category is out-of pocket costs to compensate auditors and consultants and the cost of capital and investments necessary for compliance. The second category is for training costs, wage enhancements, and other outlays for the company's human and physical capital. (CIPE-SAI. 2009) There are real concerns that SA 8000 and other types of codes might be adding to the costs of doing business without fundamentally improving social or environmental outcomes. (Hiscox, M et al. 2008)

The Rainforest Alliance aims 'to conserve biodiversity and ensure sustainable livelihoods by transforming land-use practices, business practices and consumer behaviour'. Rather than focus on how products are traded, it addresses how farms are managed. It works with various stakeholders, from large multinational corporations to small, community-based cooperatives and 'sets standards for sustainability that conserve wildlife and wild-lands and promote the well-being of workers and their communities'. (Justin,T. 2009)

Fair Trade is now part of a wider and complex ethical consumer movement that demands socially and environmentally sustainable production processes (Castaldo, S et al. 2008). The Competition Commission 2000 report on UK supermarkets concluded there was evidence that supermarkets were abusing their position of power and engaging in practices that adversely affected the competitiveness of suppliers. To address these adverse effects it was recommended that a code of practice be introduced to govern supermarket-supplier relationships. (Tallontire, A et al. 2005.)

Fair trade is important as a way of guiding developing economies away from the unsustainable Western model of the 'commodity trap' towards the pursuit of sustainability. It will mean consumers and marketers as well as economists and policy makers becoming involved in the process. If it is to succeed, it is important to show that sustainability is pro-people and not just pro-planet. This will help to prevent progress becoming bogged down in the development versus conservation debate. (Strong, C. 1997)

CONCLUSION

The sustainability trilogy of economic, social, and environmental issues is increasingly affecting how organizations do business. Business is also being asked to respond by expanding its corporate accountability beyond traditional stakeholders to meet the needs of this emerging group and those of substitute stakeholders such as future generations. Increasingly, these stakeholders are concerned about the economic, social and environmental performance of a business. They want to see more than regulatory compliance. They want a corporate-wide internationalization of responsibility.

It is commonly argued that business should not take all the responsibilities of sustainable development and is not appropriate to analysis at the corporate level but firm should, at least, be operate in a way which is consistent with moves to sustainable development and fairer trading relationships. Therefore, strategies are needed to translate conceptual ideas into practical reality. (Welford, R et al 2003)

Government can play an important role in setting standards that reflect a minimum standard of good business practice or performance requirements. Only the government can determine if any legal requirement is needed to ensure compliance with minimum social and environmental standards. It also can make necessary changes to regulatory frameworks in cases where laws, tax and administrative compliance may hinder the development of responsible business practice. It should be noted that the government role of defining minimum legal requirements on environmental or social issues should be accompanied by access to justice for individuals who are affected by the misconduct of business. (UNESCAP. 2007). The government, therefore, can set the standards for industry to move towards best practice. If industry is reluctant to enforce its own standards for sectoral reporting, then mandatory company reporting might be one of the most powerful tools used by government to encourage firms move on measuring and quantifying economic, social and environmental performance.

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