The Role of Business in Accelerating Sustainable Development in Africa

Zuvarashe Judith Mushipe
St Thomas University, Florida, USA

Sustainable development is seen as a way to end extreme poverty, promote economic growth, and advance environmental sustainability and reduce gender inequality. Sustainable development is embedded in the Gross Domestic Product (GDP) of a nation and GDP is used as an indicator of the economic health of a country and also as a way of measuring a country’s standard of living. Accelerating sustainable development requires the involvement of businesses to play a role in creating economic growth and job creation. The understanding is that when businesses invest in capital that is used in the production of goods, they create employment which in turn helps boost the people’s standard of living as they earn some income. However, accelerating sustainable development has a bearing on employee empowerment where workers are paid living wages to meet their fundamental needs, job security, and right to join a trade union and working in an environment free of sexual harassment.

Keywords: accelerated sustainable development, Africa, business, poverty economic growth, environmental sustainability, people, profit, and planet

Introduction

The main objective of this paper was to articulate the importance of sustainable development in people’s lives the world over. The other objective was to show how sustainable development is closely linked to a country’s Gross Domestic Product (GDP) where businesses are a major contributor and how businesses can play a role in accelerating sustainable development. The motivation was triggered by the theme of the 18th Conference of the International Academy for African Business and Development (IAABD), May 2017. The theme was on “Accelerating Sustainable Development in Africa: The Roles of Businesses, Entrepreneurs, the Middle Class and Global Partners”.

The essence of sustainable development lies in the general performance of a nation’s economy and that general performance is measured through its GDP. The GDP comprises of consumer spending (C), government spending (G), investment (I) that includes business capital expenditure and net exports (NX) which is the exports figure minus imports. GDP = C + G + I + NX. Originally, sustainable development has been seen as a way of promoting growth and ending extreme poverty, but with the passage of time, sustainable development now incorporates advancing environmental sustainability and reducing gender inequality and even employee empowerment that comes as employees work in an environment free of sexual harassment among other things.
Sustainable development has been at the front burner of the United Nations as it encourages different nations to work on the Millennium Development Goals. In search for solutions to sustainable development, the UN Secretary, General Ben Ki-Moon, commissioned “The Sustainable Development Solutions Network” (SDSN or the Solutions Network) in 2012. The network was set up to engage engineers, business and civil society leaders and development practitioners for practical, evidence-based problem-solving (Sustainable Development Solutions Network, 2012). According to Sustainable Development Solutions Network (2012), the objectives to be achieved are:

1. Economic development (including the end of extreme poverty);
2. Social inclusion;
3. Environmental sustainability (including climate change);
4. Good governance (including security).

The above four areas summarize the United Nations’ Millennium Development Goals and the Sustainable Development Goals. In other words, the United Nations through or together with the International Institute for Sustainable Development, World Trade Organization and Sustainable Development, Fairtrade Foundation and Sustainable Development Solutions Network among other organizations have been important players in influencing the acceleration of sustainable development in general and in Africa in particular.

Accelerating sustainable development requires that all the above interconnected objectives should be given serious attention. This paper, however, discusses the role of business in sustainable development in Africa. The assumption is that when businesses invest more, they end up hiring more people who in turn earn some income which they can use to improve their standard of living. In that cycle, poverty or hunger is minimized, people can afford to live a relatively healthy life and pay for their education. Accelerated sustainable development is achieved as businesses continue to pay attention to their corporate social responsibilities as well.

**Theoretical and Empirical Literature Review**

Sustainable development is a function of people, profit, and planet which Bonnet, Quist, Hoogwater, Spaans, and Wehrmann (2006) referred to as the “triple P”. On the other hand, Mutunga, Zulu, and De Souza (2012) made reference to the “triple win” which emanates from joint investment in population and climate change which in line with Bonnet et al. (2006) is about the people and the planet. Mutunga et al. (2012) argued that out of that joint investment in population in the form of family planning and the planet in the form of climate change will result in a “triple win” in the following:

1. Reduce poverty by improving and health, schooling and economic opportunities;
2. Protect and manage natural resources for economic and social development;
3. Reduce inequality and create greater opportunities for all.

Their argument is that the size, composition, and distribution of populations are part of an analysis of sustainable development challenges and opportunities. In line with Mutunga et al’s (2012) analogy, Sampson (2005) asserted that sustainable development embraces not only the alleviation of poverty, but also the protection of the environment and the achievement of important social objectives. He further argued that sustainable development means securing a growth path that provides for the needs of the present generation without compromising the ability of future generations to meet their own needs. The pursuit of sustainable development requires a careful balancing between progress in policies designed to advance economic
development to ensure the conservation of the environment and to ensure social progress and that is reflected by the 3Ps: people, profit, and planet. The bottom line is that sustainable development is concerned with the well-being of the populace of the people.

According to the International Institute for Sustainable Development report compiled by Titi and Singh (2001, p. 3), indicators of sustainable development include:

1. The preservation of the renewal potential of natural resources;
2. Maintenance of environmental sink capacity to assimilate wastes, sewage and emissions;
3. Improvements in the quality of life through entitlements to the means of production, political and social organization and the satisfaction of basic needs;
4. Economic development which addresses problems of underconsumption and overconsumption.

When summed up, the four points above still revolve around the 3Ps: people, profit and planet. Titi and Singh (2001, p. 3) citing WCED (1987, p. 46) asserted that sustainable development implies a process of change in which the utilization of resources, the direction of investments, the orientation of technological innovation and exchange and institutional change, reflect both future and present needs.

**Methodology**

This was a desk type of research based on primary and secondary sources where the author read a number of articles pertaining to sustainable development. The proposition is that if businesses played their roles well in the national economy of any country, they could accelerate sustainable development.

**Businesses and Sustainable Development**

According to the Sustainable Development Solutions Network (2012), the private sector is the principal engine for economic growth and job creation. De Larderel (n.d.) also added that the role of business is critical for sustainable development due to the greater dependence upon the private sector as a generator of wealth and greater market integration globally. Asefa (2005) noted that sustainable development is the concept of a relationship between economic growth and the environment. Sustainability though can be achieved through investment in technology, natural and human resources. De Larderel (n.d.) pointed out that many of the key priorities and issues of sustainable development are intertwined with business activities. Businesses have a high dependence on human and natural resources in addition to physical and financial capital (International Institute for Sustainable Development, 1992). On the other hand, Schaltegger and Wagner (2011) argued that in a market system, sustainable development requires sustainability innovation and entrepreneurs who can achieve environmental or social goals. Drucker (1985) argued that innovation is an instrument of entrepreneurship; the act that endows resources with a new capacity to create wealth.

Innovation results into new technology that plays an important role in accelerating sustainable development. De Larderel (1998) argued that sustainability in business and industry is the improvement of production processes and that can be achieved through the introduction of technologies that use resources more efficiently and minimize environmental impacts. The cleaner production concept includes among other things, making more efficient use of energy, water, and other materials. The all-inclusive way to look at it is called waste management. According to De Larderel (n.d.), business has an influence on virtually all-major global environmental changes as illustrated in Table 1 below.
Table 1

**Global Environment and Its Effects**

<table>
<thead>
<tr>
<th>Activity</th>
<th>Effect</th>
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<tbody>
<tr>
<td>Climate change</td>
<td>Global emissions of CO₂ reached a high of 23,900 million tons in 1996, nearly four times the 1950 total</td>
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<tr>
<td>Biodiversity</td>
<td>In 1996, 25% of the world’s 4,630 mammal species and 11% of the 9,675 bird species were at significant risk of total extinction</td>
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<tr>
<td>Freshwater</td>
<td>If present consumption patterns continue, two out of three persons on Earth will live in water-stressed conditions by the year 2025</td>
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<td>Coastal zones</td>
<td>More than half the world’s coral reefs are potentially threatened by human activities, with up to 80% at risk in the most populated areas</td>
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<td>Chemical risks</td>
<td>Exposure to hazardous chemicals has been implicated in numerous adverse effects on humans, from birth defects to cancer. Global pesticide use results in 3.5-5 million acute poisonings a year</td>
</tr>
<tr>
<td>Desertification</td>
<td>Some 20% of the world’s susceptible drylands are affected by human-induced soil degradation, putting the livelihoods of more than 1,000 million people at risk</td>
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However, for businesses to play an important role in accelerating sustainable development, they need to have strategies in place to address that at the centre of the process is the corporate culture. In the process, businesses have to always understand who the stakeholders are. According to the International Institute for Sustainable Development, in the 90s business’s stakeholders included:

1. Shareholders;
2. Lenders;
3. Regulations;
4. Policymakers.

With the passage of time, the model has expanded to include:

1. Employees;
2. Customers/consumers;
3. Professional institutions;
4. Universities;
5. The community at large;
6. Environmental groups.

In the 21st century, the model on corporate accountability has expanded further to include:

1. Climate change;
2. Gender equality;
3. Responsible consumption;
4. Peace and justice.

From that evolution of the corporate accountability model, it can be said that sustainable development is a pervasive philosophy to which every participant in the global economy (including consumers and government) must subscribe, if we are to meet today’s needs without compromising the ability of future generations to meet their own capital (International Institute for Sustainable Development, 1992). The definition the Institute adopted was that “sustainable development means adopting business strategies and activities that meet the needs of the enterprise and its stockholders today while protecting, sustaining and enhancing the human and natural resources that will be needed in the future”.

That being the case, the role of businesses in advancing accelerated sustainable growth has to look at each area and come up with the appropriate strategies to address the issue. Wagner (n.d.) argued that when sustainability is central to a firm’s strategy, innovations are more likely within the firm, but also throughout the firm’s entire supply chain.

**Accelerating Sustainable Development**

It is common knowledge that environmental problems are substantial and that economic growth contributes to them due to the pervasiveness of sustainable development. Achievement of economic growth in some instances requires that some environmental goals be compromised as the resources are channeled towards the goal of economic growth. Practically there is competing of resources between business, the population and the planet when it comes to the goals of environmental protection, social well-being and economic development. The resources that need to be channeled towards economic growth and social well-being may end up being channeled towards cleaning the environment, providing safe work environment and hence constraining the growth of business. The International Institute for Sustainable Development (1992) proposed that financial planning by governments should consider the capital requirements for process changes, as well as possible tax incentives and the financial effect of new mechanisms such as credits for waste recovery. That kind of planning will help businesses as they work on accelerating sustainable development.

However, many executives have demonstrated that pursuing sustainable development strategies makes good business sense (International Institute for Sustainable Development, 1992). In that case, businesses would be addressing their social responsibilities thereby promoting social and environmental objectives. Consequently, according to Titi and Singh (2001), empowerment for sustainable development means giving people and communities the capacity to cope with the changing environment, for increased social awareness, higher levels of social and economic participation, and the utilization of new insights on ecological processes of change and self-renewal.

**Conclusion and Contribution**

Accelerating sustainable development as suggested at the beginning of this paper hinges on the GDP of a country. However, the economic growth of a country is influenced by the activities of government and the private sector. Government has a role to set laws and policies that encourage or discourage businesses from investing. Foreign direct investment is attracted through good government policies.

For businesses, translating sustainable development policies into operational assignments ought to be viewed as a major undertaking that will affect the entire organization. An undertaking that involves changing the corporate culture and employee attitudes, defining responsibilities and accountability, and establishing organizational structures, information reporting systems and operational practices. This hinges, to some extent, on employee empowerment and corporate social responsibility. Employees feel empowered when they earn a living wage, but that in itself is seen as an expense by the company.

As already stated, sustainable development is achieved when poverty is reduced or eradicated, when the environment is clean and when the populace of the people are healthy; and given the magnitude of the problems that have to be addressed, business’s role in sustainable development is of paramount importance. If handled properly the empowerment process whereby the businesses provide access to income through employment, access to assets and credit facilities and the capacity to create credit facilities, can result in sustainable development as well.
Sustainable development is pervasive and touches on peoples’ livelihood in different ways. The contribution of this paper is to make readers aware of a whole array of things businesses can do to accelerate sustainable development to the benefit of humankind.

References


