

Sustainability Enhances Competitiveness



Sun Liping
Tsinghua University



Stephanie Burns
Dow Corning

In this dialogue, Sun Liping, professor at China's Tsinghua University and lecturer on sustainable development, exchanges views with Dr. Stephanie Burns, president and CEO, Dow Corning.

How can sustainability become the foundation for good business operations and corporate responsibility?

SB: Successful businesses understand the need to weave the practice of sustainability throughout the entire culture of a company. While sustainability may start with a vision at the top, it is everyone's responsibility to develop and live that vision. At Dow Corning, we believe we "wear" three hats simultaneously in terms of sustainability. These represent our social, economic, and environmental responsibilities. All of these responsibilities must be met at all times. We work arduously to apply our talents, resources and efforts to advance the quality of life throughout the world, continuously improve our environmental performance, and create economic growth.

SL: The significance of sustainable development for society as a whole and for a single enterprise is distinctly different. The urgency of sustainable development for society is direct and self-evident while, for a single enterprise, the urgency is comparatively less direct and evident. Whether or not an organization commits itself to sustainable development depends on two factors. The first is the enterprise's views on corporate social responsibility. Large companies, comparatively, tend to be more committed to social responsibility. The second factor is related to its operations and economic returns. When an enterprise dedicates itself to sustainable development, it is actually enhancing its competitiveness for the future when resource-efficient economies and companies will be presented with more opportunities and be in a more advantageous position with respect to market competition.

How can companies balance the costs vs. benefits, and short-term vs. long-term factors of sustainable development?

SB: There may be no perfect economic model to determine the right balance. Sustainability requires a long-term approach to business, as well as the ability to look at your company with respect to societal needs. It is critical that

sustainability become deeply embedded in all business decisions and actions. We must constantly gauge the effect of new initiatives and projects against the principles of sustainability. To lose focus on any of the three responsibilities—social, economic, or environmental—risks losing the value entirely.

SL: The problem is that a cost-benefit relationship is only relevant to those enterprises with specific plans for the future. Many Chinese organizations are small so rather than planning for the future, they are struggling to survive fierce competition in the present. Obviously, it is unrealistic to expect them to contribute large investments today for long-term objectives. External guidelines—such as laws and regulations, taxation, social restrictions, and administrative restrictions, among others—are therefore needed to guide them which increases the cost of wasting resources while simultaneously increasing the returns for saving resources. This way, short-term and long-term interests are unified—or at least, the conflict between them is significantly reduced.

What do you see as the main strategies to address China's challenges in pursuit of sustainable development?

SB: The business community needs to carry the sustainability torch in developing countries such as China. Chinese government officials have made it clear that as foreign investment continues to grow in the region, environmental stewardship and sustainability are becoming exponentially important. Dow Corning applies the same high standards of sustainability and environmental stewardship in all countries where we operate, as we believe it is important to help set a high standard for sustainable development. It is essential that well-intentioned companies seek to understand the societal needs of each country—what the people, environment, and economy need to continue to advance quality of life well into the future.

SL: China's economic growth currently relies on huge consumption of resources at low efficiency. Statistics from the State Environmental Protection Administration show that in 2003 alone, China's consumption of crude coal, iron ore, steel, and cement accounted for 31%, 30%, 27%, and 40% respectively of the world's total, while China's GDP accounted for less than 4% of the world's

total. It is therefore evident that China's economic growth path is not sustainable. As a result, China's approach to economic growth needs to be shifted, and the development of a resource-efficient economy is of great importance to this shifting approach. In terms of specific actions, we need to figure out how to translate the strategy at the macro-social level into mechanisms at the micro-levels of local governments and enterprises.

What are the global best practices in sustainable development?

SB: First and foremost, we adhere to the same principles of sustainability and environmental stewardship in all of our geographic locations. We set environmental improvement goals globally and prioritize projects to deliver on these goals. We invest in training and global sharing practices to help educate employees throughout the globe about the importance of these principles. We make sustainability visible to all employees via an annual Sustainability Report and regular Web-based communications. One of the best practices we are most proud of is our ability to say "no" to projects that don't fit into all three of our social, economic, and environmental responsibilities. We invest in training and global sharing to help educate employees about the importance of these responsibilities. Finally, by reinforcing our principles of sustainability on a daily basis with all of our employees, customers, and suppliers, we communicate that—in terms of sustainability—we mean business.

SL: An important practice involves the engagement of the public and non-governmental organizations, in the cause of environmental protection and sustainable development. Policy advocacy can only do so much, and structural reform combined with good governance is needed so project managers and day-to-day decision makers can make accountable decisions with due balance of short term vs. long term, individual gains vs. public benefit. I believe that it is very important for China to encourage cooperation on sustainable development between enterprises, the government, as well as the general public and non-governmental organizations.

For more information about Dow Corning, go to www.dowcorning.com