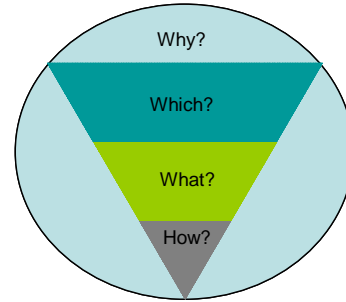


7. Conclusions

“Corporate Sustainability today includes recognition of the leadership role that the private sector must take in ensuring social progress, improved equity, higher living standards, and stewardship of the environment”

- J.D. Wolfensohn, World Bank President [320]



This chapter summarises all of the conclusions reached during the research project and presents additional research areas that have been identified. The chapter is structured around the three main research questions, namely:

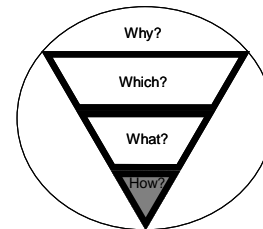
- Which life cycle should be considered when evaluating the project’s possible impacts?
- What social business sustainability impacts or aspects should be considered in the project life cycle? and
- How should project management methodologies be adopted to ensure incorporation of social business sustainability?

In addition, a fourth question is added for discussion purposes, namely why should business address or consider addressing the social aspects of sustainable development?

7.1 How: Methods to Adopt Project Management Methodologies

The research proposed a phased implementation of social business sustainability in project management methodologies using checklists and questionnaires, gate questions, a social impact indicator evaluation method and new decision-making methods. The phased approach was identified as the best option for the following two reasons:

- firstly, information was either unavailable or not collected yet, rendering it impossible to apply the evaluation method consistently; and
- secondly, as the idea of social business sustainability is new to businesses, a gradual paradigm shift is required.



An analysis of the key events regarding the environmental and social dimensions of sustainable development is summarised in Table 7-1. This supports these initial conclusions. The analysis indicates that although certain social aspects, i.e. human rights, enjoyed international recognition early in the 20th century, the social dimension was only briefly mentioned in the Founex Report in 1971.

Sustainable project life cycle management: Development of social criteria for decision-making

Chapter 7

Table 7-1: Timeline of Key Events Impacting on Social and Environmental Dimension of Sustainable Development [adapted from 321 and 322]

When	What	Environmental	Social
1948	Universal Declaration of Human Rights		The UN General Assembly adopts the significant document which enshrines human rights across the political, social and economic spectrums
1962	Silent Spring by Rachel Carson	First recognition of environmental dangers in modern technologies	
1968	UNESCO's Intergovernmental Conference for Rational Use and Conservation of Biosphere	Early discussions of the concept of ecologically sustainable development	
1969	National Environmental Policy Act passed in USA	Council of Environmental Quality is created	
1971	Greenpeace started in Canada	NGO focussing on the environment	
	OECD implements Polluter Pays Principle	Those causing pollution should pay the cost	
	Founex Report on Development and Environment is prepared	Report calls for the integration of environment and development strategies	Report recognises that high rates of economic growth do not by themselves guarantee that urgent social and human problems with ease
	International Institute for Environment and Development (IIED) established	The IIED's mandate is to seek ways of making economic progress without destroying the environmental resource base	
1972	UN Conference on Human Environment	The conference resulted in the establishment of many national environmental protection agencies as well as the United Nations Environmental Programme (UNEP)	

Sustainable project life cycle management: Development of social criteria for decision-making

Chapter 7

Table 7-1: Timeline of Key Events Impacting on Social and Environmental Dimension of Sustainable Development [adapted from 321 and 322] (continues)

When	What	Environmental	Social
1976	OECD Guidelines for Multinational Companies		Recommends policies on transparent and accountable business conduct
1977	Sullivan Principles launched		Eight principles to encourage companies to promote social and political justice
1978	OECD initiatives	Relaunches research on environmental and economic linkages	
1980	IUCN releases the World Conservation Strategy	Focuses on habitat destruction	Acknowledges the problems of poverty, population pressure and social inequity
1984	OECD Conference on Environment and Economics	Conference concludes that environment and economics should be mutually reinforced	
1985	Responsible Care® launched	Initial focus on environmental friendly practices as well as Health and Safety	Scope broadened to include sustainable development of society and stakeholder relationships.
1987	Brundtland Report released	Popularise the term sustainable development, which acknowledges economic, social, environmental and cultural issues. Inter and intra-generational equity is acknowledged	
1987	Montreal Protocol adopted	Focus on ozone depletion substances	
1989	CERES, Coalition for Environmentally Responsible Economies is launched	CERES is best known for its ten principles covering waste disposal and reduction, energy conservation and safety	
1990	UN Summit for Children	Recognition of the environmental impacts on future generation	

Sustainable project life cycle management: Development of social criteria for decision-making

Chapter 7

Table 7-1: Timeline of Key Events Impacting on Social and Environmental Dimension of Sustainable Development [adapted from 321 and 322] (continues)

When	What	Environmental	Social
1992	Earth Summit in Rio de Janeiro	Agenda 21, Convention on Biological Diversity and the Framework Convention on Climate Change. Agenda 21 contains a whole section on conservation and managing resources as well as a chapter on integrating environmental aspects in decision-making	Agenda 21 contains a section on the social and economic dimensions, but the conference was mainly orientated towards environmental sustainability
	Basel Convention is implemented	The convention reduces the movement of hazardous waste	
	UK's Cadbury Commission and SA's King Committee launched		Both address corporate governance and corporate behaviour
1993	World Conference on Human Rights		Governments re-affirmed their international commitments to all human rights
1994	Caux Round Table Principles for Business launched	Includes principles addressing environmental aspects	The principles focus strongly on social aspects
1995	World Summit for Social Development		The first time that the international community expressed a clear commitment to eradicate absolute poverty
1996	ISO 14001 formally adopted	Voluntary international standard for corporate environmental management systems	
1996	SA 8000 released		The first auditable international standard for companies to guarantee workers' basic rights

Sustainable project life cycle management: Development of social criteria for decision-making

Chapter 7

Table 7-1: Timeline of Key Events Impacting on Social and Environmental Dimension of Sustainable Development [adapted from 321 and 322] (continues)

When	What	Environmental	Social
	Global Reporting Initiative is convened	The first common international framework for triple bottom line reporting by companies. The concept was coined in the same year by John Elkington	
1997	Kyoto Protocol signed	Goals are set for greenhouse gas emission reduction	
1999	Dow Jones Sustainability Index launched	The index address all three dimensions of sustainable development	
	AccountAbility launches AA1000 framework		The first systematic stakeholder based approach for organisational accountability
	SIGMA Project launched	A project that comprises a set of principles and a framework to mainstream sustainability in core business	
2000	OECD Guidelines revised	The new guidelines address nine areas, including environmental and social aspects	
	UN Global Compact launched	Three of the nine principles address environmental issues	Six of the nine principles address social issues
	UN's Millennium Summit		World leaders agree that the UN's first priority was eradicating extreme poverty
2002	World Summit on Sustainable Development	Global change since Rio (1992) is assessed	More focus on social sustainable development issues
	Equator Principles launched	Voluntary set of guidelines for managing social and environmental considerations when financing development projects	
2003	JSE launches its Social Responsible Investment Index (SRI)	The JSE SRI addresses both the environmental and social dimensions of sustainable development	

A brief surge of interest followed the Founex Report in the 1970s. Interest was, however, mainly directed towards corporate social performance, linkages with environmental responsible behaviour and the corporate social responsibility theory [35, 158].

After the Brundtland report in 1987, interest in the social dimension flared up again. Once more, interest was mainly directed towards corporate social responsibility programmes and corporate social investment [4, 170, 187, 302]. The Rio de Janeiro Summit's Agenda 21 dedicated a whole section to the social dimension of sustainable development. Interest in social sustainability subsequently increased drastically, resulting in a World Summit on Social Development in 1995 and various social standards, guidelines and initiatives. Social sustainability therefore only started receiving due attention during the mid 1990s. The idea that sustainable development equated environmental aspects paved the way for the concept's true and broader definition [42].

The analysis of the key events regarding the environmental and social dimensions of sustainable development therefore supports the argument that the development of social indicators parallels environmental indicators' development 20 years ago [158].

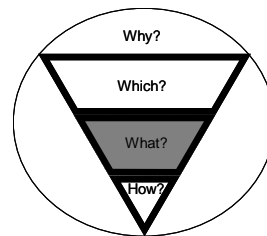
It will consequently take time before social information databases are as readily available as environmental databases. Applying the indicator evaluation method will therefore have to be postponed. Companies can, however, implement the checklists and questionnaires proposed in the research with immediate effect. A company in the South African process industry is currently implementing an adjusted version of the questionnaire.

Future research in testing the indicator evaluation methods and finalising mid-point categories can be undertaken once social information and data are more readily available internally and externally.

7.2 What: Proposed Social Sustainability

Framework

The research developed and introduced a social sustainability assessment framework as part of a sustainability assessment framework for operational initiatives. The proposed social sustainability assessment framework was verified and validated. The social sustainability questionnaires, indicators and checklists have been structured around the framework. Although it can be concluded that the criteria and sub-criteria are relevant and applicable to the asset life cycle and project life cycle, the visual appearance of the model seems to be impaired. Three of the four main social criteria address impacts on various stakeholder groupings, i.e. Internal Human Resources (employees), External Population (communities in close proximity) and Macro Social Performance or the region and nation, while the fourth criterion addresses relationships with these stakeholders. The fourth criterion thus appears to be underpinning the other three criteria. Considering the broader



framework (see Figure 3-1), it is argued that stakeholder relationships are also essentials in undertaking societal initiatives (Level 2 of the framework). In addition, according to the stakeholder theory, shareholders or investors as well as the natural environment are viewed as the company's stakeholders (see Figure 3-4 and Figure 3-5). Stakeholder relationships therefore appear to be at the centre of any company's business sustainability. It is concluded that the framework's visual appearance should be changed. Four new framework layouts are presented. Future research can focus on developing a visual appearance for the framework, which indicates relationships between the three dimensions, spatial scales of impacts and relative importance of criteria to business.

7.2.1 Sustainability Framework as a Target

Since the external population, internal HR and macro socio-environmental performance criteria all interact with the framework's environmental dimension as well as with the economic dimension, it is proposed that the framework be modified in terms of a sustainability target (Figure 7-1).

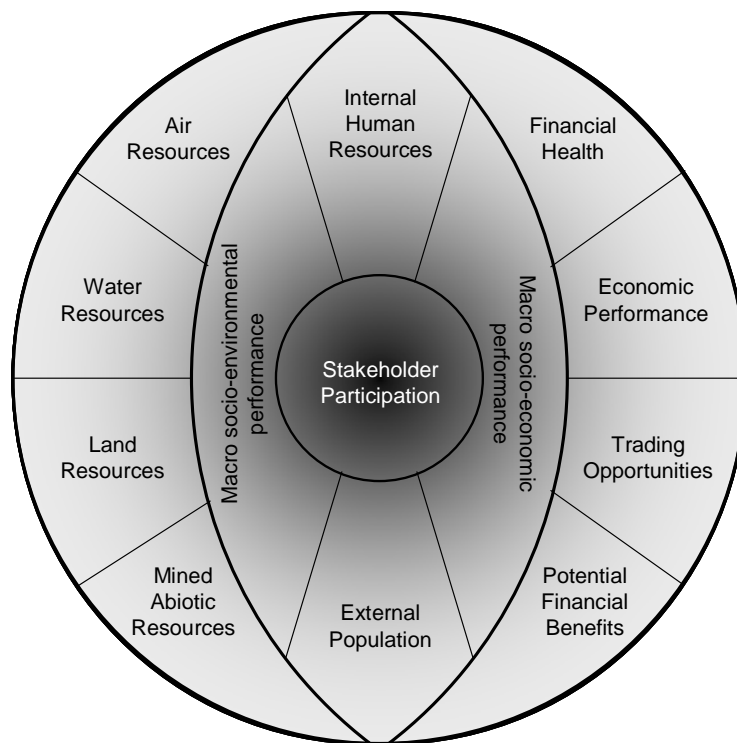


Figure 7-1: Sustainability Target Framework

7.2.2 Sustainability Wall

An analogy of comparing a sustainable business to a brick wall has been used. The various criteria in Figure 3-1 and Figure 3-6 would serve as building blocks (Figure 7-2). The cornerstone is the corporate responsibility strategy, strengthened by stakeholder participation. The first building block

on operational initiatives will be economic sustainability, since it is a prerequisite for any other form of sustainability (see section 3.3.1).

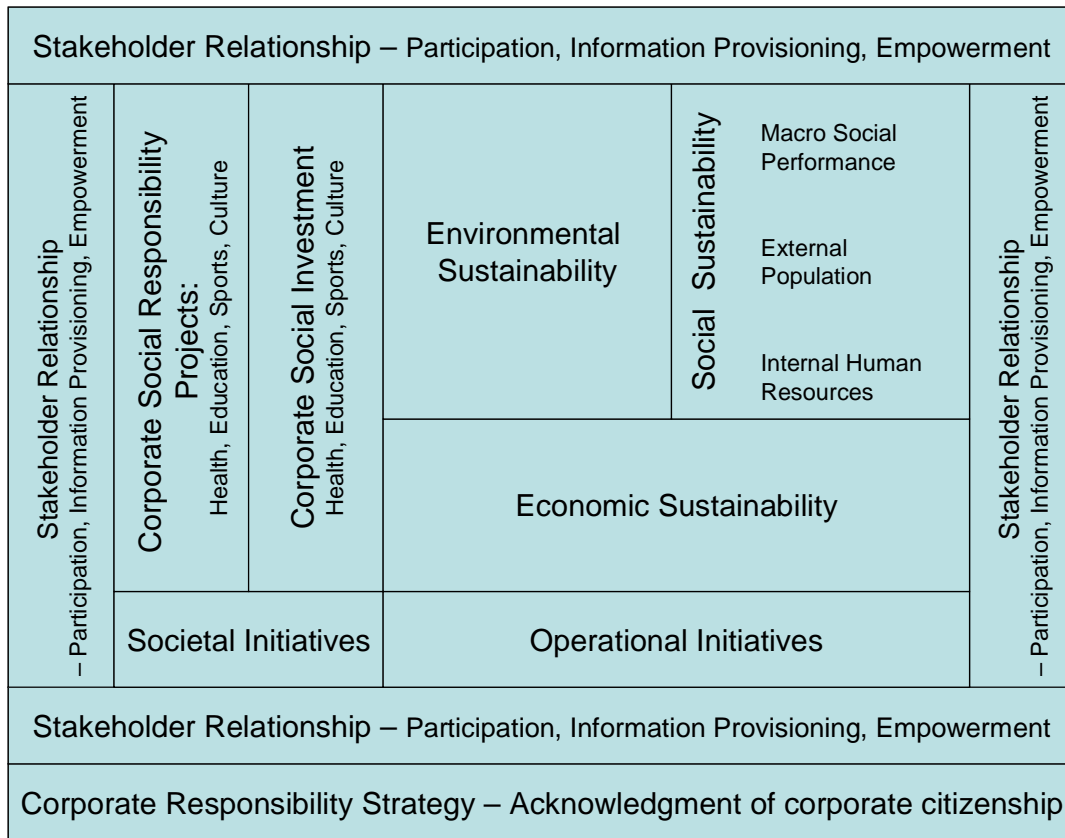


Figure 7-2: Sustainability Wall

7.2.3 Russian Doll

The third proposed view of the sustainability framework concluded that stakeholder participation is the centre, with Levett’s “Russian Doll approach” [323] to sustainability as a starting point. Levett’s model view sustainability as ensuring that human society lives within the environment’s limits and that the economy meets society’s needs. It thus consists of the following three concentric circles:

- economy in the middle,
- society in the second circle, encircling the first circle; and
- environment in last circle, encircling everything.

Figure 7-3 shows the proposed “Russian Doll” framework.

7.2.4 Hierarchical Model

Although these models are better graphical representations of where the criteria fit in, a hierarchical model will be easier to follow for indicators evaluations, etc. A small change to the proposed social sustainability framework is thus shown in Figure 7-4 as a fourth option.

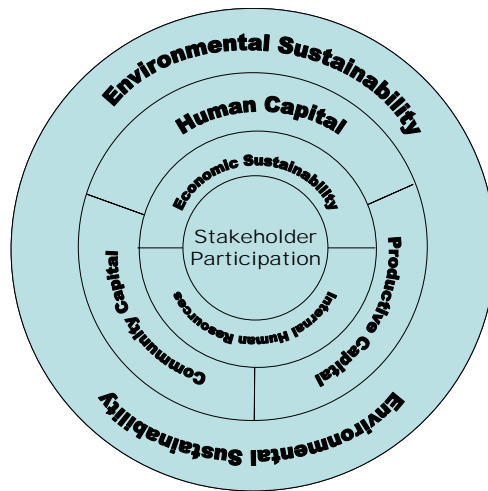


Figure 7-3: Proposed “Russian Doll” Framework

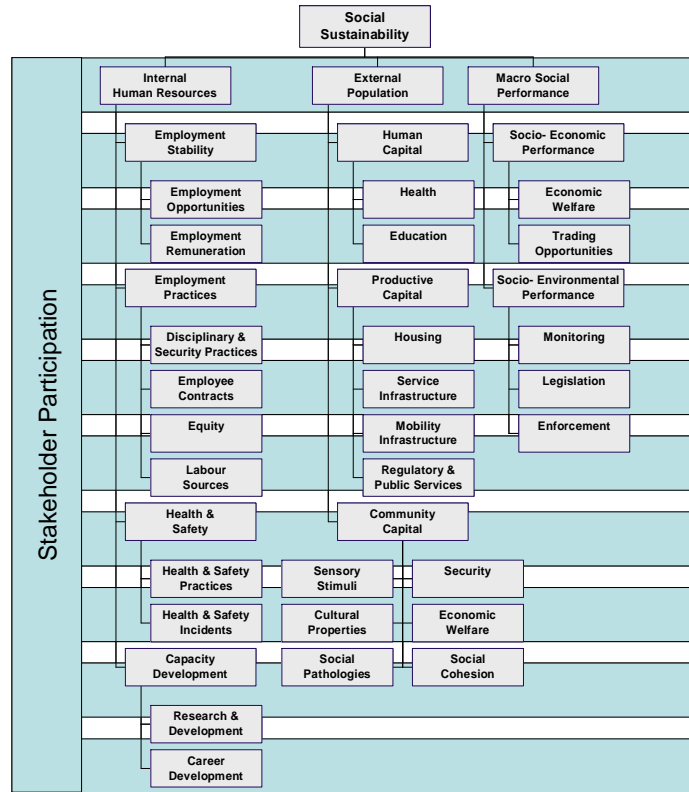
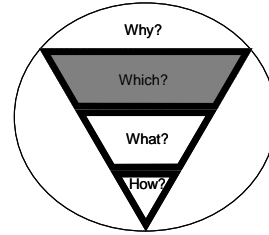


Figure 7-4: Changes to Proposed Social Sustainability Assessment Framework

7.3 Which: Life Cycles to Consider

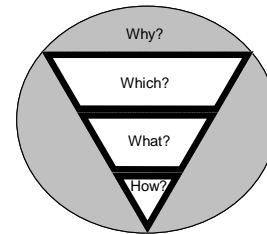
The research concluded that it is the project's deliverable as well as the deliverable's deliverables, i.e. in the case of the process industry, the asset and its products, that have economic, environmental and social consequences to consider in the project life cycle. This life cycle engineering perspective forces design engineers as well project team members to consider the asset's decommissioning phase as well as the product's phase-out phase, as these do not currently receive due attention.



The system's engineering perspective and life cycle thinking is not a new idea the origins thereof lies in the development of weapon systems during the Second World War [324]. However, the principles have not been applied to environmental and social project life cycle management. The life cycle interactions are thus viewed as a contribution to the field of sustainable project life cycle management.

7.4 Why: Importance of Social Sustainability to Business

“If business concentrates on social goals at the sacrifice of short-term profit, it may find itself destroyed at its neglect of its long-term future. On the other hand, if it emphasises profit to the exclusion of social goals, it may find itself abandoned and destroyed by the people it has ignored” - Henry Ford (as cited in [1])



The research showed that various driving forces pressurise businesses to align their activities with the principles of sustainable development and to address all three dimensions thereof in their internal business practices (see section 1.1.1 and Appendix A). Numerous authors and organisations emphasised business leaders' moral obligation to address the environmental and social consequences of their activities [304]. Currently, i.e. during 2004 and 2005, questions are raised about where companies' true responsibility lies. The collapse of Parmalat in Italy at the end of 2003 raised the question of whether the company would have collapsed, had it concentrated on its primary activities, i.e. manufacturing and selling dairy products, instead of investing millions of corporate funds in running a football club, i.e. a possible Corporate Social Responsibility (CSR) project [325]. The collapse also illustrated that companies might be serving too many masters and that good governance, i.e. answerability to shareholders, is not necessarily the same as corporate social responsibility, i.e. answerability to society [325].

Lord Browne, the chief executive of BP, announced in February 2005 that their company is engaged in a “noble” cause of making money, and, in addition, that the company did not so much have stakeholders or corporate social responsibility, but is instead establishing positions of mutual advantage

with the people it comes into contact with and that this mutual advantage requires business to be in business to make profits [326]. In March 2005, the chief executive of Nestlé, a company regarded as a good corporate citizen in many respects [327], stated that a company should not feel obliged to give anything back to the community, since it has not taken anything from it and that the company's obligation to the community is simply to create employment opportunities and to produce products [328]. Paul Gilding, a former executive director of Greenpeace International, believes that environmental and social sustainability will be well served by the death of corporate social responsibility, as it needs to be replaced by a market-focused approach [329]. These business leaders' comments indicate that business is starting to question whether it is their responsibility to address social sustainability aspects and whether their true responsibility does not rather lie in making profits. However, companies are still being expected to take on responsibilities formerly belonging to governments. Companies are, however, not governments and do not share the same kind of relationship with society as governments [325].

The question now arises: in spite of all these driving forces analysed, should companies be concerned with social sustainability aspects?

Society needs the corporate sector to engage in the sustainability arena. This will, however, not happen because of an optional executive commitment to an abstract concept. The corporate sector will engage in sustainability only if it is a good business strategy [329]. However, sustainability is the only business strategy left to pursue. Social issues can not be treated as separate from core business activities and practices, as society is the base of all economic activity. Without communities, there will be no companies. If environmental resources are not managed according to a sustainability strategy, primary industry activities will not take place, thereby breaking the whole chain of industrial activities. Companies should thus think further than pure profit, i.e. society needs capitalism with a soul. The focus should be on free enterprise in partnership with other stakeholders. Sustainable development is about balance, i.e. balancing the economic needs within the environment's limits without negatively impacting on intergenerational equity. This thesis concludes that business should address social sustainability aspects, but not at the expense of losing perspective of its reason for existence, i.e. its economic licence to operate as granted by the shareholders through its profits.

“If it (business) does not make profits, it will not survive; equally if it thinks only about profits, it will not survive either, since it has to think about the long-term, its goods and services, and the people who touch it.” – Lord Browne (as cited in [326])