

Developing  
sustainability  
indicators monitoring  
for enterprise  
business essay



**ASSIGN  
BUSTER**

The term 'sustainability' refers to the human desire for an environment that would reap current and future benefits." Sustainability is not an absolute, independent of human conceptual frameworks. Rather it is always set in the context of decisions about what type of system is to be sustained and over what patio-temporal scale."(Allen and Hoekstra 1994)

Monitoring process is an emergent and a major management response to the existing challenges in sustainability. It helps in understanding the sustainability systems and its values. Monitoring systems generally focuses on developing the various suitable tools that would help in gauging the relatedness of the sustainability practices. Basically, these monitoring systems reveal the trends and patterns of a sustainable system by constructing a good understanding of those systems. Comparison of future desired conditions with the current state of systems can be established. The changes in the entire system can be easily detected and can be used as an earlier warning against change. The growth and progress of the sustainable system in an enterprise can be effectively measured.

Indicators can provide crucial guidance for decision-making in a variety of ways. They can translate physical and social science knowledge into manageable units of information that can facilitate the decision-making process. They can help to measure and calibrate progress towards sustainable development goals. They can provide an early warning, sounding the alarm in time to prevent economic, social and environmental damage. They are also important tools to communicate ideas, thoughts and values because as one authority said, " we measure what we value, and value what we measure."

<https://assignbuster.com/developing-sustainability-indicators-monitoring-for-enterprise-business-essay/>

Indicators of sustainability are different from traditional indicators of economic, social, and environmental progress. Traditional indicators such as stockholder profits, asthma rates, and water quality measure changes in one part of a community as if they were entirely independent of the other parts. Sustainability indicators reflect the reality that the three different segments are very tightly interconnected, as shown in the figure below:

### **Segmentation of sustainable indicators**

As this figure illustrates, the natural resource base provides the materials for production on which jobs and stockholder profits depend. Jobs affect the poverty rate and the poverty rate is related to crime. Air quality, water quality and materials used for production have an effect on health. They may also have an effect on stockholder profits: if a process requires clean water as an input, cleaning up poor quality water prior to processing is an extra expense, which reduces profits. Likewise, health problems, whether due to general air quality problems or exposure to toxic materials, have an effect on worker productivity and contribute to the rising costs of health insurance.

### **DESCRIPTION OF ENTERPRISE**

Sony Ericsson is a joint venture established on October 1, 2001 by the Japanese consumer electronics company Sony Corporation and the Swedish telecommunications company Ericsson to make mobile phones. The stated reason for this venture is to combine Sony's consumer electronics expertise with Ericsson's technological leadership in the communications sector. Both companies have stopped making their own mobile phones.

Sony Ericsson has strived to maintain the highest standards in our approach to sustainability. Sustainable development and production is considered to be important challenges for the future by Ericsson which demands an immediate action from responsible manufacturers. Sony Ericsson have put into effect a life-cycle approach to product development . Sony Ericsson mobile communications is a global supplier of high graphic and multimedia cell phones with various features along with accessories and pc cards.

The products offer a combination of powerful technology with creative applications for mobile such as music, style, imaging, communications and entertainment. The net result is that Sony Ericsson is an enticing brand which opens up new avenues for growth in business for mobile operators and along with offering desirable, fun products to end users. In the nine years period, Sony Ericsson has been operating and it has maintained a rigorous approach to ensuring that it maintains the same standards across all chains.

For Sony Ericsson, the approach to sustainability is based on the following principles:

To safeguard the future profits in environmental friendly related issues.

Improving the living and working conditions of all those who are involved in production of products.

Not to make a negative impact on the consumers.

To improve the impact of our products and activities on the environment.

Sony Ericsson have focused on low energy consumption chargers. Sony Ericsson will introduce chargers and phones with this interface well ahead of the desired industry timeline. Our portfolio of chargers is already one of the best in the industry in terms of efficiency and energy consumption. The handset was built with fully sustainable materials, the optional charger had minimal no-load power and the concept offered reduced packaging with the elimination of paper manuals. In 2008, Sony Ericsson observers were introduced. The global take back scheme and the green heart project bring us closer to our vision of being a leader in sustainability in the mobile phone industry'. Constant improvising is being made by them so as to improve the working conditions and environment.

Sony Ericsson set aggressive, absolute targets:

Reduce the total greenhouse gas emissions from the full life cycle by 15% till 2015 (based on 2008 year levels)

Reduce the total greenhouse gas emissions from So internal activities by 20% till 2015(based on 2008 year levels)

Sony Ericson has continues dialogue with the parent companies on the subject of building more sustainable business.

## **Listing & Justification Of Indicators Relevant To The Enterprise**

### **ECONOMIC INDICATORS:**

The economic indicator refers to the system of production and consumption (including finance) and refers to the market based and to the unpaid economy.

Economic prosperity is a very important element of sustainable development; it allows to combat poverty, to finance remediation of old burdens, to make changes in our development economic policy and market mechanisms must be applied in support of sustainable development, and not against it. Without denying the importance of tools such as legislation, public awareness etc., and the economy is a very powerful tool for sustainable development. Used in the right way, it provides efficient incentives to make choices for sustainable development.

These incentives need to be on all levels of society, they must work in favour of sustainable development by:

Making sustainable investments both in the public and private sectors profitable,

Channelling research into knowledge and solutions for sustainable development

Influencing consumption decision on all levels.

Tele communication industry is very important for sustainable development as it generates employment & wealth as well as it also provides economic  
<https://assignbuster.com/developing-sustainability-indicators-monitoring-for-enterprise-business-essay/>

benefits to the society. This all attribute raises concerns at both micro- and macro levels.

The economic indicators and objective for the each specific indicator is mentioned below:

Table. 1

Objective

Indicator's

Sufficient supply and goods and services

GDP/ capita

Efficient wealth creations

Total factor productivity, cost, sales

Economic system's evolution and

Competitiveness

Net investment, R &D expenditures,

Accumulated public and private debt

### **GDP Per Capita:**

Gross domestic product (GDP) is nothing but the over all average of the increase or decrease of economic growth. GDP is nothing but the market value of all goods and services produced by the economy during the specific

<https://assignbuster.com/developing-sustainability-indicators-monitoring-for-enterprise-business-essay/>

period which is often one year. 2008 study by Sony Ericsson on the socio-economic impact of mobile communications in Sudan found that mobile phone access generates significant socio-economic benefits for gross domestic product (GDP), notably for people at the base of the economic pyramid.

### **Total factor productivity, cost, sales:**

In simple language Productivity gives good ability to understand into inflationary pressures, and how much GDP can increase without affecting inflation. With high demand of Sony Ericsson mobiles and the company has decided to reduce operating costs, connectivity is expected to become economically viable for the local operator within three years.

### **Net investment and capital expenditures:**

This indicator specifies the distribution to providers of capital broken down by interest on debt and borrowings and dividends on all classes of shares. Then Sony Ericsson describes how it has utilise its capital the level of company commitment to socially responsible investing. These are the mentioned sustainable indicators which help the Sony Ericsson, telecommunication industry to sustain in the market.

### **ENVIRONMENTAL INDICATORS:**

Among the various sustainable indicators available in the monitoring system for the enterprise chosen, the prime importance moves to the environmental indicators as it drives the sustainability core concepts. These environmental indicators provide a measure of the company's impacts over the natural environment entities namely on the human, air, water and land ecosystems.

<https://assignbuster.com/developing-sustainability-indicators-monitoring-for-enterprise-business-essay/>



The impacts of such practices can be a local or a global one depending upon the nature of the process. The ultimate target is the stake holders in common. Considering the enterprise of Sony Ericson, the threat is posed over the employees who work in the enterprise.

Our enterprise corresponds to the telecom industry where by the scope of analysis for the telecom products and the facilities in Sony Ericson company is tremendous. Hence it is worth to develop indicators for the company to evaluate the effectiveness of its sustainable practices. The sustainability indicators relevant to Sony Ericsson Company are identified as below.

Materials- (substances of concern)

Energy- (power consumption)

Products

Transport

Air emissions - (carbon footprint)

The above listed indicators are identified to be more crucial for carrying out sustainable monitoring framework for the company, Sony Ericsson.

### **Materials (substances of concern):**

Considering the first indicator, materials, it refers to the various elements of concern that are used in the company. Being a strong player in the telecom industry, Sony Ericsson, produces mobile phones that incorporates brominated flame retardants (BFR) on its boards and casings. Moreover poly

vinyl chloride (PVC) is also used in the chargers. Hence considering the usage of these materials in the company provides more concern over the sustainability issues in the company. Hence developing this indicator would help in the measurement of sustainability impacts of using such materials inside the company.

### **Energy:**

For any industry or an enterprise, the usage of energy becomes very essential for its effective functioning. Sony Ericsson is not an exception and as it addresses the energy consumption issue through its chargers for mobile phones. This indicator provides effective measurement of the energy consumption that would help the company to incorporate processes that would lead to lesser energy consumption for the sustainable future.

### **Products:**

Sony Ericsson continues its operations in the telecom industry through its various ranges of mobile phones and accessories that pose a question whether they are bio-degradable or not. The toxicity levels in the products and their environmental impacts can be measured using this indicator. Hence for a product based company like Sony Ericsson, this indicator becomes very significant for ensuring sustainable practices.

### **Transport:**

Transport is an inevitable indicator in any sector as the movement of either goods or services becomes a mandatory process in the work areas.

Considering Sony Ericsson, the usage of transport service, the kind of modes used, the frequency and intensity of transport processes involved in the

company is really high which can affect the environment in many bad ways. Thus this indicator is more relevant to the company in identifying the impact that company's transport operations are projecting towards the environment.

### **Air emissions**

With a large company like Sony Ericsson, the production capacities for their plants in various locations are tend to be generally larger. This results in the production of more carbon dioxide emissions across the nearby areas of the plant locations. So, careful monitoring of such emissions and controlling it becomes very important for the company to evaluate the amount of air emissions of the company.

## **SOCIAL SUSTAINABILITY INDICATORS**

Apart from having economical and environmental sustainability it is as much as important for the company to be socially important too. Since every company they are socially bounded, it is important for them to be connected with the society. For a company to be effective and sustainable, both the individual and community resources need to be developed and used within the context of four guiding principles - equity, social inclusion and interaction, security, and adaptability.

Telecoms industry is playing as a very important player in shaping up the economy. The five main indicators of Sony Ericsson for social sustainability are as follows:

Stakeholder involvement

Human rights and business ethics

Equal opportunities and non- discrimination

Health and safety

Bribery and corruption

Sony Ericsson maintains good monitoring systems on this sustainability to have better output.

### **Stake holder involvement**

Stakeholders are those who have a direct relationship to, or are affected by, our business. They include investors, customers, employees, suppliers, industry partners, governments, end-users, non-governmental organizations and the media. So it is important for any organisation to have a good relationship with them. By having sustainable relationships with the stakeholder provide the company with long run benefits. Stakeholder involvement towards a particular company creates a good image for the company among the public.

### **Human rights and business ethics**

Business engagement in human rights is not only a responsibility but also an opportunity. It is very crucial for any company to behave in a socially and ethically exemplary way and operates business in compliance with all national laws and regulations. This is a main indicator for company to find out whether it is sustainable or not.

## **Equal opportunities and discrimination**

One of the main indicators that should be addressed in sustainable development requires companies to provide equal opportunities to all regardless of their gender, race and disabilities. Most of the research identifies that gender disparity as one of the important issues that need to be addressed by the industry, including attracting more women into professional jobs. By having equal opportunities make the company to have better sustainable practices.

## **Health and safety:**

Health and safety is one the most important indicator that production industry should concern about. Providing employees with health and safety standards must be addressed properly. The action plan included installing protective railings, improving processes and equipment for chemicals handling, and implementing health and safety procedures for corrective and preventive action.

## **Bribery and corruption:**

Another main issue that should be addressed the companies is bribery and corruption. Sometimes as like human rights problems, is a large scale problem that cannot be addressed the companies. So companies must make careful consideration in regard to this problem which has a direct impact on sustainability of any company.

## **CRITICAL ANALYSIS AND EVALUATION OF LISTED INDICATORS**

### **Justification For The Economic Indicators:**

China, India, Indonesia and Brazil are among Sony Ericsson's 10 largest markets in sales share. Emerging markets represent around one third of global GDP, and network sales in emerging markets grew an estimated 15 percent in 2008, representing over half of network sales.

### **High growth market:**

The above mentioned statistical data proves that the Sony Ericsson's GDP is increasing to sustain in the market. Moreover, connectivity is an instrument to generate economic opportunity. In fact, a 2007 Deloitte analysis of sub-Saharan Africa, Latin America, the middle east and Asia pacific confirms that a 10 percent increase in mobile penetration leads to a 1.2 percent increase in gross domestic product (GDP) in developing countries – twice the equivalent impact in developed markets.

Applying life-cycle thinking to telecom network helps reduce the total cost of ownership for customers by demonstrating how to optimize energy. Two studies conducted by Sony Ericsson in 2008 showed in the lowest segments, money transfer, learning and mobile applications in health are in high demand. This shows that the company is done the research and addressed the capital investments, profit and share holders' value to sustain in the market.

**Table. 2 categories of economic indicators:****Provides information on /measures****Economic issues addressed****Stake holders directly affected**

Main customers, market share & contribution to GDP

Contribution to GDP and wealth creation

Customers, national governments

Financial viability of business and wealth creation

Capital investments, profits, share holders value, wealth creation, revenue distribution

Shareholders, creditors, insurers

Types of product, sales, earnings, values added

Sales, earnings and value added

Employees, customers, creditors, shareholders.

Thus the above mentioned Economic Indicators as provided information on measures and also addressed the economic issues and how the stakeholders are directly affected. The additional indicators include generally- applicable measures of economic performance such as earnings before interest and tax. The micro economic issues have traditionally dominated business decision making with a focus on short term returns, which is in the

telecommunication industry often based on production volumes rather than on valued added products and services.

## **ENVIRONMENTAL INDICATORS:**

### **Indicator – “ material”**

The material indicator provides information about the various substances and elements that are used in the products and processes of the company namely Sony Ericsson. The various chemical substances like PVC, BFR and lead in the manufacturing of mobile phones and its accessories are taken into account in this indicator.

One of the main substances highlighted by the media is brominated flame retardants (BFR) that reduces the risk of fires in the mobile phones. The major risk of BFR is that it becomes a dioxin under uncontrolled incineration. The company also strives to remove this substance from its charger and cable cases. Thereby the company has phased out the BFR in most of its products. Moreover Sony Ericsson takes the pride of becoming the first mobile phone firm to eradicate the entire use of BFR in its products.

The other major substance is the poly vinyl chloride (PVC) because it releases hydrochloric acid and dioxins that gets accumulated in the animal fat and causes cancer to human due to the various carcinogens. Sony Ericsson worked hard to find alternatives for PVC and finally from 2007 all new Sony Ericsson products were PVC free.

Other substances of concern were the phthalates, beryllium and antimony were also found hazardous and hence as an attempt to go environment

friendly, the Sony Ericsson products are now almost free from such elements  
<https://assignbuster.com/developing-sustainability-indicators-monitoring-for-enterprise-business-essay/>



which can be very well evident from the company's report over sustainability.

### **Table. 3 sustainable indicator framework for social sustainability**

#### **Indicator**

**Provides information on/ measures**

**Environmental issue(s) addressed**

**Stakeholders directly affected/interested**

#### **Materials**

Use of substances of concern like PVC, BFR, beryllium etc.

Use and depletion of resources

Suppliers, contractors, NGOs, national governments

#### **Energy**

Energy use and efficiency, use of renewable resources of energy.

Use of energy resources, contribution to global warming.

Suppliers, contractors, local communities, NGOs, national governments.

#### **Product**

Environmental impacts of products' life cycle

Environmental impacts of products like product toxicity.

Customers, NGOs, national governments, insurers and creditors.

## **Transport and logistics**

Transport distances for products and with respect to employees

Intensity of transport activity carried out, use of non-renewable resources  
etc.

Contractors, suppliers, local communities and authorities, national  
government and NGOs

## **Air emissions**

Contribution to air, water and land pollution

Air effluents, carbon emission, related environmental impacts

Local communities and authorities, national governments, NGOs, creditors,  
shareholders.

## **Indicator -“ energy”**

The indicator provides measures on the usage of the energy and its  
efficiency and the usage of renewable sources of energy. With respect to the  
company, Sony Ericsson the mobile phones and their chargers come into  
picture regarding the energy or power consumption.

Considering the total energy life cycle impact of a mobile phone, there is a  
no load power consumption issue. Sony Ericsson tried to reduce this and  
achieved a 0.15 w of average no load power in its mobile phone chargers.

## **Indicator – “ product”**

The product indicator provides information about the environmental impacts that happens throughout the life cycle of the product. It exhibits the other hazardous and toxic properties of the mobile phone products and its accessories of Sony Ericsson. The product gathers more importance in identifying the measure of the sustainability in a company like Sony Ericsson as the entire business rolls out of its products.

The company has come up with the initiative towards the development of the mobile phone product that is environmentally sustainable. In 2008, the company initiated a concept called “ green heart”. According to this concept, the entire life cycles of products are revised and the usages of various elements are identified to be environmental friendly.

## **Indicator – “ transport and logistics”:**

The indicator provides information about the distances involved in the transportation of products and the employees as well in the company. This indicator throws light on the usage of the various non-renewable resources and the corresponding emissions that would pose a considerable threat to the environment.

Sony Ericsson collaborates with the logistics companies so as to reduce the impact of transport on the overall carbon footprint. The company framed out a separate environmental friendly guideline in selecting the vehicles and fuels for its transport operations.

According to the life cycle assessment made by the company in 2008, it was found that 3. 7 kg of carbon dioxide emission resulted out of the  
<https://assignbuster.com/developing-sustainability-indicators-monitoring-for-enterprise-business-essay/>

transportation of which 90% contributed from the outbound transportation. Thus the serious efforts have to be made to join with Logistics Company and reduce the weight of packaging as well so that overall impact of transportation can be minimized.

### **Indicator – “ air emissions” (carbon footprint)**

The indicator provides information about the amount of pollutants that the company introduces to the land, air and water ecosystems. It also defines the level and severity of the impact and the corresponding impacts on the environment.

Sony Ericsson has been planning out for larger volumes of production because of business constraints and this causes a larger emission of carbon dioxide into the air. The three major activities were identified to contribute towards carbon emission namely factories, offices and travel.

Table. 4

Table. 5

The impact of business travel is another problem accounting for higher carbon emission. Reducing the long distance travel by introducing alternative meeting arrangements like Tele-Presence systems, an advanced video conferencing technique have been initiated as an effective alternative to reduce business travels. These all techniques were thought for reducing the company's total carbon emission from its business operations.

## **SOCIAL SUSTAINABILITY INDICATORS:**

Companies are paying more attention to the social dimension of sustainable development, mainly due to an experienced shift in stakeholder pressures from environmental to social-related concerns. During the last decades of the 20th century, various significant steps were taken to draw the social dimension of sustainable development into open.

Sony Ericsson has taken the following social issues for their sustainability in the market.

Stakeholder involvement

Human rights and business ethics

Equal opportunities and non- discrimination

Health and safety

Bribery and corruption

### **Table. 6 sustainable indicator framework for social sustainability**

#### **Indicator**

**Provides information on/ measures**

**Social issue(s) addressed**

**Stakeholders directly affected/interested**

**Stakeholder involvement**

The level of commitment to external stakeholder

Stakeholder involvement

All external stakeholder

## **Human rights and business ethics**

The level of commitment to protecting human rights of all stakeholders, employees

Human rights and business ethics.

All stakeholders, employees, trade unions.

## **Equal opportunities and non-discrimination**

The level of commitment to non-discrimination and to provide equal opportunities

Equal opportunities and non-discrimination

Employees, trade unions, national governments

## **Health and safety**

Employee health and safety

Health and safety

Employees, trade unions, national governments

## **Bribery and corruption**

The approach to avoiding bribery and corruption

Bribery and corruption

Local communities and authorities, national governments, NGOs, creditors

### **Indicator – “ stakeholder involvement”**

Board participation is crucial for the implementation of underlying values for sustainable development and preservation of cultural values. Therefore, involvement of local communities and other stakeholders is crucial in decision making process. Sony Ericsson seeks to respond promptly to stakeholder concerns. They conduct an annual stakeholder survey identifying the top-ranked social, environmental and economic issues for customers and investors. They measure employees' views in annual surveys and polls. In 2008, both investors and customers were particularly interested in supply chain management.

### **Indicator -“ human rights and business ethics”**

Protection of human rights is another relevant sustainability of the social concern that should be addressed when considering electronics industry. Sony Ericsson respects all human rights, including the right to freedom of expression of ideas and as tools for democracy. At times the telecom industry can encounter conflicts in realisation of these rights. Sony Ericsson is addressing the relevant issues to us and our market, but at present, considers that the main concerns in this area fall within the operators' domain. As society understands of these issues evolves and the border between operator and vendor changes, Ericsson will reassess its position.

### **Indicator -“ equal opportunities and non- discrimination”**

Addressing sustainable development requires companies to provide equal opportunities to all regardless of their gender, race or disabilities. Sony

Ericsson is making headway in a male dominated industry, and the number of women in the workforce increased worldwide from 12, 000 in 2004 to more than 17, 000 today. The number of women occupying the top 200 roles increased from 12 percent in 2007 to 13 percent in 2008, while those in line management positions remained steady at 18 percent.

Our objective is to develop a management team in which the number of females is proportionate to the female workforce as a whole Sony Ericsson leadership development initiative for employee's nurtures key capabilities and competencies and helps set clear goals. We seek to strengthen and deepen leadership qualities at all levels of the organization. During 2008, we launched 122 training sessions to support the initiative and 1, 979 managers participated, compared to 78 sessions and 1, 281 participants in 2007. To maximize learning opportunities, we mix classroom sessions with informal learning such as mentoring, job rotation, coaching, and interactive feedback. This provides employees with practical support in developing the skills to spearhead and service technological convergence.

### **Indicator – “ health and safety”**

In addition to wages and benefits that are universally important, one of the employee-related issues related to occupational health and safety.

Occupational health and safety (OHS) is a global priority for Ericsson. In 2009 we will align our existing locally tailored OHS approach with a globally coordinated system applicable to all markets. Unit heads will ensure that they set appropriate OHS standards that are realistic, attainable and consistent with local operating conditions and legislation. During the year we



will finalize a group policy on OHS that will be rolled out throughout the business. .

### **Indicator -“ bribery and corruption”**

Corruption is one of the main obstacles in equal distribution of wealth. The Ericsson group management system, implemented and monitored wherever we do business, ensures integrity and high standards of conduct. A whistle blower procedure is in place for employees to report violations relating to accounting, internal controls and procedures or fraudulent practices. In 2008, all market unit employees took the anti-corruption e-learning. We also offer training courses educate employees on the code of business ethics and anti-corruption.

### **CONCLUSION**

Sustainable development has become very significant especially in the telecom industry. In order to respond to the various sustainability challenges forced in the industry, sustainable development becomes very crucial. The framework for the monitoring system developed with the corresponding indicators; provide a comprehensive tool for measuring sustainability in the telecom industry. The proposed indicators in the above discussion, addresses to the key environmental, social and economic issues that are prevalent in the tel