

**Research** article

Contents lists available at ScienceDirect

Sustainable Production and Consumption



journal homepage: www.elsevier.com/locate/spc

# Competencies for sustainability: A proposed method for the analysis of their interrelationships

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## ARTICLE INFO

## ABSTRACT

Article history: Received 7 August 2017 Received in revised form 12 January 2018 Accepted 15 January 2018

Keywords: Sustainable development Organizational competencies Analysis matrix Resource based view Triple bottom line This article proposed a method of analysis of the interrelationships between sustainable development and organizational competencies, identifying methodologies and assessing parameters of such interrelationship. To that end, a literature research was done through a document analysis, assessing the content of sustainability reports and questionnaires of the Corporate Sustainability Index (CSI) of the Brazilian company Natura. By applying the method developed in this work, the core competencies were identified, also listing the sustainable strategic resources. As a result, the Natura has as core competencies: unique relationship network, products, concepts and especially the management based on the Triple Bottom Line principles. These competencies allow Natura to reposition their products when improving indicators such as poverty and inequality (i.e. with the aim of improving the company's reputation and increasing the brand's legitimacy to consumers) and, thus, to produce more value for its shareholders, becoming a classic example of a company that knew how to implement the Sustainable Value model. The main contribution of this work is to structure an analysis method based on the literature that interrelates organizational competencies to the sustainable development in companies.

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## 1. Introduction

Sustainability is gaining space in scientific research and it can also be explicitly found in the strategic guidelines of organizations and business' speeches. In addition, there have been considerable changes in thinking about social and environmental improvements in businesses. Thus, the challenges set by sustainability have become central to the transparency of the environmental, economic and social impacts, so it can be noted some efficiency in relationships with stakeholders in future investment decisions or in trade relations.

The pioneer to spread the word sustainability was the sociologist John Elkington, who was in the spotlight when creating important concepts such as the Triple Bottom Line, in which he sets out the three aspects of sustainability — Planet (health of the Environmental Systems), people (human capital), and income (economic product). However, the concept of sustainable development has become widely used in the world after the Brundtland Report (Our Common Future), which was published by the United Nations World Commission on Environment and Development — WCED

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(1987). In this report, the sustainable development is defined as the development that "meets the needs of the present without compromising the ability of future generations to meet their own needs" (World Commission on Environment and Development – WCED, 1987, p. 8).

Since the report's publication in 1987, and later the spread of the concept of sustainability, the understanding of these definitions has undergone several transformations. In the view of authors like Coffman and Umemoto (2010), Moldan et al. (2012) and Jepson (2003), the significance of sustainability and sustainable development is not the same, although the fundamental meaning is essentially the same.

On the issue of sustainability comes the importance of the Resource Based View — RBV, considering that the company is a resource portfolio, both organizational and intangible, or human resources (Wernerfelt, 1984; Barney, 1991; Barney et al., 2001). RBV considers that companies achieve high performance by developing competencies and having unique resources, of high-value and difficult imitation, where the set of these attributes causes the achievement of competitive advantage over the competition (Ada, 2013).

Organizational competencies consist of the strategic alliance of skills, knowledge and organizational resources that reside on a function, such as research and development, or manufacturing and logistics, which contribute to the development of

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competitive advantage and also subsidize the creation of value for the organization. Therefore, a company should be able to capture, transfer, assimilate and apply competencies to achieve competitive advantage in the market position it occupies (Liao et al., 2011).

Some authors report an association between the competencies and performance of the company, highlighting the essential value that competencies have (Wernerfelt, 1984; Prahalad and Hamel, 1990; Barney, 1991). Thus, the RBV has been recommended as a foundation for the study of sustainability issues (Hart, 1995; Guang Shi et al., 2012), with its focused relevance on the use of internal resources and capabilities that determine competitive advantage to the organization.

While most of strategic management researchers have used the RBV theory, its popularity also has been growing gradually in the field of production and operational management (Schoenherr, 2012). RBV can provide a valid theory to explore the competitive advantage due to its resources, and it can also be used to support sustainable development practices within organizations.

In this context, the objectives of this work are: (a) proposing a method of analysis of the interrelationships between sustainable development and organizational competencies; (B) identifying the methods and parameters necessary to evaluate the interrelationship of organizational competencies and sustainable development; (C) building the analysis matrix of the interrelationships among the topics proposed; (D) applying the method of analysis in a practical case; (E) identifying the main sustainable organizational competencies of this research.

To achieve such objectives, it is presented a method that describes the process of identification of the core competencies, key capability and special resources that underpin the sustainable development strategies. In addition, it can be considered a relatively simplified guide identification, resulting in a contribution to the structure of the organizational knowledge related to sustainability.

The significance of this work is highlighted by proposing a method of analysis of the interrelationships between sustainable development and organizational competencies, since they are important for organizations to build the necessary foundations to serve the three pillars that support the Triple Bottom Line approach: economic, social and environmental (Elkington, 1999).

Thus, the importance of this study lies on structuring a method of analysis based on the literature that interrelates organizational competencies to the sustainable development in companies.

It was decided to conduct a case study at Natura, since it was ranked as 2nd in the Corporate Knights list in 2013 and ranked as 23rd (Ranking 2014). The other Brazilian company mentioned in the two consecutive years of that list is the mining company Vale. The choice of Natura was due to the fact that the research seeks to portray the Brazilian reality and, also, by accessibility to the formal documents issued by the company. It should be noted that the company, object of this study, was one of the pioneers in Brazil to publish its sustainability reports based on the GRI model.

This study is structured as follows: the first section corresponds to the introduction, the second presents the methods used to conduct the present study, followed by the application, results and discussion, whereas the last one draws the research conclusions.

#### 1.1. Related studies

Bai and Sarkis (2013) studied business process management (BPM) to help managers make more appropriate strategies. The field study was carried out in three Chinese manufacturers obtaining as main results four factors namely: strategic alignment, managerial support, project management and collaborative environment. Which support the idea of participative need of the company as a whole, when it is intended to take new actions, mainly in the context of sustainability.

In the mining industry, a study on the management of green supply chain (GSCM) conducted by Kusi-Sarpong et al. (2015) was carried out. The objective was to present general factors and practices that support GSCM programs, especially in mining industries. Later, in 2017, Bai et al. (2017), based on the perception of the use of the GSCM practices by the miners, analyzed GSCM practices by Ghana gold miners. The results show that companies must first develop with suppliers a Strategic Supplier Partnership (SSP) and implement Green Information Technology and Systems (GITS) and other GSCM practices to integrate company policies and actions into green initiatives.

In 2017, Badri Ahmadi et al. (2017) carried out a study proposing a framework for research on social sustainability in the supply chain. The "best worst method" (BWM) multicriteria method was used for a sample of 38 employees of manufacturing companies and the main sustainability criterion identified was the "contractual influence of stakeholders". The result can help managers know where to better focus their attention in moments of strategic decision-making and implementations, especially with a view to sustainable development.

Kusi-Sarpong et al. (2016a, b) presented a framework for sustainable development. This was also developed by means of studies in the gold miners in Ghana and the framework included six constructs: green information technology systems, strategic supplier partnership, operations and logistic integration, internal environmental management, eco-innovation and end-of-life. From the evaluation models, the researchers identified that the strategic supplier partnership and end-of-life practices have a larger influence on the companies' green operations.

Finally, Kusi-Sarpong et al. (2016a, b), also using sampled gold mining companies in Ghana, presented through a framework the main practices of GSCM that impact the triple bottom line of the mining sector. From the results, guidelines that assist in the decision-making regarding the improvement of production and sustainable corporate consumption are provided.

Based on the studies presented, a great emphasis is placed on the scope of sustainable competencies in the mining sector, which reinforces the importance of research in sectors other than this, such as the present case in the cosmetics industry, which has shown to be incipient so far.

#### 2. Methodology

#### 2.1. Proposed analysis method

To analyze the interrelationships between organizational competencies and sustainable development, a reference method is proposed, which was prepared using literature review and adjusted by its application in a practical case.

As a mechanism of bibliographic information gathering, bibliometric research was used, which consists of an analytical approach to evaluate and measure a wide range of scientific publications (Bouchard et al., 2015). From the bibliometric research, the current framework of studies related to the themes chosen for the investigation is established. The research was conducted on the main bibliometric scientific databases (i.e., indexed systems) within the CAPES periodical portal: Web of Science (Thomson Scientific/ISI Web Services), SAGE Journals Online, SCOPUS (Elsevier) and Science Direct (Elsevier).

The data collection was performed using the advanced research engine in the selected databases, using as descriptors (i.e. keywords) of the subjects: ("sustainab\*" AND "resource based view") OR ("sustainab\*" AND "resource based theory") present in the keywords, title and abstract fields. The period studied ranged from 1970 to June 1st, 2013, noting that it has been selected since the first definition of "sustainability/sustainable development" originated in the seventies and the gathering took place in June 2013. Download English Version:

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