

## Business Environment and Sustainability

### I. Environmental Aspects of Business Sustainability

#### I.1. Socio-Technical Systems

In the development of managerial science, corporate sustainability has been the core subject of discussion for the last several years. The tendency is created along with the increasing awareness that companies are inseparable parts of their environments. In other words, managers and the society at large realized that the only path to genuine corporate success is to interact properly with the surrounding environment. Companies can no longer exploit their environment without considerations of long-term social and environmental affects of their business operations (Rondinelli, 2000).

In order to understand the increasing attention toward corporate sustainability, it is better to see business organizations as a socio-technical system. A socio technical system is a system composed of technical and social subsystems (Web Dictionary, n.d). A socio-technical system could be in the form of factories, departments or the entire group of corporations (Deverell, n.d).

A socio technical system consists of the technical dimension, in which the company is seen as a prescriptive structure, with emphasizes on scientific analysis and methodological process in performing daily activities. For instance, the technical dimension might consist of hardware, software, data and network. On the other side, the socio technical system also consists of the social dimension, in which the company is seen as an incremental, interactive and within a continuing relationship with complex environmental settings around them. The important aspects of the social dimension are people, social structure, culture and tradition in performing business processes. Companies as a socio technical system are influenced by macro environmental aspects like politic, economic, social and technical aspect ('Principles', 2007).

#### I.2. How Socio-Technical Systems Affect the Environment

There are several ways of how the socio-technical system to have negative implications toward the environmental sustainability. First, In the midst of receiving the influence from many factors mentioned above, socio-technical systems are very much fragile to imbalances that result one aspect of the environment left unattended in the sake of other concerns ('Principles', 2007).

For examples, in companies that engage in mass production activities, the general tendency to managerial weakness is that the managers become less aware of the amount of resources ad energy they consumer to fulfill the needs of corporate stakeholders. Another example is in the mineral and agricultural industry. Companies that are extracting resources from the environment can become dangerously insensitive toward the long term environmental effects of their actions ('Principles', 2007).

A second example of how the socio-technical systems could fail is because of the rapid changes that occurs within the increasingly globalize world today. Most of us are aware that technology, more than other factors, has been the strongest motor of changes. Technological innovation brought by internal members of the socio-technical system as well as external factors of the system could result significant changes on the socio-technical system that are sufficient to disrupt the harmonic relationship between the company and its environment. For instance, when the first modern mass production machine was created, companies focuses on making as much product as possible without considerations of labor's welfare or how such mass production would influence environmental balance.

## II. Vodafone

Nevertheless, such imbalances in the socio-technical system as mentioned above are not intended to happen in the normal course of corporate evolution. As a socio-technical system, companies are originally designed to see all of the factors within their environment as a whole rather than viewing them as individual aspects. Thus, companies must find a way to prevent such imbalances from taking place and create negative effects to surrounding environment. In this paper, we will observe how multinationals deal with such considerations in their strategic operations. I will use the Vodafone group Plc, the multinational telecommunication company as a case example.

Viewed as a socio-technical system, the company is influenced by various external factors. Being a multinational mobile telephone operator, the company is politically influenced by government regulations on mobile telecommunications. For instance, in some countries, foreign providers are not allowed to enter the market without specific permits or without collaborating with local partners. In terms of economic, the company is bound by the nature of its industry. Because of the high capital cost of the business, the company must gain significant amount of market share before it can gain profit. In fact, within the last periods, the company has declared significant amount of losses because inability to deal with the burdensome costs.

In the social aspect, the company is influenced by the general tendency to use mobile phone instead of land-based network phones. In this respect, the company is fortunate because the tendency to use mobile communication devices is growing rapidly. In the operating level, Vodafone is evaluated to be highly profitable. The environmental challenges came from the last aspect of the socio-technical concept. Vodafone is a company closely involved with technological advancement and technological innovation in its daily operations.

Furthermore, recent development indicated that technological innovation in the communication business is one of the most active in the world. Vodafone is facing the challenge to remain creative and one step ahead in Research and Development in order to maintain its presence in its markets. This rapid development of communication technology is one of several reasons why many assumed that Vodafone are being insensitive toward its environmental aspects in order to focus on dealing with

technological development.

Vodafone managers, on the other hand, believed they have addressed the environmental issues and performed their role as a socio-technical system quite adequately. In its public statement, the company revealed its strategy toward corporate sustainability and environmental responsibility.

Vodafone realizes that mobile telecommunications has been a part of daily life for millions of people. For instance, in Ireland, Vodafone's home market, more than 85% of the population uses mobile phones. In Ireland, Vodafone has become the leader of the mobile phone industry with over two million subscribers. Therefore, the company realizes that they also have considerable responsibility to the society in terms of environmental issues.

In 2005, the company announces a five-year strategy for corporate responsibility. For Vodafone, a strategy for corporate responsibility means that the company strives to operate in manners that reduce the negative effects of its operations. The company stated that they focus their corporate responsibility efforts on three areas:

- Social responsibility, where the company supports community activities
- Ethical behavior, where the company strive to eliminate illegal business practices and maintaining the highest standards of corporate governance
- Environmental responsibility, where the company stated their commitment to reduce environmental impact of all elements of corporate operations.

(‘Engaging’, 2006)

Vodafone realizes that the corporate responsibility programs effected corporate stakeholders in many ways. Therefore, Vodafone directly engage with its stakeholders, including customers, media, analysts and policy makers to discuss health and environmental issues. Vodafone's involvement with health and environmental issues enhanced its relationship with stakeholders. Some of Vodafone's famous environmental programs include: reuse and recycling mobile phones, Vodafone's energy efficiency program, and Vodafone's waste management program.

## Bibliography

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