Combining sustainability into business is often felt as a challenge, if not even impossible. Environmental aspects and social responsibility are seen as opposite requirements compared to financial targets of a company. The ever more stringent environmental legislation and the development of perception of morale are forcing business leaders to think about how they should develop their leadership.

A new study from the University of Vaasa, Finland that shows how sustainable development can efficiently be combined into company businesses. The dissertation gives company leaders practical tools for guiding and managing the processes.

Juha Kytölä is defending his doctoral dissertation from the department of Industrial Management. He has analysed shipyards located in Asia and made research on how to combine sustainable development into management of innovations in ship building. The research shows that the strongest driver towards sustainability is top management followed by company strategies and legislation. Additionally, competitiveness of the product offering in the eyes of the customers has an important role.

The research identified 13 drivers that shall be taken into account when developing operations towards sustainability. The perspective of time is different for various drivers. Some drivers like management decisions or strategy can be impacted immediately whilst some may take a long time to be effected. Some drivers – like legislation – are such which the management has hardly any possibilities to impact.
The research of Kytölä is defining the ways by which a company can combine environmental efficiency, social responsibility and financial targets. Kytölä has created a practical to do –list which guides the managers to lead their companies towards sustainability. The list contains activities in priority order and is pointing out such actions which require long-lasting efforts to bring results.

As the first action, company top management needs to demonstrate their own interest towards sustainability and needs to develop the company strategy to highlight the same. Processes in the company shall be developed and employees who show genuine interest towards sustainability shall be motivated.

**How to assess level of sustainability in a company?**

Another important result in the dissertation is an assessment method that can be used for evaluating the level of progress in sustainability that companies have. A simple method is developed for assessing priority of relevant aspects. The method can be used by analysts, investors or journalists for comparing businesses regarding their level of sustainability. Company annual reports can be used as source data. The assessment suits well for comparing companies within a business segment. The functionality of the method is shown with a practical example in the dissertation.

In addition to the simple method, Kytölä has developed a more detailed method for assessing companies in cases where more information of the company activities is available. Such deeper analysis gives a more precise picture of the activities regarding sustainability.

"The results of the dissertation can help business management to develop their leadership and at the same time they create pressure to the management since external parties can assess management activities and
performance. The aim of the research has been to bring the results from theory close to practise via instructions and methods and by this to connect academic knowledge to practical activities", says Kytölä.

Provided by University of Vaasa

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