GLOBAL CHALLENGES AFFECTING BUSINESSES IN AN ERA OF SUSTAINABLE DEVELOPMENT

MOUSTAFA AL ATAT PhD Candidate, Faculty of Business Administration
Beirut Arab University, Lebanon

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Abstract
In a world of sustainable development, changes are going very fast, the main target of organizations especially the global and successful ones is to lead the market and increase their market share with a focus on having a long lifespan and sustainable working system both nationally and on the global scale. As such, the major role of managers is to understand and detect the new trends and challenges that influence their organizational sustainability. This should give organizations an opportunity to increase their market share and at same time to protect themselves from threats that may appear from these changes. In this paper we aim to explore those challenges related to sustainable development and analyze their potential impact on business and marketing strategies. Using the case of several organizations, these trends are highlighted and their benefits discussed. The ecological concerns with protecting the ecological systems, the ethical considerations when it comes to production and consumer concerns, globalization, the growing emerging markets, the rise of the sharing economy, accelerating technological trends, mergers and acquisitions, strategic alliances, deregulation and privatization, in addition to changes in business practices (downsizing, outsourcing, offshoring and re-engineering) are all trends that are discussed in this paper. In light of this analysis, organizations must be flexible and ready to adjust to the external environmental changes that have huge impacts on their sustainability. Previous research have shown that the lifespan of organizations decreased due to these major changes of trends, so following and understanding these trends will be a competitive advantage for organizations in Lebanon and the world.

Keywords
sustainability development, trends, organizational lifespan
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MOUSTAFA AL ATAT

1 PhD Candidate, Faculty of Business Administration, Beirut Arab University, Lebanon

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In this paper we aim to explore those challenges related to sustainable development and analyze their potential impact on business and marketing strategies. Using the case of several organizations, these trends are highlighted and their benefits discussed. The ecological concerns with protecting the ecological systems, the ethical considerations when it comes to production and consumer concerns, globalization, the growing emerging markets, the rise of the sharing economy, accelerating technological trends, mergers and acquisitions, strategic alliances, deregulation and privatization, in addition to changes in business practices (downsizing, outsourcing, offshoring and re-engineering) are all trends that are discussed in this paper.

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KEYWORDS: sustainability development, trends, organizational lifespan

1. INTRODUCTION

The concept of sustainability has become the main model of development in recent years and for the coming decades. Organizations always try to have a long lifespan through working in a stable environment and economy. Understanding the major trends related to sustainable development can help organizations to achieve this goal through strategies, studies and researches on how to protect their resources or on how to be flexible to keep up with the external changes in the market. Changes related to sustainable development need huge efforts and integration and acknowledgment of economic, environmental, and social dimensions to maintain the continuity of their operations. The United Nations have explicitly explained the trends and implications of sustainable development on current business practices in a report entitled “transforming our world: the 2030 agenda for sustainable development”, which also shows how resource declines every year.

In this paper, we will discuss some of the key trends that affect the changing business environment and its possible influences on the sustainability of organizations. We will also show how these trends reinforce each other. For example globalization is affected and affect other trends such as digitization as explained in Babu (2017) that considers that digitization transformed the world to be a small internet browser. This study aims to monitor and understand these trends in addition to their advantages and disadvantages, in order to show how organizations can benefit from their positive influences and protect their business from their negative influences to ensure their business sustainability.

Organizations strategy should keep up with these changes to be pioneer and by benefiting from these changes can help them lead to success and achieve market growth. On the other hand, if managers fail in adapting and dealing with these external challenges their organization sustainability will be threatened and lead to failure and market loss.

2. TRENDS OVERVIEW

The trends discussed in this paper relate to sustainable development. We will discuss a large span of trends such as the green customers demand to protect the ecological system and the customer’s needs in relation to the purchasing decision, the changing demographics, the customization of products, the personalized offerings, the developments of mobile communication and the marketing on social media. Moreover, this study
covers the accelerating of technological change, the rise of sharing economy, the growth of emerging markets, the new business practices such as brand customer relationship, data-driven marketing, the outsourcing, offshoring and re-engineering process. These trends will be discussed and we will explain how to deal with it in order to make the organization survive and be sustainable to continue in business and get the opportunities for increasing its growth. Trends changes are still increasing and ongoing. For example the impacts of digitization increase every day. According to Norcross (2018), new social media and marketing trends will be developed and businesses will increasingly face new marketing concepts that have not been found before. New trends have a great influence on organizations as the rising of the sharing economy, based on which the revenue of the sharing economy will keep growing rapidly, and reach in 2025 circa $335bn which is equal to that of the traditional economy. Liem (2015) sheds the light on the emerging markets and its growth which attract the global companies and competitors to increase their market share such as Rio de Janeiro in Brazil which now ranks third in the world in numbers of Airbnb properties (Helms & Palacios, 2016). The accelerating technological change plays a major role in the growing sharing economy based on the platforms that enable individuals to share goods and services like cars, houses, household, mobile devices is the key to this digitalization revolution (Gururaj, 2015). Organizations must follow up with the trends and adopt flexible business strategies that can enable them to adjust to these challenges, whether the target audience is the end user or a business. Organizations must also understand how the market is influenced by ethical consumption and the importance of business ethics especially in terms of consumer demands toward ethical and ecological marketing. Organizations can also develop their business strategies by mergers, acquisitions and strategic alliances that may ensure the growth of marketing and increasing power of unions. Several others trends that organizations can benefit from such as deregulation and privatization which enforce the growth of market and the competition between organizations. Managers should take decisions that have an effect on business practices such as downsizing, outsourcing, offshoring, reengineering process. In the next part we will discuss the advantages and disadvantages of each trends on the marketing strategies and business sustainability.

3. TRENDS THAT AFFECTING BUSINESS SUSTAINABILITY AND THE MARKET

3.1 Ecological concerns and sustainability aspects

Ecological problems influence the business and threat its sustainability. Many ecological problems have great influence on businesses such as air pollution and climate change due to emission of CO2, deforestation, Species extinction due to hunting wild animals and huge industrial fishing boats, soil degradation caused by overgrazing, monoculture planting, erosion, soil compaction, overexposure to pollutants, land-use conversion, overpopulation caused by the rapidly growing population that increases the pressure on natural resources, like water (Zimmermann, 2016). All these ecological problems influence business through higher demand for energy, greater electricity consumption, high medical bills, heavily polluted areas and the result will be decreasing investors’ interest, and substantial harm to agricultural productivity, all of which has negative effects on the economy. Nowadays some organizations that operate worldwide lead the market due to their focus on green products and are more sustainable by following the ecological marketing. They eliminate all the tasks that increase the existing ecological problems while still focusing on the customers’ needs and their organizational goals (Katrandjiev, 2016).

Consumers are more interested to buy a green products and the green products mean the whole processes that related to the products itself and to the business activities, such as the transfer of the environmental management practices, products design, facilities, purchasing, operation, packaging, transportation, sales and marketing. The more activities of companies are green the more it will be sustainable and successful due to its ability to attract green consumers demands, securing against regulations and standards, which together bring profitability, competitive advantage, increased market share, personal rewards (healthier), better physical environment, all in line with sustainable development (Voon & Yazdanifard, 2014). Companies can adopt a circular economy concept instead of a linear economy to reduce the effects on ecological problems as they can protect the natural resources so they reduce the rates of extractions, reduce wastes, reduce the use of energy and CO2, maximize yields, and maintain soil productivity and soil health (Llanwarne, IDEAction, 2016).

An example of a worldwide company that applies and implements the green business is Starbucks. It uses this new marketing in a way to attract green customers by relying on agricultural products, and by long being aware that the planet is the most important business partner. It also aim to protect the environment by applying the Greener Stores that are based on LEED (Leadership in Energy and Environmental Design) including building standards, in addition to green cups by increasing recycling, promoting reusable cups and reducing the waste associated with cups and other packaging. They also use green energy by conserving energy, water, purchasing renewable energy, reducing the environmental impact, supporting access to clean water in coffee-growing areas (Starbucks, 2018).
3.2 Ethical Consumption
Day after day, the demands of ethical products and services increase with the changing and attracting of ethical consumers behaviors, ethical marketing relying on services and products that are ethically responsible and care for the society and environmental causes. As such, building a strong relationship with customers is not only about providing the good products and services that should also be honest and trustworthy (Shewan, 2017). When a company’s care about ethical issues, they attract more consumers who focus on the consumption ethical products. Everlane, a global company, explains that their marketing strategies adopt a new concept to show the customers about costs break down for their products produced, or what has been also radical transparency offers. Customers will know the true costs of each products produced by Everlane who apply this new concepts in ethical marketing.

3.3 Globalization
Globalization refers to more integration, interaction and cooperation between businesses at the global scale. Although organizations can hardly counter the huge effects of globalization on their business and marketing strategies, they can get an overall idea of how this globalization influence strategies and transforms from traditional business of organizations to cross border of the domestic market to new foreign one. Due to globalization, national economies are increasingly related and integrated (Pettinger, 2017). Globalization leads to increasing free trade, greater movement of labor, increased capital flows, the growth of multinational companies, increased integration of global trade cycle, increased communication and improved transport, effectively reducing barriers between countries. Pettinger (2017) pinpoints to the negative side of globalization and its costs to the world as it harms developing economies, increases environmental costs, causes labor drain, reduces cultural diversity, increases tax competition and tax avoidance. Figure 1 shows the impact of globalization on businesses.

![Impact of Globalization](image)

In the last decades, the world has become a small village due to globalization, however nowadays due to social media that changed the world in many ways since it is growing rapidly, millions of people is joining Facebook, Instagram, Twitter, Snapchat to become a very fast and brilliant tool in transferring information and news globally as if the world is one family in one home. As such, social media have taken globalization to the next stage and people have become virtually closer to each other.

3.4 Emerging Markets
There are many perspectives towards emerging markets and the global organizations focusing on the growth of these markets in these regions such as China, Thailand, and South Korea, along with their stock markets that at some point could beat developed markets, and their cheap equity markets that provide advantages to these countries to be attractive for investments (Friesen, 2018).

Over the last two decades, emerging markets have attracted global companies as explained by Singh (2003) who gave some characteristics of emerging market and based on which could predict the growth of these markets in near future. Example of this are the sales of Nestlé and Unilever growth in emerging markets for first quarter of 2017 and the predictions that this sales will continue growth (Gore, 2017).
Increasing market share is important to companies in order to increase revenues, however entering this markets is depending on the company marketing strategies due to the characteristics of this markets and the risks in emerging markets such as political risk, economic risk and currency risk (emerging markets, 101). As such, a good market study should be done before entering the market including its stability, size, trends and competitions, standards laws and regulations. Choosing the best market to enter is the most essential point based on the market risks that may influence the business (EMERHUB, 2017). Not all markets in emerging countries are the same and those are divided according to Sehgal, Lauster, Mayr & Panneer (2010) to groupings such as BRIC (Brazil, Russia, India, and China) and others. Organizations must have good marketing strategies that fit the target market and meet the customer’s needs and taking into account the differences between markets is the essential point for business.

3.5 The rise of the sharing economy

There are widespread definitions of the sharing economy known as the peer-to-peer economy, the collaborative economy, the sharing economy, the on-demand economy, and the collaborative consumption. Sharing increased and attracted a great deal of attention in recent years. It caused a shock to traditional businesses by the helps of platforms that increased the widespread of the sharing economy that has big impacts on the strategies of marketing and businesses (Sellony, 2017). The sharing economy comes with new concepts that allow consumers nowadays to have the opportunity to become business people and makes money from underused assets by sharing it as in hospitality and dining, automotive and transportation, retail and consumer goods, media and entertainment (PWC, 2015). This is possible by using digital platforms that provides cheaper and more efficient markets. Moreover, the sharing economy influences small businesses as it creates a great connection between the owner and third parties thus more people and organization will know the products and services. It also allows to push the local and domestic brands to be a cross border branding and marketing collaboratively, having opportunities to be in local and regional events especially when the brand starts to become known by the community and may have the opportunity to join in with new products or services in the community (West, 2015).

The sharing economy is one of the trends that by the helps of platforms made a boom in marketing and market share phenomena due its remarkable benefits that gave more values to the market. However, we cannot neglect its side effect and the disadvantage on the labor employability and the traditional way of working. This is attractive because the model has no workers compensation, no benefits (employees' health insurance) (Tiongson, 2016). A good example of the sharing economy is Airbnb that started back in August 2008, in San Francisco in California. The idea was to rent out free space in the apartment of the founders Nathan Blecharczyk, Joe Gebbia and Brian Chesky, who rented out three airbeds and provided breakfast to the clients. Airbnb said to be rising funding at $20bn valuation on March 1, 2015 (Saitto, 2015). The business has grown exceptionally, and Airbnb is representing two million listings in 34,000 cities and 192 countries (Airbnb Community in Ontario, 2016).

3.6 Accelerating technological change

The changes in technology are going very fast, and for the near future the trend is still increasing. Companies should study how they can benefit from these developments in marketing that shapes the customers’ requirements. For instance, customers cannot predict their own needs from technology, however they can keep and buy the new innovations and development of technology. These changes are still growing and technological experts say that the basics of this technological revolution ranging from computing power, data storage, lead to development of the robotics, artificial intelligence (AI), biology, nanotechnology and 3D printing (Butler, 2016). Sonsev (2018) interviewed leading venture capitalists about their perspectives on future retail, retail technology and marketing trends in 2018. The future of retail is closely tied to the digital revolution through a big role for online retailer that are connected worldwide. More retailers participate to Amazon, Alexa and Google home and we may have new online retailers. The power of retail applications will increase as Artificial Intelligence develops, and marketing services on social media and mobile technologies will have a big influence and the marketing strategies that adjust to these changes will lead to the growing of business and sustainable development.

The union of digitization and accelerating of technological innovation, together transform globalization, such as the case of the use of radio-frequency identification (RFID) technology which its tracking a huge flow of physical goods by using wireless radio communications to uniquely identify objects or people and collect information about a product, place, time, or transaction. The use of this technology increased 20% a year between 2005 and 2012(Lund and Manyika, 2016).

3.7 Digitization

Digitization has a huge impact on the world in many domains. According to Press (2015), the ones and zeros are eating the world. Digitization changes the way we work, online social relations, shops, online banking systems, travel, online education, govern, online health programs and entertainments, etc. The easy way of
communicating and transfer information is the key success of digital worlds. Previous research mentioned the benefits of digitization and how it developed and changed our society. When it comes to its influence on globalization, Laney (2014) mentioned the benefits of digitization as the process of “eliminating transcription errors, implementing electronic workflow processes, creating audit trails, and implementing security protocols, creating one source of truth for each document/item of data, improving accessibility to information, and integrating business systems”. The revolution of digitization is still increasing and influencing both small and large businesses and the growth of data flows across borders as internet traffic increased 500 fold since 2000, it is assumed that this will increase eightfold by year 2025 and will play a major role in the future globalization (Land and Manyika, 2016). As an example of digitization in India where they started applying the digital authentication for users, Balaji (2017) wrote about driving digitization in India's new economy, the new India’s biometric identity for digital services that used for governmental approval called IndiaStack. This includes an electronic Know Your Customer (eKYC) for address verification, eSign for legally-approved electronic signatures, Unified Payment Interface (UPI) for financial transactions through smart devices and DigiLocker "especially in india 500 million users by 2017 of mobile internet and smartphones.

3.8 Mergers, acquisitions and strategic alliances

Mergers occur when two companies combine to form one. Acquisitions are when a company is or owned by the other one. These are two forms of corporate finance where two companies together will have more values. Many reasons lead to M&A among which are strategic rationale, speculative, management failure of a company, financial necessity, political rationale (Roberts, Wallace, Moles, 2003). If mergers and acquisitions succeed then the benefits will be lowering the cost of capital, improving performance and accelerating growth, increasing market share, diversification of higher growth products, economies of scale, minimize risks due to diversification.

Duncan (2017) explains that the necessity may be the mother of invention, but collaboration is most commonly the father Great products are rarely invented by solo practitioners. Kumar (2015) mentioned that there are some difficulties and risks from merger such as losing some of the experienced employees, some employees will be afraid of this cooperation and leave work. New difficulties may face the company due to new competition between employees after merging, duplication and over capability within the company, and reducing flexibility. Examples of good mergers and acquisitions transactions is the case of InBev and Anheuser-Busch, the case of Shell and Royal Dutch Petroleum, the deal of J.P. Morgan and Chase, the successful transaction of Disney and Pixar, and the case of Exxon and Mobil (CorporateFinance)

Strategic alliance is an agreement between companies to do business together. This kind of cooperation or partnership is a marketing tool that will benefit the companies and growing their business by targeting new customers and increasing market share or having new products lines (Martyak, 2014). It is important for many companies to have strategic alliances. Pellicelli (2003) mentioned the goals of alliances as setting new global standards, confronting competition, overcoming protectionist barriers, dividing risks, economy of scale, access to a market segment, access to a geographic market, and access to technology. On the other hand, many risks and problems may face this kind of cooperation and impacts on the marketing and failure results from the conflicts between management of the two company and the clash of cultures, as well as the lack of clear goals and objectives, the lack of trust, the differences in operating procedures and attitudes among partners, the relational risk that might create a future competitor (Elmuti & Kathawala, 2001).

3.9 Deregulation and Privatization

In order to develop and help the market to growth by giving more free trade to the companies, governments apply deregulation by removing legislation and laws, moreover decreasing the competitive barriers. A good example of deregulation is the mail delivery in UK which was exclusive for Royal Mail to deliver letters and parcels and in 2006 a competition was allowed and the government gave a license to private firms to operate (Pettinger, 2017). Due to the entrance of new companies in the market and competition, consumers will benefit from reducing the cost and increasing efficiency, customers will have many choices and government will have choices of excessive costs of bureaucracy.

In the context of privatization or selling state-owned assets to the private sector, many scholars argued that this will benefit the new private owner’s and the sector itself especially that they run the business more efficiently to make profit. Sheshinski, López-Calva (2003) concludes that the benefits of privatization as the privately owned companies perform better than the publicly owned in the same circumstances due to the motive of profit, changing in ownership structure in competitive sector will provide more efficiency.

An example of privatization is British airways, by 5 years of effective work under the redoubtable Lord King and his marketing-wizard Colin who turned this sector from a loss-making state to the world’s favorite airline. In February 1987, 10 percent was given to airlines staff to improve their efficiency in productivity and leading to success (Weyer, 2007). Some evidence show that when privatization occurs, the new owners may not take care about social benefits and ignoring social costs especially if they have monopoly power. The stability of the market gives more advantages for investors to make deals of privatization that will be advantages for government to improve its regulation and laws (Pettinger, 2017).
3.10 Changes in business practices – downsizing, outsourcing, offshoring, reengineering:

Downsizing can help the business and its impact on marketing as reducing costs, motivating employee, increasing communication, using new technologies, better decision making (Bhasin, 2018). While outsourcing when a company contracting with others to provide goods or services that the company needs and thus it will focus on the core competence and lowering costs by purchasing goods and service from others, Craig (2018) explains that contracting for goods and services with other American firms that specialize and operate with greater efficiency is of great benefit to the firm. An example of outsourcing as needs for IT consultation and cloud provider as Amazon world which will give companies to focus on their core competence. Many sources and tasks can be outsourced as product design, digital marketing, sales and consumer services, procurement, supply chain management, logistics and delivery; finance and accounting services like accounts payable, taxes; legal services; security; and HR services like employee counseling, payroll, and benefits administration.

Tayauova (2012) mentioned the negative impact of outsourcing on marketing and business sustainability as the loss of managerial control over outsourced operations and we may have cultural, social differences between the two parties and facing communication problems. Moreover, security issues while outsourcing can be complicated when companies open its doors to other companies and this may lead to have new competitors in the future.

As for offshoring, companies goes offshoring in order to grow their business by reducing costs, developing offshoring teams with a skilled and educated employees. As such, the business will be available in foreign markets to supports customers by providing customized services surrounding several issues such as time zone and minimizing the geographical distance. Multiple teams in different countries allow business to increase the efficiency of marketing strategy that is fit to the countries that the offshoring team works in order to control business (Hammon, 2016). However offshoring have negative impacts to employments especially its lead to the substitution of domestic workers with foreign workers, and put a pressure on employees’ wages. In addition, offshoring managers could face cultural distance with employees in foreign countries and may face security issues that affect the business (Bottini, Ernst, Luebkner, 2007).

The re-engineering is a process of redoing a task or process in a way to having more efficient and effective results. Workers get a greater sense of completion, closure, and accomplishment from their jobs, widespread of knowledge of the whole process and increasing experience, focusing more on the tasks of works to have more productivity. The process will affect employment especially that old unskilled worker will be affected by the new tasks that may need skilled people and this may force the company to open its door for hiring or training programs for employees and may be costly. Most managers and employees fear from changes and may have a lack of trust between management and employees or misunderstanding about the main role of the process also if the ineffective process designed this will lead to make a resistance of the changes and implementing the re-engineer process (Sturdy, 2010). Assad (2017) explains that re-engineering helps managers to identify labor saving, improve efficiency and reduce errors if changing some human processes are replaced by computers and technology however this may be costly to the company.

4 CONCLUSION

Expanding the lifespan of organizations is the most important part in successful business, and this occurs when managers are following and adapting the fast changes in the trends related to sustainable development. This gives the organization the opportunity to be a pioneer in these challenging external environments, in order to succeed, lead the market, and have a competitive advantage. This emanates from the flexibility of implementing new systems that are able to deal with changing trends and improving organizational sustainability. If organizations have a good quality products or services and they cannot reach the target audience or protect their market share, through its adaptation to sustainable development, their business will lose. Many trends reinforce each other, as globalization is affected and developed due to the development of accelerating technologies and digitization. In addition, the concepts of sharing economy and the growth of new markets are interrelated. Every trend has its specifications and characteristics so managers should examine and identify those trends that influence their organization to develop their marketing strategies based on the developing and changes of these trends.

Many studies and articles have been written to predict how world will be in the future in light of sustainable development. One marking publication by the National Intelligence Council wrote in a report entitled “global trends 2030: alternative worlds”, that the revenues and increasing income within a long term sustainable system are the main goal of companies (National Intelligence Council, 2012). As such, organizations in the world, including successful organization in Lebanon, should not hesitate to adjust and adapt to the trends analyzed in this paper in order to protect their business and be compliant to the new world of sustainable development.
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