SUSTAINABLE WELFARE

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Abstract. This article is devoted to the principle of sustainability in the development of companies and countries. The article touches various important points on the sustainability on the public policy, financial issues, customer happiness, environment, industrial development, international trade, ethics, and corporate governance. The author recalls the definition of sustainability and its importance to the economy and politics in the modern world. Then the author has identified five main areas of sustainability: sustainable approaches in public and fiscal policy, financial facilities, fair income distribution, improved international trade, and environment. All of them were studied in this article. The author has developed recommendations for businesses in Turkey and the country's leadership that are also in the article.

Keywords: Sustainable, Welfare, Public Policy, International Trade, Finance, Energy.

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Introduction

Sustainability is based on a simple principle: Everything that we need for our survival and well-being depends, either directly or indirectly, on our natural environment. Sustainability creates and maintains the conditions under which humans and nature can exist in productive harmony, that permit fulfilling the social, economic and other requirements of present and future generations. Sustainability is important to making sure that we have and will continue to have, the water, materials, and resources to protect human health and our environment [1]. The water is to be according to the standards of WHO - World Health Organization. Materials are to be according to the internationally accepted quality standards. Resources are to be used and distributed according to the rules of ethic, corporate governance, equal opportunity and human rights.

As defined by EPA, we would define Sustainable Welfare as a principle which provides the continuous conditions of living environment that gives the necessary material for natural, environmental and humanly needs; atmosphere, work, political, social, environmental and psychological facilities to all living creatures.

Within this definitions we cover almost all provisions necessary to meet the human needs: Safe food, clean air and water, protected forests and trees, nature with other living creatures, peaceful living conditions, equality in work, fair income distribution, stability in social and political atmosphere, considered human psychology, respected human rights, ethics, transparency, accountability, respected quality standards in industries, quality living, which are all to be sustainable.

If above provisions are not sustainable, human being is not in welfare continuously and suffers from the lost natural environment, by carbon (greenhouse gas) emission, global warming, disasters, unsafe food, polluted water and air, black markets, dirty Money, unequal behaviour from firms and public authorities, unfair income, lost democracy, lost freedom, unethical approaches, and so on…

Sustainability is a simple process which is a process of on-going, no single action nor a static state. In sustainability, institutions has certain objectives of ecological, social and economic. Organizations try to transform from static state to sustainable state, where the continuation in political stabilization, public welfare, economic improvement, fair income distribution, human relations, management, social reputation, efficient production, energy efficiency, customer satisfaction, and in the similar states should not happen once, but continue as long as possible.

One of the basic objective in sustainability is minimizing the negative external effects, and maximizing positive effects. Stakeholders (citizens, taxpayers, voters, customers, employees, suppliers, in short the society) should be kept always happy with their relations with the organizations (Government, Governmental Institutions, Non-Governmental Organizations, Corporations, local and international social and economic organizations). Otherwise there will be dissatisfaction as some authors studied [2].

Sustainability refers to development that meets the needs of the present without undermining the ability of future generations to meet their needs [3].

Some other concepts should be considered in order to have a successful transformation to sustainability: legal and other external standard (quality standards, ethical standards, human rights), transparency, accountability, responsibility, eco-efficiency, visionary sustainability, holistic approaches, corporate sustainability, institutionalization, standardized management system.

Sustainability is a hot topic today. Almost all private corporations and governmental institutions try to develop their sustainability reports in order to join the intellectual society. Certainly the important issue related with the Sustainability is the sustainable welfare of the humanity. The goal of the article is to develop recommendations for the companies in Turkey and for the country's leadership to achieve sustainable welfare.

The main factors of sustainable welfare.

In order to transform from the static state to sustainable state, organizations need to have business strategies, therefore there is the need to develop business models to transform organizations from static (once success) to sustainable state (continuous welfare), which should be always value generating systems, processes, services and products.

For transformation to sustainability, decision makers should first structure the business plan based on the activities in related field,such as an advertisement campaign, a new production facility, a new taxation policy. When transformed to sustainability, actions should be implemented considering their continuous economic effects, which depend on value-based management. Transparency, accountability, corporate governance principles and incorporating with the eco-system are base of the sustainability.

We highlight five major areas of transformation from the static state to sustainable state:

1. Sustainable Public Policy

Public administrators should consider the citizens as consumer of the public goods, (such as transportation, water, electricity, sanitation, education, health, justice).As a new transportation project, public decision makers would decide new highways which would induce the citizens would buy luxury and expensive cars which pollute the air and cause the high-carbon emission. Similarly, a new nuclear power plant would be decided by public administrator as a technological achievement which actually is dangerous for the health of the people, and much more expensive than the renewable energy sources granted by the nature. And in order to improve the welfare of their citizens in the country, the administrators should communicate and confer with the citizens before taking any decision related with public goods.

In many markets, due to a dearth of public policy actions and/or ineffective public policy actions, various public goods suffer from significant quantity gaps (i.e., demand for a public good exceeding supply) and/or quality gaps, i.e., quality of a public good being lower than recommended standards, (e.g., the World Health Organization's standards for drinking water) [4].

Because of either quantity gaps or quality gaps, citizens would tend to purchase such public goods from the private companies which would cause higher costs of living to the consumers, and/or it might be the reason for damaging the environmental issues, such as increasing the greenhouse-gas/carbon emission, causing the global warming, climate change, atmospheric disasters. This means that the public administrators would not manage the sustainable welfare of their citizens.

For instance, rapid growth of the cities and growing housing areas in the cities cost green areas and hundred thousands of grown trees, which again cause the negative impacts of the climate change. Instead public administrators are expected to improve the air quality, a better utilization of energy, water, transportation bus system and a better light rail transportation system is as good for the environment as it is for the citizens. Another example is the urban renewal projects which are more profit-consideration than the human welfare.

With the wrong public policy of construction incredibaly more housing projects than the demand in the market, instead of promoting the high-tech industry for increasing the international trade. So, income distribution is getting worse, and some people reach incredible earnings. Those people tend to purchase private cars which waste country's savings and polluting the air, increasing carbon emission and damaging the environment, which is preventing the sustainable environmental and social goals.

2. Sustainability in International Trade:

For several centuries, theoreticians try to persuade the governments that International Trade is always good for the improvement of the welfare of the world people. The public administrators should understand that international trade always make the country's people better off. Because, the local market is always small for the manufacturer-suppliers of the country. On one side by international trade, the manufacturer-suppliers would find more market share at the international markets, and more consumers for their products. On the other side, local consumer would find more products, better products, cheaper products for their needs, which make the local people better off. By the encouragement for the high-tech industries and inducement the Research and Development projects, the country will have a sustainable base of the export business.

Countries should develop the industries in their comparative advantage better than the other countries. This advantageous industries would give profitable possibilities to the manufacturing and service industries of the country and improved welfare to the local people, which would bring the country's people better off. Certainly, the country should not be bound only this advantageous industry, but for the sustainable development the country should build the new facilities in order to develop new industries which might be advantageous comparing to some other countries. For instance, Textile business was better in the U.K. in 19th century, but later this industry has been developed by Italy and France much more better than the U.K.; and now China is the best in textile industry by transferring the designers from Italy and France, China developed this industry using the cheaper wages as a comparative advantage.

Various macro- and micro-environmental factors are responsible for sustainable export marketing strategy adaptation, which shapes the nature of sustainable export marketing strategy fit and its export venture performance outcomes. Sustainable export marketing strategy adaptation is the outcome of the differences between home and export markets in terms of economic and technological conditions, competitive intensity, customer characteristics, and stakeholder pressures. The global growth of export trade is accompanied by increasing awareness of sustainability problems related to corporate. Exporting is the most common mode of foreign market entry for firms of all kinds because of its low resource requirements, low exposure to business risks, and high strategic flexibility. Still, exporters are often confounded by serious barriers to productive trade when operating overseas (e.g., green technical standards, institutional relationship pressures) [5].

Sustainable export would only be possible by standardized quality, value-price ratio, competitive prices, sustainable market share, timely delivery, readiness of the goods in the market, customer happiness, respecting environment, behaving in ethic rules which make the name of the product a world brand. These are the issues to be achieved by the private corporations which produce the goods and services with the firm brands.

Sustainable export is not only private industries' responsibility: Governments are responsible for the sustainability in energy, water, electricity, corporate governance in infrastructure, environmental issues, competitivity in international trade, free import and export business, minimized tariffs and duties, minimum state burdens on the industries, such as income-corporate taxes and social security premiums. Other than such responsibilities, Governments should have a sustainable marketing and export strategy which depends on the high-tech products people always search for. If world consumers would consider those products whenever they are in need of such products, then those type of products make those countries as world brand.

Without having a sustainable marketing strategy, relevant country would not be competitive, can not manage the energy, material and production in an efficient way. Such a strategy decrease the costs, minimize the risks, reduce the waste age, increase the competitiveness, establish a higher morale people (employers, employees, investors, managers, associations, government administrators, politicians), in short a welfare country.

In today's international markets, governments promote the international trade by incentives. This is good for improving welfare of the world people by increasing international trade. But the governments are responsible for not promoting the industries damaging the environment, killing the forests, animals, fishes, polluting the air and water. First principle in export incentives should be protecting the environment, the society and the economy. For instance if the governments have an export incentive program for the conventional power industries, such as coal-fired power plants, or fuel-fired power plants, this means that the governments increase the countries' carbon foot print, increase the global warming, pollute the air and water. As a conclusion the governments should consider first the environmental, social and economic consequences of the decissions they make.

3. Financial Sustainability

In sustainable management of the corporations, one of the most important issue is financial sustainability. Without having a sustainable cash management in the short- and long-run, the firms can not survive. Therefore the administrators of the companies,

non-profit organizations and even the governmental institutions have to organize financial management in all responsible fields, so that the organization would continue forever as aimed in the beginning when establishing the organization.

As we know the field of responsibility of the financial management are the investments, financing the investments and financial management of the organizations, considering not only the profit for the shareholders of the corporations, but also the stakeholders: employees, managers, clients, suppliers, creditors, government, society, and the most important one – Environment. Taking into account of the interests of all stakeholders and shareholders, financial managers are to increase the value of the organizations.

Financial Sustainability is based on the following concepts:

– Strategic sustainability management;
– Responsible investment;
– Environmental accounting;
– Sustainability valuation.

Drawing upon the original data from 2013 Dow Jones Sustainability Index (DJSI) assessment, Japanese companies out-perform other geographies on reporting the business benefits of their environmental initiatives while under-performing in reporting a similar link on social aspects as well as linking sustainability to the broader corporate strategy. The conclusion was by recommending Japanese companies to improve their reporting on financial materiality by extending beyond the current focus on environmental conservation to the full range of environmental and social issues as well as by including indirect benefits in their assessment and reporting of benefits. In the past several years, the leading companies in sustainability have become increasingly focused on developing a more sophisticated understanding of the positive business and financial benefits of their sustainability initiatives. *"As a recent survey of global executives demonstrated (Accenture 2012; based on responses from 250 executives globally, 40 of which from Japan): globally, 83% of senior decision makers view spending on sustainability initiatives as investment rather than costs*."[6]

4. Sustainable Fiscal Policy

The government need to consider and establish the fiscal policy in a sustainable way. In order to achieve the sustainability in fiscal policy, governments should consider not only the needs of the governmental organizations, but also the social, economic and environmental issues, too. As every organizations must consider the happiness of the customers, also governments should consider the happiness of its customers (improvement of the well-being of its citizens).

By collecting taxes from the corporations and citizens for the investments in health, education, justice, infrastructure, and social programs, governments should consider first the needs of the society. Excess tax collection and unnecessary investments in various fields does not help to improve the welfare of the people.

In some instances, governments invest huge amounts in infrastructure and in some projects in order to be the first in the world, having the largest dams, the biggest power plants, the tallest buildings, the most modern residential towers which would not improve the well-being of the society and would not improve the income distribution among population, but only would be helping certain people become world richest families.

Fiscal Policy should be established according to the needs of the society and should improve the income distribution within the society, instead of increasing the gap between the poorest and the richest. As in many countries, the top 10% of the population would share more than 60% of the countries assets, while the poorest 10% would have an annual income which is not enough for living.

A research on the Turkish Economy has concluded as follows: In the last decades, the persistence of rising budget deficits have aroused interest on the sustainability of the fiscal balance for Turkish economy. Turkish economy has experienced macroeconomic instabilities and several crises as a consequence of fiscal deficits since 1960s. Thus, the analysis of the sustainability of fiscal balance has a vital importance to shape the economic policies. The empirical results assert theexistence of cointegration relation which supports the fiscal sustainability.The appropriate macroeconomic policies should be implemented to eliminate the risk of government in financing the future debt [7].

The most important issue in Sustainable Fiscal Policy is a government policy with fairness, equality, accountability, transparency, no-corruption, no-discrimination and equal-opportunity among all people in the country. Fiscal policy should be based on such principles, otherwise we can not reach Sustainable Welfare of the people in the world.

5. Sustainable Energy

Energy efficiency, shifting from conventional energy sources (coal-fired and fuel-fired power plants) to renewable energy sources (wind, solar, geo-thermal energy sources). Conventional power plants are the majority source of the carbon emission, which increased the warmth in the world upto today 2 degree Celsius according to the OECD researchers. As per the same researches, if we continue like this, with coal-fired and fuel-fired power plants, we will increase the world another 5-6 degrees until 2050.

For Sustainable Welfare of the world people, we have to prevent climate change, global warming, pollution in the air and water. We should protect the life of the people, birds, fishes, animals, forests, green in the world.

If we continue living as today, we will have less clean water, less breathable air, we will lose the forests, green, animals, birds and fishes. In order to protect all living creatures in the world, we have to immediately shift from conventional power plants to renewable energy sources. Otherwise, the world will face disasters more than yesterday.

Conclusion

Sustainability is based on the principles of continuous social, economic and environmental improvement for the living creatures on the Earth. We can not talk about the sustainability unless we have continuous social improvement, growing economic development, clean energy, and clean air and water. Without having the continuous improvement of welfare situation for the humanity, obtaining the largest-tallest buildings, the largest power plants do not create sustainability.

Education within the family and at all the level of the schools should be based on the sustainable well-being for the world population. Decission-makers should consider the beneficial projects for the humanity and the environment for sustainable welfare. So we definitely need to consider humanity and environment for the sustainability.

Governments, Administrators, and Decision-Makers at all type of Organizations in the world should consider first the Welfare of the People in the world. The first objective of the decision-makers is to be the improvement of the welfare. The basic principles to be followed by the decision-makers are fairness, transparency, equality, accountability, non-discrimination, ethics, corporate governance and sustainable welfare. Another immediate action is to shift from conventional power plants to the renewable energy sources in order to protect the Earth and all living creatures on the Earth.

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