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Sustainability of Business Based on Green Economy

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Abstract: Entering the era of Industry 4.0 it is certain that business competition will be very strict because the production system, business and trade are already dealing with the global economic system. In this regard, for micro and state businesses in macros must be able to conduct their economic activities by applying and developing global business principles and taking into account the business ethics based on green economy. Microbusiness people should be able to strengthen their internal structure by doing business practices that always pay attention to three important aspects: economic, social and environmental or often called the concept of triple bottom line.

This paper contains theoretical studies on how business people should perform business-based performance and sustainability based on green economy. The essence of the contents of this paper are to describe things that in doing business inputs used must consider the economic, social and environmental aspects, and the resulting output must also be devoted to economic, social and environmental aspects. If this is done well, then business performance and sustainability will be achieved.

Key words: performance; sustainability; green economy
JEL codes: Q5

1. Introduction

Uncertain economic conditions and technological developments bring the impact of significant changes on the management of a business and determining competitive strategies. Business people are beginning to realize that ability competing is very important by strengthening internal potential and being able to adjust external changes. An important factor in business lies not only in asset ownership, only profits are earned, but precisely what matters is how can you add assets and get profits and how manage these results based on a green economy.

Research by Chen et al. (2005), income growth is one indicator of company financial performance. For investment purposes, market participants too need information that is very useful for the company in the activity planning, control, and decision making. Information of a company in the business world has a main target where the main target of the information explained namely: (1) providing information that supports decision making, (2) providing information that supports the daily process, (3) providing information accounting related to wealth management.

In business practices some business people have already implemented aspects which is in accordance with business ethics by applying the concept of economic-based business green, however there are also some business

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people who ignore the principle green economy. From these practices that need attention is the business people who ignore the principles of a green economy, so it is with practice like this there are damage to the environment as well as many social aspects abandoned. Based on the description that the concept of the triple bottom line has not been maximally applied in business practice, then the problem is “Why sustainability of business based on green economy?”

2. Theory Study and Discussion

2.1 Business Performance Review

Performance can be defined as follows: "performance is a statement management accounting that will actually compare between activities with a standard". In terms of performance measurement, basically it is with compare the results obtained with the costs incurred for determine the level of efficiency, while the effectiveness measurement is carried out with compare the hash. obtained with the target set. Bengali thus performance appraisal is a periodic determination of the operational effectiveness of a organization, parts of the organization, and employees based on objectives, standards and criteria predefined. The main purpose of performance appraisal is to motivate employees in achieving organizational goals. In some cases, management is an administrator of capital used in the company and assigned to optimize earnings net of all assets used, therefore management is the party responsible for achieving the company's goals then with management itself has an interest in knowing, measuring, planning and controlling all financial risks. Included in the scope of responsibility

Thus, management must create a sound financial ratio so that it can guarantee the achievement of the interests of all parties, both internal and internal external company. Financial ratios are numbers obtained from results comparison of financial statement posts with other related items relevant and significant. This financial ratio is very important to do analysis of the company’s financial condition. Furthermore, ratio analysis has advantages as follows:

1) Ratios are numbers or summary statistics that are easier to read and interpreted.
2) Is a simpler substitute for the information presented financial report which is very rind and complicated.
3) Knowing the company's position in the midst of other industries.
4) It is very useful for the material in filling up the taking models decision and prediction model (Z-score).
5) Standardize company size.
6) It’s easier to compare companies with other companies or see periodic company developments or time series.
7) It’s easier to see the company’s trends and make predictions in the future come.

Company performance can be measured through various aspects both on size financial and non-financial. Company performance is very closely related to the system management control of the company concerned. Control system management is the process by which managers influence members of the organization others to implement organizational strategies. Performance (performance) is work results that can be achieved by someone or a group of people in a organization, according to their respective authorities and responsibilities, in order achieve organizational goals. Managerial performance is the performance of individual members organization in managerial activities including: planning, investigation, coordination, staffing arrangements, negotiations, etc. Someone who holds a position managerial is expected to produce a managerial performance. Different from employee performance which is generally concrete, but managerial performance is abstract and complex. Many studies are includes managerial performance, including strategic management, marketing and operations management. The company's performance includes:

2.1.1 Financial Performance

Financial performance is the result of operations, and financial success these operations will have logical consequences for the activities fundamentally better company operations (Kaplan & Norton, 1992). Three financial performance which is influenced by the implementation of quality management. The three financial performances consist of: Return on Investment (ROI), Return on Assets (ROA), Sales Growth.

2.1.2 Product Quality

Conceptually, it states that Product Quality is conformity Product specifications to meet customer requirements according to his request, on the relevance of all the dimension criteria contained in the product in question. Furthermore, quality is as "conformance to requirements or specifications" that is based on customer needs. So a product or service is said to be quality if the product or service can meet the needs, desires and satisfaction of consumers. There are eight dimensions to assess product quality, namely: performance, reliability, serviceability, conformance, durability, features, aesthetic, perceived quality. Product quality can be measured from four dimensions, namely: reliability, durability, tenacity, regularity.

2.1.3 Operational Performance

Operational performance is the suitability of the process and the performance evaluation of operations company internal conditions or meet the requirements in terms of cost, customer service, delivery of goods to customers, quality, flexibility and the quality of the product/service process. Furthermore, the company's operational performance can be assessed or seen from two dimensions, namely: the dimensions of cost, flexibility and quality delivery. The cost dimension is measured by five indicators, and for dimensions flexibility and quality of delivery are measured by three indicators. The performance operations can be seen in terms of: waste level, productivity, cycle time.

Furthermore Operational Performance in the context of this study was measured by two indicators namely in terms of cost, level of flexibility and quality of delivery compared to its competitors. Meanwhile the size of company performance according to Tyles et al. (2005) states that performance the company can be measured through the company's ability to achieve: 1). Financial performance which includes: profit, growth, return on assets, stock performance; 2). Non-financial performance which includes: leadership, competitiveness, new product success; 3). Overall performance; 4). Performance in: ability to respond to economic change.

2.2 Business Sustainability Review

Business activities both at international companies, regional companies and Small companies all have an impact on natural systems, natural resources, clean water supply and includes an increase in pollutants and hazardous waste. Sustainability company is expected and target by every company.

Sustainability will be achieved if the company itself pays attention to aspects which supports sustainability itself. There for the company needs to keep environmental aspects, social aspects aside from economic aspects. With thus if the environment, social and economic are running normally and positively, then the sustainability of the company will be achieved.

In general, a business like this is always synonymous with damaging the system buffer of life on earth. Sustainable business practices from an economic, social and perspective, the environment becomes essential not only so that the corporation can survive in the short term, but also the health of the earth in the long run. The Brent

Spar CaseShell oil company's offshore facility in 1995 began with Shell's plan dump old platform facilities into the open sea. Despite this plan approved by the British government, with opposition from Greenpeace activists and the international community then the plan was cancel. As a result of an incident in the north sea this, Shell has decreased sales by up to 50% in the German State (The Brent Spar). Next Shell uses various scenarios to estimate future alternatives and identify potential challenges related to the decision now. Shell is also committed to performance environmental environment, things that were not thought of before in the early 1990s (Wheeler, Fabig & Boele, 2002).

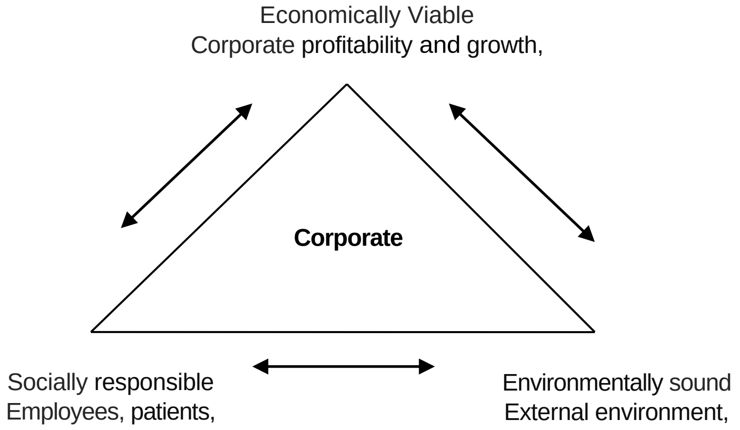

Figure 1 Triple Bottom Line of the Novo Nordisk Company (Epstein, 2008)

Balance between economic/financial performance, social responsibility and environmentally sustainable can be stated with the triple bottom line model.

Danish health company Novo Nordisk adopts the triple bottom line model for businesses that benefit corporations, are socially responsible and pay attention to the environment. With increasing attention from the business community on proactively developing and implementing sustainable, strategies at the same time increase stakeholder engagement. According to Epstein (2008), sustainable performance can be seen in the nine principles that serve as the foundation for regulating impact on stakeholders (Epstein, 2008):

1) Ethics. Companies that ethically establish, improve, monitor and maintain the standards and practices of equality and honesty with stakeholders companies and also includes company partners, providers of goods and services, and distributor.
2) Governance. This principle is a commitment to manage all resources effectively.
3) Transparency. If governance is related to internal company, then transparency provides information disclosure to stakeholders. That company transparently conveys information disclosure to existing investors and potential investors related to past, present and performance company going forward.
4) Business relations. The company provides a balanced relationship with providers of goods and services by treating them as term partners long. By maintaining a long-term relationship with partners, then the quality of goods and services can be maintained.
5) Financial returns. The company provides more financial returns competitive for strategic investors.
6) Community involvement and economic development. Companies need to be aware that the best long-term interest between the company and society is improving community welfare and community resources.

7) Value of Goods and Services. The company must explain the company's relationship and liability to the customer.
8) The practice of hiring workers. The company decides how to appoint workers with the principles of equality and equal opportunity. By adopting this principle, the company carries out employee promotion, career development professional and empowerment without difference or discrimination.
9) Protection of the environment. The company explained its commitment to environment. A pro-active company will protect and restore the conditions the environment and the promotion of sustainable development of products, processes, other services and activities.

In general, stakeholders are divided into two, core stakeholders and fringes take holder. Core stakeholders are those who are real and can influence company decisions because of their strength and legitimacy. While stakeholder fringe on the other hand it is not directly related to the company because it is far, not very strong and no direct interest. This picture is a business model ongoing producing company, Alcoa, where the company illustrates the feedback from stakeholders into the organization.

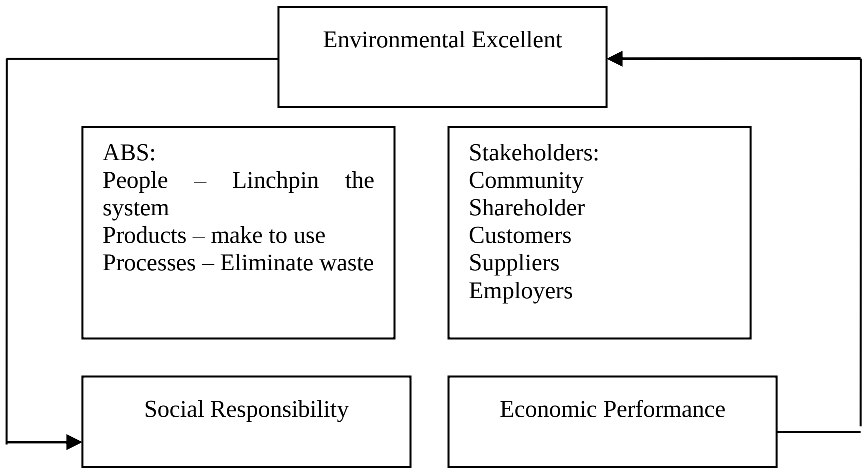

Figure 2 Sustainable Business Model (Epstein 2008)

Relation with stakeholders is a process that continues from time to time with stages:
1) Stakeholder awareness, stakeholders know the existence of the company. The company will communicate with stakeholders to provide information and share vision and mission.
2) Knowledge, stakeholders know and begin to understand what is done company, company values and strategy. This stage the company provides information so that stakeholders play a more important role. Employees understand the organizational structure and the system built, the customer gets the product as needed while providers of goods and services know the needs of the company.
3) Satisfaction, where stakeholders trust the company and will develop commitment to the company.
4) Action, the company then takes action for further collaboration with stakeholder.
5) With the interrelationship between the principles developed by the company as well relationship with stakeholders, then to gain public trust is maintain corporate accountability. Improved corporate governance director's freedom in carrying out the decisions and performance of the board of directors as a function of monitoring and making decisions that can accounted for.

Improved measurement of operational and social performance and improvement reporting information in a broad spectrum both to internal stakeholders and external needed for decision making. System Upgrade management to drive corporate culture, change patterns and ways Manager decision making increases corporate accountability at the same time corporate performance an effective sustainable strategy requires deep understanding on the causal relationship between the alternative steps taken, the impact step these to sustainable performance, stakeholder reactions that might occur as well potential or actual impact on financial performance.

The Company's Sustainability Model uses social, environmental and dimensions economy as its foundation. Sustainable models describe the drivers of performance Corporate Sustainability, actions that can be taken by decision makers influences performance, along with the consequences for social, environmental performance and economy. The input model consists of external context, internal context, business context and human and financial resources. Inputs facilitate understanding of complex factors that must be considered and also the limitations that exist on company.

In-depth evaluation of the inputs and effects that might occur on performance sustainable and financial, then the development of an appropriate process can be done. Strategies, structures, systems, programs and sustainable actions have a major impact on the costs and benefits of corporate action, social and environmental impacts, and long-term financial impact through sustainable performance.

The basic aspect of this model is the difference between intermediate outputs and results finance. On intermediate results such as social and environmental performance, public image,

Market and customer reactions need to be monitored to determine management effectiveness sustainable.

Input

1) External context, external context both globally and locally affect options for the formulation and application of sustainable action. Pressure carried out by government regulations that define performance standards for example environmental regulations, pollution threshold standards, and labour regulations. With the regulations and guidelines from the government, the corporation needs to respond effectively by making in-depth plans about sustainable.
2) Internal context, internal context is related to the mission of the business unit, strategy-strategies, structures and systems built by the company.
3) Business context, an important consideration is the industrial sector of business, character consumers and products. Companies that have social and environmental influences as high as the chemical, petroleum, paper and mining industries as possible has low performance on sustainable elements. With consideration this, then the focus on environmental and health issues becomes dominant.
4) Human and financial resources, the next important input is limitations resource in the company. All related programs require resources finance for implementation including personnel training.

Process

1) Leadership, various studies show that the strategy is sustainable is a top-down policy and is effective if top management provides strategy clearly. Top executives need to be known, support the organization and communicating about the company's mission, vision and strategy.
2) Sustainable strategies, slowness of corporate responses in terms of the environment and social reflects the absence of an anticipatory strategy. This can cause social and environmental impacts which are ultimately directly related to costs as well as future benefits.
3) Sustainable structure, sustainable structure that clearly provides understanding that environmental issues

are not solely a matter of law.

4) Systems, programs and sustainable actions, the use of established standards in environmental management it provides guidance on sustainable strategies.
5) System integration, structure and management strategies provide support activities and company activities. The company's proactive action is an initiative effective sustainable compared to reactive policies.

Output

1) Sustainable performance, Development and evaluation of sustainable performance is seen on the company's contribution in reducing social and negative impacts environment, increasing positive influence and both. Performance measurement ongoing and evaluation of the effectiveness of the program, knowing social impact and corporate environment and determination of the company's contribution to social impact and the corporation will increase the profitability of the company.
2) Stakeholder reaction, Sustainable output can also be measured through stakeholder reaction in response to the work program and ongoing action from the corporation. Reaction this stakeholder is measured through long-term consumer loyalty, service and performance of employees, the community and the government can reduce or raise regulations and supervision, and shareholders provide long term commitment.
3) Corporate financial performance, the main focus of sustainable strategies and programs is the company's financial performance in the short and long term.
4) The results of the entire ongoing process must be converted in size finance. Research shows that sustainable performance influences results finance by increasing income and reducing costs.

3. Sustainability of Business in Green Economic Framework

Based on the theoretical and empirical studies as described above, then business sustainability in a green economy framework includes 3 (three) important aspects namely economic aspects, social aspects, and environmental aspects. Next to go to business sustainability, then there are indicators that influence the realization business sustainability, namely:

(1) Strategic commitment to sustainability

The criteria for strategic commitment include 5 things; company commitment statement to the public, commitment to codes and standards, ongoing reporting comprehensively and periodically, the company's programs and objectives third party assessment of the company's sustainable management.

(2) Continuous innovation

Criteria for continuous innovation include 4 things; company's commitment to research and development as measured by the amount of research costs against sales, product development and processes that excel at environmental performance economic and social, sustainable approaches in the research and innovation process, and the effectiveness of the research is indicated by the number of patents issued which encourage environmental and social performance.

(3) Environmental Performance

Environmental performance is based on an assessment of resource use and energy intensity, materials and water consumption, greenhouse gas intensity companies, emissions and other discharges, and compliance management environmental regulations.

(4) Safety Performance

Safety performance is based on worker safety which is indicated by the number of workdays without accidents, the safety of the process indicated by the number of accidents in the process, as well as plant safety as evidenced by adequate factory security management system.

(5) Product Service

Measurement of service performance includes a product guarantee system that ensures the product is safe to use, policy communication process responsibility risk protection, as well as company involvement for legal actions related to product safety.

(6) Social Responsibility

Performance measurement of social responsibility includes expanding cooperation with stakeholders at the project, facility and corporate level, company contributions towards community development and empowerment, and an introduction program and improving company image.

(7) Value Chain Management

Performance chain value management is identified by the management system environment and the company's supply chain management system.

The first analysis conducted by IFS gives the results of large companies leads in all AICHE sustainable index categories. This is because large corporate commitments to sustainable performance in all categories. The imaging effort of global companies is no longer solely the task of the public company relations, management companies at all levels need to try hard balance and synergize the environmental and social influences on financial benefit. These three things are paradoxes that must be managed to see the extent of sustainable performance as a global scale company. The stages of implementing sustainable strategy development are a challenge very important for senior executives, but the implementation of the strategy is usually is an even bigger challenge (Epstein, 2008). Application of principle on going to Santos is a long and continuous process. Purpose the initial frame of work is to achieve compliance with applicable standards and rules in the first and next phase is a journey to become a leader in the sector energy. Measurement of the company's sustainability can be seen from its performance with use sustainable indicators. Azapagic and Perdan (2000) define a framework of indicators consisting of one, two and three dimensions (Block et al., 2007). Measurement of Company Sustainability with multi indicators provides complexity and very relevant in the context of ongoing assessment (Munda, 2005). Combined eco-efficiency indicators, environmental management systems, costs expenditure on the environment, sustainable energy production, damage costs the environment, the cost of environmental fees, and the number of complaints received a mix of mixed indicators that give a good picture of performance environment and responses from the industrial and energy sectors (Block et al., 2007).

4. Conclusion

As the end of this paper, it can be concluded that:

1) The concept of a green economy has a dual perspective in which economic practices need to pay attention to business ethics. If business ethics is held as the foundation of running a business, then the business will be able to run optimally and sustainably.
2) Noting that businesses in creating a green economy through the stages of input, process and output, then

the three stages must be carried out in a balanced manner so that there can be efficiency and create a sustainable green economy.

3) Business sustainability will be achieved if the economic, social and environmental aspects are considered in order to go green economy.

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