Corporate life cycle: New approach for sustainable development strategy

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Abstract. At the foundation of effective management for any organization is the fundamental truth that all organizations, like all living organisms, have a life cycle and undergo very predictable and repetitive patterns of behavior as they grow and develop. The aim of this paper is identifies the perspectives and strategies for survival and stability of the corporate life cycle. Today is one of the major challenges for the continuation of life and activities. The corporation is interested to profit and always want continuity and sustainable development. According to market managers are interested in the mechanism of growth and development of effective business strategies. They believe today consciously investor decides to invest profitably. They also look at the long term and they want to gain a clear vision for the future and are concerned about the environmental impact of its decision. This paper introduces a new approach for the corporate life cycle and the sustainable strategies of development and offers valuable solutions for business sustainability and based on fact.

Keywords: corporate life cycle, Stability, development strategy

Introduction

In the recent century, Companies need a new concept for survival. So sustainability concept is one of the most important subjects. Scientific research regarding the role of humans on climate change, as well as many lessons learned from industrial pollution and its negative impacts upon the environment, have led to a greater general awareness of the need for sustainability. (Buxel, Esenduran, & Griffin, 2015) Over the last decade, there has been an increased pressure on enterprises to broaden the focus of sustainability and accountability in business performance beyond that of financial performance. (Lee, Farzipoor Saen, 2012) Customers are increasingly demanding that products be produced in environmentally friendly ways that limit negative impacts on the earth's resources. (Thorn, Kraus, & Parker, 2011)

Although there is a huge potential for companies to take advantage of environmental opportunities, such as cost savings and revenue growth, most companies do not have a vision and road map to sustainability. (Hart, 1997) In such circumstances, managers demanding the solution to get out of this challenge. The key component in the sustainability issue of the continuation and activities on specific circumstances. Clearly if an enterprise is to have sustainable strategy can turn it into a competitive advantage against competitors. (Ganji, 2012) In this situation, Life cycle theory provides management with some parameters, guidelines, and diagnostic tools to assess the transition of the firm from one stage to the next. Hence, understanding the essence of the life cycle can help firms to utilize valuable resources in the most optimal way to outperform their peers. (Adizes, 1979)

2. Sustainable development.

In many companies, the traditional management perspective focuses mainly on customers, competitors, internal processes, and relationships with suppliers. Managers are

trained to think along these categories and exchange processes between them. There is no doubt that this way of thinking is helpful and generally makes sense in the business environment. However, when it comes to sustainability considerations of products and processes, this classic management perspective becomes too narrow rather quickly, as it does not consider the relevant environmental impact parameters, which are often outside of the classic supplier- company-customer relationship. (Buxel & et al, 2015)

World Commission on Environment and Development of the United Nations Brundtland defined sustainability development as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs” (Brundtland, 1987). Sustainability scholars often point this commission as a critical junction in the modern development of the integration of sustainability concept into various disciplines e.g. Pitt and Lubben (2009). The definition of sustainability development is related to three interlocking goals: environmental, economic, and social (Elkington, 1994, 2004). This perspective is generally referred to as the triple bottom line (TBL). TBL approach suggests that besides economic performance, organizations need to engage in activities that positively affect the environment and the society. In fact, it is argued that a firm’s long-term profitability and existence are best served by balancing them with social and environmental goals (Porter and Kramer, 2006). Sustainable development is a continuous process of transformation, conformity and compatibility all aspects of economic, social and environmental use of resources, direct investment and technology development orientation with regard to potential and actual human needs that the most important feature of the comprehensive review and in the broad sense it means respect to all aspects of finance, including financial, human and natural. (Barzegar, 2005)

Once a company to travel the path of sustainable development, must be carefully mission, vision and values to the test. The company's management should be aware of legal restrictions and the determinants of the stability process and accordingly to adjust the management structure evaluation. (Moradzade fard & Ahmadzade, 2006) In business terms, the KBCSD cited in Lee (2005b) describes corporate sustainability management as ‘strategic business activities to minimize risks from environmental, economic, and social sustainability, at the same time, to maximize corporate value including shareholder value.’ Although the concept and framework have been developed for Korean business firms, there remains a shortage of tools and methods available to assist decision makers at the firm and industry levels who are required to monitor and evaluate the impacts of their business operations on the environment and the society. It appears that the best decisions can only be made when the financial, environmental, and social impacts are taken into consideration (Hockerts, 1999; Lee, 2011a).

The result is that managers often suffer from blind spots about existing value creation opportunities in the markets through sustainability. In particular, this creates two typical management problems. First, companies are not aware of relevant strategic opportunities and challenges, which can be risky for the long-term development of the company. Second, in the absence of relevant required information, companies have an inherent risk of investing in ineffective sustainability improvement measures that are not honored by markets and that do not add value for mutual benefit. (Buxel & et al, 2015)

3. Strategies for sustainable development.

.In September 2000, world leaders adopted the United Nations Millennium Declaration which provided the basis for the pursuit of the Millennium Development Goals. A global consensus was successfully forged around the importance of poverty reduction and human development. Since then, the global community has managed to uplift a large segment of the poor and vulnerable. (Department of Economic and Social Affairs, 2013)

Corporate sustainability is understood as the ability of a company, through its governance practices and market presence, to positively influence ecosystems, society and economic development. (Krechovska, Prochazkova, 2014)In order to achieve this goal, all three dimensions of sustainable development have to be satisfied, i.e. economic, environmental and social dimensions (Elkington, 1997) Integration of all three dimensions of sustainable development should be a condition for achieving long-term corporate sustainability. However, some authors emphasize economic dimension of sustainability as the most desirable because it provides financial strength and avoids conditions leading to an early demise of the business due to financial reasons. (Gupta, 2013)

Agenda 21 (United Nations, 1993) emphasized the interconnectedness among the three dimensions of sustainable development. Its actual implementation, however, arguably did not occur in the integrated manner envisaged. While the Millennium Development Goals focused attention on selected social and human development priorities, the world today witnesses emerging new challenges, aggravated by multiple financial, economic, food and energy crises, which have threatened the ability of all countries to achieve sustainable development. The United Nations Conference on Sustainable Development reaffirmed the political commitments of the international community to pursue sustainable development, under the principles of Agenda 21, including the principle of common but differentiated responsibilities. (Department of Economic and Social Affairs, 2013)

4. Corporate life cycle

In accounting studies, the life cycle theory explains the differences in value relevance between earnings and cash flows across different life cycle stages (Anthony and Ramesh, 1992; Black, 1998). The concept life cycle is misleading subject. Some people consider life cycle costs, only person's costs. While the some people consider the personal and social costs as the life cycle costs. Therefore it is necessary the purpose this definition is appropriate. It is important determine the appropriate basis for a fee. (Amri asrmi, 2005) According the theory of the corporate life cycle, companies in different stages of the life cycle of economic and financial view of diagrams and specific behaviors. This means that the economic and financial characteristics of a company affected by the stage of the life cycle of the company is located. (karami & Omrani, 2010)

Firms are evolving entities, and the path and rate of their evolution are jointly determined by internal factors (such as business strategies, financial resources, and managerial capabilities) and external factors (e.g., changes in the competitive environment and macroeconomic conditions). Corporate life cycle consists of distinct and identifiable phases resulting from changes in these fundamental factors, which arise from the strategic activities undertaken by a firm. Therefore, corporate life cycle is the combined result of business strategies and allocation of resources, comprehensively reflecting a firm's innate factors. The five stages of corporate life cycle identified by Gort and Klepper (1982) are as follows: (1) introductory, (2) growth, (3) maturity, (4) shakeout, and (5) decline. Firms move through these phases as the result of the changes in strategic decisions and the competition environment, reflecting a firm's reality and its actual operations. It provides a dynamic analysis framework for interpreting financial and accounting policy choices, and helps to achieve a deeper understanding of the changes in accounting choices and accrual accounting from a multi-period dynamic perspective (Chen and Huang, 2008; Chen and et al, 2010)

The firm life cycle has important implications in management and business strategy. Each stage in the firm life cycle enforces unique characteristics and demands which entail organizational structures, personnel, leadership styles, and decision-making processes appropriate to meet the requirements. (Kazanjian, 1988; Koberg et al, 1996) documented that the effect of organizational and environmental attributes on innovation is moderated by the firm's life cycle stage. However, much of the work in the field of management,

entrepreneurship, and strategy is conceptual rather than empirical. Research indicates that firm-specific determinants of the cost of equity include size, leverage financial strength, level of disclosure, and overall riskiness of the firm. As the resource base and corresponding competitive advantages of the firm vary across the life cycle, the investors' demand for a risk premium could potentially vary accordingly. Together, these two streams of research suggest that the firm life cycle has important implications for attracting investors, which eventually increases the liquidity of shares and lowers the cost of equity capital. However, there has been little research on the interrelationship. The essence of firm life cycle theory suggests that investment and financing decisions and operating performance of the firm are greatly influenced by the change in the firm's organizational capabilities "life cycle stages". (Monzur Hasan, 2015)

5. Conclusion.

In this study mentioned the common concepts of corporate sustainability. Also explained the strategic Aspects of sustainability. The finally explained the impact of the corporate life cycle of sustainable development strategy. We know there are changes in society, the thinking and behavior of people is changing, business environment is changing, with new trends and concepts being developed to which enterprises should react if they want to be successful. The process of internationalization, changes of technology and others are offering the possibility of creating higher values for the stakeholders. (Toth, 2012) Sustainable business requires extensive coordination in all directions. We can create new opportunities through the constraints and lack of resources. This powerful tool is achieved through the the current amount of the challenges ahead. The slightest attempt at the creation of laws and regulations. Mandatory disclosure of corporate information to be disclosed. The most important factor in the discussion of new standards of sustainability with regard to the concept of corporate life cycle.

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