

SUSTAINABILITY VS PROFITABILITY: A DECISION-MAKING MODEL

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ABSTRACT

Most of the analytical research of sustainability takes a simple approach of modeling, i.e., a profit-maximizing company or supply chain manages sustainability through the willingness-to-pay for “greenness” of the customers. Greenness is either independently considered or introduced as an attribute in conflict with product performance in the cost functions. The simplicity of this treatment, however, limits the managerial insight and the potential applicability of those research in the real world. In this paper, I am proposing a systematic view of the relationship between sustainability and profitability regarding the analytical model-based research, with potential application in the empirical research.

Keywords: Sustainability, Decision Making, Game Theory