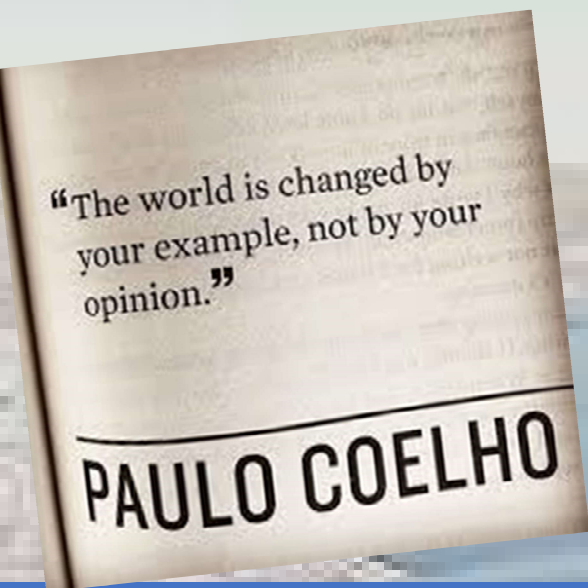


Sustainability and management – quo vadis?!



04.06.2021

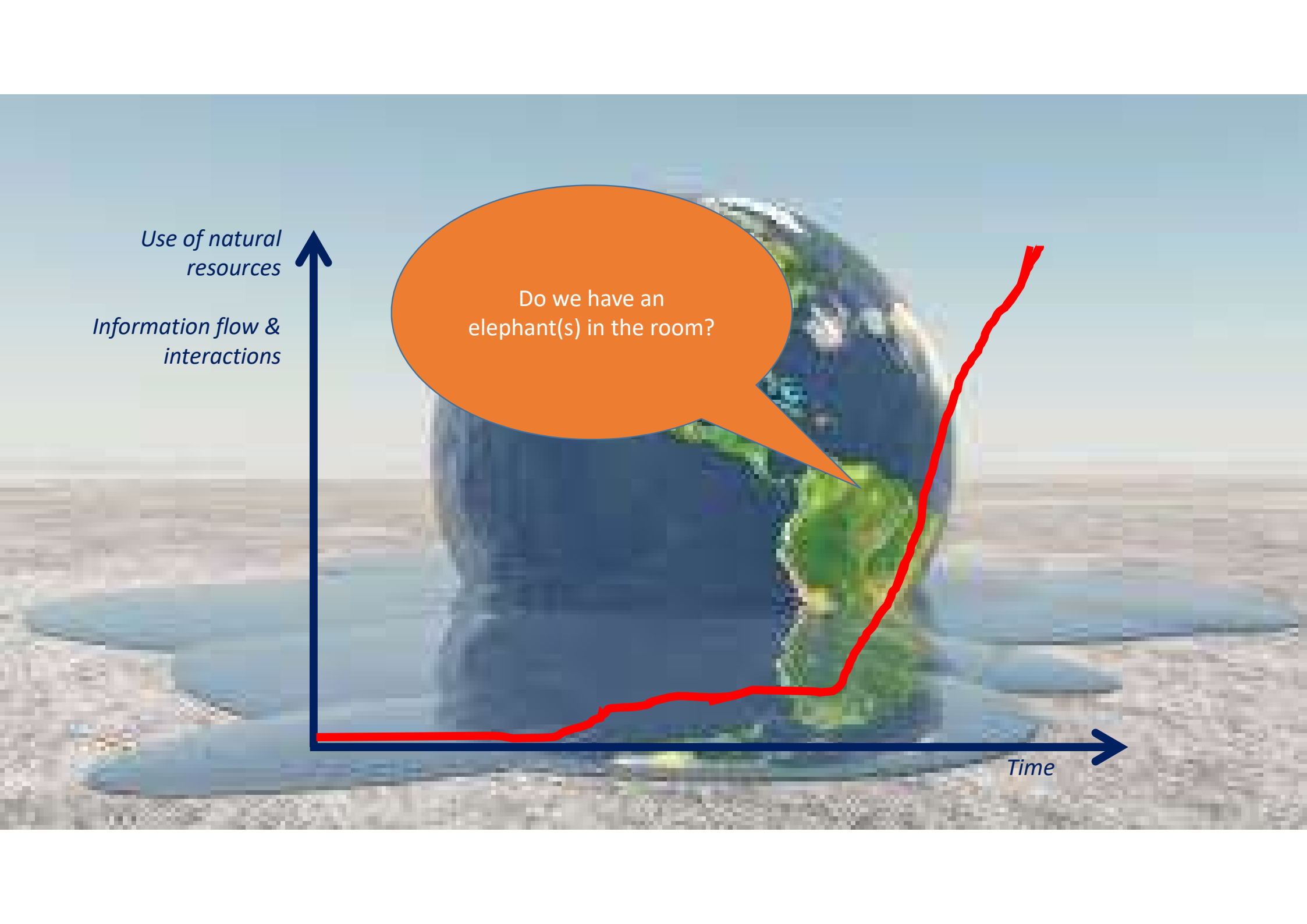
*Satu Teerikangas, Professor of Management & Organization, Turku School of Economics
Honorary Professor, University College London*

*Use of natural
resources*

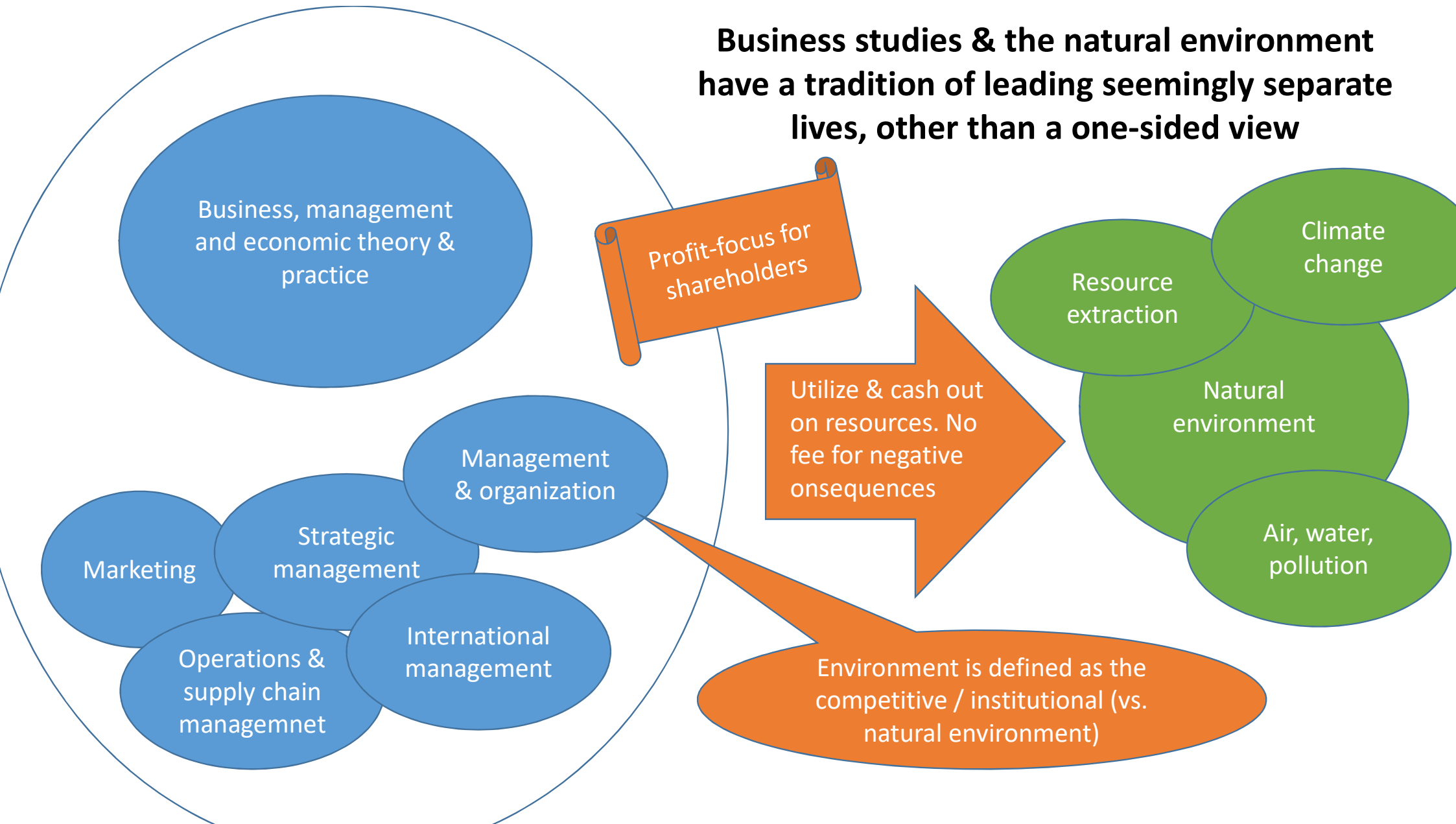
*Information flow &
interactions*

Do we have an
elephant(s) in the room?

Time




**Business studies & the natural environment
have a tradition of leading seemingly separate
lives, other than a one-sided view**





CORPORATE SOCIAL RESPONSIBILITY: TWO SIDES OF THE PENDULUM

- **Narrow view to CSR:** firm's role is to generate profits for its shareholders

- 
- Adam Smith, 1776, Wealth of Nations 1776
 - Milton Friedman, 1970

- **Responsive/traditional CSR**

- Economic, social, legal, ethical, environmental, philanthropic role
- CSR in support of profit-maximization
- CSR toward brand-building
- Greenwashing
- Random acts of charity

- **Broad view to CSR:** a social license to operate, societal responsibility, active approach

- Adam Smith, 1759, Theory of Moral sentiments
- Stakeholder management (Freeman, 1984)
- Today labelled as strategic CSR, conscious business
 - Holistic view
 - CSR encompasses firm's operations from strategy through value chain
 - Medium- to long-term time horizon
 - Relationships with stakeholders

The Five Stages of Organizational Learning

When it comes to developing a sense of corporate responsibility, organizations typically go through five stages as they move along the learning curve.

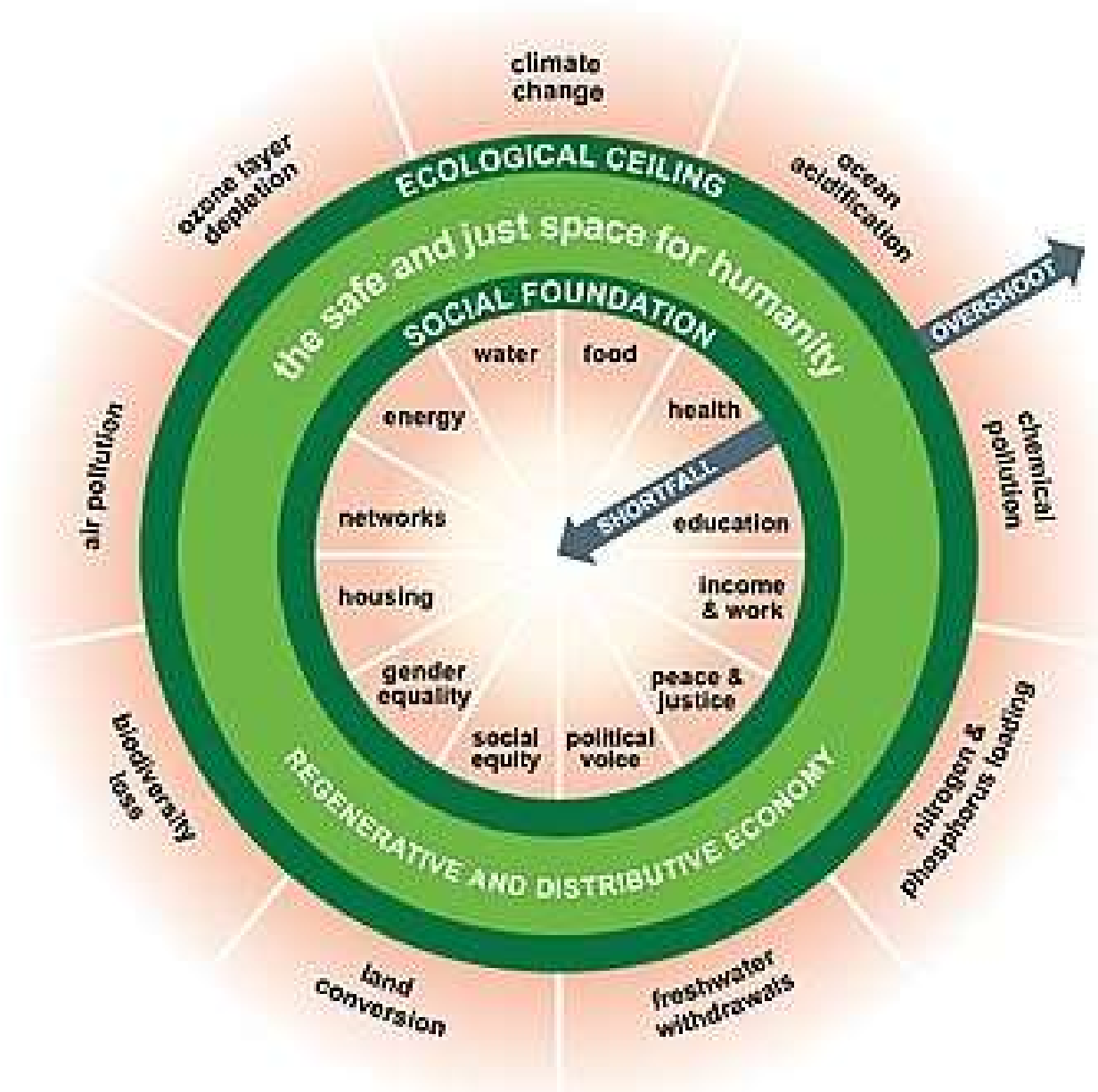
STAGE	WHAT ORGANIZATIONS DO	WHY THEY DO IT
DEFENSIVE	Deny practices, outcomes, or responsibilities	To defend against attacks to their reputation that in the short term could affect sales, recruitment, productivity, and the brand
COMPLIANCE	Adopt a policy-based compliance approach as a cost of doing business	To mitigate the erosion of economic value in the medium term because of ongoing reputation and litigation risks
MANAGERIAL	Embed the societal issue in their core management processes	To mitigate the erosion of economic value in the medium term and to achieve longer-term gains by integrating responsible business practices into their daily operations
STRATEGIC	Integrate the societal issue into their core business strategies	To enhance economic value in the long term and to gain first-mover advantage by aligning strategy and process innovations with the societal issue
CIVIL	Promote broad industry participation in corporate responsibility	To enhance long-term economic value by overcoming any first-mover disadvantages and to realize gains through collective action

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Different types of firm responses to CSR depending on their CSR maturity

<https://hbr.org/2004/12/the-path-to-corporate-responsibility>

Need to operate within planetary & social boundaries



Kate Raworth (2017): Doughnut Economics:
Seven Ways to Think Like a 21st Century
Economist

“Business as usual is not an option for a future-proofed economy in which nine billion people live well within the limits of the planet by mid-century.”

Peter Bakker, president of the World Business Council on Sustainable Development, speech at The Prince's Accounting for Sustainability Forum in December 2012

Toward re-theorizing economic, business & management theory

What is the sustainable paradigm of today/tomorrow?

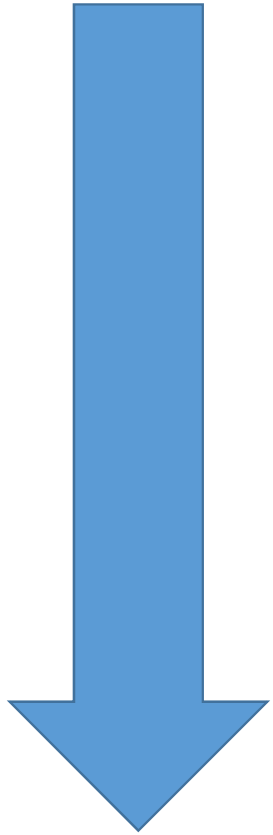
Reinventing capitalism

Plethora of concepts:

- Conscious Capitalism (John Mackey & Raj Sisodia)
- Breakthrough Capitalism (Volons)
- Clean Capitalism (Corporate Knights)
- Creative Capitalism (Bill Gates)
- Sustainable Capitalism (Al Gore & David Blood)
- Responsible Capitalism (Nichols Shaxson)

CAPITALISM 2.0		
	Capitalism 1.0	Capitalism 2.0 (a.k.a, Clean / Disruptive Capitalism)
<i>Purpose of the Firm</i>	Maximize <i>shareholder</i> value; ROI; Growth	Creating shared <i>stakeholder</i> value, including the Environment
<i>Legitimate capitals</i>	Financial	Financial, Natural, Social
<i>Bottom lines</i>	Profit –first; short-term	Profit, People, Planet; long-term
<i>Source of financial capital</i>	Stock market; Big financial institutions; Absentee owners	Stock market; Smaller financial institutions; Customers; Employees; Local communities
<i>Market focus</i>	Global	Local
<i>Negative impacts</i>	Externalized	Internalized
<i>Accountability boundaries</i>	The Firm	The Firm's value chain, over its products' life cycles
<i>Transparency</i>	As little as possible	Naked
<i>Business model</i>	Take-Make-Waste; Linear	Borrow-Use-Return; Circular

Reinventing sustainable business



- **Business as usual**
 - Economic concerns, focus on shareholder value, inside-out thinking
- **Sustainability 1.0**
 - Triple bottom line focus, refined shareholder value, inside-out thinking
- **Sustainability 2.0**
 - Triple bottom line focus, inside-out thinking
- **Sustainability 3.0**
 - Start with sustainability challenges, focus on creating value for the common good, outside-in thinking

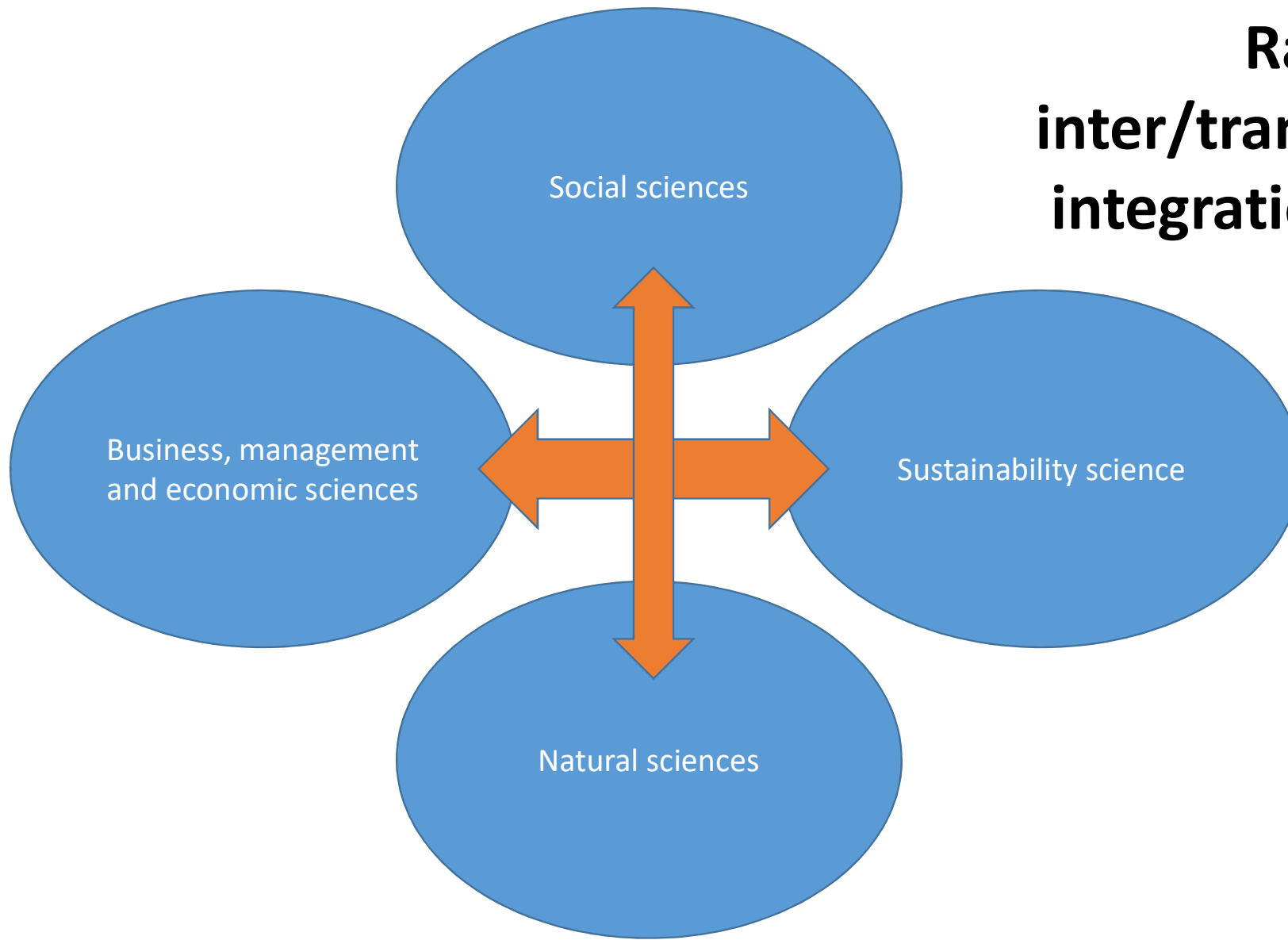
Clarifying the Meaning of Sustainable Business: Introducing a Typology From Business-as-Usual to True Business Sustainability (Dyllick & Muff, 2015, Organization and Environment)

Reinventing management theory & practice



- Toward an ecological case for business
- Altering our epistemological lenses from managerial to critical perspectives
- Altering our ontological lenses from realist to relational view
- Changing the way we design and conduct research from discipline-focused to interdisciplinary knowledge
- Transforming our scholarly stance from value-neutral to engaged scholarship
 - *(Un)Sustainability and Organization Studies: Towards a Radical Engagement (Ergene et al., 2020, Organization Studies)*

**Radical
inter/transdisciplinary
integration is needed**





WHAT KIND OF SOCIAL CHANGE AGENT ARE YOU?

According to Malden University's 2013 Social Change Impact Report,
there are six different types of social change agents.



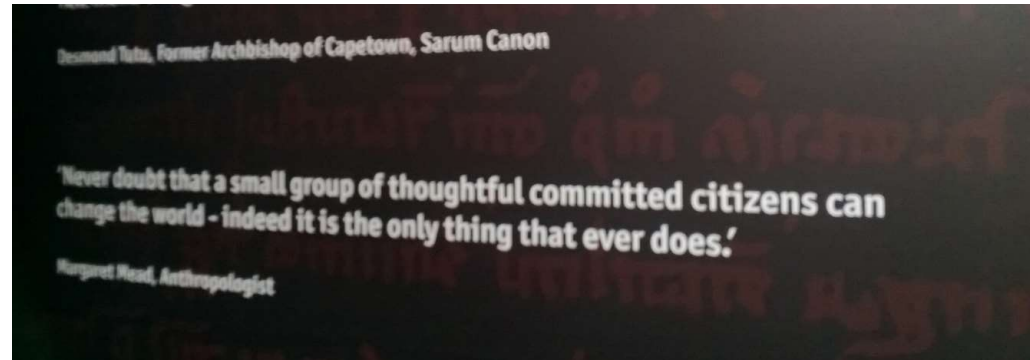
Hope vs. lack of hope

Trust vs. fear





Courage to create a meaningful future



- Never doubt that a small group of thoughtful committed citizens can change the world – indeed it is the only thing that ever does.

Margaret Mead, Anthropologist

- Be the change you want to see

Mahatma Gandhi

- Just be your wonderful self!

Matti Willamo