

SUSTAINABLE MANAGEMENT: TOOLS FOR TOMORROW





TOO4TO MODULE 1

Introduction to Sustainability and Sustainable Management Part 3





Introduction to Sustainability and Sustainable Management – Part 3

Sustainability in Organizational Context





Part 3 Content

Definitions

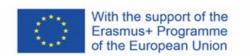
- Sustainability
- Business Ethics
- Corporate Social Responsibility (CSR)
- Sustainable / Responsible Management

Sustainable / Responsible Management in Organizational Functions – A Quick Overview

- Human Resources
- Marketing and Communications
- Controlling and Reporting
- Finance
- Supply Chain Management
- Research and Development

Sustainability: Transforming an Organization or Creating a New One

- Social Innovation
- Social Entrepreneurship
- Sustainable Entrepreneurship
- Useful Tools





Definitions: Sustainability (Quick Reminder)

As shown in Part 1, the United Nations defines sustainability as "meeting the needs of the present without compromising the ability of future generations to meet their own needs." (UN, <u>link</u>)







Definitions: Business Ethics

Business Ethics

Sustainability in organizational context is closely related to businesses *doing right* and *doing good*. Business ethics and related theories help one understand the foundations of concepts, such as *justice* and *fairness* and their reflections in business activities.

Various companies use a **code of ethics** or **ethical code of conduct** in order to set an ethical framework (composed of values, standers, principles) for their employees.

Short Read: What Is Business Ethics? Definition,

Overview, and Example

Short Read: Code of Ethics - Explained

Short Video: What is a Code of Conduct?





Definitions: Corporate Social Responsibility (CSR)

Corporate Social Responsibility (CSR)

"Corporate Social Responsibility is a management concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders. CSR is generally understood as being the way through which a company achieves a balance of economic, environmental and social imperatives ("Triple-Bottom-**Line-Approach**"), while at the same time addressing the expectations of shareholders and stakeholders. In this sense it is important to draw a distinction between CSR, which can be a strategic business management concept, and charity, sponsorships or philanthropy. Even though the latter can also make a valuable contribution to poverty reduction, will directly enhance the reputation of a company and strengthen its brand, the concept of CSR clearly goes beyond that." (UNIDO, link)

Short Read: The Triple Bottom Line: What It Is & Why It's Important

Short Read: <u>The Difference Between Corporate</u> Philanthropy & Corporate Social Responsibility

Short Video: What is Corporate Social Responsibility (CSR)?

Short Video: <u>Corporate Social Responsibility -</u> Elkington's Triple Bottom Line





Definitions: Sustainable / Responsible Management

Following previous definitions, sustainable / responsible management can be understood as integration of sustainability and business ethics principles in management of an organization.

"Sustainable management begins from the concept of sustainable development and combines it with the concept of management. There are three aspects relative to sustainable development: the environment, the needs of present and future generations, and the economy. In using these branches, the ability of a system to thrive by maintaining economic viability and by limiting resource consumption to meet the needs of present and future generations is created. According to this definition, sustainable management is defined as the application of sustainable practices in commerce, agriculture, environment, production, and other fields by management in a manner that is beneficial to present and future generations." (MDPI, link)

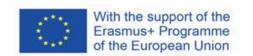
As introduced in Part 1, several initiatives and action plans target businesses and call for sustainable / responsible management, including those of UN and EU.

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Short Read: Why all businesses should embrace sustainability

Short Video: SDGs and Business: Challenges and Opportunities for the Private Sector

Short Video: The UN Guiding Principles on Business and Human Rights: An Introduction





Sustainable / Responsible Management in Organizational Functions – A Quick Overview (1/4)

Human Resources

It is important that people working in an organization are motivated and trained about sustainability. Human resources departments have a crucial role in achieving that and creating an **organizational culture** in which values and ideas of sustainability and sustainable development are pursued.

Short Read: 9 ways that HR and People teams can drive sustainability

Short Read: Understanding and Developing Organizational Culture

Marketing and Communications

It is crucial that an organization communicates its overall sustainability strategy and the created impact / value to its stakeholders, without falling into the trap of **greenwashing** or **blue-washing**.

Short Read: Sustainable Marketing: New Challenges and Opportunities

Short Read: A Brave New Marketer: Rising To The Challenge Of Sustainability Communications





Sustainable / Responsible Management in Organizational Functions – A Quick Overview (2/4)

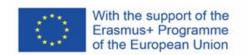
Controlling and Reporting

Controlling and reporting functions deal with gathering information, and based on that, making performance evaluations for an organization. Traditionally, this process has (had) the financial indicators and performance in the focus.

Sustainability / non-financial reporting, which takes social and environmental performance of an organization into account, gained more and more importance over the last two decades. The process, which was regarded as a voluntary act by big corporations and mostly managed by the marketing / communications functions in its early years; is now not only mainstreamed in various types of organizations, but also enforced as a legal requirement for organizations of certain size in many countries.

ESG Metrics
Global Reporting Initiative (GRI)
EU and Corporate Sustainability Reporting

Short Read: Designing Your Company's Sustainability Report
Short Read: From the NFRD to the CSRD: long story short
Short Video: Sustainability reporting with the GRI Standards





Sustainable / Responsible Management in Organizational Functions – A Quick Overview (3/4)

Finance

Finance function of an organization deals with acquiring, managing and spending funds for the organization's operations. For a sustainable financial management, not only the economic factors, but also environmental and social aspects should be considered in decision making process.

Sustainable finance "refers to the process of taking environmental, social and governance (ESG) considerations into account when making investment decisions in the financial sector, leading to more long-term investments in sustainable economic activities and projects." (EC, <u>link</u>)

Short Read: What Is Sustainable Finance and Why Is It Important?

Short Read: What is ESG Investing?





Sustainable / Responsible Management in Organizational Functions – A Quick Overview (4/4)

Supply Chain Management

Supply chain management deals with the flow of raw materials, goods and services between an organization and its suppliers and customers. It is a critical function in terms of sustainable / responsible management, as it is usually very challenging for an organization to ensure that not only its operations, but also those of its suppliers are aligned with sustainability principles.

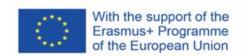
Short Read: Sustainable Supply Chain Management

Short Read: A More Sustainable Supply Chain

Short Read: Sustainable Supply Chains: Latest Trends

Research and Development (R&D)
Research and development departments' main role is to improve an organization's products and services and/or develop new ones to meet the market need in a better way. Innovation is regarded to be one of the best tools not only for an organization's competitiveness, but also while coping with sustainability challenges. To integrate sustainability approach within the R&D function is, therefore, crucial: in this regard, an innovation process should consider not only the economic return, but also the social and environmental benefits

Short Read: What Is Sustainable Innovation?





Sustainability: Transforming an Organization or Creating a New One (1/3)

Contributing to sustainable development goals is at the core focus of various new ventures today. In that regard, it is important to know about the concepts of social innovation, social entrepreneurship and sustainable entrepreneurship, which have many characteristics in common.

Social Innovation "refers to the design and implementation of new solutions that imply conceptual, process, product, or organisational change, which ultimately aim to improve the welfare and wellbeing of individuals and communities." (OECD, <u>link</u>)

Social Entrepreneurship "is the process by which individuals, startups and entrepreneurs develop and fund solutions that directly address social issues. A social entrepreneur, therefore, is a person who explores business opportunities that have a positive impact on their community, in society or the world." (US COC, <u>link</u>)

Sustainable Entrepreneurship "refers to the discovery, creation, and exploitation of entrepreneurial opportunities that contribute to sustainability by generating social and environmental gains for others in society" (Greco and de Jong, 2017, <u>link</u>)





Sustainability: Transforming an Organization or Creating a New One (2/3)

Short Read: 5 reasons why now is the time for social entrepreneurship

Short Read: <u>5 Reasons Why Social Entrepreneurship Is</u> The New Business Model

Short Read: Why Sustainability Is Now the Key Driver of Innovation

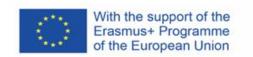
Short Read: Why You Should Become an "Intrapreneur"

Short Read: What is Sustainable Business Leadership and Why Does It Matter?

Short Video: Ep 6: Social Innovation | Innovation and Entrepreneurship | SkillUp

Short Video: Ep 7: <u>Social Entrepreneurship | Innovation</u> and Entrepreneurship | SkillUp

Short Video: How to be a sustainable entrepreneur Part 1





Sustainability: Transforming an Organization or Creating a New One (3/3)

Useful Tools

Below tools and guidelines are some examples that can be used while creating a new sustainable venture or developing a sustainability strategy for existing organizations.

Sustainable Business Model Canvas

Sustainability SWOT Analysis

DIY Toolkit: Theory of Change

SDG Compass

SDG Impact Assessment Tool

Global Compact Roadmap for Integrated Sustainability

Short Video: Business Model Canvas Explained

Short Video: DIY Toolkit | Theory Of Change



Further Study Material Recommendations for Part 3 (1/4)

Books

- Principles of Responsible Management: Global Sustainability, Responsibility, and Ethics, O. Laasch and R.N. Conaway (2014)
- The Triple Bottom Line: How Today's Best-Run Companies Are Achieving Economic, Social and Environmental Success -- and How You Can Too, A. Savitz and K. Weber (2014)
- The Responsibility Revolution, J. Hollender, B. Breen and P. Senge (2010)
- The Sustainable MBA, G. Weybrecht (2014)

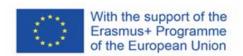




Further Study Material Recommendations for Part 3 (2/4)

Academic Articles

- The Business Case for Corporate Sustainability: Literature Review and Research Options, O. Salzmann, A. Ionescu-Somers and U. Steger (2005) [link]
- Beyond the business case for corporate sustainability, T. Dyllick and K. Hockerts (2002) [link]
- A History of Corporate Social Responsibility: Concepts and Practices, A.B. Carroll (2009) [link]
- The Business Case for Corporate Social Responsibility, E.C. Kurucz, B.A. Colbert and D. Wheeler (2009) [link]
- The Stakeholder Approach Revisited, R.E. Freeman (2004) [link]
- The Social Responsibility of Business Is to Increase Its Profits, M. Friedman (1970) [link]
- Taking Friedman seriously: Maximizing profits and social performance, B.W. Husted and J. de Jesus Salazar (2006)
 [link]
- Creating Shared Value, M.E. Porter and M.R. Kramer, M. R. (2011) [link]
- Human Resource Development and Society: Human Resource Development's Role in Embedding Corporate Social Responsibility, Sustainability, and Ethics in Organizations, T.N. Garavan and D. McGuire (2010) [link]
- Corporate sustainability and organizational culture, M.K. Linnenluecke and A. Griffiths (2010) [link]
- The Methods Used to Implement an Ethical Code of Conduct and Employee Attitudes, A.M. Adam and D. Rachman-Moore (2004)
- The Importance of Communication in Sustainability & Sustainable Strategies, R. Genc (2017) [link]
- Sustainable entrepreneurship: definitions, themes and research gaps, A. Greco and G. de Jong (2017) [link]





Further Study Material Recommendations for Part 3 (3/4)

Documents / Reports

(These grey literature materials are for users' reference, and it is recommended to skim & scan them)

- Frameworks for Sustainability Management briefly described
- Guiding Principles on Business and Human Rights: Implementing the United Nations "Protect, Respect and Remedy"
 Framework
- Step-by-Step Guide to Sustainable Supply Chain Management A Practical Guide for Companies





Further Study Material Recommendations for Part 3 (4/4)

Videos (Lectures / Presentations)

- Putting Sustainability into Practice: How and Why Successful Organizations Embrace Sustainability ca. 50 min.
- A Brief History of Corporate Sustainability: A conversation with John Elkington ca. 28 min.
- What is the stakeholder theory? by R. Edward Freeman | ESSEC Classes ca. 10 min.
- <u>TED Talk: Michael Porter: The case for letting business solve social problems</u> ca. 15 min.
- TED Talk: Audrey Choi: How to make a profit while making a difference ca. 12 min.
- TED Talk: Bob Langert: The business case for working with your toughest critics ca. 15 min.
- TED Talk: Steve Howard: Let's go all-in on selling sustainability ca. 13 min.
- <u>TED Talk: Ray Anderson: The business logic of sustainability</u> ca. 15 min.
- Reclaiming Social Entrepreneurship | Daniela Papi Thornton | TEDxBend ca. 17 min.
- <u>The Corporation Documentary</u> ca. 2,5 hours



