

CHALLENGES AND OPPORTUNITIES IN THE GLOBAL SCENARIO: A NEW ERA FOR SUSTAINABLE BUSINESS

(some strategic ideas)

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() Presentation on the basis of a forthcoming paper by Googins and Escudero "The Next Stage for Sustainable Business". Not to be quoted without permission from the authors*

New Trends in the Global Scenario

Public powers are shrinking, but affirm their presence

Corporate power is on the rise

A new type of social regulation of corporate power has emerged

We have entered the knowledge economy

Institutional investors have acquired an inordinate dominance in the global economy

The “soft power” of granting legitimacy is changing hands

Social media are becoming powerful facilitators of civic participation in the public agenda

New power coalitions are in the making

We live now in a multipolar world

We live in a crowded planet



Implications of a New Era

- 1) the cracks in the social contract, where the public sphere is threatening shortcomings in terms of social integration,
- 2) the rise of the citizen in the public agenda,
- 3) the dominance of investment banking in the global economy and the “disconnect” between finances and economic realities,
- 4) the need for smart global governance, where sustainable business should be part of that governance system.
- 5) The need for a new frontier for **SUSTAINABLE BUSINESS**



Sustainable business in a new era: building on past experiences of sustainability.

1) The past model has been biased towards risk management or risks mitigation. In our view, this first period has been positive.



2) But the current model of sustainability has proven insufficient. Sustainability has won the battle of ideas, but the real results in terms of embedding sustainability into the DNA of companies has been scant: the "responsibility" approach does not carry with it enough incentives for companies

3) The results have been even less satisfactory in the light of the current economic and financial crisis. Even if most global corporations express a conviction concerning sustainability, their impact in terms of improving life for humankind is negligible. As a result, the legitimacy crisis of global companies remains.



4) There are still problems in perfecting the risk management approach (to involve Boards in sustainability oversight, including compensation policies and the prevailing excesses of compensation practices of executive directors and top managers)



Sustainable business in a new era: SHARED INNOVATION

1) From Risk Management to Value Creation

2) The concept of shared value— which focuses on the connections between societal and economic progress—“has the power to unleash the next wave of global growth.” (Porter & Kramer)

3) Shared Innovation, coupling sustainability with innovation: a strategy that combines the unique set of corporate assets (entrepreneurial skills, innovation capacities, managerial acumen, ability to scale, etc.) in collaboration with the assets of other sectors to co-create breakthrough solutions to complex social, economic, and environmental issues that impact the sustainability of both business and society.” (Mirvis and Googins)

4) Features:

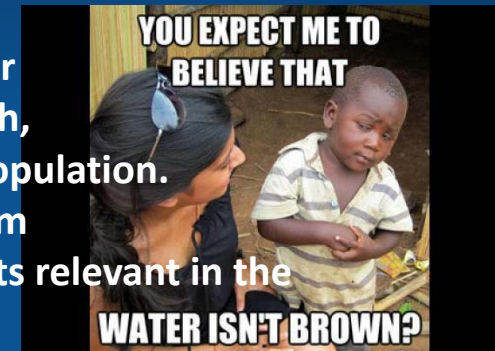
- Builds on sustainability understood as risk management
- Advocates a systemic approach
- Couples innovation and sustainability
- Extends the role of stakeholders from a reactive to a proactive role



Sustainable business in a new era: SHARED INNOVATION

At the local level:

a sustainable company should not remain unconcerned in a developing or emerging economy where basic goods, such as food, water, energy, health, education or social protection are not accessible to the majority of the population. Win-win solutions, good for society and good for the company, in the form of social investment managed through partnerships involving other agents relevant in the public agenda.



Companies cannot remain on the sidelines of existing social problems in developed societies, from youth unemployment to income inequalities or the lack of multiculturalism. sustainability refers all the needs of society: societal needs are the fertile ground for creative dialogues between all agents in society, companies, civil society and public institutions, in order to find new innovative products, services and solutions.



Sustainable business in a new era: SHARED INNOVATION

At the global level:

“We need massive innovation, since many of our processes (transport, production, agriculture, energy, water) are of a past era [...] The paradigm shift is based on a fundamental change in our planet, in the excess of growth . We need group decision making and group deliberation to recast how the whole economy works [...] which encompasses technology with new energy systems, new transport systems, new power grids and new infrastructure, new layout of cities and a new food system.” (Jeffrey Sachs)

Business with their power of decision-making and their technological and innovation know-how not only could be a critical key player in the solutions that are needed today to achieve a paradigm shift towards global smarter governance, but have to respond to the need and the expectation of the larger society if they are going to build a sustainable business and find ways to overcome the current downward slope of trust and reputation.





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Thank you for your attention

