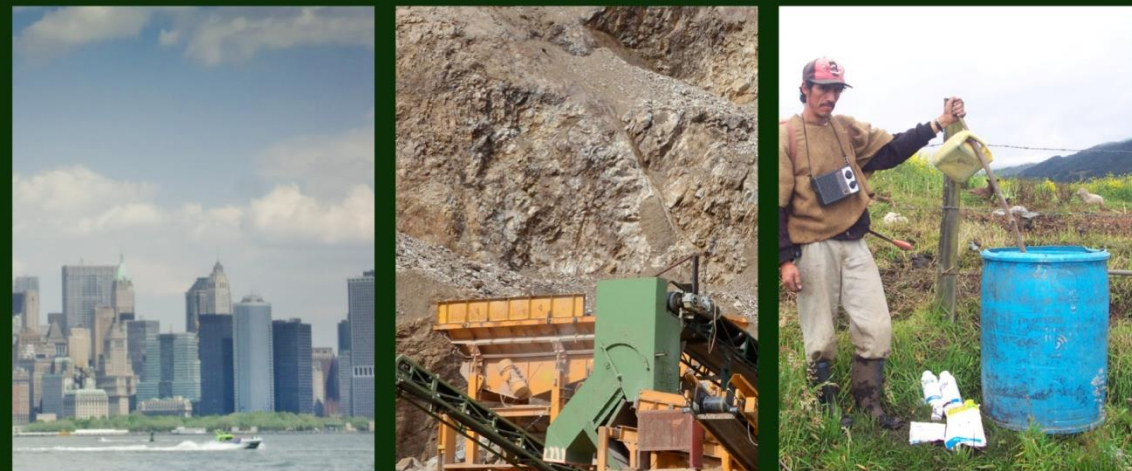


# Strategic Sustainability Management

CEG-IST Seminar

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# ISIS

Institute of  
Systems Sciences,  
Innovation &  
Sustainability Research

# Agenda

- Sustainable Development
- Conceptualizing strategic perspectives
- Corporate sustainability management from an strategic viewpoint

# CORE SUSTAINABILITY CONCEPTS

Systems  
thinking



Enough ...

Socio-economic  
justice



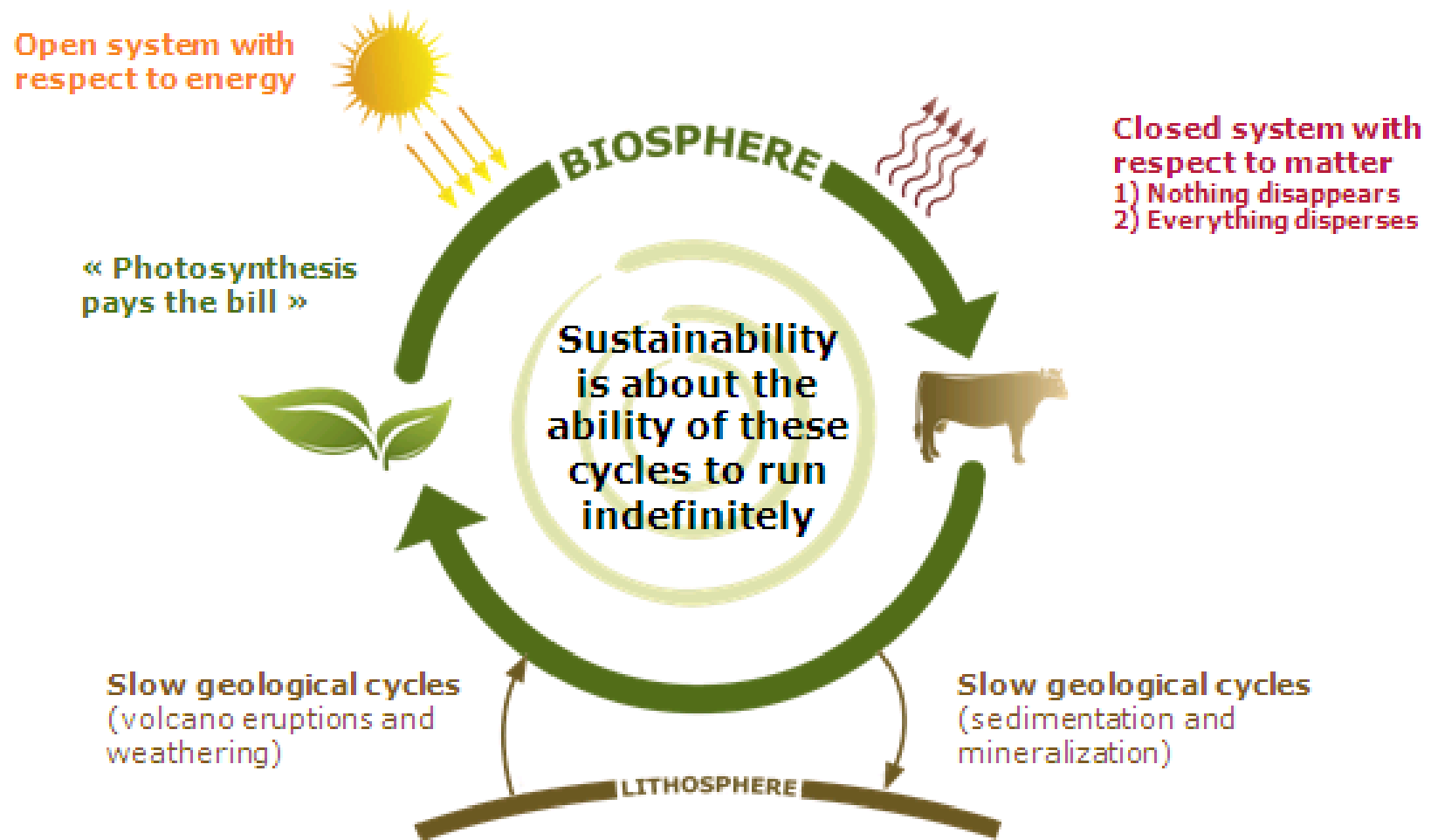
... for all ...

Intergenerational  
responsibility



... forever.

# Cycles and sustainability



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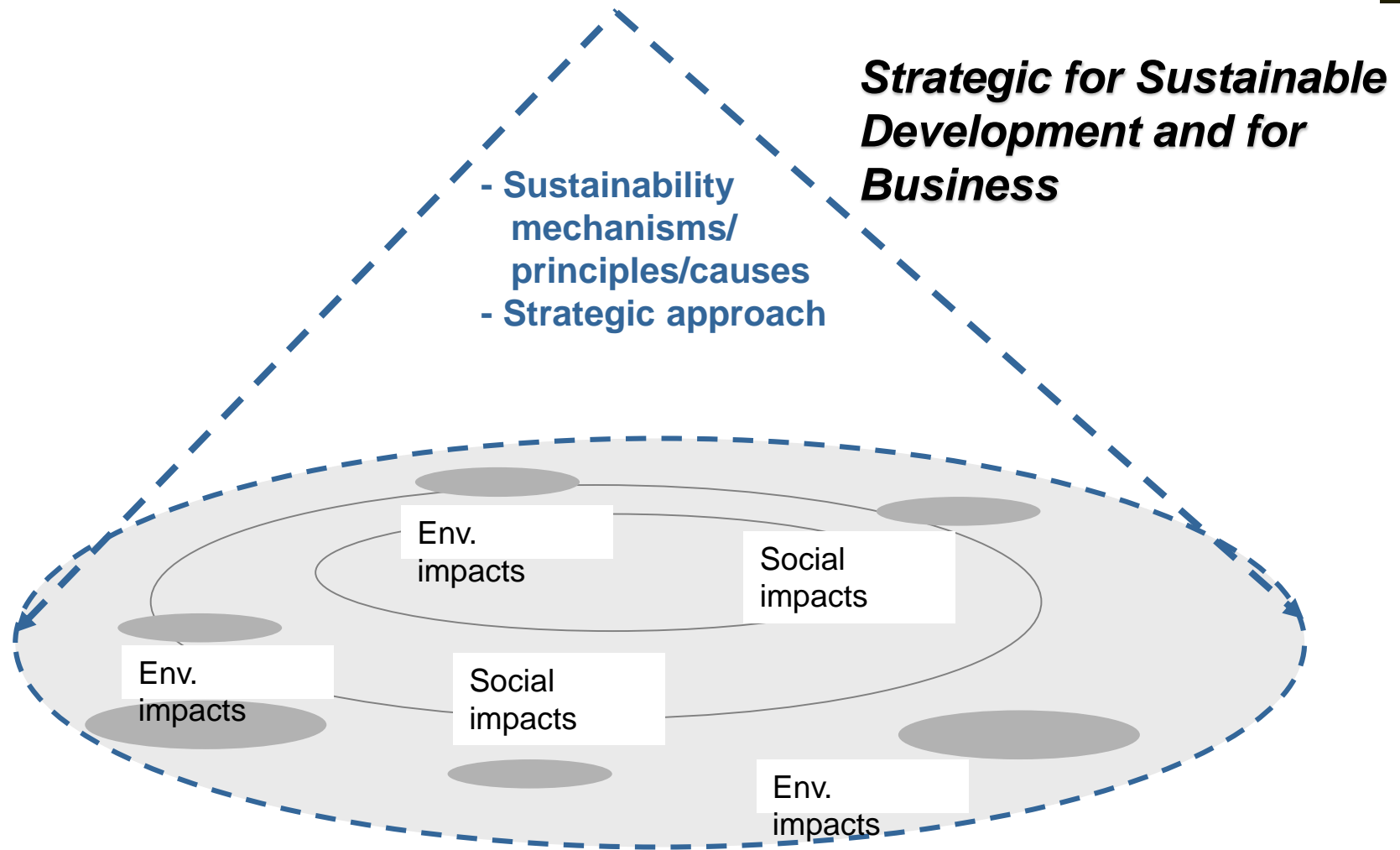
# CONCEPTUALIZING STRATEGIC PERSPECTIVES

# Critical aspects of sustainability research

- Sustainability science is science and theory based, i.e. there has to be a reflexive component to adjust, improve, develop sustainability
- Case study: look not only on the case, but on the question “what is the case for?” (grounding in theory!)
- Dominance of natural science and technology, risk of reductionism to ecological sustainability and (simple) technical solutions
- Dominance of application orientation
  - Dogmatism
  - Advocacy without reflection: goals are taken for granted
- Challenge: linking the normative to the systemic to the procedural dimension



# Strategic sustainability management



# Strategic perspectives

- Strategy gives mid- and long-term direction
- Definitions of Strategy
  - “Strategy is the way of using resources and capabilities of an organization.” (Hinterhuber 2004)
  - “Strategy is concerned with deciding what business an organization should be in, where it wants to be, and how it is going to be there.” (Boddy 2005)
- Approaches in strategic management
  - Market based view (Porter 1980)
  - Resource based view (Barney 1991)
  - Emergent strategies (Mintzberg 1990)
  - Relational view (Dyer/Singh 1998)



# Strategic perspectives

- “Strategic” means
  - Existence of an overall goal, objective or vision (picture for success)
  - General guidelines and pathways toward the goal
- In case of sustainability management the goal is Sustainable Development
  - Inherent normative concept
  - Basic definition by Brundtland commission (1987)
  - Triple bottom line (Elkington 1994, 1997)
  - Framework for strategic sustainable development (Robèrt et al. 2002)
  - Dynamic view (Hjorth/Bagheri 2006)

# Strategic perspectives

- Strategy process, strategy content and strategy context
- Strategy content
  - This dimension secures that the framework, approach or project in question contributes to sustainability.
  - What is the strategic contribution of this framework, concept or instrument to sustainable development?
- Strategy process
  - This criterion takes into account the way any framework, concept or instrument was developed.
  - The questions of 'how' and 'who' are in focus: how the framework, concept or instrument is/should be made, analyzed, formulated, implemented, changed and controlled?
  - Who is involved in the activities of this process?
  - Are primary stakeholders taken into account?

Baumgartner, R.J.; Korhonen, J. (2010): Strategic thinking for sustainable development. In: Sustainable Development, Vol. 18, Nr. 2, pp. 71-75

# Strategic perspectives

- Strategy context
  - Are all relevant circumstances under which the process and content are determined taken into account?
  - Are secondary stakeholder regarded?
  - Are all developments and trends from outside and the entire system which influence the framework, concept or instrument regarded?
- Strategic perspectives allow to organize and assess practical work for sustainability

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## **EXAMPLES OF USING THE STRATEGIC PERSPECTIVES:**

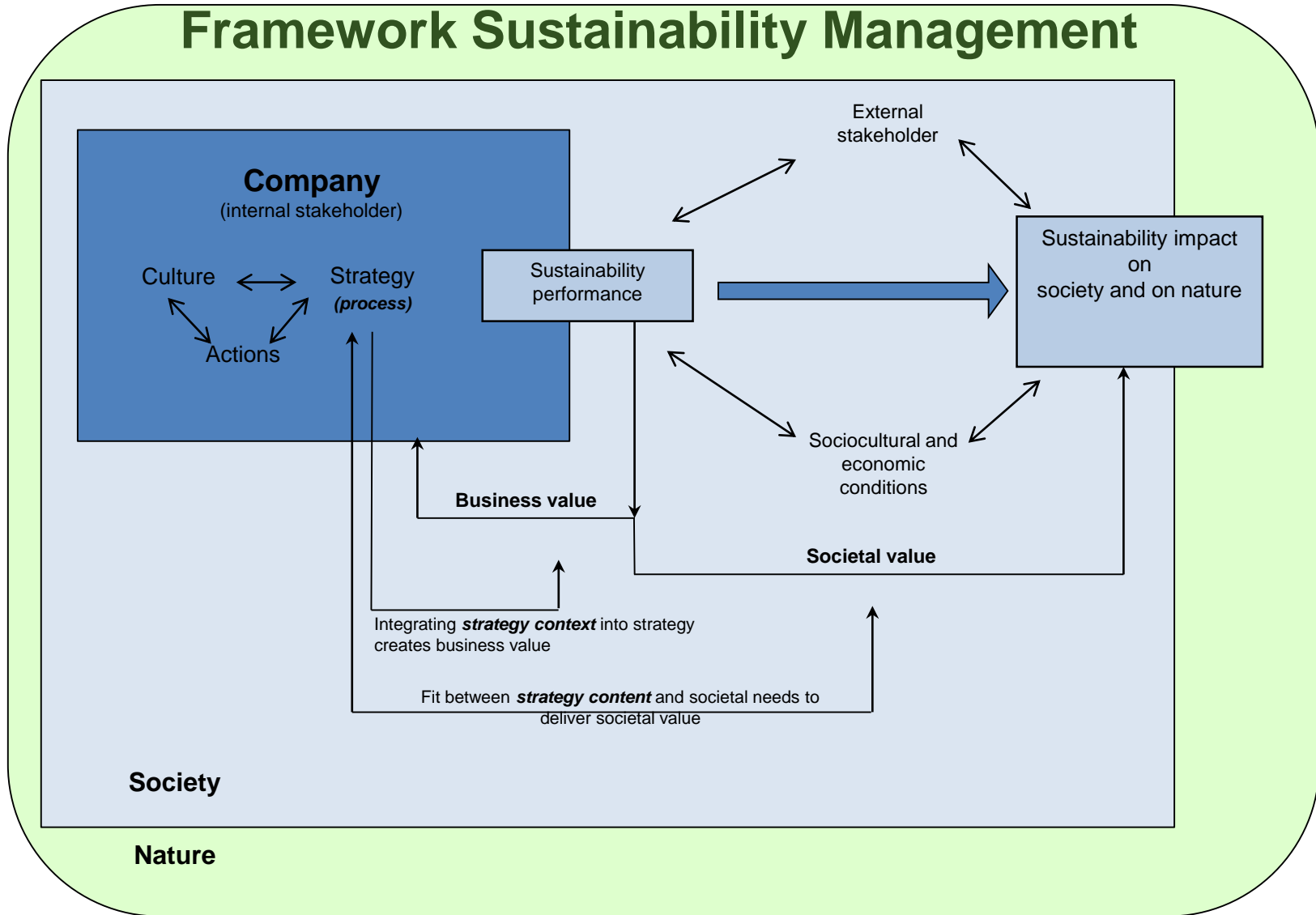
- Corporate Sustainability Management**
- Supply Chain Management**
- LCA**

# What can be made more sustainable from a corporations point of view?

- Internal activities and processes – HELP OURSELVE TO BE MORE SUSTAINBLE
- Products and services – HELP OUR CUSTOMERS TO BE MORE SUSTAINABLE
- Doing both, deliver sustainable products and services in a sustainable way

- Strategic for the company and the business sector
  - Interest/utility of the firm
    - Business case for corporate sustainability
    - vs.
    - Societal case for business
  - Problem of free riders within the sector
  - Narrow understanding: financial benefits
  - Wider understanding: improving competitiveness
- Strategic for society and nature
  - Impact/outcome of corporate activities on society and nature

# Framework Sustainability Management





# Example: sustainability criteria for supply chains

## Example “gender equality”

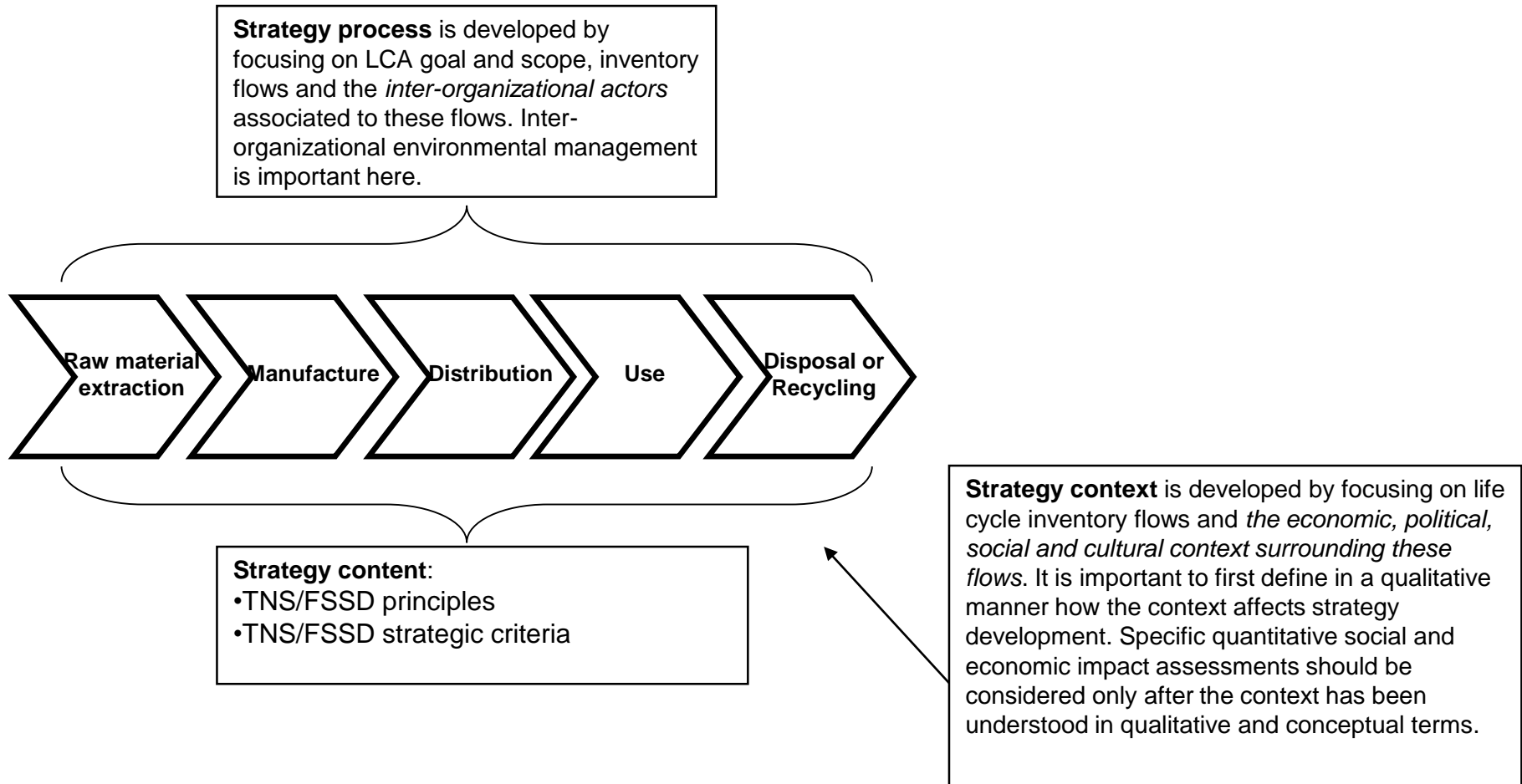
Strategy process	Strategy content	Strategy context
1. Definition of the ecological and social aspects relevant for supply chain	Analyze applicable international standards and guidelines: ISO 26.000, FTSE4Good and Global Reporting Initiative (GRI) refer to gender issues. Result: Gender is identified as a material topic in the supply chain.	Integrate secondary stakeholders: analyze their claims regarding gender issues; participation in defining, weighting and evaluating the aspects; Analyze societal trends
2. Identification of quantitative raw data required	Screening international standards for indicators, f.i. GRI: <ul style="list-style-type: none"> <li>•average fluctuation rate for male &amp; female employees (indicator LA2)</li> <li>•average training hours for male &amp; female employees (indicator LA10)</li> <li>•ratio of basic salary of men to women by employee category (indicator LA14)</li> <li>•percentage of women in the workforce (indicator LA13)</li> <li>•percentage of women in top management (indicator LA13)</li> </ul> Result: The indicators for gender equality are defined.	
3. Identification of qualitative information required	Step 2 showed that the status quo concerning equal chances for women can be analysed with quantitative indicators. However, the commitment of companies to improve the situation in the future can only be identified by asking for strategies and current projects.	
4. Accumulation along the supply chain	How can you find an indicator concerning “women in the top management” for the whole supply chain. This question is crucial. Only if an indicator for the whole supply chain is found that condenses the information into one sensitive value, management decisions of the OEMs can be expected. One solution might be to weight the number of women in top management with the purchase volume.	

- LCA approach looks at the function of a product or service (“Functional unit”) from the standpoint of the value chain
  - Forces economic players who usually interface aggressively through markets to work together and to exchange information to integrate an environmental vision in their activities
  - Introduce environmental value in an economic world where the environmental cost does not always factor in an economic cost

# Challenges of LCA

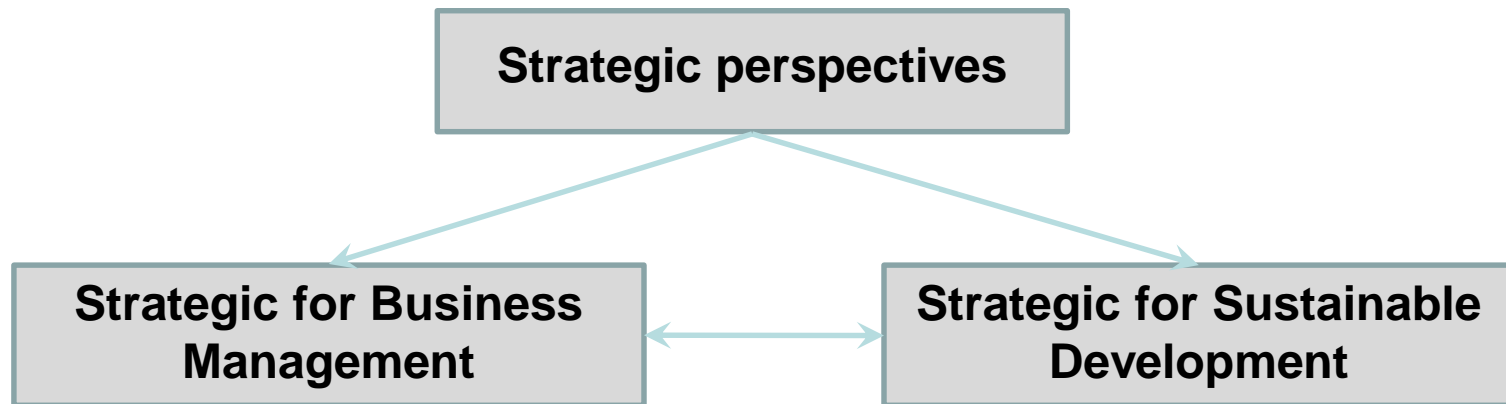
- Is LCA contributing to Sustainable Development?
  - LCA focuses on known environmental impacts, not on the underlying principles and mechanisms that are their causes
  - Spatial, temporal or impact category system boundaries in LCA always exclude dimensions, e.g. because of methodological convenience. Dimensions should, however, be excluded/included not by system boundaries, but through the question and mental model: is this relevant for sustainability?
  - Forecasting vs. backcasting: LCA methodology derives from past, present and known 'bads' and their fix, the wrong way to envision a desirable future state of any development
- LCA does not have a business enterprise perspective
- What is the optimum for a system?

# Strategic perspectives of LCA



# Conclusion

- **Strategic Sustainability management...**
  - ... requires a generic and comprehensive understanding of strategy process, strategy content and strategy context
  - ... will have impact on society and environment (→ enhance our understanding of relations between corporate activities, markets, society and impacts)



# Thank you for your attention!

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