ESCOLA POLITÉCNICA DA USP
DEPARTAMENTO DE ENGENHARIA DE PRODUÇÃO

PRO 5972 Business Sustainability (BS)
2023

Class 1

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Introduction

PRO5972 Business Sustainability (BS)

Classes *on line* Google Meet: https://meet.google.com/usx-tmvs-zjy

Schedule: Wednesday from 8am to 12pm (midday) (São Paulo time, Brazil)

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Post-Graduation program website: https://ppgep.poli.usp.br/en/institucional/

BS Content

Theoretical Classes

(October 11th 2023) Introduction to BS – overview of the discipline

(October 18th 2023) BS and Sustainable Development Goals (SDGs)

(October 25th 2023) BS and Theoretical background

(November 8th 2023) BS and Strategy

(November 22nd 2023) BS and Governance

(November 29th 2023) BS and Circular Economy

Online Class – Structure

From 8 to 8.30 – Introduction

From 8:30 to 9:40 – Discussion in groups of students

10:00 Students return to main class for discussion and presentation

(From 10.00 to 12.00 students are invited to present their ideas, doubts, and exercises can be proposed too).

Assesment

1. Participation in classroom discussions (online class by GoogleMeet). Activities will be proposed during the classes that will also make up the assessment (20%)

2. For each class, the student must deliver to *edisciplinasUSP*, on the day before the class, two summaries. The student must choose two papers that will be discussed in the weekly class to prepare the summaries. A summary for each text. Abstracts will be evaluated (30%)

3. Written assessment: paper elaboration 50% of the grade

Summary Structure

Topics that must be addressed in the preparation of the summary:

1. Purpose of the article

2. Justify the topic (research gap)

3. Theory or main concepts used (knowledge area that the author "talks")

4. Method

5. Main results

6. Suggestions for future studies

(2-3 page summary, TNR 12, 1.5 space, normal margin)
*you have to write your summary in English.

Suggestions

Google Scholar

For references

Em qualquer idioma   Pesquisar páginas em Português

Artigos recomendados

MENDELEY

Reference Management Software

https://www.abcd.usp.br/noticias/ferramentas-gestao-pesquisa-gratuitas-disponiveis-pesquisadores/

www.semanticscholar.org

Show the website

Research Methods for Sustainability
https://www.sussex.ac.uk/research/centres/sussex-sustainability-research-programme/resources/research-methods

Typical workflow examples

	Discovery	→	Analysis	→	Writing	→	Publication	→	Outreach	→	Assessment
Traditional	Mendeley	→	SPSS	→	Word / ENDNOTE 7	→	nature	→	RESEARCHERID	→	Journal Citation Reports
Modern	Google Scholar	→	R	→	Google Drive / RefWorks	→	arXiv.org / PLOS one	→	Institutional Repository	→	eigenFACTOR.org / PLOS
Innovative	Mendeley	→	ZOONIVERSE	→	Authorea / (pen)	→	figshare / PeerJ	→	ResearchGate / ORCID	→	Prestige of Science / Altmetric
Experimental	sparrho / id	→	OpenSci / IPyNb	→	Overleaf / Docear	→	WINNOWER	→	(bird icon)	→	publons / PubPeer

DUDZIAK, E.A. **Ferramentas de gestão de pesquisa disponíveis para os pesquisadores.** Disponível em: <https://www.aguia.usp.br/noticias/ferramentas-gestao-pesquisa-gratuitas-disponiveis-pesquisadores/> Acesso em: 15/09/2023.

Externalities

Air pollution from factories

Pollution from fertilizers

Industrial waste

Noise pollution

Collapsing fish stocks

Methane emissions

Externality

Externality is a cost or benefit of an economic activity experienced by an unrelated third party. The external cost or benefit is not reflected in the final cost or benefit of a good or service

Lead to market failures

Negative externality: air pollution, water pollution, noise pollution

Positive externality: infrastructure development, R&D activities, individual education

Market equilibrium is not efficient in the presence of externalities, that is, the equilibrium cannot maximize the total benefit to society as a whole.

"CSR History"

Based on Agudelo, M. A. L., Jóhannsdóttir, L., & Davídsdóttir, B. (2019). A literature review of the history and evolution of corporate social responsibility. *International Journal of Corporate Social Responsibility*, 4(1), 1-23.
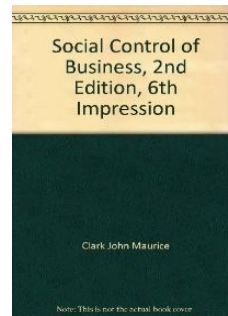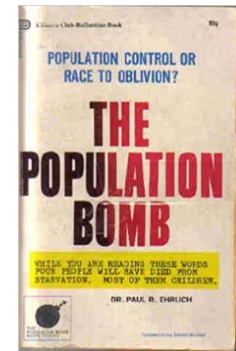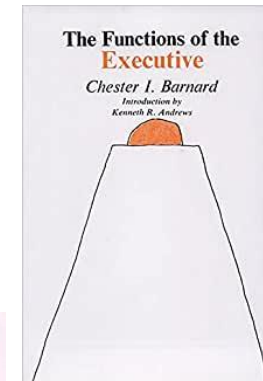
CSR history

Before 1950

1844 – criation of YMCA (Young´s Men´s Christian Association

Macy´s in the EUA

Books "The function of executives" (Barnard, 1938)
"Social control of business" (Clark, 1939)
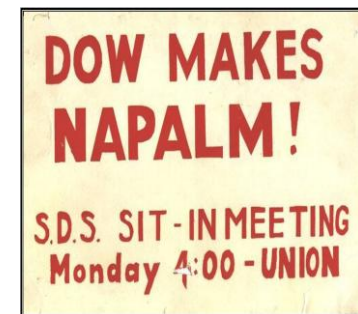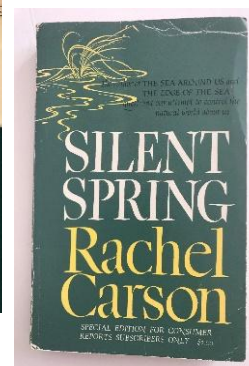
50 and 60 Decades

"father" of CSR (created the name CSR) (Bowen, 1953)
Books "The silente spring" (Carson, 1962)
"The population bomb" (Ehrlich, 1968)

"the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of objectives and values of our society."

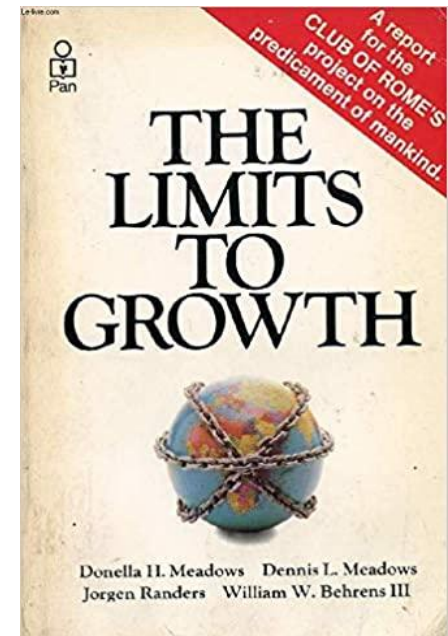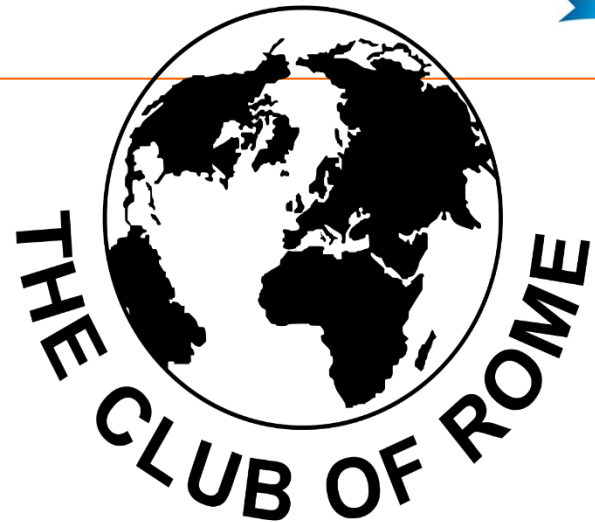# CSR history

Still in the 50 and 60 Decades

MacGuire (1963) *"the firm´s responsibilities goes beyond its legal and economic obligations, and that corporations should take na interest in politics, the social welfare of the Community, and the education and happiness of its employees"*

Walton (1967; 1982) definition of *social responsibility*

1962 Friedman statement "A Friedman Doctrine: The Social Responsibility of Business is to Increase Its Profits" shareholder primacy

1968 – The Club of Rome
https://www.clubofrome.org/
Report "The limits of growth"

1960 – CSR philanthropy

CSR history

1970

1970 – creation of the Environmental Protection Agencty (EPA), the Consumer Product Safety Commission (CPSC), Committee for Economic Development (CED) nos EUA
        Publications: Social Responsibility of Business Corporations and New rationale for Corporate Social Policy

First Earth Day https://www.earthday.org/

Creation of The Body Shop e Ben&Jerry

1970 – Friedman Essay published in the NYT "The social responsibility of business is to increase profits"

1979: definition of CSR: "The social responsibility of business encompassess the economic, legal, ethical, and discretionary expectations that Society has of organizations at a given point in time" (Carroll, 1979, p.500)

Economic and Social aims can be achieved simultaneously (Carroll, 1979)

SOCIAL RESPONSIBILITIES OF BUSINESS CORPORATIONS

Committee for Economic Development

THE BODY SHOP
TM
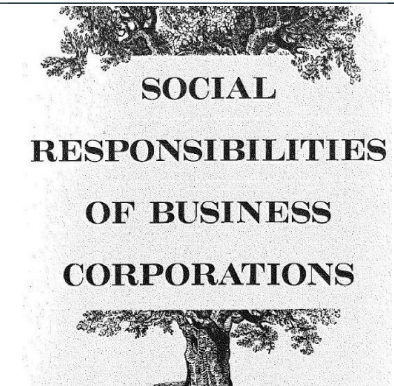
CSR history

1980

Operationalization of the concept

New complementary concepts such as business ethics and stakeholder management

1981 creation of European Comission´s Environmental Directorate-General

1983 the establishment of the World Comission on Environment and Development chaired by the Norwegian Prime Minister Gro Harlem Brundtland

1987 publication of the Report "Our common future" Brundtland Commission wich provided a definition of sustainable development

1988 criation of Intergovernamental Panel on Climate Change (IPCC)

The Brundtland Definition (1987)

"Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs."

Milton Friedman's epochal essay, "The Social Responsibility of Business Is To Increase Its Profits," was published in the *New York Times Magazine* 50 years ago this month. The piece remains as polarizing today as it was five decades ago.

"There is one and only one social responsibility of business – to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud"

Friedman, 1970.

1990
The creation of international bodies and establishment of agreements as:
European Environmental Agency (1990)

UN Summit on the Environment and Development (Rio de Janeiro)
Rio Declaration on Environment and Development

The adoption of Agenda 21

United Nations Framework Convention on Climate Change (UNFCCC) (1992)

Kyoto Protocol (1997): *"operationalizes the UM Framework Convention on Climate Change" by committing industrialized countries and economies in transition to limit and reduce greenhouse gases (GHG) emissions in accordance with agreed individual targets"*

1992 creation of the Association Business for Social Responsibility (BSR)

1991 (Carroll) "Pyramid of Corporate Social Responsibility"

1996 creation of European Business network for Social Cohesion latter called CSR Europe

Five dimensions of Strategic CSR (Burke and Logsdon, 1996)

1994 "The triple Bottom Line" John Elkington

CSR history (1990)

became stronger (Carroll 2015). The most notable example of the institutionalization of CSR was the foundation in 1992 of the association Business for Social Responsibility (BSR) which initially included 51 companies with the vision of a becoming a "force for positive social change - a force that would preserve and restore natural resources, ensure human dignity and fairness, and operate transparently" (Business for Social Responsibility 2018, para. 2).

Pyramid of CSR (Carroll,1991).
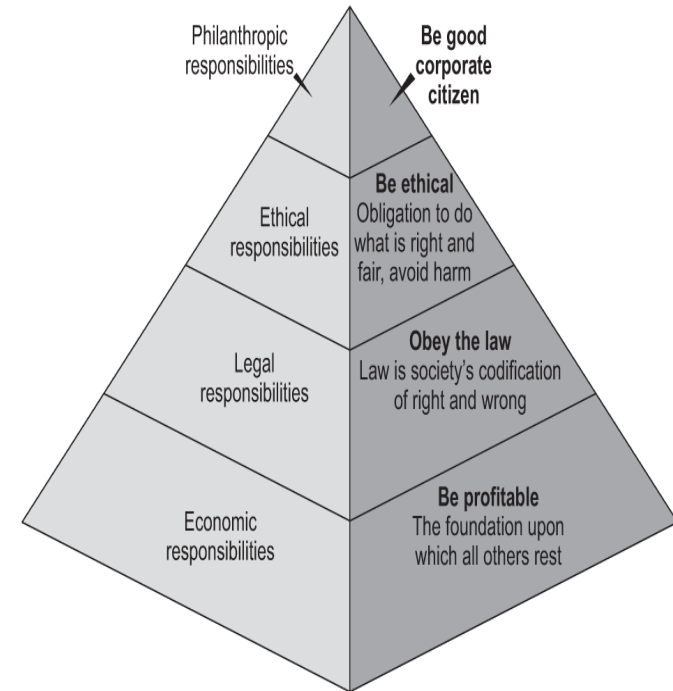
"Discussion bring by Carroll about multinationals in their process to increase the operations in distinct business environment, some of them with weak regulatory frameworks. New opportunities but also increase reputation risk" (Agudelo et al., 2019).

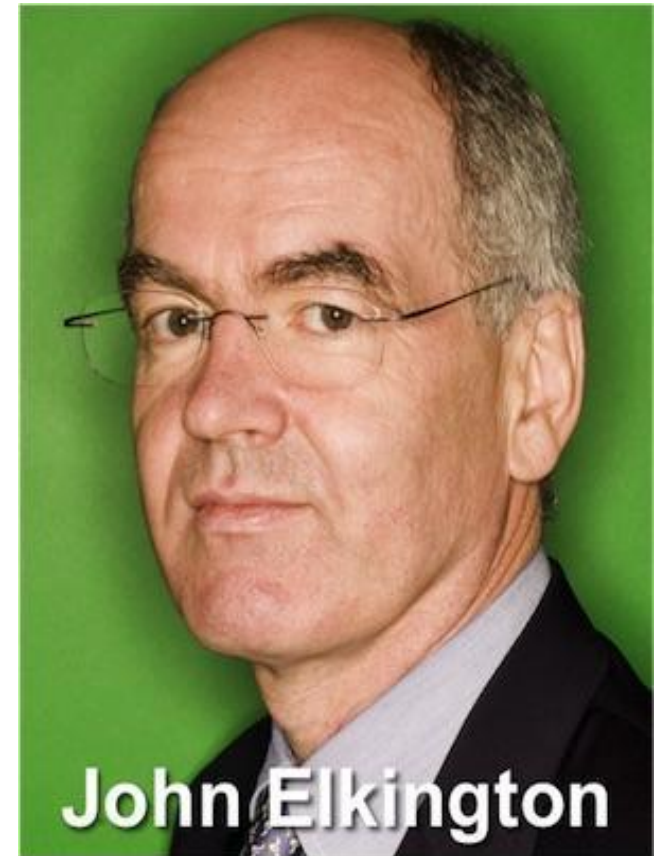# Elkington´s Triple Bottom Line

John Elkington is a world authority on corporate responsibility and sustainable development. He is currently Founding Partner and Executive Chairman of **Volans**, a future-focused business working at the intersection of the sustainability, entrepreneurship and innovation movements.
https://johnelkington.com/about/

The term was created in 1994 as a sustainability framework that balances the company´s social, environmental and economic impact.

Book 1997, *Cannibals with Forks: the triple bottom line of 21st Century*

1987 SustainAbility

John Elkington

What is "Triple Bottom Line"?

Triple Bottom Line - Overview

The Triple Bottom Line (TBL) concept encourages the evaluation of the entire business in terms of performance based on three fundamental areas:
Profit, People, and Planet

CSR history

2000

2000 UN Global Compact

United Nations: the Millenium goals

2002 European Commission: CSR European Strategy

2005 European Commission: "European Roadmap for businesses"

2010 ISO 26000 Social Responsibility (guide)

"Strategy and Society" and "Shared Value" Porter and Kramer (2006 and 2011).

2015 Agenda 2030 Sustainable Development Goals (17 ODSs)

2015 the Paris Agreement sets out a global framework to avoid dangerous climate change by limiting global warming to well below 2°C and pursuing efforts to limit it to 1.5°C.
(https://www.earthday.org/cop26-and-the-paris-agreement/)
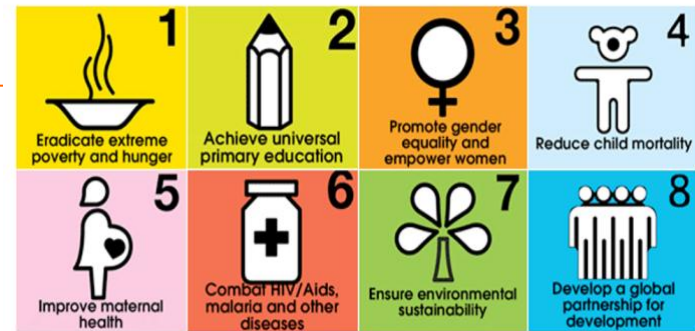
Sustainable Development Goals (SDGs)

2015 - Agenda 2030
(https://sustainabledevelopment.un.org/post2015/transformingourworld)

"This Agenda is a plan of action for people, planet and prosperity. It also seeks to strengthen universal peace in larger freedom, We recognize that eradicating poverty in all its forms and dimensions, including extreme poverty, is the greatest global challenge and an indispensable requirement for sustainable development."
(https://sustainabledevelopment.un.org/post2015/transformingourworld/publication)

"Achieving the Global Goals opens up US$12 trillion of market opportunities in the four economic systems7 examined by the Commission. These are food and agriculture, cities, energy and materials, and health and well-being. They represent around 60 percent of the real economy and are critical to delivering the Global Goals." (Business & SustainableDevelopment Commission, 2017)

CSR history

2019, 2020 e 2021.

2021 the US are back to the Paris Agreement

Nov. 2021 Climate Change Conference (Glasgow, Scotland)

The main goal was to secure global net zero by mid-century and keep a maximum of 1.5 C degrees of warming within reach. Net zero means total emissions are equal to or less than the emissions removed from the environment.

1. Secure global net zero by mid-century and keep 1.5 C degrees within reach by:
• accelerating the phase-out of coal
• curtailing deforestation
• speeding up the switch to electric vehicles
• encouraging investment in renewables.
2. Adapt to protect communities and natural habitats.

(https://commonslibrary.parliament.uk/what-were-the-outcomes-of-cop26/)
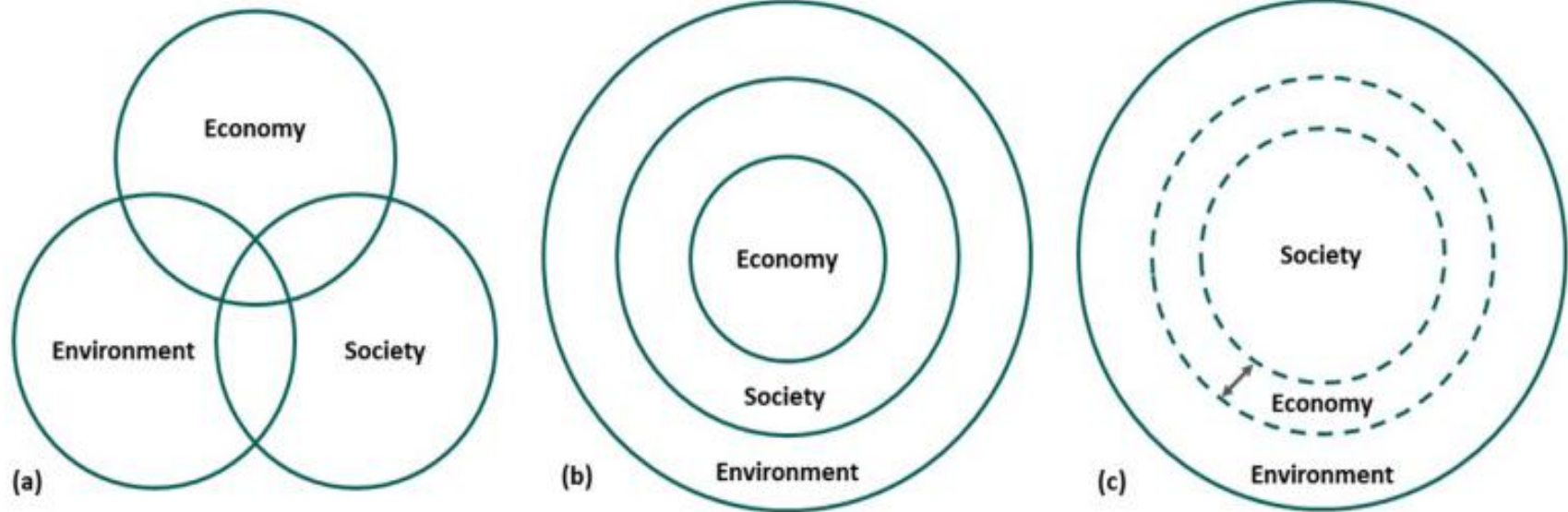
Perspectives on sustainability have evolved from the triple bottom line in which economy, society and environment are considered of equal importance (a),
to
understanding economy as the organisation of society while both are dependent on the environment (b), and
considering economy as a tool to organise resources for the
purpose of maintaining or enhancing social well-being, environmental quality and economic prosperity (c)

Velenturf, A. P., & Purnell, P. (2021). Principles for a sustainable circular economy. *Sustainable Production and Consumption*, *27*, 1437-1457.

Why Growth Is Not Enough
(https://www.youtube.com/watch?v=2_AMEAnWyRk#action=share**)**

(https://www.youtube.com/watch?v=Mkg2XMTWV4g&list=PL0GL611hRRm-F9mFBZ0Q8HKfHYGv7qrCk&index=2)

Kate Raworth is a renegade economist focused on exploring the economic mindset needed to address the 21st century's social and ecological challenges.
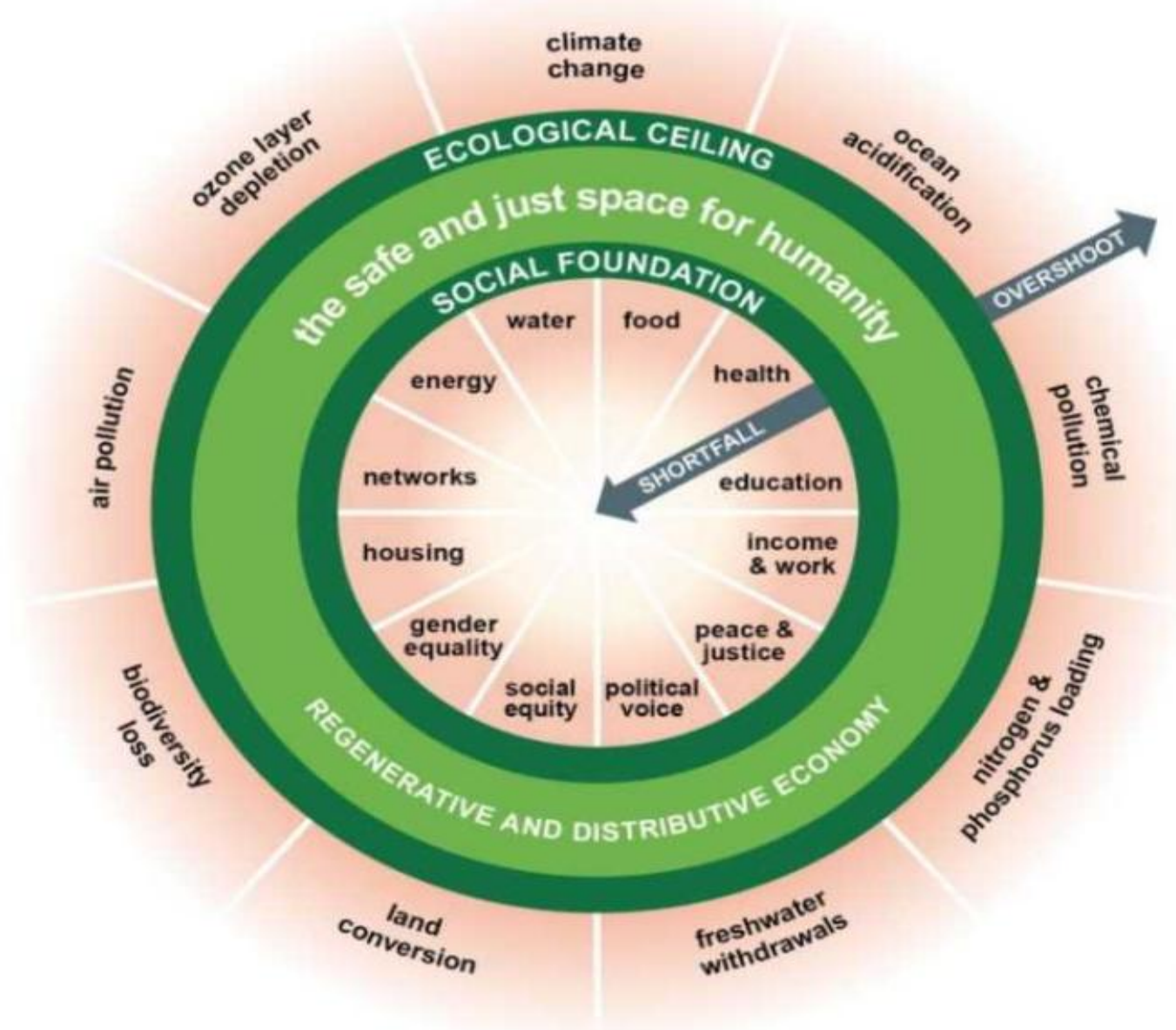
She is the creator of the Doughnut of social and planetary boundaries.

Figure 2-Doughnut Economics framework (Raworth, 2017)

Greenwashing

> *"Disinformation disseminated by an organization so as to present an environmentally responsible public image; a public image of environmental responsibility promulgated by or for an organization etc. but perceived as being unfounded or intentionally misleading"(The Concise Oxford English Dictionary)*

"All notions of greenwash reflect concern with communication that misleads people into holding overly positive beliefs about an organization´s environmental performance, practices, or products"
(Lyon and Montgomery, 2015)

Questions

"*Social responsibility (at least in its pure form) means giving away the shareholders´money. It weakens the firm´s competitive position, and it dilutes the effort of its managers, who are supposed to focus on economic productivity*" (Davis quoted by Mintzberg, 1983, p.6)

1) Do you agree or not? Please, explain.
2) Detail your arguments based on the concept of externalities and provide examples of organizations socially responsible.
3) Provide examples of greenwashing

Questions

Based on Wickerd (2021),

1. Does CSR is more internal or external to organizations? Detail.
2. Discuss the literature about CSR and performance detailing the key dependent variables (bring the references)