

**ESCOLA POLITÉCNICA DA USP**  
**DEPARTAMENTO DE ENGENHARIA DE PRODUÇÃO**

**PRO 5972 Business Sustainability (BS) and  
theories**

2023



**Class 3**

*Associate Professor* Roberta de Castro Souza Piao [robertacsouza@usp.br](mailto:robertacsouza@usp.br)

[Linkedin](#) | [Lattes Curriculum](#) | [ORCID](#) | [Website](#)

*PhD Student* Elvia Florencio Torres Ximenes [elviaftx@usp.br](mailto:elviaftx@usp.br)

# 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/>)

# CSR and Strategy

the early years of the twenty-first century, Craig Smith (2001) explained that corporate policies had changed as a response to public interest and as a result this often had a positive social impact. This meant that the scope of social responsibility (from a business perspective) was now inclusive to a broader set of stakeholders and a new definition was set forward: “Corporate social responsibility (CSR) refers to the obligations of the firm to its stakeholders – people affected by corporate policies and practices. These obligations go beyond legal requirements and the firm’s duties to its shareholders. Fulfill-

In fact, Lantos (2001) built on from Smith’s definition of CSR and included *strategic* considerations to his own understanding of the concept concluding that: “CSR entails the obligation stemming from the implicit ‘social contract’ between business and society for firms to be responsive to society’s long-run needs and wants, optimizing the positive effects and minimizing the negative effects of its actions on society” (Lantos 2001, p. 9). Accordingly, Lantos (2001) explained that CSR can become *strategic* when it is part of the company’s management plans for generating profits, which means that the com-

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 and Strategy

The work of Porter and Kramer (2006) provided a new understanding of SCSR as a way to maximize the interdependence between business and society through a holistic approach to the company's operations and offered an explanation of the advantages of using SCSR as a holistic business framework instead of a limited goal-oriented perspective. In fact, Porter and Kramer (2006) argued that if CSR is used without a holistic approach and only focused on certain objectives (e.g. CSR used as a tool for achieving the social license to operate, or for achieving and maintaining a reputational status, or for addressing stakeholder satisfaction) it limits the company's potential to create social benefits while supporting their business goals.

Porter, M. E., & Kramer, M. R. (2006). *Strategy & Society*. *Harvard Business Review*, December, 1-16.

# CSV – Creating shared value



**How to reinvent capitalism—and unleash a wave of innovation and growth** by Michael E. Porter and Mark R. Kramer

Porter & Krammer's (HBR, 2011) paper "*The big idea: creating shared value*"

CSV is a strategic process through which corporations can solve a social problem which is aligned to their value chain while pursuing economic profits (Menghwar and Daood, 2021).

Three key ways that companies can create shared value opportunities:

By reconceiving products and markets

By redefining productivity in the value chain

By enabling local cluster development

# Contesting the Value of “Creating Shared Value”



**Andrew Crane**  
**Guido Palazzo**  
**Laura J. Spence**  
**Dirk Matten**

## **EXHIBIT I.** The Strengths and Weaknesses of the Shared Value Concept

---

### **Strengths**

---

CSV successfully appeals to practitioners and scholars  
CSV elevates social goals to a strategic level

CSV articulates a clear role for governments in responsible behavior  
CSV adds rigor to ideas of “conscious capitalism” and provides an umbrella construct for loosely connected concepts

---

### **Weaknesses**

---

CSV is unoriginal  
CSV ignores the tensions between social and economic goals  
CSV is naive about the challenges of business compliance  
CSV is based on a shallow conception of the corporation’s role in society

---

# BS and Strategy



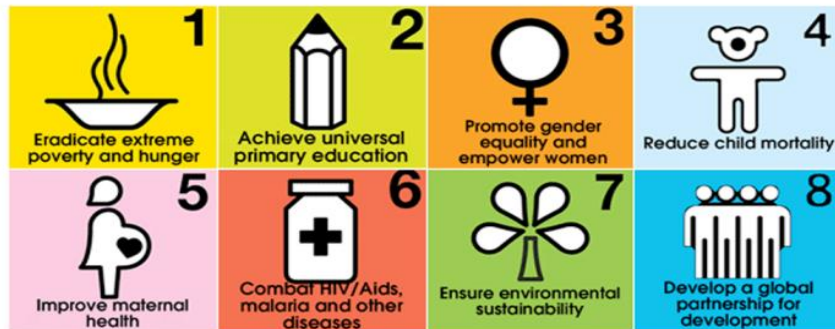
- Porter & Krammer 's (HBR, 2011) paper "*The big idea: creating shared value*" (revolutionary or incremental?)
- PROS: reflects on and systematizes disconnected concepts; it promotes the view that corporations can contribute positively to society and shows management how to do so (Menghwar and Daood, 2021, p.472)
- CONS: do not address tensions between business and society; it lacks conceptual clarification (Crane et al., 2014)

**Sustainable Business Practices**

# Business as Usual Will Not Save the Planet

by Mark R. Kramer, Rishi Agarwal, and Aditi Srinivas

June 12, 2019



United Nations: the Eight Millennium Development Goals: influence governments, NGOs, and development agencies around the world.

Capturing the innovation and potential scale of private sector solutions through efforts like these are exactly what will be needed to reach the goals.

Private sector: scale of resources; mobilize resources to reach SDGs.



## INNOVATION AND PARTNERSHIPS



## Business Cases and Corporate Engagement with Sustainability: Differentiating Ethical Motivations

Stefan Schaltegger<sup>1</sup> · Roger Burritt<sup>2</sup>

The four motivations, related sustainability activities and business cases, each with their own logic, move from self-interest of managers through to concern for others: first is the perception of CSR as a mere cost-driver and constraint on profitability; next is acceptance of CSR as puffery implemented through public communications with a view to profitability; the third motivation focuses on optimization of environmental and social activities including the linking with profitability; finally, corporate sustainability as dominated by a participatory approach, including the vulnerable to, as a minimum, ensure sustainability solutions, value creation for stakeholders and successful business survival. These different motivations and the approaches to sustainability are catalysts for the four different business cases examined next.

# Schaltegger and Burritt (2018)

**Table 2** Ethical motivations for sustainability and business case drivers X = key focus, x = potentially also a part of the motivation

	<i>Reactionary self-management (philanthropic and end-of-pipe measures)</i>	<i>Reputational narcissistic management of sustainability and media sensibility (communication and reputation measures)</i>	<i>Responsible sustainability management and performance sensibility (efficiency increasing and incremental improvements)</i>	<i>Collaborative dialogue, empathy based management with vulnerable stakeholders (interaction and collaborations with vulnerable)</i>
Costs				
Increasing	X			
Reductions			X	(x)
Reputation		X	(x)	(x)
Sales		(x)	X	(x)
Innovations				
Incremental			X	
Radical				X
Collaborative innovation processes				X
Employee attractiveness			(x)	X
Business model innovation				X
Examples of literature discussing cases with related sustainability management activities	Helmig et al. (2013) on philanthropic engagement resulting from stakeholder pressure	Miles and Covin (2000) with cases on reputational, competitive and financial advantages of environmental marketing; Balmer et al. (2011) on BP	Burritt and Saka (2006) with case studies from Japan; Mills et al. (2008) on "the business case for energy management in high tech industries"	Argenti (2004) on how Starbucks works with NGOs; Constance and Bonanno (2000) on how Unilever collaborates with the WWF

# Exercise

- Choose a company and classify its business case based on Table 3 from Schaltegger and Burritt (2018).
- Bring evidences to support the classification

## Why Firms Delay Reaching True Sustainability

**Anton Shevchenko, Moren Lévesque and Mark Pagell**

*York University; York University; University College Dublin*

- The CSR analysis is based on risk
- The stakeholders play an essential role
- Truly sustainable: taking novel actions with sustainable technologies and business models
- Radical innovation x incremental innovation

# “Creative Destruction”

“it refers to the incessante product and process innovation mechanism by which new production units replace outdated ones”

Joseph Schumpeter (Austrian Economist))

To describe the entrepreneurial process

<https://www.youtube.com/watch?v=I-soJGRgAAQ> (Essential Schumpeter: creative destruction / The Fraser Institute)

## Joseph Alois Schumpeter



- \* 1883 (Rep. Checa) - † 1950
- Professor da Universidade de Harvard
- Principais idéias: ciclos econômicos e desenvolvimento econômico
- Principais obras:
  - Teoria do desenvolvimento econômico (1912)
  - *Business Cycles* (1939)
  - Capitalismo, Socialismo e Democracia (1942)

# Questions and statements.

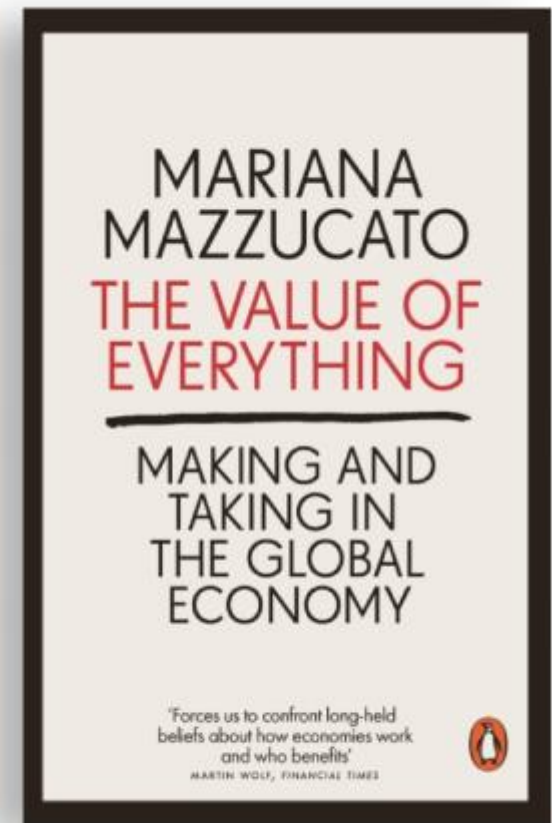


1. Taking the Shevchenko et al (2016) framework  
Analyse the CSR behaviour of large companies x  
small companies. Please, bring examples.
2. Compensating actions x true sustainability
3. Learning/capabilities
4. Risk of becoming true sustainable

# About Value...

## Academic

Mariana Mazzucato is Professor in the Economics of Innovation and Public Value at University College London where she is the founding director of the UCL Institute for Innovation and Public Purpose. Her work challenges orthodox thinking about the role of the state and the private sector in driving innovation; how economic value is created, measured and shared; and how market-shaping policy can be designed in a 'mission oriented way' to solve the grand challenges facing humanity. She is winner of international prizes including the 2020 John von Neumann Award and the 2018 Leontief Prize for Advancing the Frontiers of Economic Thought.



## The Value of Everything

[https://www.ted.com/talks/mariana\\_mazzucato\\_what\\_is\\_economic\\_value\\_and\\_who\\_creates\\_it](https://www.ted.com/talks/mariana_mazzucato_what_is_economic_value_and_who_creates_it)