

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

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

2023



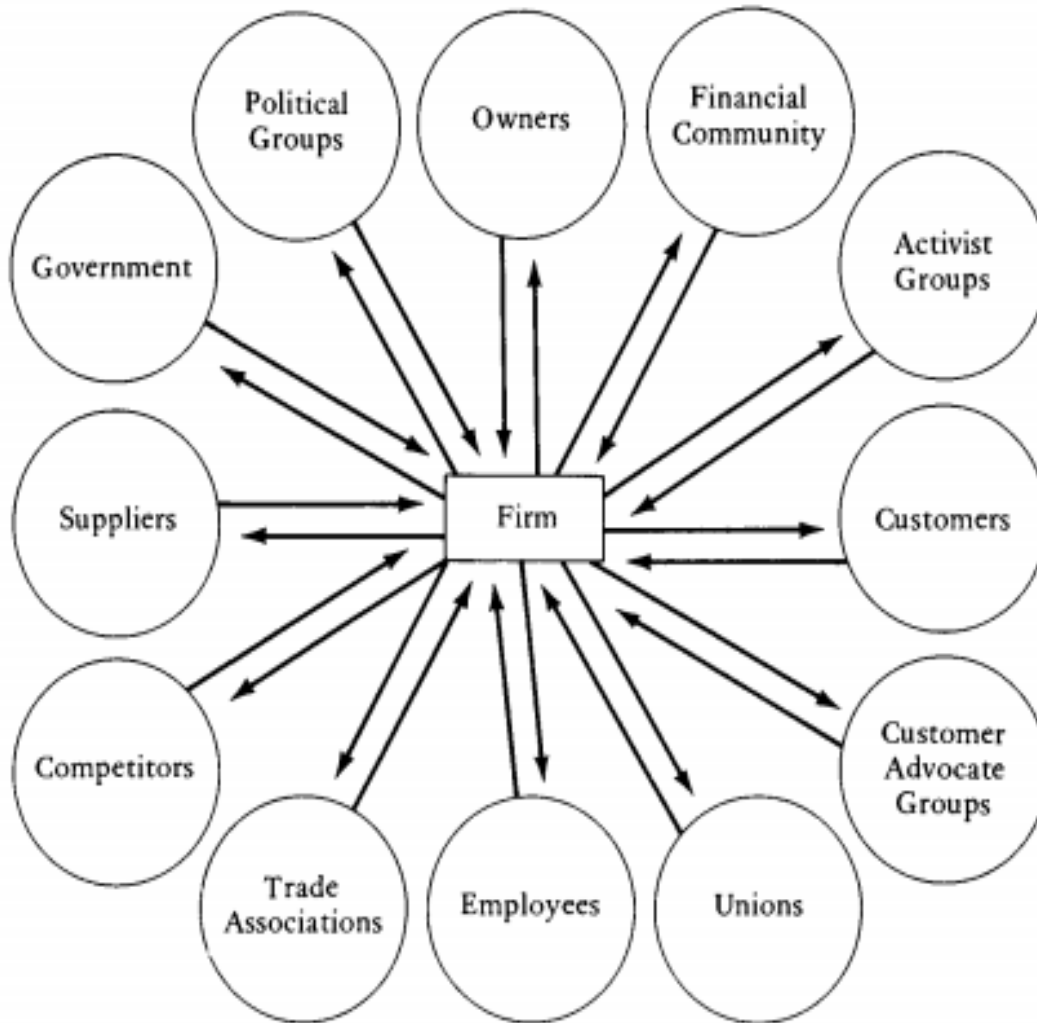
**Class 3**

*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)

EXHIBIT 3.1 Stakeholder Map of a Very Large Organization



*“A stakeholder is any group or individual who can affect, or is affected by the achievement of a corporation’s purpose”*

Edward Freeman (1984)

# Stakeholder theory



*“Implication of stakeholder thinking: new role for management – rather than being ‘agents’ of shareholders only, managers find themselves in a role of assessing and balancing the interests of all stakeholders running the firm” [textbook, p.135].*

How and to what degree? It is a ongoing debate.

Application of Stakeholder Theory looking at

- 1) power: is related to stakeholder ability to affect the company. Eg. Customers by refusing to purchase the firm´s product; governments by issuing laws that are binding for the firm.
- 2) *“Managers are the only group of stakeholders who enter into a contractual relationship with all other stakeholders. Managers are also the only group of stakeholders with direct control over the decision-making apparatus of the firm” [textbook, p.186)*

Crane, A., Matten, D., & Spence, L. (Eds.). (2019). *Corporate social responsibility: Readings and cases in a global context*. Routledge. [textbook]

# Video: CSR and stakeholders

**(VIDEO) Treasury Wine Estates**, is a global wine company and this video follows the commitment of the company to its stakeholders throughout the supply chain:

[https://www.youtube.com/watch?time\\_continue=19&v=A5rlRES8p6s&feature=emb\\_logo](https://www.youtube.com/watch?time_continue=19&v=A5rlRES8p6s&feature=emb_logo)

Treasury Wine Estates is one of the world's largest wine companies, listed on the Australian Securities Exchange (ASX). Through world-class winemaking and brand marketing, our business is focused on meeting evolving consumer interests across the globe, and on delivering sustainable growth. Everything we do is dedicated to realising our vision of becoming the world's most celebrated wine company (<https://www.tweglobal.com/>)

# What is value?



- Value is related to utility
- Stakeholders need to see the utility
- Different types of utility for distinct stakeholders
- *“value created through a BM is an outcome that meets an actor’s business or personal needs. If stakeholders consider ecological and social outcomes valuable, then value creation processes need to reflect it”* (Freudenreich et al., 2020, p.8).

Harrison, J. S., & Wicks, A. C. (2013). Stakeholder Theory, Value, and Firm Performance. *Business Ethics Quarterly*, 23(1), 97–124. <https://doi.org/10.5840/beq20132314>

# Business Model

Amit & Zott, 2001;  
Zott & Amit, 2010



The business model depicts “the content, structure, and governance of transactions designed so as to create value through the exploitation of business opportunities” (2001: 511). Based on the fact that transactions connect activities, the authors further evolved this definition to conceptualize a firm’s business model as “a system of interdependent activities that transcends the focal firm and spans its boundaries” (2010: 216).

Hedman & Kalling, 2003;  
Morris, Schindehutte, &  
Allen, 2005; Zott &  
Amit, 2007, 2008;  
Santos, Spector, & Van  
Der Heyden, 2009; Bock,  
Opsahl, & George, 2010

Magretta, 2002












Business models are “stories that explain how enterprises work. A good business model answers Peter Drucker’s age old questions: Who is the customer? And what does the customer value? It also answers the fundamental questions every manager must ask: How do we make money in this business? What is the underlying economic logic that explains how we can deliver value to customers at an appropriate cost?” (p. 4).

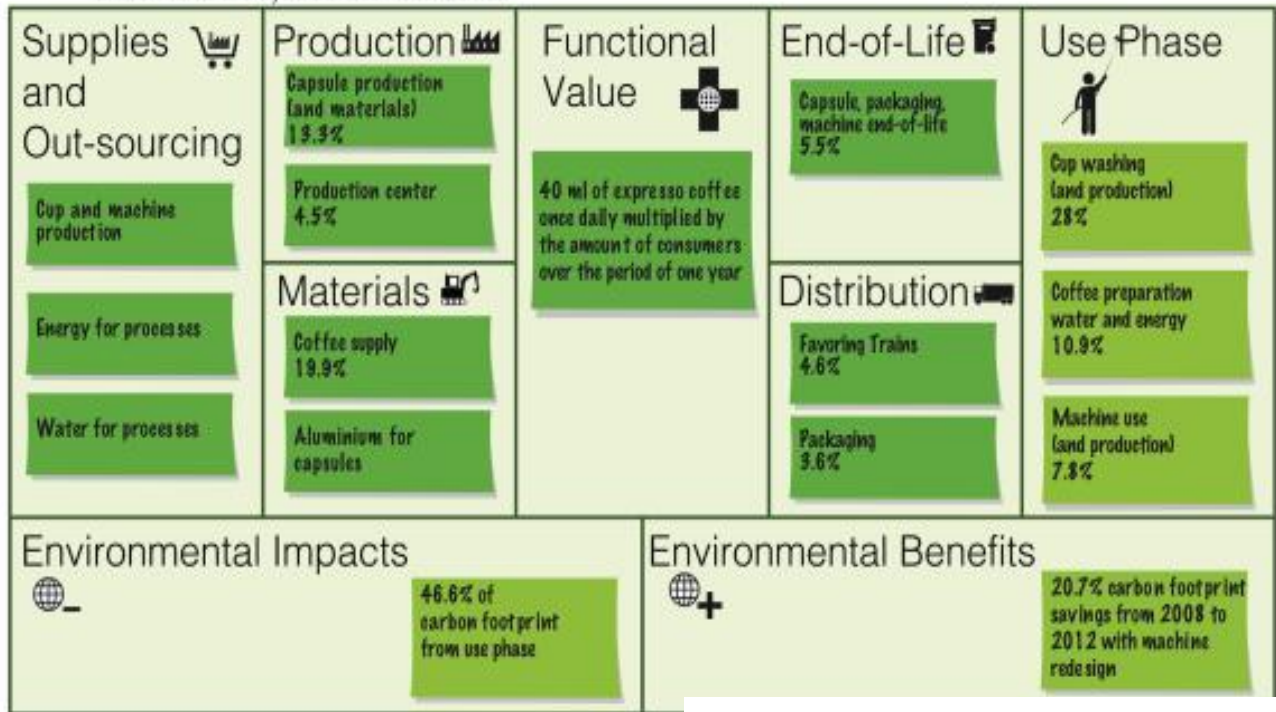
Seddon, Lewis, Freeman,  
& Shanks, 2004; Ojala &  
Tyrväinene, 2006; Demil  
& Lecocq, 2010

Zott, C., Amit, R., & Massa, L. (2011). The business model: recent developments and future research. *Journal of management*, 37(4), 1019-1042.

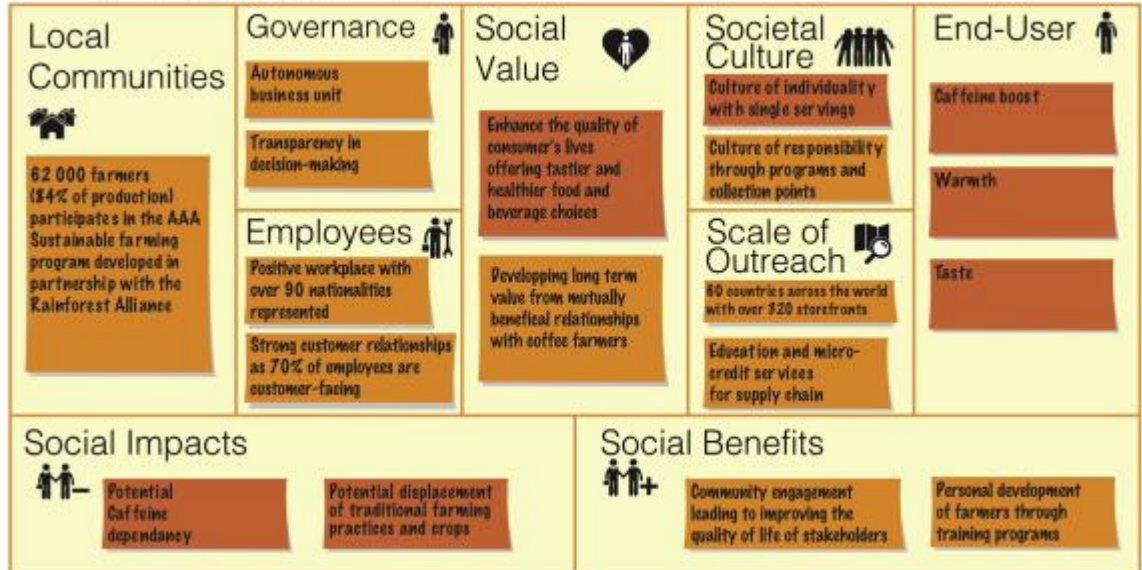
# Business Model Representation



The Business Model Canvas		Designed for:	Designed by:	Date:	Version:
Key Partnerships 	Key Activities 	Value Propositions 	Customer Relationships 	Customer Segments 	
	Key Resources 			Channels 	
Cost Structure 			Revenue Streams 		



Social stakeholder Business model Canvas



Source: JOYCE, Alexandre; PAQUIN, Raymond L. The triple layered business model canvas: A tool to design more sustainable business models. *Journal of cleaner production*, 2016, 135: 1474-1486.



# PAPERS



# A Stakeholder Theory Perspective on Business Models: Value Creation for Sustainability

Birte Freudenreich<sup>1</sup> · Florian Lüdeke-Freund<sup>2</sup> · Stefan Schaltegger<sup>1</sup>

Received: 21 December 2016 / Accepted: 18 January 2019 / Published online: 8 February 2019  
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***“Value created for customers is more important than other types of value creation”***

***“Value creation taking place in value networks with multi-directional value flows”***

***What is created?  
How is it created ?***

***“Value creation is based on a network of stakeholders” (p.5)***

***“Value is created with and for distinct stakeholders” (p.5)***

***“What constitutes value is defined separately in each relationship and may include various types of value”***

A stakeholder theory perspective on business models: Value creation for sustainability

B Freudenreich, F Lüdeke-Freund... - Journal of Business ..., 2020 - Springer

Business models are developed and managed to create value. While most business model frameworks envision value creation as a uni-directional flow between the focal business and its customers, this article presents a broader view based on a stringent application of stakeholder theory. It provides a stakeholder value creation framework derived from key characteristics of stakeholder theory. This article highlights mutual stakeholder relationships in which stakeholders are both recipients and (co-) creators of value in joint value creation ...

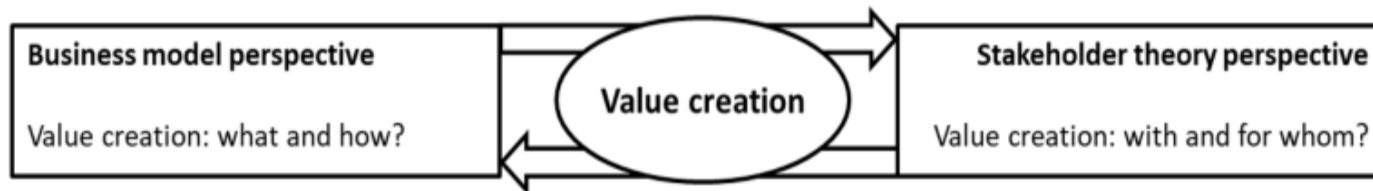
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# A Stakeholder Theory Perspective on Business Models: Value Creation for Sustainability

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**Fig. 1** Business model and stakeholder theory perspectives on value creation

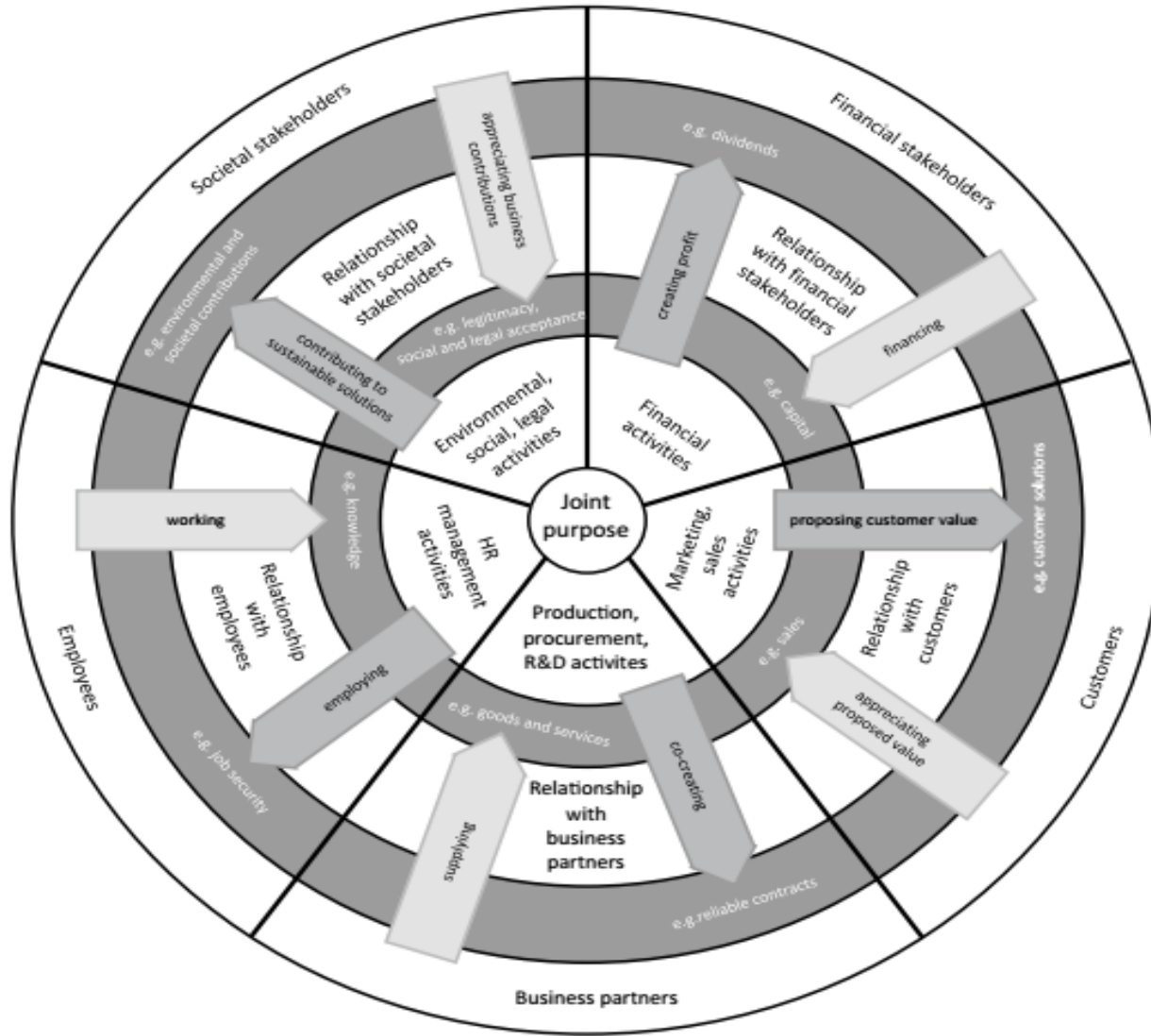


Fig. 2 Stakeholder value creation framework for business model analysis

# Application of theories in CSR research focusing study context and corporate attributes

Sohel Mehedi

*Department of Accounting and Information Systems, University of Rajshahi, Rajshahi, Bangladesh, and*

Dayana Jalaludin

*School of Management, Universiti Sains Malaysia, Penang, Malaysia*

Application of theories in CSR research focusing study context and corporate attributes

S Mehedi, D Jalaludin

International Journal of Ethics and Systems, 2020 • emerald.com

MOSTRAR MAIS ▾

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Legitimacy theory	<p>Normative pressures on corporations to engage in CSR activities</p> <p><i>Considerations</i>          The context in which there really exists a social contract between corporations and society          Context should be culturally rich, and corporations encompass high ethical standards or the court, law and other practice has made some social issues obligatory; hence, a social contract is created between corporation and society          Corporations show proactive behavior toward social obligations</p> <p><i>Landscape</i>          Normative pressures on corporations to engage in CSR activities</p>
Stakeholder theory	<p><i>Considerations</i>          Various stakeholders including governmental units, consumer associations, foreign buyer associations, NGOs, donor agencies, human rights organizations, journalist forums, etc., persistently pressurize corporation in responding to social issues          Corporations show proactive behavior toward social obligations</p> <p><i>Landscape</i>          Normative pressures on corporations to engage in CSR activities</p>
Agency theory	<p><i>Considerations</i>          The context in which managerial efficiency and performance is the key issue to promote CSR          Corporations may show proactive or reactive behavior toward social obligations</p> <p><i>Landscape</i>          Corporations influenced to realize the pressures about society interest to promote CSR</p>

RBV	<p>to promote CSR</p> <p><i>Considerations</i></p> <p>Study contexts in which resources are more potential to promote CSR along with resources hold heterogeneous characteristics or are regulated by a different set of rules and regulations (when the study is conducted on more than one country)</p> <p>Corporations may show proactive or reactive behavior toward social obligations</p> <p><i>Landscape</i></p> <p>Corporations influenced to realize the pressures for assembling necessary belongings to promote CSR</p>
Institutional theory	<p><i>Derivation</i></p> <p>The context in which there is a lack of options requires ethical standards in conducting business operations</p> <p>Corporations may show reactive behavior toward social obligations</p> <p><i>Landscape</i></p> <p>Regulative, normative, mimetic and cultural-cognitive pressures on corporations to promote CSR</p>

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## Long Range Planning

journal homepage: [www.elsevier.com/locate/lrp](http://www.elsevier.com/locate/lrp)

### Value distribution to stakeholders: The influence of stakeholder power and strategic importance in public firms

João Maurício Gama Boaventura<sup>a,\*</sup>, Douglas A. Bosse<sup>b</sup>,  
Keysa Manuela Cunha de Mascena<sup>c</sup>, Greici Sarturi<sup>d</sup>

<sup>a</sup> Universidade de São Paulo, FEA - Departamento de Administração, Av. Luciano Gualberto, 908, São Paulo, SP, Brazil

<sup>b</sup> University of Richmond, Robins School of Business, 102 UR Drive - Richmond, VA, USA

<sup>c</sup> Universidade de Fortaleza, Programa de Pós-Graduação em Administração, Av. Washington Soares, 1321, Fortaleza, CE, Brazil

<sup>d</sup> Universidade Federal de Santa Maria, Departamento de Administração, Av. Independência, 3751, Palmeira das Missões, RS, Brazil



*“a stakeholder's utility function includes both tangible economic components as well as intangible, subjective or even emotional components”*

### Value distribution to stakeholders: The influence of stakeholder power and strategic importance in public firms

JMG Boaventura, DA Bosse, KMC de Mascena... - Long Range ..., 2020 - Elsevier

Stakeholder strategy research seeks to explain how various stakeholder contexts affect the ways firms treat their stakeholders and the effects of these choices on overall firm performance. The dominant logic in this conversation frames a two-step process in which value is created by a firm before managers can distribute that value among the stakeholders. The stakeholder's power, or its ability to threaten the firm in some way, is commonly considered the primary factor in the second step value distribution process. However, we ...

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**Table 1**  
Types of value for stakeholders.

Stakeholder	Utility Function Components	References
Employees	Respect, Inclusion Salary and Benefits, Corporate Social Responsibility, Perceived Fairness of the Working Environment, Job Characteristics and Skill Variety, Work-Life Balance Policies	Harrison and Wicks (2013) (Tantalo and Priem, 2016:322)
	Higher Wages and Highest Safety and Pleasant Working Environment Remuneration, Employment Security, Conditions, Training Physical health	Brown and Forster (2013) Cragg and Greenbaum (2002)
Investors	Information, Transparency Expected Return, Business Risk, Investment Time Horizon, Corporate Social Responsibility Dividends	Harrison and Wicks (2013) (Tantalo and Priem, 2016: 322) (Brown and Forster, 2013; Clarke, 1998)
	Market Price	Clarke (1998)
Community	Perceived Impact on Community Number and Types of Jobs Created, Taxes, Support Infrastructure Required, Local Clusters Social programs	Harrison and Wicks (2013) (Tantalo and Priem, 2016: 322) Reynolds et al. (2006)
Customers	Products with Quality and Functionality, Business Repetition, Respect Perceived Value, Product's Price, Accessibility - time required to purchase the product, time required to master using the new product-, Perceived Quality, Environmental Corporate Responsibility and "Ecofriendly" Product	Harrison and Wicks (2013) (Tantalo and Priem, 2016: 322)
	Service, Safety, Value for Money	Clarke (1998)
Suppliers	Nature of Payments (i.e., Size, Speed) Ordering Procedure and Size, Long-term Relationships, Price Received, Client Payment Habits and Payment Terms, Image and Reputation of the Customer, Possibility for Cross Selling and Potential for Follow-up Business	Harrison and Wicks (2013) (Tantalo and Priem, 2016: 322)
	Stable and Enduring Relationship	(Clarke, 1998; Deutsch and Valente, 2013).

Table 4

Words employed to measure value to stakeholders.

Stk	Kind of value	Utility function components found in the literature	Words used
Employees	Tangible	Salary, Benefits, Remuneration, Employment Security, Conditions and Training, Physical health (Tantalo and Priem, 2016: 322; Brown and Forster, 2013; Cragg and Greenbaum, 2002; Clarke, 1998).	allowance, benefit, billing, bonus, commission, compensation, contributes, costing, credit, dividend, earning, fee, financing, gain, gift, gratification, honorary, income, insurance, interest, orderly, pay, paid holidays, pension, percentage, prize, portion, profit, provision, quota, receiving, remuneration, revenue, retribution, return, reward, salary, share, satisfaction, subsidy, vacation, wage, arranges, care, cleanliness, comfort, health, hygiene, installation, neatness, perfection, sanitation, sanity, safety, welfare.
	Intangible	Perceived Fairness of the Working Environment, Job Characteristics and Skill Variety and Pleasant Working Environment (Tantalo and Priem, 2016: 322; Brown and Forster, 2013; Clarke, 1998).	affiliation, association, communication, disclosure, engagement, fidelity, honesty, information, integrity, link, loyalty, membership, merger, note, notification, participation, proposal, recommendation, recognition, reference, sincerity, statement, trust, union, warning, advantage, ascension, apprentice, awareness, career, capacity, competence, development, education, effect, encouragement, impulse, improvement, incentive, increase, instruction, know-how, promotion, progress, training.
Investors	Tangible	Expected Return and Dividends (Tantalo and Priem, 2016: 322; Brown and Forster, 2013; Clarke, 1998).	income, revenue, gains, profit, interest, return, proceeds, invoice, price, amount, sum, value, compensation, requirement, bonus, payment, award, prize, rewards, remuneration, compensation.
	Intangible	Information, Transparency and Corporate Social Responsibility (Harrison and Wicks, 2013; Tantalo and Priem, 2016: 322).	information, science, knowledge, data, report, news, notice, notification, communication, memo, message, note, opinion, clarification, explanation, clarity, truth, truthfulness, kindness and compliance.
Community	Tangible	Perceived Impact on Community (Harrison and Wicks, 2013); Social programs (Reynolds et al., 2006).	planning, plan, project, wellness, convenience, comfort, contentment, dispose, happiness, satisfaction, security, tranquility, capital, money, resource, rest, protection, interest, profit, benefit, utility, value, advantage.
	Intangible	Number and Types of Jobs Created, Taxes, Support Infrastructure Required, Local Clusters (Tantalo and Priem, 2016: 322).	comfort, ease, composure, decency, decorum, dignity, distinction, respect, infrastructure, service, communitarian, common, social, employment, work, creation and environment.
Customers	Tangible	Products with Quality and Functionality, Product's Price, Perceived Quality, Service, Safety, Value for Money, Accessibility - time required to purchase the product and time required to master using the new product (Harrison and Wicks, 2013; Tantalo and Priem, 2016: 322; Clarke, 1998).	product, quality, applicability, functionality, purpose, usefulness, use, utility, award, compensation, cost, demand, gratification, worth, payment, price, remuneration, reward, retribution, value, service, duration, accessibility, period, term, time, interaction, reiterates.
	Intangible	Business Repetition, Respect, Environmental Corporate Responsibility and "Ecofriendly" Product (Harrison and Wicks, 2013; Tantalo and Priem, 2016: 322; Clarke, 1998).	recidivism, repetition, accepted, attention, consideration, courtesy, customer, deference, fulfillment, kindness, respect.
Suppliers	Tangible	Nature of Payments (i.e., Size, Speed), Ordering Procedure and Size, Price Received (Deutsch and Valente, 2013; Tantalo and Priem, 2016: 322).	dimension, magnitude, quantity, size, volume, price
	Intangible	Stable and Enduring Relationship and Long-term Relationships (Harrison and Wicks, 2013; Clarke, 1998).	consolidated, durable, enduring, interaction, long-lasting, perennial, permanent, reiterates, recurrence, recidivism, repetition, accelerates, agility, brevity, emergency, fugacity, hurry, preparedness, promptness, speed, acquisition, order, purchase, request, process.

# Materiality matrix



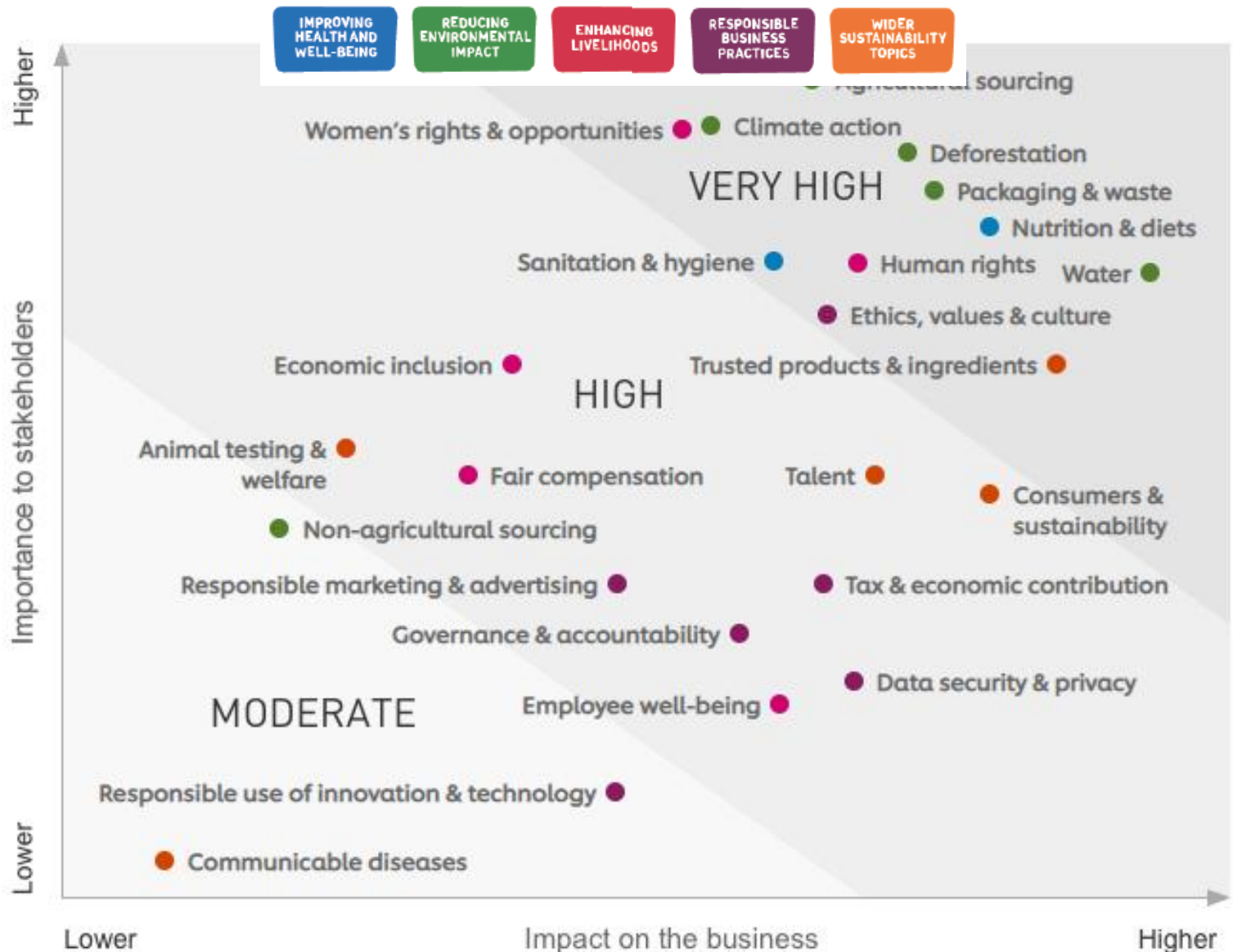
A materiality matrix enables a company to decide which CSR (corporate social responsibility) initiatives to invest in. The total value created by a CSR initiative can broadly be broken down into business and societal values.

**Business value** refers to the favorable stakeholder behaviors resulting from the initiative such as purchasing the company's products, investing in the company, or otherwise helping the company reach its goals.

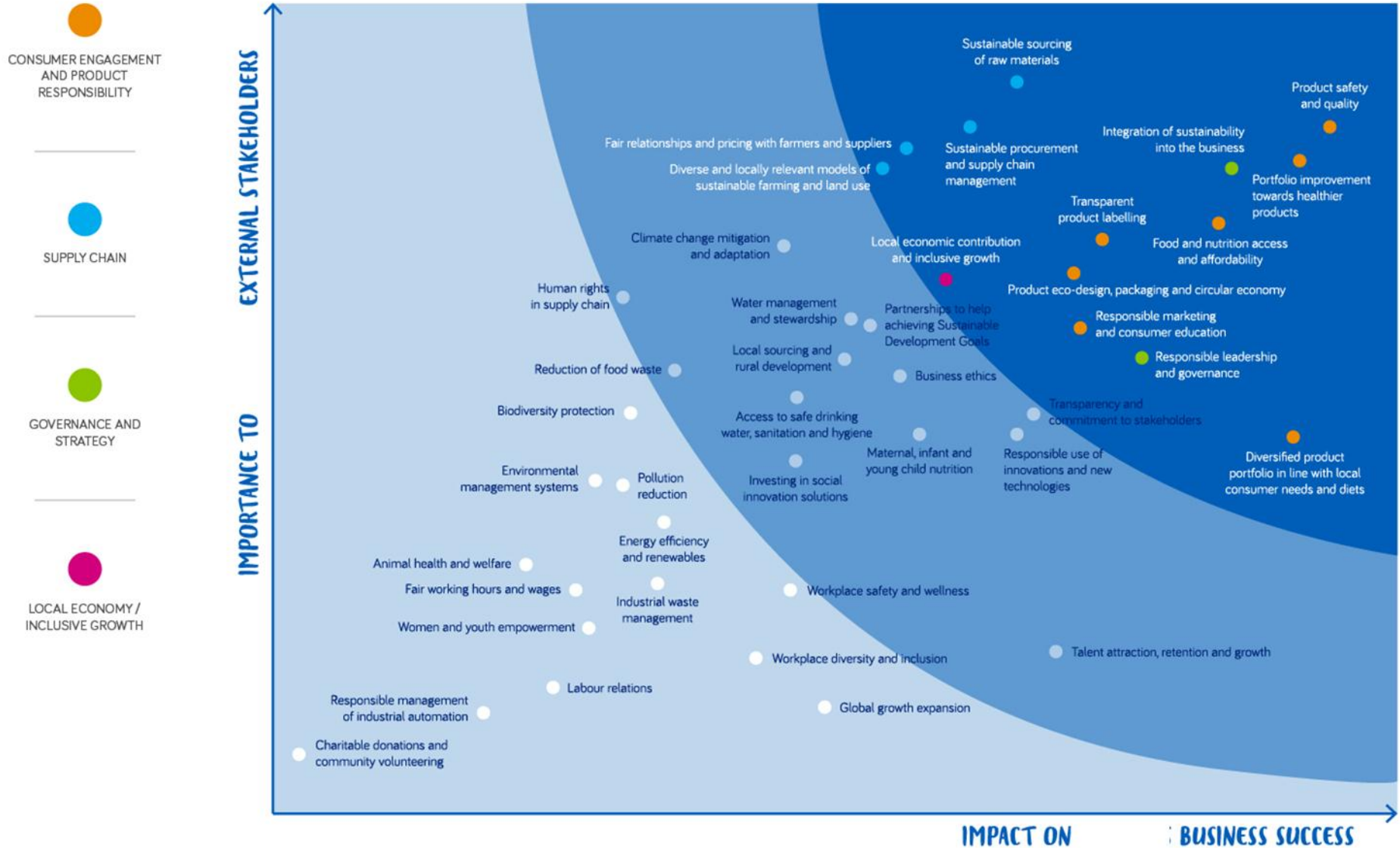
In contrast, **societal value** refers to the direct **social benefits** (such as healthier lifestyles) and/or **environmental benefits** (for example, increased recycling) that result from the CSR initiative.

The matrix plots CSR issues in terms of **two dimensions**: the importance or attractiveness of the issue to stakeholders and the importance of the issue to the company in terms of the likely influence of the initiative(s) on business success.

# Materiality matrix - examples



# Materiality matrix - examples

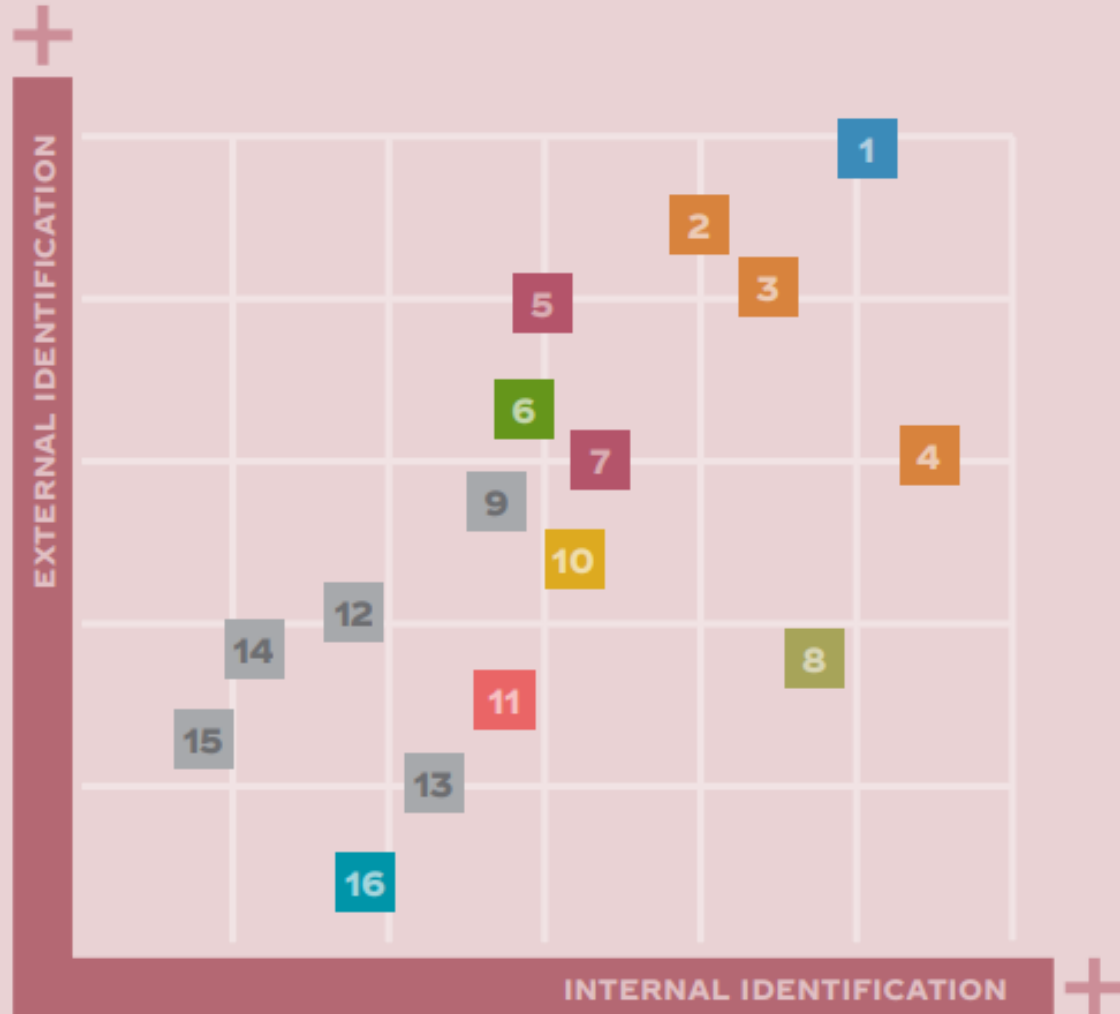


# Materiality matrix - examples

## MATERIALITY MATRIX

- 1 RESPONSIBILITY FOR WATER
- 2 OBESITY
- 3 TRANSPARENCY AND LABELING
- 4 PRODUCT PORTFOLIO
- 5 DIALOGUE AND ENGAGEMENT
- 6 SUSTAINABLE AGRICULTURE
- 7 MARKETING 2.0
- 8 PACKAGING
- 9 INNOVATION AND NEW BUSINESS
- 10 ENERGY AND CLIMATE
- 11 PEOPLE
- 12 ROLE OF WOMEN
- 13 TAXATION AND SUBSIDIES
- 14 HYPER CONNECTIVITY
- 15 RAPID TRANSIT
- 16 COMMUNITIES

- WATER
- HEALTH AND PORTFOLIO
- DIALOGUE AND ENGAGEMENT
- SUSTAINABLE AGRICULTURE
- PACKAGING



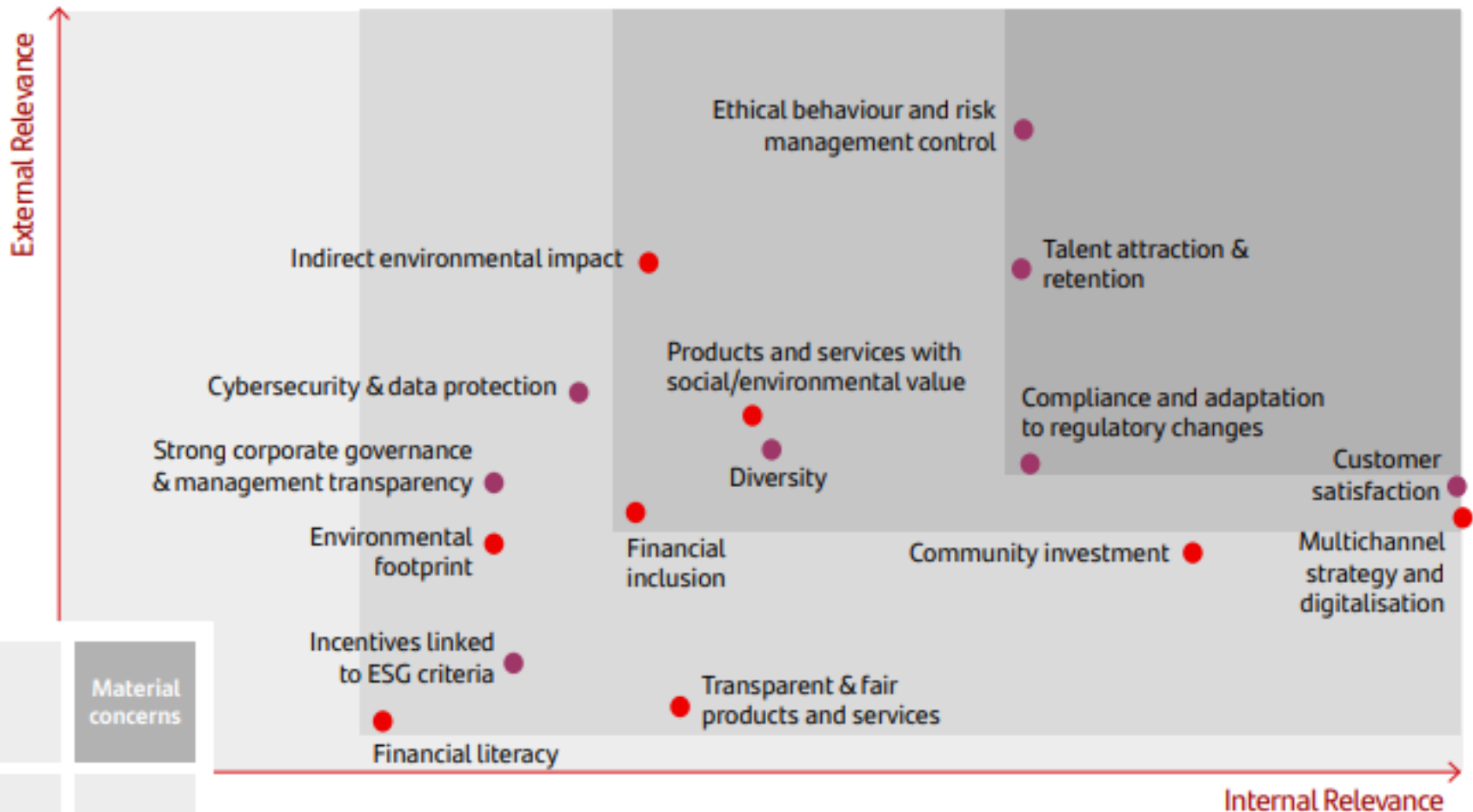
# Materiality matrix - examples

**Challenge 1**

New business environment

**Challenge 2**

Inclusive and sustainable growth



# Questions



1. Choose 2 materiality matrices from those presented and compare them, analyzing:

- which initiatives are similar and which are different;
- whether there is clarity and objectivity in the initiatives; and
- if there are conflicting initiatives.

Try to find out which sectors of the economy the 2 chosen companies belong to.



# Questions



2. Based on Table 4 presented in Boaventura et al. (2020)

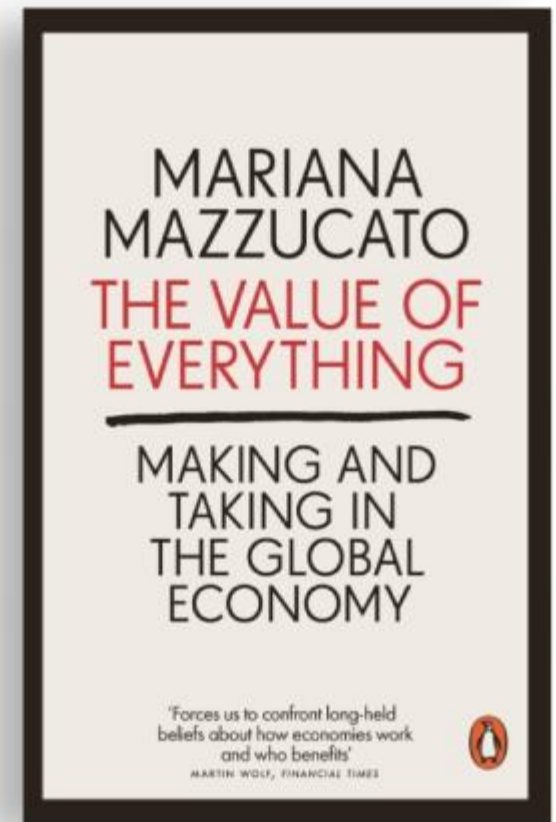
- choose a company
- choose three stakeholders and analyze for each one what kind of value is important
- linked the value with the utility functions based on literature or not

**\*you can bring new dimensions for utility from distinct stakeholders**

# 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)