TRANSFORMATIVE BUSINESS SUSTAINABILITY – A FRAMEWORK

Key words: Sustainability, Supply Chain, Teleology, Transformative

PURPOSE OF THE PAPER
Increasing demands on businesses to be environmentally responsible – with regards to, for example, procurement, production, distribution and the market – mean that companies need to allocate sufficient resources to enable them to make efforts to significantly reduce not only their carbon footprints, but also the impact on Earth’s life- and ecosystems (i.e. E-footprint) (Svensson, 2008). The quest for zero-sum cycles in business should start and end with consideration for planet Earth (Svensson and Wagner, 2010).

Conscious of the impact on Earth from trade is not new, but it is only in the last part of the 20th century that the collective impact of social activities has been felt on a global scale. Today it is recognised that economic activity cannot be sustained independent of the functions and systems of the biophysical world. There have been few genuine attempts in business research focusing on Earth-to-Earth (EE) matters though the E-footprint is somewhat more to the fore and yet it is still often addressed in narrow terms. Also we intend to address these issues by describing business sustainability based upon teleology in complexity sciences (Svensson 2010).

It is the light of such failures that we introduce the concept of transformative business sustainability, which may be regarded as both a theoretical and managerial concept akin to a roadmap to plan, implement and evaluate the complexity of business sustainability. Initially our objective is to attempt to describe the concept of transformative business sustainability.

TELEOLOGY IN BUSINESS SUSTAINABILITY
The following approaches of teleology have been borrowed from complexity sciences and are used to define the concept of business sustainability, namely: (i) formative, (ii) rationalist, and (iii) transformative.

Formative teleology refers to the stable movement produced by the self-organizing interaction of parts where the final state is pre-determined (i.e. a known and predictable future) and efforts of business sustainability are intended to move towards this state. The movement of time and of meaning referred to are from a given past to the present. The future of business sustainability is recognizable from the past and will subsequently be regarded a repetition of the past.

Rationalist teleology considers the notion of self-organization as absent, and both stability and change are choices towards autonomously chosen goals. What happens in this case, is that efforts of business sustainability fulfill some selected goal in the future (i.e. a known and predictable future). Thus business sustainability becomes about filling the gap between what is desired for the future and what exists at present.

Transformative teleology presumes self-organization and a transformative causation of micro interactions in which each moment is influenced by previous efforts aimed at business sustainability. It could be said that each such moment is a repetition of the past, but at the same time with potential for future transformation and continuity (i.e. an unknown and unpredictable future) (Svensson 2010).
Consequently, we argue that business sustainability needs to be transformative rather than formative or rationalist. We present a conceptual framework describing transformative business sustainability.

**TRANSFORMATIVE BUSINESS SUSTAINABILITY**

Introduction of a framework of ‘transformative business sustainability’ (TBS) is introduced. A core and important aspect of such a framework is a business network’s impact on Earth’s life- and ecosystems (i.e. E-footprint). The core framework represents the essence of transformative business sustainability, namely that any surplus (e.g. natural resources) and residual (e.g. waste) of sources from one stakeholder, generating or contributing to an E-footprint in a defined business network, should ideally be recovered and redistributed to another stakeholder, through an interface and exchange node in order to minimise the total E-footprint of the business network.

A framework illustration may consist of two principal parts (say, divided by a dotted vertical line in the middle): (i) the left half containing a network of E-footprint stakeholders (actors) having an effect on Earth’s life and ecosystems, with influence on, or influenced by, other E-footprint stakeholders; and (ii) the right half containing a network of E-footprint sources derived from both activities (e.g. business functions and operations) that have an impact on Earth and natural resources (e.g. raw material and energy) from our world.

Earth is seen as linking between identified and defined E-footprint stakeholders and sources in the TBS-model, namely the original and ultimate stakeholder and the source ultimately exposed to the total E-footprint. The vision and mission of the unifying and coordinating E-footprint network stakeholders should ideally acknowledge and consider the total E-footprint of inherent actors, activities and resources (Håkansson and Snehota 1989; Håkansson and Ford 2002), on Earth’s life and ecosystems.

E-footprint sources of the TBS-framework should at all times be considered in the context of an Earth-to-Earth approach to business sustainability, based upon an identified and defined network of E-footprint stakeholders and sources (e.g. a complete business or supply chain network).

**FINDINGS**

A number of implications and lessons to be learned may be drawn from this concept of transformative business sustainability and indeed the European food industry consists of such a network of E-footprint stakeholders and sources.

As business sustainability is such an important global challenge, economic growth must be developed and decoupled from negative environmental impacts on Earth and achieved within the capacity of life and ecosystems. This indicates the need to establish favourable conditions for the production of E-footprint friendly goods and services solutions. At the same time, there is a need for improving energy and resource efficiency, promote continuous performance improvement without labelling schemes. There is also a need to encourage management systems, consumption patterns and business behaviours that consider the E-footprint of both units and business networks.

In this context consumption patterns and behaviour are essential aspects where both supply and demand sides need to change and evolve towards business sustainability. In addition, the consumers’ contribution to achieve a better overall sustainability is most important. Business
sustainability engagements so far have largely appealed to the rational or niche consumers’ mind, able to adapt and change behaviour, as well as consumption patterns.

Performance measurement and benchmarking, before and after the introduction of business sustainability initiatives, are imperative to calculate E-footprints by units. This requires for the decision-making processes in support of planning, implementation and evaluation of business sustainability.

Retailers, wholesalers, intermediaries, manufacturers, suppliers and producers of raw materials need to join forces to reduce the total E-footprint of their business networks. They cannot do it on large-scale or achieve worldwide coverage individually. Common industry agreements and partnership practices need to be implemented and applied in combination with individual company efforts. It is unlikely that business sustainability related goals will take precedent over performance criteria (such as cost, quality and delivery) on their own. Most likely, global political involvement is required long-term to create the necessary incentives and obligations to make it happen worldwide.

CONTRIBUTION

The framework in focus is applicable in the case of different units and business networks, though potentially not to all. Furthermore, they do not just shed light on the importance of immediate business unit sustainability concerns, but also upon business networks as well as the planet Earth with its life and ecosystems.

The framework offers research opportunities in terms of examining additional E-footprint sources in different business networks. Though outlined ones offer some insight, their universal applicability across business networks need to be verified and most likely complemented with either new ones, or an additional set of E-footprint sources. In sum, whatever the E-footprint source in the framework of transformative business sustainability, the well-being of the planet Earth has to be at the core object of business sustainability. We contend that this is where our coined ‘recovery pool and redistribution buffer’ interface plays a crucial role, making both a theoretical and managerial contribution towards achieving genuine and continuous awareness of business sustainability at strategic, tactical and operative levels without use of buzzwords and shallow window-dressing (Wagner, and Svensson 2010). We believe that the logic of the interface is easy to understand, measure and communicate and for business networks to achieve and enhance a common goal of planned, implemented and evaluated efforts of business sustainability.

References


Svensson, G and Wagner, B. “A Process Directed towards Sustainable Business Operations and a Model for Improving the GWP-Footprint (CO2e) on Earth”, Management of Environmental Quality (accepted 2010)