



**WEEK 2**  
**THE SOCIETAL ROLE OF BUSINESS**

**Managing Sustainability**  
**BMA6105**

# 1. Adjusting the relative level of wages

**Proposal:** Should there be an agreed limit to the difference between the highest and lowest paid workers in an enterprise?

What should this level be? (x5, x10, x20?)

Should this limit vary depending on

- type of industry
- size of business
- level of profits

What are some key benefits and disbenefits of your chosen limit?

## 2. Changing social contributions from incomes earned

**Proposal:** Should higher incomes pay increasingly higher income taxes – up to 90% or even 100% for very high incomes?

What levels of income would be appropriate for 'supertaxes' (90%+)

What would be key benefits and disbenefits of very high tax levels?

# 3. Changing the world of work

**Proposal:** Should we aim to move to a 4-day week as standard?

What would be the pros and cons to this move?

Should some businesses be exempt from this move?

Should full-time employees be able to negotiate the hours they work?

# 4. Limiting total wealth accumulation

**Proposal:** Should there be a limit to the total wealth owned by one individual?

What should this limit be?

Should this limit be flexible depending on

- source of earnings (e.g. inherited, business, lottery win)
- contributions to social causes

What are some key benefits and disbenefits of your chosen limit?

## 5. Shifting business incentives

**Proposal:** Should businesses be directly charged (through taxes) for activities or products that are less environmentally friendly?

What industries would you target with higher taxes?

What level of taxes would you set for these businesses?

## 6. Setting a guaranteed basic citizen income

**Proposal:** Should every person over 18 be entitled to a guaranteed basic income that covers expenditures for everyday needs?

What level of income would be appropriate?

What would be positive and negative impacts of creating a universal citizen income, not connected to work undertaken?

If not now, when in the future might this be the right thing to do?

# Patagonia: Meeting the Triple Bottom Line?

**Watch the video on Patagonia**

<https://www.youtube.com/watch?v=Z1Ja8YEEYaTI&t=53s>

Patagonia has recently been certified as a B corporation (a 'Benefit' corporation), and is widely respected for its focus on core values and mission

What features of Patagonia are good examples of TBL thinking?



# Assembling the business case for progressive business

The following slides cover a range of issues raised about the benefits for and importance to business of responding to sustainability concerns.

Consider how compelling these arguments are for different business sectors.

Following a review of the themes:

Rank these in order of priority for making the sustainability case to business (strongest to weakest)

# INVESTMENT:

*'Our view: Companies with strong profiles on material sustainability issues have potential to outperform those with poor profiles. In particular, we believe companies managed with a focus on sustainability should be better positioned versus their less sustainable peers to weather adverse conditions while still benefiting from positive market environments'*

Blackrock Sustainability research

<https://www.blackrock.com/corporate/about-us/sustainability-resilience-research>

# FINANCIAL PERFORMANCE:

*'A meta-study published in 2015 by the University of Oxford and Arabesque titled "From the Stockholder to the Stakeholder" summarized approx. 200 scientific sources on the economic effects of sustainability and found that good ESG performance is linked to better stock price performance (80% of the studies), better operational performance (88% of the studies), and lower cost of capital (90% of the studies).'*

Arabesque: Why ESG? <https://www.arabesque.com/2020/02/04/why-esg/>

# INNOVATION:

*'In many cases, sustainability can be a game changer. Sustainability can drive innovation by introducing new design constraints that shape how key resources—energy, carbon, water, materials and waste—are used in products and processes. It can also suggest areas where innovation can pay off especially well'*

Deloitte - Sustainability 2.0 Using sustainability to drive business innovation and growth

<https://www2.deloitte.com/us/en/insights/deloitte-review/issue-10/sustainability-2-0-innovation-and-growth-through-sustainability.html>

# CONSUMER BEHAVIOUR:

*Reports such as [Nielsen Insights](#) suggest the majority (73%) of consumers would change their consumption habits to reduce their impact on the environment, and almost half (46%) would switch to environmentally friendly products.*

The Conversation: September 29, 2020

<https://theconversation.com/climate-explained-are-consumers-willing-to-pay-more-for-climate-friendly-products-146757>

# REPUTATION:

*'In contrast, weak environmental, social, and governance (ESG) performance can negatively impact a firm's reputation, which in many cases can be costly. British Petroleum (BP) is a good example of how a company's brand value can be affected by poor sustainability policies'*

*International Finance Corporation :*

[https://www.ifc.org/wps/wcm/connect/topics\\_ext\\_content/ifc\\_external\\_corporate\\_site/sustainability-at-ifc/business-case](https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/business-case)

# PROFIT MOTIVE:

*'For example, one study found Spanish consumers were willing to pay 22–37% more for green products, but Japanese consumers were only willing to pay 8–22% more for green products'*

The Conversation: September 29, 2020

<https://theconversation.com/climate-explained-are-consumers-willing-to-pay-more-for-climate-friendly-products-146757>

# BUSINESS GUILT AND FAILURE:

*'The problem of climate change involves a fundamental failure of markets: those who damage others by emitting greenhouse gases generally do not pay, Climate change is a result of the greatest market failure the world has seen'*

*Nicholas Stern, The Guardian. 2007*

<https://www.theguardian.com/environment/2007/nov/29/climatechange.carbonemissions>



# MORAL POSITION:

*'The predominant reliance on the economic appeals matches the widespread misconception that people are primarily motivated by (economic) self-interest, and are not motivated to change unless some personal benefit is implicated. As Bolderdijk et al. (2013) points out, this overlooks an important source of human motivation, which is that people are motivated to maintain a "positive self-concept". This can be achieved by acting in line with one's internal moral standards'*

*Salamat, M (2016) Natural Resources Forum 40 (2016) 35*

<https://onlinelibrary.wiley.com/doi/full/10.1111/14778947.12096>

# EMPLOYMENT AND RECRUITMENT POTENTIAL

*'In our most recently published [study](#), we asked career fair attendees to identify an organization that was among their most attractive employment options. These job seekers reported greater attraction when they believed the organization was more environmentally friendly. It seems that sustainable practices helped make organizations especially attractive options even when up against the most desirable employers at the career fair'*

Jones, D. (2013) Network for Business Sustainability: 3 Reasons Job Seekers Prefer Sustainable Companies

<https://www.nbs.net/articles/three-reasons-job-seekers-prefer-sustainable-companies>

# KEY SUCCESS VARIABLE:

*'In the 2010 study, 93% of CEOs reported that sustainability would be "important" or "very important" to the future success of their business. This year, our survey shows an apparently similar story: once again, 93% of CEOs regard sustainability as key to success'.*

*The UN Global Compact-Accenture CEO Study on Sustainability 2013*

[https://www.accenture.com/\\_acnmedia/Accenture/Conversion-Assets/DotCom/Documents/About-Accenture/PDF/3/Accenture-13-1739-UNGC-Report-Final-FSC3.pdf](https://www.accenture.com/_acnmedia/Accenture/Conversion-Assets/DotCom/Documents/About-Accenture/PDF/3/Accenture-13-1739-UNGC-Report-Final-FSC3.pdf)

# RETENTION OF EMPLOYEES

*'This comes after previous research found that a massive 86% of young people would stay at a company longer if it demonstrates strong sustainability credentials.'*

*"Encouraging sustainability doesn't have to be difficult or expensive. With over 15 tons of plastic dumped in the ocean every minute, banning single-use plastic in the office is a logical step towards sustainability...'*

IEMA Sustainability key to attracting and retaining workers (2019)

<https://transform.iema.net/article/sustainability-key-attracting-and-retaining-workers-study-finds>

# Assembling the business case

The preceding slides covered a range of issues raised about the benefits for and importance to business of responding to sustainability concerns.

Rank these in order of priority for making the sustainability case to business leaders (strongest to weakest)

# Socio-economic change through history: Gapminder

Visit the Gapminder 'Chart Resources' website resource (link in Minerva)

[https://www.gapminder.org/tools/#\\$chart-type=bubbles&url=v1](https://www.gapminder.org/tools/#$chart-type=bubbles&url=v1)

This resource shows visualisations of the evolution of socio-economic characteristics over time. Investigate the timelines for population, wealth, health using the bubbles, maps and trends charting functions

Or, try taking the SDGs quiz:

<https://upgrader.gapminder.org/>