

Business in Development – avenues for complementarity and collaboration

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A new CSR Definition

- “a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis”. (COM(2001)366).
- “the responsibility of enterprises for their impacts on society.” (COM(2011) 681).
- FP7-SSH.2013.2.1-3. **The role of multinational companies in addressing global development challenges:** Developing a comprehensive framework to analyse the impacts of companies in order to assess how they contribute to socio-economic development and well-being, with a particular focus on the areas related to the Millennium Declaration.

Impact Thinking

1. Companies will be **hold responsible for impacts** (not only for profits, shareholder value, performance or market shares)
2. This requires a **clear scope** on what they are responsible for and for what they are not responsible for
3. They will need a **clear picture of the whole system** (and not only of your B2B relations and your stakeholders)
4. They will have to deal with **ambiguities, trade-offs** and **systemic links**
5. Impact thinking will have effects on **leadership, management education** and **general management**

Strands of debate

- Environmental and Social Impact Assessment of projects (e.g. power plants, major production sites, export guarantees)
- Programme Impact Evaluation (e.g. ODA, structural funds, theory based evaluation, IOOI)
- Impact Assessment of policies (e.g. EU level, Swiss constitution, several national regulations)
- Impact Investing
- Measuring Impacts of PR campaigns
- WBCSD Measuring Impact Framework, Integrated Reporting, Total Impact Measurement and Management

Corporate Impact Assessment and Management

- goes beyond a focus on the return to the company to **considering the impacts arising from the company's activity for society**
- **expands the view** from corporate performance and output to societal and environmental impacts of company decisions and activities, including
 1. positive and negative impacts
 2. core business and humanitarian / environmental projects
 3. economic, social and environmental impacts
 4. short and long term impacts
 5. direct and indirect impacts
 6. intended and unintended impacts
- **accepts responsibility** for impacts even if other actors are involved, including
 - a. supply chains
 - b. product use and post-use-phase
 - c. indirect impacts on consumer practices, habits and culture
- aims at **improvement of impacts**
(increase positive, reduce negative impacts)



Challenges of measuring impacts

Complexity

Societal impacts:

e.g. for systemic effects, practices and values

Shared impacts:

e.g. along supply chains, through products and in regional networks

Multi-dimensional impacts:

e.g. on the environment, society and the economy at the same time

Multiple unit impacts:

e.g. raw materials -> resource use

Single unit impacts:

e.g. CO2-emissions -> climate change



Challenges of managing impacts

- 1. Acknowledging responsibility:**
mission, commitment, leadership
- 2. Scoping impact areas:**
completeness versus focus areas
- 3. Exploring pathways of impact:**
causality & counterfactual, data availability & clearing
- 4. Determining the sphere of influence:**
materiality, power, shared responsibility
- 5. Prioritizing and taking action:**
data aggregation & valuation

The GLOBAL VALUE project

- One of the largest EU-funded research projects to date addressing **business impacts on sustainable development**.
- Will create and test a **framework and toolkit** for multinational companies for measuring impacts in three phases
- Will shed light on **systems of governance**, explore responsible **competitiveness** and assess the **complementarity** of public and private sector activities
- Time frame: January 2014 - December 2016
- Total budget: 2,5 mio Euro
- register for the **expert crowd** at www.global-value.eu/expert_crowd



Major tasks

- **Conceptual work on Corporate Impact Assessment and Management** considering the broad variety of different types of impacts of MNCs on development issues and linking policy debates on MDGs and SDGs with business strategies and practices
- Comprehensive **stock-taking of approaches, methods and tools** (see next presentations)
- **Combining existing measurement and management approaches** (e.g. SCM, LCA, BoP, footprints, multipliers) in an innovative way and establishing a core indicator set for MNCs impacts on global development
- Testing the toolkit in **three pilot cases** (garment, food, mining/ICT)
- Making use of **design thinking** approaches and **crowdsourcing** in a major research project (caucus at the AoM 2014 meeting)

GLOBAL VALUE delivers value for...

Business	Policy	Society
Toolkit for managing impacts	Policy recommendations	Knowledge base
<ul style="list-style-type: none"> • Customizable and practical for business to use • Based on a scientifically sound framework • Independent • Publicly accessible • Supports strategic decision taking 	<ul style="list-style-type: none"> • Inform EU policies on development and CSR • Align business activities and official development assistance • Improve governance for responsible business conduct 	<ul style="list-style-type: none"> • Provides a large repository of knowledge and resources • Considers stakeholder perspectives • Fosters dialogue between business and society • Provides a base for partnerships to tackle development challenges

Eleven partners | Three continents



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