

Module 1 – The State of Our World

Why Does It Matter for Business?

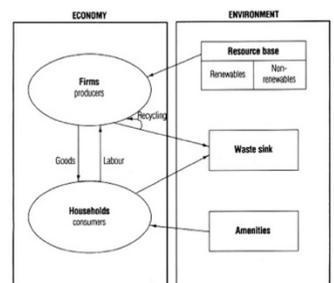
- Society function on attitudes, values and expectations.
 - It is shaped by social structure.
- Policies – government regulations.
 - Rules are made by the people we elect.
- Business – it is a threat or opportunity.
 - For example: The tobacco industry is a thing of the past and sustainable energy is an industry of the future, but is President Donald Trump a threat to that industry?



- *The IFC (n.d.)* fact sheet contents that being a force for good is not a matter of choice for business but a necessity mainly because:
 - a) Being an integral part of solutions is where the future profits are.
 - b) Profitability is better in a fair society that cares about environmental protection.
- Businesses do not function in isolation, there will be no profit if there are no inputs (planet) to produce goods and services and no buyers of outputs (people).

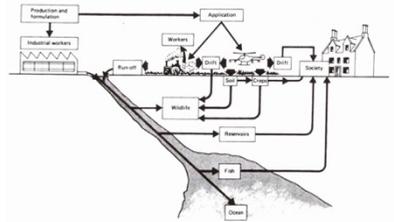
Economic View of People and Planet:

- The environment is viewed as the source for business to get stuff they want and dispose of what they do not want.
- Viewed as having two separate segments; the economy and the environment.
- “People are interested in managing what they eat, but not what will happen after digestion.”



Ecological View of People and Planet:

- Systems thinking.
 - A systems perspective is much more integrated and dynamic.
- All individuals, organisations and the environment in which they function are interconnected in a complex and elegant web of mutually influential relationships.
- The view that you can't understand business management without understanding implications of the actions.



Australia's / Perth's Environment:

- The quality of the environment has drastically decreased in Perth.
 - 47% of Perth's water needs is supplied by water desalination plants.
- Despite the global economic downturn, the world economy is predicted to grow further, driven by countries such as China or India.

Current State of the Environment:

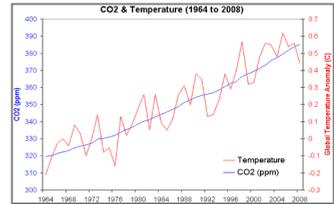
- 60% of the world's ecosystem services has been degraded.
- Species extinction rates are now 100-1000 times above the background rate.
 - More than 16,000 species are now listed as threatened with extinction.
- Since 1980, about 35% of mangroves and 20% of corals have been lost.
- By 2025, 1.8 billion people will live with absolute water scarcity.

Climate Change:

- A change in global or regional climate patterns, in particular a change apparent from the mid-to-late 20th century onwards and attributed largely to the increased levels of atmospheric carbon dioxide produced by the use of fossil fuels.
- 97% of scientists who have studied climate change say that we are the cause.

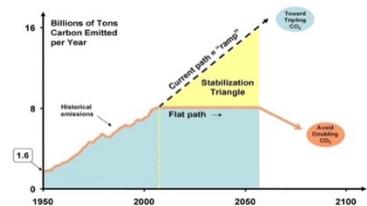
Carbon Dioxide and Temperature Correlation:

- To stay within safe climate thresholds, temperature increases cannot exceed 2°C.
- A temperature increase of 4°C by 2100 is considered likely.



The Tipping Point:

- The point of no return.
- The moment when a small change tips the balance of a system and brings about a large change.
- Human activities are pushing Earth towards a “tipping point” that could cause sudden, irreversible changes in relatively stable conditions that have allowed civilisation to flourish.
- Toxic brew of climate change, habitat loss and population growth is dramatically reshaping life on Earth.



Ramifications of Climate Change:

- More erratic weather patterns and increases in ‘natural’ disasters.
- Increased food shortages due to frequent flooding and drought.
- Rising sea levels of almost one meter predicted for this century alone.
- Increased cost of doing business.

Sustainable Development Goals:

- 17 global goals which lay out a path to 2030 to end extreme poverty, fight inequality and injustice, and protect the planet.
- Apply to all countries at all stages of development.



Role of Business:

- There is a clear role for business and private sector action will be key to the success of each goal.
 - Through responsible business operations, new business models, investment, innovation and technology, and collaboration.
- UN Global Compact says businesses need to act responsible and then pursue opportunities to solve societal challenges through business innovation and collaboration.

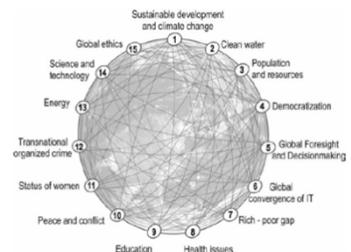
Module 2 – Sustainable Development: Weak vs. Strong

United Nations Global Compact (UNGC):

- Identifies common problems for all over the world.
- The Global Compact asks companies to embrace universal principles and to partner with the UN.
- It has grown to become a critical platform for the UN to engage effectively with enlightened global business.

Some of the Pressing Global Problems: The Evidence:

- ‘The State of the Future’ discusses 15 of the greatest problems in the world.
- Interdependent: Problems can’t be solved by themselves.



Many of these challenges are not new...

- Silent Spring – warned of toxicity of chemicals.
- Tragedy of the Commons – warned of demise of open access resources.
- Population Bomb – Warned of overpopulation.
- Limits to Growth – Warned about the cost of unlimited economic growth.

Tragedy of the Commons:

- A situation in a shared-resource system.
 - Where individuals acting according to their own self-interest behave contrary to the common good of all users by depleting or spoiling that resource.
- When nobody owns a particular resource, it gets exploited to the extent that the resource becomes unusable for everybody.
- For example:
 - “The Atmosphere” – Carbonation.
 - “Roads” – don’t pay tolls (traffic jams).
- Proposed solution: prioritize everything or take control of everything.

Eras:

- In 1962, the book silent spring was published.
 - It is believed that the book served as a catalyst for the sustainability movement.
- In 1979, there was the first world conference.
 - Greater focus on environmental awareness and the need for paradigm shift away from economic emphasis.
- 1992, the UN Conference on Environment and Development held in Rio – Earth summit.
 - Greater focus on participation and local solutions to existing and emerging problems.
 - Idea presented was to spend time/money to help others in need.
- 2000, Millennium Development Goals.
 - Social and economic problems of developing countries as viewed by developed countries – 8 MDGs.
 - Development goals priority – set up by rich countries to help poor countries.
- 4th Era – Sustainability Development goals are the fourth era.

Sustainable Development:

- The development that meets the needs of the present without compromising the ability of future generations to meet their own needs.
- It contains within it two key concepts:

- The concept of 'needs'. In particular, the essential needs of the poor, to which overriding priority should be given.
- The idea of limitations improved by the state of technology and social organization on the environment's ability to meet present and future needs.

Four Drivers of Sustainability Development Goals:

1. Universality: We're in this together and the goals are applicable to all countries rich and poor.
2. Sustainability: The goals are holistic and target social, economic, and environmental issues.
3. Leave No-One Behind: We cannot claim to have met a goal unless it is met for everyone.
4. Participation: All countries and multiple stakeholders involved in putting together SDGs.

Paradigm Shift:

- Paradigm – A framework for observation and understanding the patterns that influences what we think and how we want to solve problems.
 - A mindset. E.g. Theory, norm, common sense.
- Paradigm shift is a change from one of way of thinking/examining to another.
- New business solutions are only possible when you are willing to change the things with perspective.

Shift Towards Sustainable Development:

- 'To Sustain'
 - Support.
 - Keep in certain state. Keep at proper level or standard.
- So 'sustainability' has something to do with:
 - Continuance. Maintenance.
 - The ability to continue an activity or maintain a certain condition indefinitely.

- 'To Develop'
 - Improve. Get better.
 - Progressive transformation of economy and society.

Sustainability to Sustainable Development?

- Sustainability = Goal | Sustainable Development = Objective.
- If an activity is said to be sustainable: It should be able to continue forever.

Inter-Species Equity –

- Making sure that other species and their habitat can co-exist.
- Share with another species.

Intra-Species Equity –

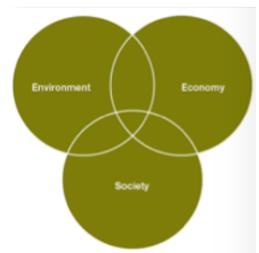
- Making sure that all of us have the same rights and opportunities now and in the future (includes inter-generational).

Precautionary Principle –

- Making sure that the lack of scientific certainty doesn't compromise common sense to minimize risks.

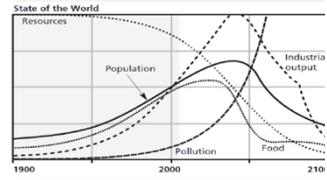
The Optimists:

- The view of weak sustainability.
- Maintenance of high standard of living through the maintenance of various forms of capital.
- Substitutability of natural capital.
 - Natural capital can be substituted.
- Anthropocentric.
 - Emphasis on human needs and values.
- Mechanistic worldview.
 - All can be measured and explained.
 - If you cannot measure it, it does not exist.
- Nature is ascribed utilitarian values only.
 - Nature only matters when useful to humans (resources).



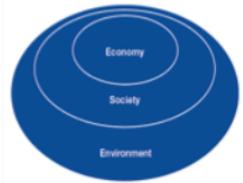
- Optimistic and strong faith in:
 - Technology.
 - Science.
 - Human ingenuity.

} Technology and science will save the day.



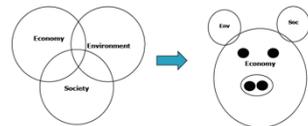
The Pessimists:

- The view of strong sustainability.
- This view suggests that man-made capitals cannot serve as a substitute for (critical) natural capital.
- Pessimistic assumptions.
 - Focuses on precaution and carrying capacity.
- Eco-centric worldview.
 - Nature matters in its own right.
- Challenges entrenched structures and beliefs.
 - Rejects economic rationality and technocracy.
 - Calls for radical social, political, and economic reform.
- Trans-scientific / multi-disciplinary.
 - New approach to science based on integration and holism as opposed to sole reliance on single disciplines.
- *Motto:* If we live as if it matters, and it doesn't matter, then it doesn't matter. If we live as if it doesn't matter, and it matters, then it matters.



The Paradox:

- Achieving that ideal balance –
 - To accumulate financial capital, maintain or strengthen social capital, and in the process not degrade natural capital remains paradoxical.



Can we substitute natural capital in reality?

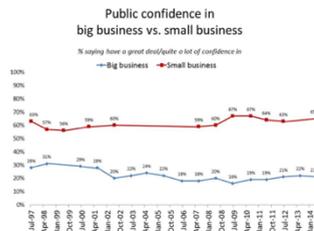
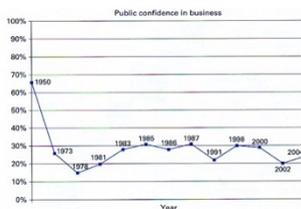
- The Bioshere 2 is a 1.27 ha structure originally built as a dome or an artificial enclosed ecological system in Arizona (USA).
- The dome aimed to mimic nature.
- Due to falling oxygen and rising CO₂ levels, 8 scientists need to be evacuated only after a few months.

- Lessons learned from Biosphere 2:
 - The cost of the built capital i.e. Dome that (marginally) regulated life-support systems for 8 people over two years was about \$150million, or \$9,000,000 per person per year.
 - These ecosystem services i.e. Natural capital are provided to you and me more-or-less cost-free by natural processes.

Module 3 – Corporate Social Responsibility

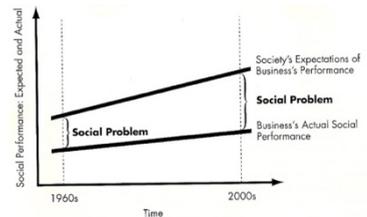
Public Confidence in Business – Longitudinal Trend:

- Growing legitimacy crises.
- Long term data indicates that public confidence in business has been declining since the 1950's.
- It is clear that people have given up on the large organisations.
- In 2009, there was the GFC which was caused by big corporations.



Social Problem:

- Businesses do not measure up to society's expectations.
- There is a widening gap between what we, as consumers, expect and what businesses actually do.



Milton Friedman (1970): Precaution with Irresponsible Profitability:

- Friedman believed that “the business of business is business.”
 - Any money spends on social (and environmental) responsibilities is effectively theft from shareholders who can, after all, decide for