

Editorial

Executive Summary

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Better Business: Creating Sustainable Value

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Businesses engage in a number of activities throughout their value chains to address social and environmental issues. For many years, this has been expected from businesses as their responsibility and accountability towards their stakeholders. Specifically, the increasingly debated idea of sustainable value creation makes businesses accountable for generating economic value without harm to society and environment (i.e., the triple bottom line). Some businesses have gone beyond this approach to make addressing social or environmental causes their key purpose. These businesses tie their identity to such causes and act as leaders in marketplaces, proactively working towards solutions for those challenges. This is not limited to social enterprises and non-governmental organizations anymore; private-sector businesses are more and more joining social movements to address these complex multi-layered global challenges. In other words, businesses are moving away from being responsible for social and environmental problems to being part of the solution for these challenging problems. This approach, which points to forms of hybridisation of organisational purposes and designs, is still in its infancy. But major players, including policy-makers, international corporations, and business schools such as ours, have understood that creating sustainable value is a purpose that is necessary and worth striving for.

The papers gathered for this second edition of the ESCP Impact Papers series, address a range of challenges and opportunities for businesses to create sustainable value. Specifically, they discuss the latest advances in knowledge around sustainability-related issues including business philosophy and business value, corporate activism, role of technology, new business models and sustainable value chains, people, their wellbeing and their prosocial behaviour, as well as pedagogy and the role of business schools in educating future responsible leaders.

First, new paradigms and approaches for guiding business behaviour are introduced and investigated, through which businesses can embed sustainability into their core purpose. Getz and Marbacher introduce the altruistic enterprises that serve their ecosystem members unconditionally benefiting from the economic results as a consequence (as opposed to other approaches that put economic benefit first or completely undermine it). Durisin has also critically reviewed Milton Friedman's article and his argument on "responsibility of business is to increase profits", discussing multiple shortcomings and flaws in that particular argument. And Nawrot, contributing to this debate, asks whether shareholders should be afraid of sustainability at all. In this sense, and using the case of the Italian sustainability investment market, Ghiaie and Ressico explore the case of (SPACs) for boosting sustainability, particularly in the aftermath of the COVID-19 outbreak, emphasising the issues that stakeholders need to consider, in particular maximising both the sustainable aspects of the market and their respective interests. Fréry underlines two issues concerning the political dangers of the status of a company with a mission: the creation of profit and its sharing and thus proposes two possible avenues of improvement by specifying the need to use companies for what they are made for; and to meet the expectations of their customers, to create jobs and to finance public powers through taxation. In the same vein, Colla, De Géry and Lemmet have explored, from three theoretical angles - economics, management sciences and law - the potential contribution of the mission-based company to greater CSR commitment in France, and in particular the potential impact of the label on consumers as

well as that of changes in governance on the societal and environmental innovation capacities of companies and their employees.

Consistent with above, Thibierge introduces a new framework for investors to evaluate business value that includes sustainability as a new dimension in addition to risk and return. This is an approach that could also be underpinned by the idea of good faith competition, as laid out by Abellán Martínez and Bunkanwanicha. Melo Pimentel and Ramírez also discuss the emergence and growth of sustainable finance as an alternative investment approach, and show the ways the EU can further pave the way to fully utilize that investment capacity. A key management discipline to support this is accounting. Hence, Pronobis and Venuti shed some light on current developments in triple bottom line accounting. This also resonates with the call by Bergmann and Ratsimandresy to go beyond financial value and consider a new direction in terms of circularity indicators. Casanueva questions the ethical dimension of finance as a professor of finance, and more generally explores the compatibility of traditional concepts taught in finance by promoting better business and creating sustainable value. In this sense, he shows that modern management and leadership theories can be an adequate means of finding a point of convergence to facilitate collaboration for better business and sustainable value creation within a very diverse group of citizens.

Extending the debate further, Beyneix and Lamy introduce the new concept of epistemic responsibility, which concerns the reliability of information disseminated by companies, as a missing element of responsible business; and Julien, Rouzeaud, Meiller, and Tran even propose an alternative management approach building upon the agricultural technique of permaculture. Arnaud and Flamme use a synthetic review of the different currents of research in management on the issue of authenticity in professional situations, to analyse the expectations of the type of management that results from a psychosocial and ethical point of view, thus showing the stakes and potentialities of a managerial trend that is becoming increasingly popular in companies.

Second, corporate activism and corporate engagement with social and political processes are depicted and investigated. Brühl and Kapteina show how some companies operate as political actors and actively position themselves against anti-democratic forces. Consistently, Chan discusses the potential role that multinational corporations can play to advocate and protect LGBT rights in their countries of operations where those rights are violated. Troege and Manh Nguyen also show that a close relationship between corporates and government has a positive impact on corporate environmental sustainability. How entrepreneurs, who consider the local contexts and impacts, can actively contribute to making a change is illustrated by Melo Pimentel and Ramírez for the specific case of local entrepreneurship in sustainable tourism. The social side of business that goes far beyond the business-as-usual approach is explored by Kriem, who offers the unusual case of how prison labour can be supported through social entrepreneurship. A more traditional form of activism, namely shareholder activism, is critically discussed by Shagrin, Pillet and Chekroun.

Thirdly, the positive and negative role of technology (in particular, digital technology) have been investigated and the latest advancements on the role of tech in sustainability are explored. Specifically, Meiller investigates the impact of digital transformation on sustainable development by discussing issues such as privacy, environment as well as inclusion and diversity. Blasco-Arcas and Lee also investigate the consequences of artificial intelligence (AI) and propose a human-centred perspective of AI by considering issues such as the unbiased human being, data for good purposes, the application of ethical frameworks and AI risks, as well as benefits education. AI is also discussed by Tse, who asks whether AI technologies can support the uptake of ESG (environmental, social, and governance) information within business and financial markets. Data seems to be a key topic in relation to supporting sustainable value creation, particularly to support stakeholder inclusion, which is shown in the paper by Geneste, Lespérance, and Mesa. Furthermore, Rattalino and Lanteri highlight the negative impact of the bitcoin on the environment and suggest a move towards sustainable digital currencies. In more general terms, Gerges-Yamine and Mohil ask whether we have to rethink innovation after the pandemic and whether in the aftermath there will be any innovation at all. Jallat and

Liabotis show that climate change is not only a major public health issue but also a socio-economic objective of the first order for public health actors, the biopharmaceutical industries and all economic actors, and may have lasting positive consequences on the prosperity of nations and the development of businesses. In this regard, Fréry presents the fight against climate change as a technological challenge, the real cornerstone of which lies in adopting a scientific approach fuelled by ambition, energy and our irresistible ingenuity, illustrating this by presenting promising new technologies in this field.

Fourthly, sustainable business models and practices to engender value chain sustainable are reviewed and investigated. An iconic and well-established example of a sustainable business model, namely the product-service system, of Interface Inc., is introduced by Delbard, with a focus on what can be learned from the company's 25-year sustainability journey. Chamarro Santiuste, Herrero Amo and Cobo-Benita look at shared economy business models such as Fairbnb with sustainability as the core element of their model. Sydow and Michaels, show how female entrepreneurs in rural Kenya develop, manage and grow their business. Carbone and Moatti investigate the consequences of reshoring with regards to social and environmental sustainability and propose better reshoring, a better footprint for offshoring, and transforming value chains, as the key elements of a sustainable global value chain. Makridou also illustrate sustainable practices in the energy sector by deeply looking at a successful case. Two papers also look at the customer-facing side of the value chain as a way of achieving sustainability objectives. Heilbrunn proposes that brands have a potential to become cultural catalysts and act as an agent of change in co-creating prosocial and pro-environmental culture. Bürgin and Wilken also outline how pricing practices can encourage consumers to move towards more sustainable consumption behaviour.

Fifthly, issues related to employees' and consumers' wellbeing and their prosocial and pro-environmental behaviour are articulated. Avgoustaki highlights work intensity as a crucial (and less attended to) element of employees' wellbeing and identifies its determinants. Whether and how the current pandemic offers opportunities for moving towards more sustainable HR management is discussed by Galindo. Succi also identifies some of the threats to people's cognitive abilities and recommends a number of practices to achieve cognitive sustainability. Hoang, Lee and Lup identify a number of practices through which companies can enhance their employees' and customers' prosocial behaviour. Schmitt also discusses the attitude-behaviour gap and its determinants and proposes a number of strategies such as transparent and reliable communication, nudging and shaping new habits to close the gap. Finally, Lee and Gaston-Breton scrutinize mindfulness practices and identify conditions where these practices may lead to sustainable consumption.

Finally, multiple practices and necessities in educating future responsible leaders are introduced. Acquier, Carbone and Lauquin show how their pedagogical innovation based on design fiction encourages students to form a more tangible view of sustainability. Similarly, Prime illustrates how the application of individual reflective notes help students to develop sustainability knowledge. Awareness and how it leads to engagement, is also an issue explored by Verzat, Teglborg and Acquier. An eye-opening way for describing the grand sustainability challenges of our time is in creating awareness for the planetary boundaries and in seeing how far mankind is already surpassing these. Acquier and Peyretou discuss this in relation to the needed disciplinary renewal of business school curricula. Heilbrunn raises the issue of image economy and the distance between what is visible and what is real. He then raises the importance of semiotics and the importance of connecting the visible to the meaning through education. Related to this, narratives are important to frame and motivate sustainability education, but they are perhaps not enough. Hence, Pucciarelli and Kaplan ask: are business schools finally walking the talk of responsible management education? In the case of ESCP Business School we can state that a lot is happening and that the change is becoming more and more visible!