



TECHNICAL NOTE

TERMS OF REFERENCE REGARDING SUSTAINABILITY

1) Sustainability as a transversal criterion for all research work

2) Parameters for research on responsible corporate management education

This is a contribution for the discussion on how to introduce sustainability as a transversal theme in all research work on responsible corporate management education. In fact, the elements summarized here imply in a deeper discussion on the assumptions and foundations of this concept, as well as on its systemic meaning due to the lack of analytical power of the still predominant understanding by the sector (which tries to place sustainability into strict dimensions - social, economic, environmental - or uses only its environmental meaning.)

1 – CRITICAL VIEW

We must first analyze some beliefs and behaviors that need to be left behind if we want to reach the heart of the matter in sustainability. Therefore, the debate on some provocative issues may contribute to build a critical view on the complex problem of corporate sustainability:

- I – Should we reduce sustainability to its environmental dimensions?
- II – Should we direct our concerns with sustainability to “save the planet”?
- III – Should we consider that only life as a biological reality is threatened?
- IV – Should we consider (corporate) sustainability as a result of the artificial sum of sectorial actions (economic, environmental, social), which aim is continuous profit for the company?
- V – Should we consider sustainability as a sort of program (or set of ideas) that can be independently applied from political actions?
- VI – Should we consider that sustainability can be achieved only by the traditional exercise of social responsibility?
- VII – Should we consider that sustainability is a goal to be achieved in the future?
- VIII – The company model that “works well” (currently) can be used as a reference of good practices by companies that want to achieve better sustainability conditions?
- IX – Is sustainability something that changes or it preserves what already exists? Should we define sustainability as durability?
- X – Is it possible to find a formula to achieve sustainability? Is there a path for sustainability or sustainability is the path?
- XI – Is sustainability a know-how or a way of being? Will sustainability be achieved if we do something else (without really changing our way of being)?

2 – ON THE CORPORATE SUSTAINABILITY CONCEPT

Until the mid 1990s, the major concern of the corporate sector was centered on quality and productivity. At the turn of the 21st century, in the past ten or fifteen years, the focus moved to sustainability. The big challenge now is to understand the new requirements and operational consistencies of sustainability.

In the contemporary world, it is no longer possible to address strategy, organizational management, people management, and *stakeholders* management in isolation, as if they were separate departments. All of this can now be seen from sustainability's systemic perspective.

Sustainability, today, demands that the company not only grows, but also develops. But, usually, the concept of development is applied to countries, regions, or localities. There is not much talk about development in an organization, like, for example, a corporation. However, the concept of development that has been emerging in recent decades can also be applied to companies and changes our view of what would be desirable for a company.

If we take an old business magazine, lets say, from about twenty years ago, one of those that used to publish lists of leading companies according to revenue, or of the best companies according to profitability, we would be surprised to see that a good part of the best companies listed on the rankings of those days no longer exist. Many go on existing, but have changed their missions. It is almost certain that the ones that survived had to go through some process of organization reinvention capable of preparing them to promote their own development and induce the development of the environment in which they operate.

When we talk of company development we are talking, then, about corporate sustainability. Sustainability, in this sense, is development's new name.

But development, from this perspective, is always the operation of a network of interdependent co-developments. An isolated company will never be able to reach sustainability. Only networks can be sustainable. To attain sustainability, the company must properly manage its stakeholders' network (ethical-reflective), geared to its own development and to the development of the world where their partners operate. The links between the company and society can be strengthened and guided toward development by means of a properly managed *stakeholders* network. And this because, ultimately, the notion of sustainability can be construed as conservative dynamics of linear sequence that cannot respond to the appeal of sustainable development, implying awareness of the systemic character of everything we do and of the worlds in which we live, and consequently, the revelation of the relational-operational dynamics of human living in the very biosphere that we want to conserve, as the generator of the harmony in sharing the biosphere in which we live. Such a vision is critical in managing ethical-reflective stakeholders' networks, if we wish to conserve the internal and external wellbeing in our productive and services delivery processes.

Such an understanding, however, is still not shared by those who are concerned about corporate sustainability. Even in the corporate area, many people still go on thinking about sustainability simply, or mainly, in environmental terms. When they set out to do something, they try to artificially fit in corporate responsibility actions (predominantly marketing) in the economic, environmental or social areas.

Paradoxically, thanks to climatic change among other factors, today, the call to reflection and to action posed by sustainability has gained worldwide importance, both in the corporate and government contexts, and in the inter-state and citizenship ones. The current understanding of what is understood as sustainability goes beyond the environmental. There is talk about "the challenge" and "the opportunity" of sustainability, recognizing its economic, social, cultural, politico-institutional, physico-territorial, and scientifico-technological dimensions.

A Summary

This is a summarized of assumptions and principles that, explicitly or implicitly assumed, can be useful in the search of fundaments for the concept of sustainability:

- Sustainability is the consequence of systemic change processes in organizations in harmony with changes in circumstances.
- Only something that succeeds in conserving its organization and adaptation in a continually changing environment is sustainable.

- Growth (or expansion, quantitative change) is not the same as development (qualitative change). Not everything that grows is sustainable: only something that is continually developing is sustainable.
- We are fast approaching a time when constant change will be the only possible stability. Moreover, it will be the only chance of sustainability. Such as sustainability is the new name of systemic development, development now means innovation. It involves our capacity of establishing partnerships, of creating environments that favor synergies, and to use the surprising potentialities of symbiosis. These are the key concepts for changing from the old idea of growth to the new concept of development (that is, sustainability).
- Development is always co-development. Development is the systemic result of the action (or dynamics) of an operational-relational network of interdependent developments. Only those who promote the development (of the environment they are in) develop, by interacting with the conversation networks that make up the human organizations or communities in which they are integrated.
- Development is always human and social development. Societies can only become sustainable communities insofar as their organization and social interaction patterns are capable of building environments favorable to human and social development, which depends on how people interact (organization pattern) and on how they regulate their conflicts (regulation mode). The more network (distributed) organization patterns and regulation modes are present, the higher the chances of an organization not only to grow, but also to develop. In other words, the higher their presence in the conversation networks that constitute them, the higher the co-inspiration and cooperation dynamics.
- Development is something that happens in human societies, in the networks that are formed in these societies, in social networks. Social networks are social capital, a type of capital that is not taken into account by economy of growth, but that is critical for a “development economy.”
- Social capital is a resource for the kind of development mentioned just now to explain why certain human groups manage to create environments that are favorable to good governance, economic prosperity, and expansion of a kind of civic culture capable of improving their social living conditions. Because such environments are cooperative social environments, social capital is, primarily, socially expanded cooperation. So, social network (distributed) is a means through which (or in which) cooperation can expand socially (and even, in given circumstances, change competition into cooperation).
- Sustainability is synonymous to development (from a systemic perspective). And the relational-operational dynamics that generates it is constituted by the co-inspiring and collaborative conversation networks.
- Sustainability in human societies is development’s new name, a feature of the dynamic network pattern and, at the same time, one of the systemic consequences of the democratization process.
- The development model compatible with the sustainability concept is a regulational model (instead of the transformational and variational ones): what we call development is something that happens in the conversation network, the very network that regulates adaptation by changing its adaptation program, that is, by learning (and this is what is called sustainability or development from a systemic point of view), generating a continuous cultural transformation process in organizations.
- Just as nothing (or no one) can develop by itself, similarly, a system cannot be sustainable thanks to intrinsic reasons (or from its endogenous dynamics), but only through the set of relationships that connect it to other systems. This is why sustainability emerges precisely from a relational-operational dynamics that renders it visible in the cultural habitat in which we live.

- Only complex dynamic systems that acquired adaptive characteristics – displaying a distributed network structure – can be sustainable. At the same time that all systems are determined in their structure, their transformation emerges naturally from the relational-operational dynamics that constitutes them. In the case of organizations, that constitutes their culture.

Above are the elements needed for a more organic approach to the corporate sustainability issue and also for the establishment of an intrinsic relationship between the search for sustainability (organizational) and the practice of social responsibility (corporate). Now it is just a matter of linking them into a consistent argument. Taking the above assumptions as a basis, it is possible to infer some important conclusions for corporate sustainability.

No corporation will be able to achieve sustainability:

- if it remains an isolated administrative-productive unit;
- exclusively for market reasons;
- if employees work exclusively in exchange for wages or other material compensations;
- without a cause capable of mobilizing its *stakeholders* (or without reflective action involving and mobilizing its *stakeholders* in and as a function of well-being)
- if it does not invest in social capital;
- if it does not make of permanent innovation its way of being;
- if it does not promote development (human, social, and sustainable); and
- if it does not have a network pattern (through which co-inspiration and cooperation can take place).

3 – SUGGESTED THEMATIC AREAS

Five big thematic areas are suggested for inclusion in the process of educating and training executives:

AREA 1 | Sustainability | The concept's biological-cultural foundations and the search for a systemic concept of corporate sustainability

AREA 2 | Development (systemic concepts) | The company as agent of sustainable human and social development.

AREA 3 | Innovation | The company adopts permanent innovation as its way of being.

AREA 4 | Social Capital | The social capital variable in the development equation and the indicators of the social capital produced and consumed by the company.

AREA 5 | Social Networks | Stakeholders networks management and the transition from a *mainframe*-company to a network-company (the business community of the future).

4 – FINAL CONSIDERATIONS

Louis Antoine Léon Saint-Just was right when he asserted, in the 18th century, before being sent to the guillotine, “*tout ce qui n'est point nouveau dans un temps d'innovation est pernicieux.*” Despite being devoured, along with Robespierre and many others, by the revolution he helped to promote, Saint-Just foresaw the arrival of a time when constant change would be the only possible stability. And, furthermore, the only chance of sustainability.

This time arrived. This is our time. Such as sustainability is the new name of systemic development, development now means innovation. It involves our capacity of establishing partnerships, of creating environments that favor synergies, and to use the surprising potentialities of symbiosis. These are the key concepts for changing from the old idea of growth to the new concept of development (that is, sustainability).

Therefore, it is time that the schools dedicated to corporate education – be it regular undergraduate business courses provided by universities or the so-called business schools offered outside the academia – take into account that we live in a world that was already forecasted two centuries ago.

We must know prepare the students to provide new answers to a world that is changing fast, instead of feeding them with formulas the “worked”, inducing them to repeat or to apply the past, and not to open new paths for the future.

Our curricula must include subjects that really matter. In the midst of the transition from a hierarchical society for a network society, it is not reasonable that almost nothing on this subject is found in the disciplines provided until now. It is also not reasonable that in the set of provided disciplines little is found on entrepreneurship and – amazing! – on the new development concepts that emerged during the last 30 years, involving cooperation theories, the game theory, complex dynamic systems theories, and many others, up to the most recent theories on social capital.

The schools dedicated to training our executives cannot leave out, therefore, everything that could contribute to open the students' minds, helping them to acquire the capacity to understand complex patterns, and training them to better understand all that is essential to capture the sense of sustainability, such as systems, symbiosis, emergence, and collective intelligence.

In the transition to another type of society in the era of knowledge and information, companies that want to be sustainable will no longer be isolated administrative-productive units, and will become business communities established within the networks of their stakeholders. They will be more changeable or flexible. And more easily accessible to the entrepreneurs. Due to dematerialization and availability of production means - in a society where human and social capitals are important and increasingly decisive economic factors - the company will be a result rather of the entrepreneurial capacity (of those who have a dream and want to make it come true) than of the capacity of accumulating physical and financial capital to hire other people (who then have to give up their own dreams to make someone else's dream come true), as it happens today. This represents a huge challenge for companies that are willing to increase their sustainability chances in the transition from a hierarchical society to a network society, particularly as to learning to democratically manage the stakeholder network, starting the transition of their organization pattern - from mainframe to network - and making their internal and external procedures more democratic.

If those who plan the curricula of our business schools continue to go after the good formulas - those that “worked” -, teaching its students to replicate them, we run the risk, as Saint-Just said, to fall into a pernicious education practice, because it is conservative in a time of innovation.

Based on the considerations in this Technical Note, it would be up to Terms of Reference, about to be prepared, to break down the thematic contents of the above four areas in terms of syllabus reformulation of administration and similar courses, bearing in mind the changes in management and corporate governance processes.

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