

CSR, Sustainability, Ethics & Governance

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Sustainable Value Chain Management

Delivering Sustainability Through the
Core Business



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Foreword

The Role of CSR in the Value Chain's DNA

Sustainability and Corporate Social Responsibility are valuable economic components emerging as hot topics in public discourse. Today's immense social and environmental challenges provide new opportunities and the need for integrative management techniques, economic specialization, and innovative technologies. Academics and management practitioners discuss this trend with both scientific and practical applications in this series on CSR, Sustainability, Ethics, and Governance published by Springer. The goal is to explain the complex issue of Corporate Social Responsibility (CSR) by providing a breakdown of its application on specific areas of business administration such as Supply Chain Management.

For too long, the subject of sustainability and the assumption of corporate responsibility were depicted in management literature as a predominantly defensive strategy and, therefore, applied practically as a mere cost factor. Until recently, social and environmental issues and the related business opportunities remained generally underexposed. However, CSR and sustainability are now being integrated into a company's DNA, i.e., in the core processes of value creation, innovation management, and organizational development. Therefore, the release of the publication "Sustainable Value Chain Management" has come at just the right time for worldwide discussion.

Throughout economic history the concept of value has been central to business operations. Companies were focused on the efficient organization of value chains.

Value-added processes, however, have become increasingly complex in the wake of globalization and the associated intensified division of labor within businesses. Furthermore, organizational transparency and pressures from various stakeholder groups (customers, employees, NGOs, etc.) are constantly increasing. Value chains need to be newly designed and organized to fit within this context. In addition to economic factors, environmental and social issues play an increasingly large role.

Companies can prepare for the future by developing a sustainable business model in which the creation of business as well as social value is essential.

In this publication, necessary aspects of sustainable value creation are described along with practical examples. Readers are, therefore, cordially invited to use the techniques discussed to aid in their own professional challenges and to partake in intense CSR discussions with the editors, authors, and supporters of this series. Last but not least, I would like to extend my sincerest thanks to the editor Michael D'heur for his extensive commitment, Christian Rauscher from Springer for his assistance, as well as to all the supports of this truly global CSR series. Finally, I wish all of our cherished readers an interesting journey through the various aspects of Sustainable Value Chain Management.

Cologne, Germany

René Schmidpeter

Foreword

Sustainable Economics: More of Doing “Good”

What is an inherently good corporation? A “good” corporation has to be successful in economic terms but simultaneously contribute to the environment and strengthen social coherence. Within its various spheres of influence, it has to work according to universal ethical principles. Many corporations already act as a “good” one and without a lot of discussion about it. Yet, there are others, which do not work according to these values at all.

However, how do you distinguish a “better” corporation from a “normal” one? To tell them apart is difficult because there is currently no frame of reference for sustainability which can be applied to all corporations. Such a frame of reference, which enables competition between sustainable business models and value chains, is still to be established. Having a system of equal requirements for all business in place would enable the discussion about sustainable management to be more tangible, comprehensible, and invigorated. Otherwise sustainable economics remains too vague and a matter of publicity rather than actual facts, which in the long run would cause more discontent than trust.

We are a long way from understanding sustainable management as a matter, which requires attention also in economic and business-related settings. In fact, syllabi of economics or business management courses at university currently do not give an account of the current challenges faced by businesses or economic policies, including sustainability. Even better that the book at hand is a practical one, devoted to sustainability in products and value chains and showcasing the problems of sustainability, CSR, and market penetration: diverging juridical spheres, growing global population, demographic change in Europe, and different societal, ecological, and economic conditions. These are the facts that make it problematic to establish one universal frame of reference for sustainability.

The question of whether corporations can be made subject to a more sustainable ecological, societal, and economic development at all poses a further challenge.

20 years ago sustainability was defined mainly in environmental terms; nowadays it considers also societal issues and economic aspects. The globalized economy and worldwide communications make the world a global village. This amplifies the request for peaceful coexistence and social justice from a national to a global context. Therefore, we need a global approach and a framework for comparing economic, societal, and ecological development – in short: for comparing sustainability. As soon as its target, the stakeholder, and tools are more clearly defined, a new dynamic will arise to change the existing markets. Subsequently, investments will be made in corporations that align their strategy, their core businesses, corporate processes, and their governance with sustainable development.

However, this movement has started already. We need stakeholders and investors who decide themselves whether a corporation is active and engaged in sustainability. The public sector, too, needs to align its procurement strategy according to ecological and social criteria and purchase goods and services only from corporations, which act according to sustainable principles in the long term and in a reliable manner.

I am certain that many corporations are well prepared for competition under the premises of sustainability. I am convinced that corporations can benefit from competition which also takes ecological and social criteria into account. But for this, enhanced visibility and critical analysis with one's own sustainability accomplishments are prerequisite. Recognizing and discussing conflicting aims allows one's perspective to widen, which is essential for future market success.

The solutions to the challenges of corporates' responsibility for sustainable development are extremely diverse. There is no "one-size-fits-all" solution. This book discloses many different approaches and offers a practical orientation for other corporations and organizations on their way toward sustainability. I hope this book will address many readers and strengthen the business-related debate and research about sustainability and "doing good."

Berlin, Germany

Marlehn Thieme

Foreword

Moving from a Postindustrial to a Sustainable Age

Already in 1969 Alain Tourrain pointed toward the fact that a new form of society, which he labeled “postindustrial,” is coming into being. With his statement he wanted to indicate that it was time to see off the industrial age. Yet, at that point it was not clear where exactly the journey would lead. Today, more than 40 years later, the new era seems to materialize increasingly. The process is accelerated by intensifying crises – may they be economic, related to climate, scarcity of resources, or demographic change – showing that our focus on economics and the development model based on Gross Domestic Product (GDP) is no longer sustainable.

At least in Europe there is a growing consensus that our future economic and social model needs to reach a balance between economics, ecology, and social values. In order to attain such balance in the long term, a new understanding of growth is required. The discussion increasingly focuses on qualitative growth, which the European Union understands to be innovative, inclusive – meaning to take in all social groups, resource efficient, as well as environmentally friendly. Such kind of growth can no longer be expressed in straightforward GDP terms.

This does not merely call for constraints, but mainly offers chances that can be used in an innovative way. A new dynamic comes into being, which is not primarily focused on GDP growth, but is connected to an augmentation of quality of life – the new notion of prosperity.

In European societies, this basic concept has already been accepted widely and its basic ideas have even made its way into the Treaty of Lisbon. Nevertheless, as long as corporations, the most important economic players, do not adopt this concept it is not of much practical use. The concept of CSR, which basically describes and measures to what extent a corporation has committed itself to the new understanding of economic action, has existed for a long time now. It is the responsibility of our society and the state to make CSR standards comparable with

each other, and furthermore to ensure that existing incentives and tax legislation support those corporations that implement CSR and that do not hold on to old principles.

For corporations it has to be profitable to act according to CSR. It should be in our interest to remove any obstacles on the journey toward a more sustainable society.

Corporations which have committed themselves to CSR or which have embedded CSR in their management strategies have to face many limits of implementation. On the one hand, this is because they do not find themselves in a fair condition for competition; on the other hand, because the increasingly interwoven structure of our economy makes it difficult for a single corporation to practice CSR in its complexity. Because of this, it is a logical step to merge production and value chains in order to use the numerous synergies within these chains.

This book offers a solid analysis of what is possible to achieve in terms of CSR and effective supply chain management. Numerous practical examples intend to encourage entrepreneurs and businesses to move toward the new economy.

Alpbach, Austria

Franz Fischler

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