

Lecturer's Notes and Instructions on  
**Corporate Sustainability & Green  
Cities**

Lecture 5: Future Directions

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## INTRODUCTION

This fifth and final session seeks to identify key developments and thinking which will help to shape the global future of the field. The lecture introduces and discusses the implications of four topics at the cutting edge of thought and practice: Sustaincentric organizations, B Corporations, Place-based enterprises, and Integrated Reporting. Each of these four topics currently remain outside of mainstream management practice, though are experiencing support for their central ideas and growth in their implementation. Students are challenged to consider the merits of each concept area and discuss how it may influence the sustainability performance of firms in an urban context, and more broadly give consideration to the impact on cities.



## CONTENT

The fifth session is divided into four constituent parts (recommended proportion of session time given in brackets): (1) Sustaincentric organizations (20%); (2) B Corporations (25%); (3) Place-based enterprises (35%); and (4) Integrated Reporting (20%).

### *Instructions*

#### **(1) Sustaincentric organisations**

This first section of the session asks students to give consideration to what would a 'sustaincentric', or truly 'sustainable organization within a city look like? It is advised to begin with an open discussion of how this question may be approached and how we may determine if a firm is 'sustainable' within its urban context. Students should first consider what are the socio-ecological limits of a city and how may these be determined. Can minimum conditions be set? (justice, health, resource use) Are there a set of operating principles available to which managers can adhere to?

This section then ends by questioning if all organizations need to adhere to all 'sustaincentric' principles in order to achieve sustainable cities. This discussion should lead students to consider: (a) if some organizations may over and under perform on certain dimensions (performance of the collective is of greatest importance and is the appropriate unit of analysis); (b) businesses are important but not the only actors operating in cities who need to 'sustainable'.

## **(2) B Corporations**

This section first considers Certified B Corporations. This is offered as a nonprofit certification scheme (third party authentication) to help firms attract investors and customers. Certified B Crops must meet particular criteria around social impact and aligning company goals with environmental and social benefits. Applicants must also pass a B impact ratings system, adopt the B corporation legal framework, and sign a term sheet making the certification official. Two examples are given:

- *World Centric*: Manufacturers of certified compostable products which replace single use plastics & Styrofoam disposables/packaging, donate 25% of their profits to grassroots social and environmental organizations, offset all their carbon emissions from raw materials to final delivery, and give discounts to schools and non-profits. Their certified compostable products are made from discarded sugarcane and wheat straw fiber and other annually renewable resources like corn. They are non-toxic, non-polluting, take less energy to produce and when composted, make nutrient rich soil.
- *AFC Health*: The company exists to provide affordable, technologically superior and environment friendly healthcare services for the improvement of community they live in. It aspires to be the most preferred healthcare services brand where they operate.

Optional engagement with recommended reading: Chen, X., & Kelly, T. F. (2015). B-Corps—A Growing Form of Social Enterprise Tracing Their Progress and Assessing Their Performance. *Journal of Leadership & Organizational Studies*, 22(1), 102-114.

In the second part of this section, attention turns to Benefit Corporations. This is a new US Legal Status for 'for-profit' enterprises whereby the firm is legally obliged to deliver societal benefits (beyond the pecuniary interests of its shareholders). The differences with Certified B Corporations are discussed and consideration is given to the benefits and drawbacks of both types.

This section ends with debate over the (potential) implication(s) of Certified B Corporations and Benefit Corporations on cities and if there are limitations to the movement. Finally, the section ends with a positive look at B Corp impacts of cities.

## **(3) Place-based enterprises**

This third section considers the concept of place-based enterprises. This section begins with an open discussion of 'What is place?' (the slide indicating pictures of Rotterdam showing

culture, historical events, sense of place – 010 isn't just a code, and the physical element). This discussion leads to the three determinants of place: (a) geographical location including spatial coordinates, topography and the intersection of global and localized ecosystems; (b) locale: the set of informal and institutional relationships in which history, culture, economics, communities and organizations emerge, shift and reinforce each other; and (c) sense of place—various emotional and cognitive attachments to this locale.

Attention is then turned to the organizational level. Place-based enterprises are introduced by first positioning then vis-à-vis 'rootless' multinational organizations. At this point it is advised to engage with compulsory reading: Shrivastava, P., & Kennelly, J. J. (2013). Sustainability and place-based enterprise. *Organization & Environment*, 26(1): 83-101. It is recommended that students are allowed to try and identify a place-based enterprise in their city applying the criterion.

Finally an example of applying the place-based analysis is provided, taking a look at urban water resources in the UK:

- *Place-based management of urban water resources*: UK has challenges with water management due to flooding from overflowing rivers and saturated sewer systems. These challenges are becoming further exasperated by climate change and ineffective water management practices.
- *Sheffield*: The case is situated in Sheffield, UK. Since the turn of the millennium the city has seen a lot of regeneration after the large scale collapse of the steel industry in the 1980s.
- *Bring on the Sub*: The city has a relatively average annual precipitation for England but is nestled between seven hills and at the confluence of seven rivers meaning flooding is a constant threat. Picture of the local football team back in floods of 2007.
- *The Manor*: One of the areas in the city designated for a major inner-city regeneration program was called The Manor. Situated on challenging topography, it's an area which is socially-deprived – poor quality building fabric, social deprivation and multigenerational unemployment. The regeneration program aimed to provide The Manor with a new infrastructure and new housing. Alongside new workspace, training and environmental improvements. During the infrastructure design work it was evident that accessing the existing surface water sewer through a gravity fed system would be difficult for around 300 of the new houses.

- *Sustainable Urban Drainage System (SUDS)*: Specifically the case looks at the implementation of a sustainable urban drainage system. This is essentially trying to mimic natural drainage patterns, dealing with stormwater at or as close as possible. So instead of chucking it down a pipe straight to a river, the local area retains the water, giving additional benefits to water pollution and for local community and ecology. Unfortunately such practices are still rather unusual and far from the norm in England.
- *Using SUDS to build place*: The idea of using SUDS for the new housing development was initiated by a local wildlife NGO in conjunction with a local landscape social enterprise. These actors spent €20,000 on a feasibility study assessing the feasibility on the premise that SUDS can build place through their community amenity value and providing substantial benefits to biodiversity and local wildlife populations. Critically the local council agreed that they would adopt the scheme if financing was found.
- *Enabling Business Case: Supportive Locale*: To compensate the local authority for adopting the scheme a simple one-time payment was to be paid covering a minimum of 25 years of management. This sum was to be paid by the regional development agency who would have to pay for all infrastructure works. While the agency recognize the need for such schemes to help flooding problems most people involved recognize that the fact it was cheaper than conventional solutions was critical.
- *Enabling Natural Conditions: Geographic Location*: Of the drainage solutions put forward – the option to combine traditional urban drainage with SUDS was selected by the housing developer. The SUDS scheme could be constructed in an adjacent and naturally draining local district park. This park was large, open and developing so open for land manipulation – but lacking finance. It also had an existing watercourse which could act as an outfall, satisfying sewerage undertaker requirements.
- *Taking Ownership: Managing the Dynamics of Place-Making*: With the SUDS to be built in the park, the local authority park development team was keen to take control. They hired an experienced SUDS architect and purposefully made a scheme that offered maximum visual, community and wildlife benefits. The scheme was also designed to be simple to maintain as to enable the subcontracting of a local enterprise – helping to build the community's sense of ownership.

For more information: Kennedy, S., Whiteman, G and von Schwedler, M. (In press) 'A Place-based analysis of sustainable water management.' In: Markman, G. and Guerber, A. (eds) Sustainability, Society, Business Ethics, and Entrepreneurship. World Scientific

Publishing.

#### **(4) Integrated reporting**

The final section attends to the topic of integrated reporting (IR). IR is about moving beyond financial information alone to capture and communicate the full value of an organization. IR seeks to understand and measure the capital dependencies between the non-financial and financial information over time: create an understanding of key resources, and an exploration of the interdependencies and trade-offs between the different types of capital employed by the organization. The session asks students to consider how this can be achieved? i.e how can firms develop a full, holistic picture of its own value creation story through the application of its business model: the basis, for what is termed “integrated thinking.”

Continuing to the objectives of IR, it is advised at this point to engage with compulsory reading: Perego, P., Kennedy, S., & Whiteman, G. (2016). A lot of icing but little cake? Taking integrated reporting forward. *Journal of Cleaner Production*. Essentially there are two main functions with most focus on the ‘information function’. This is positioned to miss the real value of ‘How can IR be used to help formulate sustainability strategies? How can it be used for decision making purposes?’

Concluding the section, students are challenged to draw the organization’s value creation story of a business within their city. From this analysis they are required to evaluate the risks and opportunities to the firm.

#### **Homework: Elevator Pitch**

The elevator pitch for this session allows students to engage with any of the four topics introduced: Sustaincentric organizations, B Corporations, Place-based enterprises, and Integrated Reporting. Students are challenged to consider a firm within their city and create a message to the CEO on the implications of the topic to the company.

It is expected that students apply the ideas of both compulsory readings and the lecture material to a business operating in their city.

## REFERENCES

### *Compulsory Reading:*

Perego, P., Kennedy, S., & Whiteman, G. (2016). A lot of icing but little cake? Taking integrated reporting forward. *Journal of Cleaner Production*.

Shrivastava, P., & Kennelly, J. J. (2013). Sustainability and place-based enterprise. *Organization & Environment*, 26(1): 83-101.

### *Recommended Reading:*

Gladwin, T. N., Kennelly, J. J., & Krause, T. S. (1995). Shifting paradigms for sustainable development: Implications for management theory and research. *Academy of management Review*, 20(4), 874-907.

Chen, X., & Kelly, T. F. (2015). B-Corps—A Growing Form of Social Enterprise Tracing Their Progress and Assessing Their Performance. *Journal of Leadership & Organizational Studies*, 22(1), 102-114.

## LECTURER'S PROFILE

Steve Kennedy is an Assistant Professor researching corporate sustainability, climate change and sustainability-oriented innovation within the Centre of Corporate Eco-Transformation at Rotterdam School of Management, Erasmus University. Dr Kennedy's current research focuses on how corporate sustainability strategies are translated into successful innovation and the formation of future-ready sustainable business models. In recognition of its academic contribution his thesis on the challenges of operationalizing sustainability at the local-level was highly commended at the prestigious Emerald/EFMD Outstanding Doctoral Research Awards 2010. Dr Kennedy is the Academic Director of the MSc Global Business & Sustainability and teaches courses such as 'Climate Change Strategy Role-Play' and 'Sustainability Leadership and Planetary Boundaries'. His research is published in journals such as *Journal of Management Studies*, *Long Range Planning*, *Journal of Cleaner Production* and *Management Learning*. Email: [skennedy@rsm.nl](mailto:skennedy@rsm.nl)

## MODULE DEVELOPER:



### ABOUT ROTTERDAM SCHOOL OF MANAGEMENT

Rotterdam School of Management is one of Europe's leading and largest business schools among the 1% of schools worldwide with Triple Crown accreditation. The school is a world leader in research and teaching on sustainability ranking 3<sup>rd</sup> in Europe and 19<sup>th</sup> globally according to The Aspen Institute's Beyond Grey Pinstripes Report.

Project participation is from the Centre for Corporate Eco-Transformation which broadly aims to reach a clearer understanding of the management challenges of corporate sustainability. The Centre conducts high-level research and education on management issues related to sustainability and provides accessible and up-to-date information on cutting-edge research, ideas and works published on the subject of corporate eco-transformation.

Learn more about RSM: <http://www.rsm.nl/>



## **ABOUT SUSTAIN PROJECT**

The SUSTAIN project aims to improve the quality of tertiary education in Sustainable Urban Development in Europe and partner universities in Asia; develop standardized education modules related to SUD and furthermore enriching them with international perspectives and academic and vocational skills and competencies; promote collaboration and international cooperation between European and Asian Higher Education Institutions in SUD but also collaboration and sharing between Erasmus Mundus programmes; establish links and bridge European Higher Education and practice in SUD; increase the visibility and access to European Higher Education in Asia in the field of SUD, attracting prospective Asian and international students.

The SUSTAIN project is co-ordinated by the Institute for Housing and Urban Development Studies (IHS) with the Dutch Research Institute for Transitions, the Netherlands, the Rotterdam School of Management, the Netherlands, Darmstadt University of Technology, Germany; National Technical University of Athens, Greece; European Academy of Bolzano, Italy; Ca' Foscari University of Venice, Italy; Gadjah Mada University, Indonesia; Centre for Environmental Planning and Technology, India; Beijing University of Civil Engineering and Architecture, China; and International Council for Local Environmental Initiatives, Germany.

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