

More than Business

Creating Sustainability Through Leadership

The idea of "the business of business is business", i.e., management's objective should be maximizing values for shareholders, is still a pervasive view in business world even though it has been criticized since 1980s. Till today, many people still make arduous efforts to examine how a focus on maximizing shareholder value can threaten companies' health and financial performance. Recently, Bower and Paine (2017) pointed out that "the Error at the Heart of Corporate Leadership" comes from this faulty idea, which assumed that shareholders own the corporation.

Today, it has been widely recognized that tomorrow's successful businesses will be those that are shaped by the interconnections between social purpose and economic value creation. Parker & Miller (2013) clarified clearly in their work, Everyone's Business that the social purpose of companies should be based on "creating economic value while creating social value for societal progression". Business leaders are facing fundamental challenges, to answer how to 'make organizations meaningful' and clarify the 'organization purpose' of their businesses. In this case, it raises the question of investigating the shift of companies on pursuing the meaning of more than business.

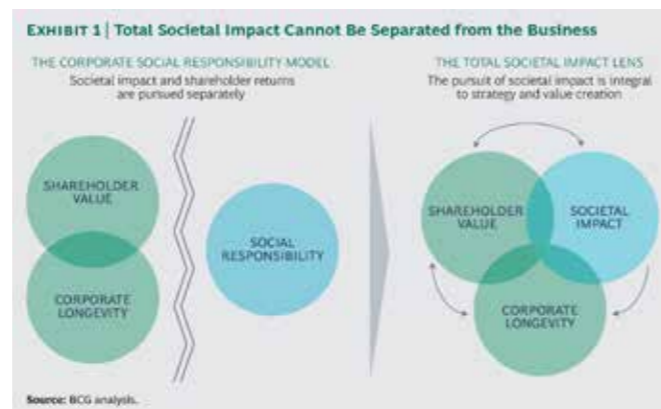
Changed Mindset in Business

Traditionally, managers hold the epistemologically of "either/or assertions", assuming the conflict between shareholder returns and stakeholder interests. With the increasing expectations and pressures from different groups in the pluralistic society, the view of "both/and reasoning" is being accepted widely, i.e., strong performance and purpose are not at odds at all. Companies are regarded as the entities with multiple purposes. To pursue really high performance in a long-term way, a company must have a purpose, to imbue social and environmental dimensions of value creation alongside its financial returns. According to Hollensbe et al. (2014), entrepreneurs are expected to make reflexive thinking about the purpose of their business. Business leaders are also expected to shift their mindsets to

By DR. XUANWEI CAO

the "both/and reasoning", possessing new ambidexterity capabilities to simultaneously compete in businesses for economic values and to orchestrate firm assets to compete for non-economic values. With the new ambidexterity capabilities, companies could balance the exploitation of existing opportunities for present success with the exploration of new opportunities for future purposes. In other words, companies should engage in taking full advantage of their established business opportunities whilst concurrently searching for new avenues of organic growth in a more meaningful way.

From a practical view, business leaders have to change their mindsets of business. They have to understand the purpose of business from an ecological perspective, to understand the symbiosis relationship between business and society, and to find a new way to business success. In the process of rethinking the role of business in society, business leaders could add a lens to consider their impacts on society, such as the impact on community, on suppliers, on employees, on competitors and collaborators, as well as the impact on nature. According to the recent BCG report Total Societal Impact:



Source: BCG. Total Societal Impact: A New Lens for Strategy. 2017

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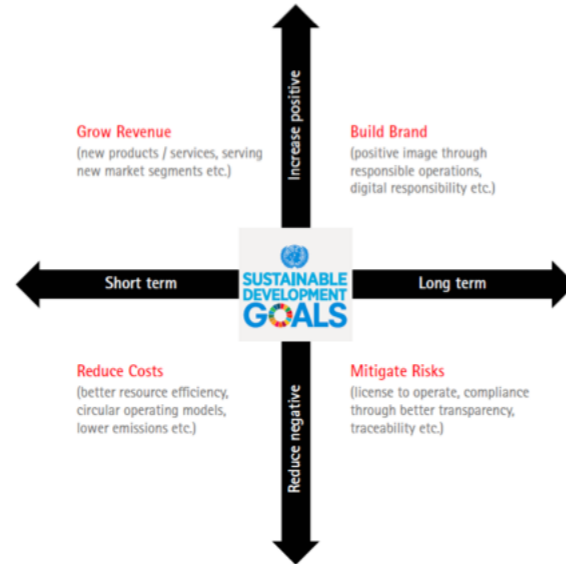
Societal Issues at the Forefront

A New Lens for Strategy (2017) today, it's not enough for companies to pursue societal issues as a side activity. Instead, they must use their core business—and the scale advantages it offers—to create both positive societal impact and business benefits.

The pursuit of societal impact is integral to corporate longevity and value creation. In the Global Opportunity Report (2017), it is very clear to find the enormous business opportunities when companies could align their business growth with the UN SDGs, such as repositioning companies as responsible and sustainable business solutions providers to the human society challenges in health, food, water and energy. According to Marquis & Raynard (2015), to obtain competitive advantage, companies should develop and apply strategies "to pursue and promote not only economic but also social development".

While some people might remain skeptical regarding the intention of entrepreneurs, claiming that "it remains an open question as to whether and, to what extent, entrepreneurs have the potential for creating sustainable economies", according to Hall et al., (2010). Others argue that entrepreneurship has an important role to play in transformation towards a more sustainable future. Entrepreneurs are becoming an important power in promoting a transformation to sustainable development through various ways. Entrepreneurs are expected to be able to balance the triple bottom line of economic, social and ecological goals and to pursue simultaneously economic viability, social equity and environmental stability. In fact, entrepreneurs have enabling power to create, alter, and shape their business environment. Entrepreneurs could transform beyond their

old belief of making wealth accumulation as the primary purpose of life and turn to help solve certain social and environmental problems for communities and society as their mission. Through their purposive actions, entrepreneurs could proactively recognize, create and develop business opportunities from solving certain social and environmental issues.



Source: Accenture. Corporate Disruptors: How business is turning the world's greatest challenges into opportunities. 2016

In near future, it is expected that there would be more entrepreneurs emerging from "sensing, shaping and seizing" commercial opportunities in align with the dynamics of social and economic transition towards sustainable development. In the new era of realizing UN SDGs, the predominant perception that business owners are motivated by 'proself' economic success is without doubt an outdated mindset. Businesses and entrepreneurs with dual values are embracing simultaneously the realization of both 'proself' and 'prosocial' objectives for the long-term survival. By focusing on the UN SDGs, entrepreneurs with different labels, such as 'green entrepreneurship', 'social entrepreneurship', 'ecological entrepreneurship', and 'sustainable entrepreneurship', unlike Schumpeterian entrepreneurs, would be driven by combined social and economic motive. Businesses under the leadership of such entrepreneurship with dual values will allow companies to address societal challenges, to develop more comprehensive strategy to thrive in balance.

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