

## **BMW Foundation Fellow for Responsible Leadership**

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DECLARATION - TOWARDS SUSTAINABLE BUSINESS CULTURES (SBC)

BY DR. DANIEL DAHM, BMW FOUNDATION FELLOW FOR RESPONSIBLE LEADERSHIP

### **NEW CHALLENGES CALLING FOR SUSTAINABLE BUSINESS CULTURES**

The diversity of ecology, cultures and biology provides the base for adaptability and creativity of human life. Sustainability results from their vital interplay, and its rules are setting the opportunities and boundaries of human development. The variety of life, the productivity and regeneration cycles of energy and material on planet earth are indispensable for the evolution of life and cultures, as well as for economical development. Economy and ecology are inseparable; they are intrinsically tied together.

The actual financial crisis is resulting from A) the ongoing total expansion of financial capital and private interests, and B) a bio-destructible competitive environment. Both together led into an ecological crisis, affecting all life-forms on earth including mankind. The financial system and its credits did grow far over the productive and re-productive capabilities of natural and social capital.

Economical (monetary) productivity was purchased on ecological credits, and ecological productivity was sold without consideration of its reproductive premises.

Instead of the actual panic reactions, new forms of co-operative actions and value creation are needed with a shared idea of competition on the base of sustainability. Future targets are the renaturation of degraded landscapes and ecosystems, as well as strengthening the development of infrastructures for basic needs with fair access for all humans, and, in parallel, the broad establishment of sustainable lifestyles.

### **CHANCES OF SUCCESS: NEW ALLIANCES**

To facilitate business ventures and civil society activities, it is demanded to understand the principles of ecological, societal and cultural balance, and their relevance for economical strategies. Therefore it is the best to exemplify relevant opportunities and conflicts in practice.

A wide range of concrete and innovative endeavours, actions and tasks targeting sustainable development can be identified on various levels, internationally, regionally and locally. They are mainly driven by civil society organisations, political institutions and, slowly-growing, by companies, entrepreneurs and business.

However, many of such endeavours are regional, partially isolated cases. The pooling of responsibility and strong complementarities between civil society, business and politics as joint actions is mostly missing. Furthermore, there is a lack of bundling potentially synergetic strategies and arguments, and if such synergies exist, they are in the majority of cases weak:

- Often they are not sufficiently linked up with other activities in common fields or in similar missions or synergetic topics. Efficient co-operation and networking, and the sharing of resources are often missing;
- Transsectoral partnerships (between civil society / NGOs, political bodies and companies / entrepreneurs) and their potential advantages are underdeveloped. Not all relevant stakeholders are involved;
- Local, regional and global perspectives are mostly unrelated, multilevel approaches are almost missing;

- Transdisciplinary knowledge and competent consultancy is rare, complex perspectives are almost absent. An integration of bio-geo-ecological and cultural and social aspects is mostly not accomplished.

#### AREAS OF RESPONSIBILITY: NEW INTEGRATIVE STRATEGIES

It is of great momentum to shift from a problem-oriented perspective towards a solution-oriented view.

In order to establish successfully implementable down-to-earth sustainability strategies on the local level, the problem of complexity has to be solved. Holistic approaches are demanded, facing a bundle of interdependent multilevel challenges by integrating the ecological and social aspects, and by harnessing the economical opportunities.

Consequentially following the experiences of the last decades in economical and technological co-operations and research insights, the problem of simultaneity has to be solved. Synchronous and multilateral improvements of socio-economical conditions are needed, by supporting the bottom-up growth of local and regional social and economical infrastructures.

Our knowledge that the recent perils for mankind and nature are endangering our common livelihoods are leading us to the need to accelerate our pace, the speed problem has to be solved.

Diversifications of good governance strategies on regional and continental levels are fundamental to achieve high flexibility and adaptability in short time. This needs a change of awareness and strategic knowledge regarding chances resulting from a cooperative integration of the diversity of local and regional factors.

Again: the diversity of ecological, social and economical conditions is providing the base for sustainability solutions. This calls for new integrative strategies.

#### NEED FOR ADJUSTMENT: SUSTAINABLE MARKETS

The last decades did distort, what a market economy could be. To narrow markets towards an expansive financial capitalistic idea of short-term maximisation of commerce and financial profits is alien for an intelligent concept of a market.

A recovering and rescuing of the term market seems promising in order to incorporate all stakeholders.

#### EMPATHY AND FREEDOM – THE ETHICAL BASE: REDISCOVERING ARGUMENTS

A basic fundament of a market is trust and shared rules. Basic fundamentals of democracy are egalitarianism, liberty and fraternalism.

Empathy and freedom seem to be adequate to serve as pure ethical base for economy. And that has to be pointed out. Without such a normative base it is possible to argue nearly everything as unchangeable: The destruction of nature and the externalisation of ecological costs; the monopolisation of economic power and infrastructures; the impoverishment of peoples and social inequality; the loss of cultural diversity and knowledge; the deformation of legal principles. But taken such a norm for serious, it strengthens our argumentation: Debates about the logic and necessity of war, of hunger and prosperity gaps, of the conflict between man and nature are baseless.

The alternative is a contest for the best sustainability strategies for new endeavours.

## **FIELD OF ACTION ONE**

It is essential to understand that innovative and successful business actions are placed in pluralistic economies.

### **PLURALISTIC ECONOMY: INTEGRATING DIVERSITY**

Local and regional conditions are minted by ecological and cultural as socio-political diversity. The productivity of ecosystems differs globally, regionally and locally very widely. The socio-cultural and economical terms and conditions are accordingly different. This results in the necessity of a pluralistic as co-operative creation of value, for example by jointing subsistence economy with market economy, and civil society with companies. The role of subsistence, of voluntary work, of extended family structures, of the social settings are as important as the very specific bio-geo-ecological situation, and need to be considered.

Successful enterprises are in strong correspondence with the plurality of their embedding environment; they do cooperatively integrate the variety of their ecological and socio-cultural embedding – benefiting and supportive. Effective enterprises follow sustainable pluralistic strategies, optimally harmonised with their surrounding, and involving all stakeholders, including nature.

This results in a truly pluralistic economy in a tight international co-operation, and aware of the value of local and regional especialness. Learning to perceive markets in a different and innovative way makes it possible to gain the short- and long-term advantages of cultural and ecological diversity.

## **FIELD OF ACTION TWO**

Natural capital is a basic factor for the economical creation of value. Until today it is not a factor for competitive success.

### **PRODUCTIVITY OF NATURE: A NEW COMPETITIVE FACTOR**

It is urgent to integrate sustainability in economical contests. To adjust relevant market mechanisms a new perception of market risks is needed. The long-term ecological lifecycle costs on systemic levels of business activities and their impact are attesting economic performance. This demands a forceful internalisation of externalised ecological costs in the value-added chain, into the incentive structure and market rules. A supporting and strengthening of the production factor “natural potential” as basis of value creation has to fortify the competitive performance of all according economic activities and enterprises.

The previous duct was directed towards lowering damage, mainly targeting on conservation and reparation. This resulted in the idea that nature needs our protection – instead of supporting its vital and wild preconditions. The causer of damages was castigated, but the supporter was not rewarded.

To support the arising of a contention upon the highest level of renaturation and enhancement of natural capital, it is advisable to establish high supporting incentives for companies and enterprises targeting on sustainable fostering ecological stability substantially. This can open the successive boost of ecological productivity for humans and all forms of life, and includes the internalisation of ecological costs as well. Such an increase and upgrading of the bio- and geo-ecological potentials stands for renaturations in the widest sense: Reforestations and strategies to combat desertification, bettering of soils, fostering of hydrologic cycles, empowerment of ecological and biological diversity and of wilderness and growth. Contributory the compensation of CO<sub>2</sub> emissions can be achieved, and the effects (and costs) of a climate change will be allayed.

In short: Encouragement and supporting of companies and enterprises to gain competitive advantages by strengthening the potentials of nature, and the sustainable regeneration and usage of resources is crucial. In so

doing, we can achieve the evolvement of a competition for the benefit of the strongest ecological renaturation. It would define a new level of environmental stewardship in partnership with nature.

A far-reaching political standardisation is urgent to take economic credit for such enhancement and empowerment of natural capital (as well as of social capital), and to make it calculable for entrepreneurial endeavours.

## **SUSTAINABILITY STRATEGIES: OPPORTUNITIES & TASKS**

On the way towards a sustainable business culture, concerted actions are needed. Self-reliant and conscious approaches are combining the range of opportunities and tasks that can be harnessed for successful sustainable entrepreneurship.

### TRANSSECTORAL PARTNERSHIPS – POOLING INTELLIGENCE

Building up of new alliances between companies and enterprises, civil society and non-profit organisations, local entrepreneurs, small-scale business and subsistence economy and establishing of such new partnerships is essential to achieve optimal adaptation on local and regional preconditions.

### COMBINING OPPORTUNITIES – RECOGNIZING NEW CHANCES

A new market connecting corporate social responsibility with CO<sub>2</sub>-compensation is emerging with an exceeding dynamic of economic growth and high demanding opportunities of profitability. In addition to a rising societal awareness and a shift of consumer habits, this process goes along with drastic political decisions and modifications of cash flows.

The identification and linking up of new opportunities and requirements for a changing sustainable world is essential to harness all potential benefits. Optimal bundling of advantages and potentials of regenerative energy supply, water desalination, CO<sub>2</sub>-compensation and CO<sub>2</sub>-certification markets, strategies for combating desertification and land degradation, micro-credits and small-scale business is the key to success. Utilisation of corporate social responsibility (CSR) funds and the SRI (social responsible investment)-market is highly promising. To obtain such opportunities, the consultation of competent advice is fundamental, as well as of local and regional knowledge.

### INFRASTRUCTURAL ENDEAVOURS – POLYCENTRIC PATTERNS

Many of the international ecological, social, economical and political conflicts and instabilities, inclusive the access to energy and resources are resulting from a lack of infrastructures. The systematic and broad build-up and linking-up of infrastructures on all levels, from regenerative energies, over communication, mobility and logistics, pharmaceuticals, education would induce an economic boom and foster dynamic stabilisations of international and regional economies. Such infrastructures need to be oriented on polycentric solutions, following the ecological archetype by co-operatively integrating decentralised and centralised designs, in order to achieve a dynamic balance between centrality and de-centrality (according to regional and ecological premises, population density, ...).

It is possible to realise the international prosperity gap in an intelligent combination with consolidated infrastructural measures and the clever use of investments as an enormous potential for economical and technical performance.

The time is now to act – towards Sustainable Business Cultures.