

Corporate Sustainability

Second Edition

This introductory textbook explores key issues and recent discussions within the field of corporate sustainability and social responsibility, through theoretical and practical perspectives. Written by an international team of experts, the chapters introduce the actors and corporate processes that shape firms' management of environmental, social and governance (ESG) issues. Spanning strategy, communication, changing regulation and governance, the book grapples with critical issues such as anti-corruption, labour rights and climate change, balancing incisive critique with suggestions for meaningful change. This analysis, supported by study questions and further learning resources in each chapter, equips students to tackle sustainability challenges effectively in their future work. A regularly updated companion website provides adaptable lecture slides and case studies with discussion questions for instructors. This is an essential text for undergraduate and postgraduate courses on corporate sustainability, CSR and business ethics, and is also relevant to political science, international relations and communications.

Andreas Rasche is Professor of Business in Society at Copenhagen Business School's Sustainability Centre, and Associate Dean for the Full-Time MBA Programme. He has taught courses in the MBA and doctoral programmes, chaired Executive Education programmes, authored more than sixty academic articles and cases, and published six books. He has collaborated with the United Nations on several projects and served on the UN Global Compact LEAD Steering Committee. Professor Rasche is an award-winning teacher and case author. He is Associate Editor of *Business Ethics Quarterly*.

Mette Morsing is Head of PRME, Principles of Responsible Management Education, UN Global Compact (New York). Morsing was Professor and Mistra Chair of Sustainable Markets at Stockholm School of Economics (Sweden) and Professor of Corporate Social

Responsibility and Organization Theory at Copenhagen Business School (Denmark). Morsing has served on boards and held honorary and advisory positions on committees and councils locally and internationally. She has taught at Bachelor, Master and MBA Executive as well as PhD programmes. Morsing has published in *Journal of Management Studies*, *Human Relations*, *Business Ethics Quarterly*, *Organization Studies* and *Organization, Business & Society*, among other places.

Jeremy Moon is Professor of Sustainability Governance, Copenhagen Business School. He was Founding Director of the International Centre for Corporate Social Responsibility, University of Nottingham, and was Director of the CBS Sustainability Centre. He is author of *Corporations and Citizenship* (2008, with Andrew Crane and Dirk Matten); *Corporate Social Responsibility: A Very Short Introduction* (2014); and 'The Meaning and Dynamics of Corporate Social Responsibility', *Academy of Management Review* (2020, with Dirk Matten).

Arno Kourula is Professor of Business & Sustainability at the University of Amsterdam Business School, and Docent (honorary title) at Aalto University. He has published widely in international management, business ethics, and policy and environmental studies. Kourula has won multiple awards for his research and teaching and collaborates extensively with business, public sector and civil society actors. He has served in editorial roles and on boards for several journals, including as Section Editor of *Journal of Business Ethics*.

Corporate Sustainability

Managing Responsible Business in a Globalised World

SECOND EDITION

Edited by

Andreas Rasche

Copenhagen Business School

Mette Morsing

Principles for Responsible Management Education (PRME), UN
Global Compact, United Nations

Jeremy Moon

Copenhagen Business School

Arno Kourula

Amsterdam Business School, University of Amsterdam



CAMBRIDGE
UNIVERSITY PRESS



Shaftesbury Road, Cambridge CB2 8EA, United Kingdom

One Liberty Plaza, 20th Floor, New York, NY 10006, USA

477 Williamstown Road, Port Melbourne, VIC 3207, Australia

314–321, 3rd Floor, Plot 3, Splendor Forum, Jasola District Centre, New Delhi – 110025, India

103 Penang Road, #05–06/07, Visioncrest Commercial, Singapore 238467

Cambridge University Press is part of Cambridge University Press & Assessment,
a department of the University of Cambridge.

We share the University's mission to contribute to society through the pursuit of
education, learning and research at the highest international levels of excellence.

www.cambridge.org

Information on this title: www.cambridge.org/highereducation/isbn/9781009100403

DOI: 10.1017/9781009118644

First edition © Cambridge University Press 2017

Second edition © Cambridge University Press & Assessment 2023

This publication is in copyright. Subject to statutory exception and to the provisions
of relevant collective licensing agreements, no reproduction of any part may take
place without the written permission of Cambridge University Press & Assessment.

First published 2017

4th printing 2019

Second edition 2023

Printed in the United Kingdom by TJ Books Limited, Padstow, Cornwall 2023

A catalogue record for this publication is available from the British Library.

A Cataloging-in-Publication data record for this book is available from the Library of Congress

ISBN 978-1-009-10040-3 Hardback

ISBN 978-1-009-11492-9 Paperback

Additional resources for this publication at www.cambridge.org/rasche2.

Cambridge University Press & Assessment has no responsibility for the persistence
or accuracy of URLs for external or third-party internet websites referred to in this publication
and does not guarantee that any content on such websites is, or will
remain, accurate or appropriate.

Contents

List of Figures	<i>page</i> viii
List of Tables	x
List of Boxes	xii
List of Contributors	xiv
Preface	xxi
Acknowledgements	xxiv
List of Abbreviations	xxv
1 Corporate Sustainability – What It Is and Why It Matters	1
<i>Andreas Rasche, Mette Morsing, Jeremy Moon and Arno Kourula</i>	
Part I Corporate Sustainability: Approaches	
2 Historical Perspectives on Corporate Sustainability	29
<i>Jeremy Moon, Luisa Murphy and Jean-Pascal Gond</i>	
3 Ethical Approaches to Corporate Sustainability	54
<i>Andreas Rasche</i>	
4 Stakeholder Approaches to Corporate Sustainability	75
<i>R. Edward Freeman, Laurence Wainwright, Sergiy Dmytriyev and Robert G. Strand</i>	
5 Strategic Approaches to Corporate Sustainability	96
<i>Andreas Rasche</i>	
6 Political Approaches to Corporate Sustainability	117
<i>Glen Whelan</i>	
7 Ecological Approaches to Corporate Sustainability	134
<i>Arno Kourula and Minna Halme</i>	
Part II Corporate Sustainability: Actors	
8 Multinationals, Small and Medium-Sized Enterprises and Sustainability	155
<i>Mette Morsing and Laura Spence</i>	

vi	Contents	
	9 Alternative Types of Organising for Corporate Sustainability	170
	<i>Carolyn Waldner and Andreas Rasche</i>	
	10 Sustainability Professionals	190
	<i>Christine Moser and Evgenia I. Lysova</i>	
	11 Investors and Sustainable Finance	207
	<i>Andreas Rasche</i>	
	12 Government and Corporate Sustainability	226
	<i>Jette Steen Knudsen and Jeremy Moon</i>	
	13 NGOs, Activism and Sustainability	248
	<i>Frank G. A. de Bakker and Frank den Hond</i>	
	14 Consumers and Corporate Sustainability	271
	<i>Sankar Sen</i>	
	Part III Corporate Sustainability: Processes	
	15 Corporate Governance and Sustainability	297
	<i>Andreas Rasche</i>	
	16 Reputation and Corporate Sustainability	315
	<i>Christopher Wickert and Joep Cornelissen</i>	
	17 Reporting, Materiality and Corporate Sustainability	334
	<i>Christian Herzig</i>	
	18 Sustainability Partnerships	370
	<i>Lea Stadler and Arno Kourula</i>	
	19 Business Model Innovation for Sustainability	388
	<i>Florian Lüdeke-Freund and Stefan Schaltegger</i>	
	20 Sustainability Standards	412
	<i>Andreas Rasche</i>	
	Part IV Corporate Sustainability: Issues	
	21 Business and Human Rights	435
	<i>Karin Buhmann</i>	

	Contents	vii
22 Labour Rights in Global Supply Chains	456	
<i>Dirk Ulrich Gilbert and Kristin Apffelstaedt</i>		
23 Business, Climate Change and the Anthropocene	484	
<i>Andrew Hoffman and Sukanya Roy</i>		
24 Anti-Corruption Governance, Global Business and Corporate Sustainability	506	
<i>Dieter Zinnbauer and Hans Krause Hansen</i>		
25 International Development and Corporate Sustainability	526	
<i>Afua Owusu-Kwarteng and Sarah L. Jack</i>		
26 Corporate Sustainability: Where Are We Going?	550	
<i>Arno Kourula, Andreas Rasche, Mette Morsing and Jeremy Moon</i>		
References	558	
Name Index	620	
Subject Index	625	

Figures

1.1	The pyramid of corporate responsibilities	<i>page</i> 10
1.2	Four key motivations to engage in corporate sustainability	18
4.1	The firm and its primary and secondary stakeholders	80
4.2	Evolution of stakeholder engagement at Novo Nordisk between 1970, 1990 and 2000	88
5.1	Links between competitive context and corporate sustainability	102
5.2	Value chain activities aligned with ESG issues	104
5.3	Four generic business strategies and related ESG considerations	108
5.4	Different assessment models to determine the materiality of ESG issues	111
5.5	Inclusivity, interconnection and equality form the criteria for five stages of strategy-sustainability alignment	113
6.1	CEO activism can be motivated by desire to be ahead of moral trends	128
6.2	The corporate governance of sustainable lifestyles	130
7.1	Ecological sustainability as a foundation for social and economic sustainability	140
7.2	Planetary Boundaries	141
7.3	The Doughnut of social and planetary boundaries	142
7.4	Global resource extraction and material productivity 1970–2015	147
7.5	Categorisation of ecological lenses to corporate sustainability	148
8.1	Comparison of standard MNC and SME core stakeholders	167
9.1	Alternative types of organising for corporate sustainability seen on a continuum from for-profit logic to non-profit logic	175
10.1	Common traits of sustainability professionals at a glance	191
10.2	The hard skills sustainability professionals are desired to have	196
10.3	The soft skills sustainability professionals are desired to have	196
10.4	Practices of sustainability professionals can be understood in terms of meanings, competencies and materials	200
11.1	Different intersection points between sustainability and finance	209
11.2	The spectrum of impact capital	214
14.1	The ‘levers’ of Utility, Understanding and Unity (The 3 U’s Framework)	274
14.2	Factors determining the fit between a company and its sustainability initiatives	280

	Figures	ix
15.1 The corporate governance system demonstrates actors and roles across countries and regions	300	
18.1 Zooming into the partnering process	375	
18.2 Cross-sector partnering skill sets: engaging in partnerships requires a multiplicity of skills	385	
19.1 Business model innovation for sustainability: chapter overview	390	
19.2 Planned vs. realised business models	397	
19.3 Guiding principles of business model innovation for sustainability	398	
19.4 The Value Mapping Tool considers multiple forms of value	401	
19.5 The Flourishing Business Canvas	402	
19.6 The Triple-Layered Business Model Canvas	403	
19.7 The Business Innovation Kit 'playing cards' allow mixed stakeholder groups to run their own business model innovation processes in six steps	404	
19.8 The sustainable business model pattern triangle shows that business models can create economic, social and/or ecological value	406	
20.1 The impact created by sustainability standards on investors as compared with other firms	422	
23.1 The Enterprise Integration view of business sustainability compared with the Market Transformation view	487	
23.2 Climate change strategy is driven by multiple external pressures	488	
23.3 Multiple frames for communicating the business imperative of climate change	490	
23.4 Global insured losses from secondary perils since 1970, in US\$ billion (2020 prices)	491	
23.5 Energy sector market capitalisation trends, 2016–2020	493	
23.6 The planetary dashboard of the 'Great Acceleration'	495	
23.7 Planetary Boundaries	496	
24.1 Legislation landmarks in the fight against corruption	512	
24.2 The corporate anti-corruption toolbox	519	
24.3 Key messages of this chapter: corruption matters, nurture integrity, and ensure effective corporate integrity	524	
25.1 The four distinctive features of development studies	533	

Tables

1.1 Corporate sustainability, corporate social responsibility and business ethics summarised	<i>page</i> 14
1.2 Examples of ESGT (environmental, social, governance and technology) issues	15
1.3 The UN-backed Sustainable Development Goals	17
1.4 How corporate sustainability influences firm value	20
2.1 Six recurring rationales of corporate sustainability	33
2.2 Ethical foundations of business responsibility and sustainability	37
3.1 Three main normative ethical theories	56
3.2 Possible decision scenarios in ethical decision-making	64
3.3 A compliance orientation to ethics management contrasted with an integrity orientation	71
4.1 Stakeholder ‘shaking’ contrasted with other forms of stakeholder agreement	86
6.1 Corporate national, international and global governance relations	126
7.1 Culture and sustainability transformations	146
8.1 Summary of five key differences between MNC and SME sustainability and responsibility	160
9.1 Three main groups of hybrid organisations in support of corporate sustainability	173
9.2 Different business models for social businesses	180
9.3 Summary of alternative types of organising for corporate sustainability	186
10.1 Classification of sustainability professionals	193
10.2 Types of sustainability professionals	193
10.3 Competence domains of sustainability professionals	197
10.4 Responsibilities and activities of sustainability professionals	199
11.1 How ESG engagement creates value	218
11.2 ESG data can come from external or internal sources	221
11.3 Light and dark green products under the SFDR	224
12.1 The dichotomous and related perspectives on government regulation for corporate sustainability	231
12.2 Forms of government regulation for corporate sustainability	235
13.1 NGOs, activists and related organisational concepts	252

	Tables	xi
15.1 A comparison of the classic role and a sustainability-enhanced role of the board	303	
15.2 Structural options for integrating sustainability into Boards of Directors	304	
15.3 Coverage of corporate governance issues in corporate governance legislation	309	
16.1 A comparison of three communication strategies for corporate sustainability	326	
16.2 Corporate sustainability and effects on the reputation of a company	331	
17.1 Overview of selected voluntary frameworks for corporate sustainability reporting	337	
17.2 Advantages and disadvantages of voluntary and mandatory corporate sustainability reporting	354	
17.3 Global efforts by governments and stock exchanges to foster corporate sustainability reporting	356	
17.4 Two decades of corporate sustainability reporting: developments in selected countries	364	
17.5 Two decades of corporate sustainability reporting: sectoral developments	366	
18.1 Different criteria by which to distinguish sustainability partnerships	378	
18.2 The opposing concepts of collaborative advantage and inertia	382	
20.1 Overview of different types of sustainability standards	415	
20.2 Input and output legitimacy of sustainability standards	421	
21.1 Overview of human rights listed by the Universal Declaration of Human Rights	439	
22.1 Common labour rights violations in global supply chains	462	
22.2 Supply chain regulation in selected countries/regions	477	
25.1 Key insights from case studies on business impact on development outcomes	546	
26.1 Keywords from each section of the book	552	
26.2 Key developments within each section of the book	553	
26.3 Key tensions within each section of the book	555	

Boxes

2.1 SNAPSHOTS Boots: corporate sustainability in industrialisation	<i>page</i> 44
2.2 SNAPSHOTS Tata: corporate sustainability in industrialisation	44
2.3 SNAPSHOTS Boots: corporate sustainability and the modern corporation	46
2.4 SNAPSHOTS Tata: corporate sustainability and the modern corporation	46
2.5 SNAPSHOTS Boots: corporate sustainability and internationalisation	48
2.6 SNAPSHOTS Tata: corporate sustainability and internationalisation	49
10.1 INSIGHTS Tensions in supermarket chains around sustainability	194
10.2 INSIGHTS Sustainability professionals talking about their motivations	199
10.3 SNAPSHOTS Story of Carola Wijdoogen, Director of Sustainable Business at the Dutch Railways	201
10.4 INSIGHTS Sustainability professionals's motivations and personal values	204
11.1 INSIGHTS 'Should I Stay, or Should I Go?' – Divesting from Fossil Fuel Companies	220
17.1 INSIGHTS Supply chain information in sustainability reports	362
19.1 SNAPSHOTS Fairphone – Combining sustainable product design and social responsibility	394
19.2 INSIGHTS Moving towards e-mobility business models	395
19.3 SNAPSHOTS Interface: from selling products to offering services	396
20.1 SNAPSHOTS The UN Global Compact	416
21.1 SNAPSHOTS Corporate sustainability dilemma: wind farms and indigenous rights	440
21.2 SNAPSHOTS Corporate sustainability in practice: FIFA, Qatar 2022 and human rights	443
24.1 INSIGHTS The myth of harmless petty corruption or facilitation payments	509
24.2 SNAPSHOTS Flying high and above the law? The Airbus global bribery case	514

	Boxes	xiii
24.3 SNAPSHOTS Collective anti-corruption on the high seas: The Maritime Anti-Corruption Network (MACN)	515	
24.4 SNAPSHOTS Towards transparency below the surface with multi-stakeholder action: The EITI	516	
25.1 Section overview of the role of business in development work	538	

Contributors

Kristin Apffelstaedt is an advisor for human rights due diligence in global supply chains at the German development agency Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH. She holds a PhD in Business Ethics from the University of Hamburg. Her research focuses on multi-stakeholder governance and labour rights in global supply chains.

Karin Buhmann is Professor and Director of the Centre for Law, Sustainability & Justice at the University of Southern Denmark, and Professor (Chair) in Business & Human Rights at Copenhagen Business School. Since 2012, Buhmann has served on the Danish National Contact Point under the OECD's Guidelines for Multinational Enterprises.

Joep Cornelissen is a Professor in Management at Rotterdam School of Management, Erasmus University and Chair in Strategy and Organisation (part-time) at the University of Liverpool Management School. He is the Editor-in-Chief of *Organization Theory*, a former Associate Editor for the *Academy of Management Review*, a former General Editor of the *Journal of Management Studies* (2006–12) and serves on the editorial boards of the *Academy of Management Journal*, *Academy of Management Review*, the *Journal of Management Studies* and *Organization Studies*.

Frank G. A. de Bakker, PhD, is full Professor of Corporate Social Responsibility at the Department of Management & Society at IÉSEG School of Management, Lille, France, where he also coordinates the IÉSEG Centre for Organizational Responsibility (ICOR). He is co-editor of *Business & Society* and his research focuses on the interactions between activist organisations and firms on issues of sustainability and firms' responses to these interactions.

Frank den Hond, PhD, is the Ehrnrooth Professor in Management and Organisation at Hanken School of Economics (Helsinki, Finland) and affiliated with Vrije Universiteit (Amsterdam, the Netherlands). He is currently Editor of the Springer book series on 'Issues in Business Ethics' and Co-Editor-in-Chief of *Business Ethics Quarterly*.

Sergiy Dmytriyev is Assistant Professor of Management at James Madison University. He teaches and researches in fields including strategic management, management consulting, corporate social responsibility and stakeholder theory. Prior to his academic career, Dr Dmytriyev worked as a management consultant as well as in managerial positions in the fast-moving consumer goods sector.

- R. Edward Freeman** is University Professor and Olsson Professor of Business Administration, and an academic director of the Institute for Business in Society at the University of Virginia Darden School of Business. He is also Adjunct Professor of Stakeholder Management at the Copenhagen Business School in Denmark, Visiting Professor at Nyenrode Business School (Netherlands) and Adjunct Professor of Management at Monash University (Melbourne). In 1984, he originally detailed the Stakeholder Theory of organisational management and business ethics that addresses morals and values in managing an organisation. His award-winning book *Strategic Management: A Stakeholder Approach* identifies and models the groups which are stakeholders of a corporation, and both describes and recommends methods by which management can give due regard to the interests of those groups.
- Dirk Ulrich Gilbert** is Professor of Business Ethics and Management at the University of Hamburg, Germany. He received his PhD from the University of Frankfurt (Germany) and held positions at the University of New South Wales (Sydney, Australia) and the University of Nuremberg (Germany). His most recent research focuses on accountability standards, labour rights in global supply chains, political CSR and strategy.
- Jean-Pascal Gond** is Professor of Corporate Social Responsibility at the Bayes Business School of City, University of London, where he heads ETHOS – The Centre for Responsible Enterprise. His research mobilises organisation theory, economic sociology and psychology to investigate CSR and sustainable finance. He has published extensively in the fields of CSR, organisational behaviour and organisation theory in leading academic journals such as *Academy of Management Review*, *Business Ethics Quarterly*, *Journal of Management*, and *Organization Studies*. He is currently Associate Editor at *Human Relations*.
- Minna Halme** is Professor of Sustainability Management at Aalto University School of Business. Her research focuses on co-creation of sustainability innovations, sustainable business models and corporate responsibility topics. She is co-founder of Aalto University's cross-disciplinary Creative Sustainability Master programme, and has received a number of scientific and societal impact awards.
- Hans Krause Hansen** is Professor of Governance and Culture Studies at Copenhagen Business School. His current research focuses on public and private governance, corruption and anti-corruption, transparency and surveillance regimes. He publishes widely in the fields of international studies and organisation studies.
- Christian Herzig** is professor at Justus Liebig University Giessen, Germany. His research and teaching revolves around the role of food business in society, with a particular focus on sustainability accounting, reporting and accountability.

He is Programme Director of the MSc in Sustainable Food Business and a founding member of the University's Centre for Sustainable Food Systems.

Andrew Hoffman is the Holcim (US) Professor of Sustainable Enterprise at the University of Michigan; a position that holds joint appointments in the Stephen M. Ross School of Business and the School for Environment and Sustainability.

Sarah L. Jack is the Jacob and Marcus Wallenberg Professor of Innovative and Sustainable Business Development at the House of Innovation, Stockholm School of Economics and Professor of Entrepreneurship at Lancaster University Management School. Her research interests relate to the social structure of entrepreneurship.

Jette Steen Knudsen is Professor at the Fletcher School of Law and Diplomacy at Tufts University. Her research centres on the interface between government regulation and business actions. Knudsen is also a Visiting Professor at Copenhagen Business School. Knudsen holds a PhD in Political Science from MIT (2001).

Arno Kourula is Professor of Business & Sustainability at the University of Amsterdam Business School and Docent (honorary title) at Aalto University. He has published widely in international management, business ethics, policy and environmental studies. Kourula has won multiple awards for his research and teaching and collaborates extensively with business, public sector and civil society actors. He has served in editorial roles and boards for several journals, including as Section Editor of *Journal of Business Ethics*.

Evgenia I. Lysova is Associate Professor in Organizational Behavior at Vrije Universiteit Amsterdam. Her research focuses on meaning in work and careers as well as on CSR, exploring how individuals themselves and with the help of their organisations can create and sustain meaningful work. Her publications appeared in diverse academic journals.

Florian Lüdeke-Freund is Professor for Corporate Sustainability and Director of the MSc Sustainability Entrepreneurship & Innovation, at ESCP Business School, Berlin. He serves on the editorial boards of different journals and has authored or edited four books, including *Sustainable Business Model Design*. Lüdeke-Freund founded the research blog www.SustainableBusinessModel.org.

Jeremy Moon is Professor of Sustainability Governance, Copenhagen Business School. He was founding director of the International Centre for Corporate Social Responsibility, University of Nottingham. He is author of *Corporate Social Responsibility: A Very Short Introduction* (2014) and 'The Meaning and Dynamics of Corporate Social Responsibility', *Academy of Management Review* (2020, with Dirk Matten).

Mette Morsing, PhD, Head of PRME Principles of Responsible Management Education, UN Global Compact (New York). Morsing was Professor at Stockholm School of Economics and Copenhagen Business School. Morsing has published in *Journal of Management Studies*, *Human Relations*, *Business Ethics Quarterly*, *Organization Studies*, *Organization* and *Business & Society*, among others.

Christine Moser is Associate Professor of Organization Theory at Vrije Universiteit Amsterdam. Her research is on CSR, knowledge flows in social networks and the role of technology in social interaction. Her work has been published in different academic journals and books.

Luisa Murphy holds a PhD in Global Governance from Copenhagen Business School and an MSc in Latin American Studies from the University of Oxford. She is currently Senior Manager, Global Impact at the Principles for Responsible Management Education, UN Global Compact.

Afua Owusu-Kwarteng is a PhD researcher at the Department of Entrepreneurship and Strategy, Lancaster University Management School, UK. She is also an affiliate of the Mistra Centre for Sustainable Markets (Misum) at the Stockholm School of Economics, Sweden. Her research interests relate to gender issues in the knowledge-based economy, including university–industry collaboration.

Andreas Rasche is Professor of Business in Society at the Centre for Sustainability at Copenhagen Business School (CBS) and the Associate Dean for the CBS Full-Time MBA programme. He has taught courses in the MBA and doctoral programmes, chaired Executive Education programmes, authored more than fifty academic articles and cases, and published five books. He has collaborated with the United Nations on a number of projects, and served on the UN Global Compact LEAD Steering Committee. More information can be found at www.arasche.com.

Sukanya Roy is a doctoral student in Management and Organizations at the University of Michigan's Stephen M. Ross School of Business.

Stefan Schaltegger, Prof. Dr Dr h.c., is the founder and head of the Centre for Sustainability Management and worldwide first sustainability management MBA at Leuphana University Lüneburg, Germany. With his more than 500 publications, he is ranked among the top 2 per cent of researchers in the Stanford world scientist ranking 2020. His research deals with sustainability and strategic management, sustainability accounting, sustainable entrepreneurship and stakeholder theory.

Sankar Sen is the Lawrence and Carol Zicklin Chair in Corporate Integrity and Governance, and Professor of Marketing at Baruch College/City University of New York. Sen's research is at the intersection of sustainability and consumer

behaviour. He is also interested in prosocial behaviours, social marketing and moral perspectives on consumption behaviour.

Laura Spence, PhD, Professor of Business Ethics at Royal Holloway, University of London, UK. Spence specialises in research on ethics, corporate social responsibility and sustainability in small and medium-sized enterprises. She has published in *Accounting, Organizations and Society*, *Human Relations*, *Journal of Management Studies* and *Journal of Business Ethics*, among others.

Lea Stadtler is Associate Professor at the Grenoble Ecole de Management, France. In her research, Lea explores questions related to the design and management of sustainability partnerships, especially cross-sector partnerships, to address complex societal challenges. She has received three international research awards and works as Associate Editor for *Business & Society*.

Robert G. Strand is Executive Director of the Center for Responsible Business and Lecturer at the Berkeley Haas School of Business, University of California Berkeley, and Associate Professor of Leadership & Sustainability at the Copenhagen Business School. His research and teaching compares US and Nordic approaches to sustainable and socially responsible business. He has more recently turned attention to contrast varieties of capitalism in the United States and Nordic contexts and is currently working on a new book, *Sustainable Vikings*.

Laurence Wainwright is Course Director of the MSc in Sustainability, Enterprise and the Environment and a Departmental Lecturer at the University of Oxford. A teaching- and learning-oriented academic, Laurence has a decade of experience in lecturing, facilitation and supervision across universities in Australia, Sweden, the United States and the United Kingdom.

Carolin Waldner is an Assistant Professor for Sustainability Management at ESCP Business School in Berlin, Germany. Her research focuses on social businesses, particularly the management of organisational reputation, investment decisions and tensions of hybrid organisations, as well as social entrepreneurship and sustainable development in the Global South.

Glen Whelan is Professor at ESG UQÀM, Montréal. His research focuses on how corporations, and corporate developed technologies, shape the moral, political and social environment.

Christopher Wickert is Associate Professor in Ethics & Sustainability at Vrije Universiteit Amsterdam, Netherlands and Director of the VU Business & Society Knowledge Hub (www.business-society.org). His research examines corporate social responsibility by mobilising various strands of organisation and management theory. Christopher's research has appeared, amongst others, in *Academy of Management Discoveries*, *Business & Society*, *Human Relations*, *Journal of Business Ethics*, *Journal of International Business Studies*, *Journal of Management Studies*, *International Journal of*

Management Reviews, and *Organization Studies*, as well as in several book chapters. He is currently an associate editor at the *Journal of Management Studies*.

Dieter Zinnbauer is a Marie-Skłodowska-Curie Research Fellow at Copenhagen Business School. He holds a PhD in Development Studies from the London School of Economics. His research and work as policy advisor for various international organisations focuses on business, governance and technology issues.

Cambridge University Press & Assessment

978-1-009-10040-3 — Corporate Sustainability

Edited by Andreas Rasche , Mette Morsing , Jeremy Moon , Arno Kourula

Frontmatter

[More Information](#)

Preface

Why This Text?

In 2014, Andreas was looking for a textbook for his course, *The Corporation in Society: Managing Beyond Markets*, but he couldn't find a suitable one. In conversation, Andreas, Mette and Jeremy found they all agreed: a different kind of textbook on corporate social responsibility (CSR) was needed. Existing textbooks focused on CSR as a concept, but they did not discuss specific environmental, social and governance (ESG) issues such as human rights or corruption. They often gave limited attention to some specific actor groups and institutions, like investors and standard setters, that influence what companies do in practice.

To produce a textbook with a more comprehensive scope, we decided to do something unusual. Rather than write it from our own vantage points, we invited thought leaders in the field to introduce students to their area of expertise. We then carefully integrated the different contributions, standardising the style and features of each chapter, so that a coherent textbook emerged that represents the best thinking in the field.

This 'Let the experts speak' approach works very well in the field of corporate responsibility and sustainability. The field is massive, covering many topics, debates and theories. Moreover, unlike other business courses, there is no standard curriculum. This makes it very challenging for a single author (or even an author team) to develop in-depth knowledge on all the important aspects of corporate sustainability that students should learn about.

What's New in This Edition?

The most obvious change is the title: from *Corporate Social Responsibility* to *Corporate Sustainability – Managing Responsible Business in a Globalized World*. Changing a textbook title is unusual, but we wanted to highlight that the move from CSR to corporate sustainability does *not* just reflect a change in language, but also a change in the nature and scope of business responsibility and engagement in society.

Since 2016, when we delivered the first edition of this textbook to Cambridge University Press, the academic field has evolved significantly. Consider just three

developments: (1) social and environmental issues are now much more intertwined; (2) sustainability management has become mainstream; and (3) academics and practitioners are increasingly discussing the social and ecological systems in which sustainability activities are embedded. Framing the overall debate in terms of corporate sustainability better captures these (and other) developments. Our textbook has not lost its CSR content to make room for this new emphasis; we do not view corporate sustainability and CSR as fully separated concepts or practices (see Chapter 1). Instead, as the subtitle of the book suggests, we understand responsible business as part and parcel of making corporations more sustainable.

Moving towards corporate sustainability significantly broadened the scope of the book. We added eight new chapters on topics such as sustainable finance, sustainable corporate governance, climate change and firms' contributions to international development. We believe that this gives instructors more choice to align this textbook with the needs of their particular course. We are aware that few instructors will be able to assign all twenty-six chapters as core reading, but we hope that instructors will choose those chapters that best suit their course design and recommend the remaining chapters as further reading.

The final significant change is the addition of a fourth editor: Arno Kourula. He is an award-winning scholar and teacher from the University of Amsterdam who brings a wealth of experience in researching and teaching corporate sustainability, and a knowledge of interdisciplinary approaches to the associated issues.

Our Approach to the Contents of This Book

Our general approach to this textbook is to be accessible without oversimplifying the debate. While the book can be used for introductory courses without any problem, it asks students to critically question prevailing assumptions, to reflect on newly developed regulation, and to understand explicit and implicit connections between topics and debates.

We ensure coherence and accessibility by structuring the book as four parts:

1. **Approaches:** Discussion of different conceptual and theoretical underpinnings of the corporate sustainability developments and debate. For example, in Chapter 5, we look at how corporate sustainability can be approached from a strategic perspective.
2. **Actors:** An introduction to different kinds of actors that shape corporate sustainability. For example, we discuss in Chapter 11 how investors have shaped the corporate sustainability debate in recent years.

3. Processes: A presentation of different mechanisms that shape how firms enact corporate sustainability, such as business model innovation, reporting and forming partnerships.
4. Issues: Discussion of different topics that firms must address through their corporate sustainability activities and the challenges that arise. For example, we look at the latest management approaches to secure human and labour rights, fight corruption and respond to climate change.

Special Features

We are pleased to offer extra pedagogical features that will help students take ownership of their learning journey. Instructors also benefit from additional online teaching resources.

- Each chapter starts with a well-defined list of learning objectives, which not only outlines the topic, but also enables students to check whether they have fully grasped it.
- All chapters have a Further Resources section containing links to videos (such as Ted Talks), websites and other articles. Students can use these resources to dig deeper.
- Each chapter concludes with a chapter summary and a list of study questions that students can use to recap the relevant content. These questions also invite students to further reflect on some of the puzzles and conundrums introduced in the chapter.
- The textbook is accompanied by online materials available from Cambridge University Press (www.cambridge.org/rasche2). The website contains thirteen short case studies, accompanied by discussion questions, that can be used to further explore certain chapter themes; as well as PowerPoint slides for instructors.
- The editors and contributors to this textbook also regularly share their opinion on recent developments through *The Business of Society* (BOS) blog (<https://bos.cbs.dk>).

Acknowledgements

We thank our editors at Cambridge University Press, Valerie Appleby and Tineke Bryson, for developing this second edition with us. They provided excellent feedback on our ideas, and also introduced a number of ideas that improved the readability and accessibility of this book. We also thank Amaya Debal (Copenhagen Business School) who assisted us in compiling the final manuscript. A book with twenty-six chapters reflects a huge project with a high degree of complexity. Amaya always saw the bigger picture and helped us and the contributors to navigate the journey of turning the single chapters into a coherent final product.

Andreas and Jeremy also thank their academic home: CBS Sustainability at Copenhagen Business School. We both profited from many discussions with colleagues along the way, and we couldn't think of a better academic home than CBS Sustainability. Mette would like to thank her colleagues from the global PRME community where she has benefitted from stimulating ideas and discussion. Arno would like to thank the incredibly supportive Amsterdam Business School community at the University of Amsterdam.

Finally, we want to sincerely thank all the contributors to the book for working with us so patiently and for investing the time to write/update their contributions. Doing an edited textbook brings special challenges. Often, we approached contributors with unusual requests (e.g., to change their chapter title so that it aligns with the others), and they always responded favourably and kindly. Thank you!

Abbreviations

AA1000AS	AA1000 Assurance Standard
AAC	Anglo-American Corporation
AC-DC	alternating current-direct current
ACFTU	All-China Federation of Trade Unions
ACTA	Alien Tort Claims Act
ADX	Abu Dhabi Stock Exchange
AFWA	Asia Floor Wage Alliance
AGM	Annual General Meeting
AI	artificial intelligence
AIDFI	Alternative Indigenous Development Foundation Incorporated
ALEC	American Legislative Exchange Council
ANC	African National Congress
API	American Petroleum Institute
ASEAN	Association of Southeast Asian Nations
BAT	British American Tobacco
BHR	business and human rights
BII	Biodiversity Intactness Index
BOP	bottom-of-the-pyramid
BSR	Business for Social Responsibility
C2B	consumer-to-business
CBM	Consultative Business Movement
CCC	Clean Clothes Campaign
CDM	Clean Development Mechanism
CDP	Carbon Disclosure Project
CDSB	Climate Disclosure Standards Board
CEO	Chief Executive Officer
CH ₄	methane
CO ₂	carbon dioxide
COP	Communication on Progress
CPI	Corruption Perception Index
CS	corporate sustainability
CSEAR	Centre for Social and Environmental Accounting Research
CSO	civil society organisation
CSP	cross-sector partnership
CSR	corporate social responsibility

CSRD	Corporate Sustainability Reporting Directive
CSRep	corporate sustainability reporting
CSV	creating shared value
DJSI	Dow Jones Sustainability Index
E/MSY	extinctions per million species per year
EITI	Extractive Industries Transparency Initiative
EMAS	European Union Eco-Management and Audit Scheme
EMS	environmental management systems
ESG	environmental, social and governance
ESGT	environmental, social, governance and technology
ETI	Ethical Trading Initiative
EU	European Union
FCCC	Framework Convention on Climate Change
FCPA	US Foreign Corrupt Practices Act
FDI	foreign direct investment
FIFA	Fédération Internationale de Football Association
FLA	Fair Labor Association
FMCG	fast-moving consumer goods
FNB	First National Bank
FRC	Financial Reporting Council
FSC	Forest Stewardship Council
GCC	Global Climate Coalition
GDP	gross domestic product
GMO	genetically modified organism
GP	Guiding Principle
GRI	Global Reporting Initiative
GSP	Generalized System of Preferences
HFCs	hydrofluorocarbons
HRM	human resources management
IBHR	International Bill of Human Rights
IBLF	International Business Leaders Forum
ICCPR	International Covenant on Civil and Political Rights
ICESCR	International Covenant on Economic, Social and Cultural Rights
ICN	India Committee of the Netherlands
ICTI	International Council of Toy Industries
IIRC	International Integrated Reporting Council
ILO	International Labour Organization
IMF	International Monetary Fund
INGO	international non-governmental organisation
IO	international organisation

IPO	initial public offering
ISAE	International Standard on Assurance Engagement
ISSP	International Society of Sustainability Professionals
ITTO	International Tropical Timber Organization
JO-IN	Joint Initiative on Accountability and Workers' Rights
KPI	key performance indicator
LEED	Leadership in Energy and Environmental Design
LET	Logistics Emergency Team
LETS	local exchange trading systems and networks
LOHAS	Lifestyles of Health and Sustainability
MACN	Maritime Anti-Corruption Network
MAS	Monetary Authority of Singapore
MDGs	Millennium Development Goals
MNC	multinational corporation
MSC	Marine Stewardship Council
MSCI	Morgan Stanley Capital International
MSI	multi-stakeholder initiative
N ₂ O	nitrous oxide
NAPs	national action plans
NCPs	National Contact Points
NFI	non-financial information
NFRD	Non-Financial Reporting Directive
NGO	non-governmental organisation
NHRI	National Human Rights Institution
N	Nitrogens
NP	Afrikaner National Party
NPO	non-profit organisation
NVC	National Value Commission
NYSE	New York Stock Exchange
OECD	OECD Convention on Combating Bribery of Foreign Public Convention Officials in International Business Transactions
OECD	Organisation for Economic Co-operation and Development
OPT	Occupied Palestinian Territory
OSH	occupational safety and health
PACI	Partnering Against Corruption Initiative
PAC	Pan Africanist Congress of Azania
PBC	public benefit corporation
PFCs	perfluorocarbons
P	phosphorous
PIE	public interest entity

PRA	Prudential Regulation Authority
PRI	Principles for Responsible Investment
RBA	Responsible Business Alliance
R&R	repeatability and reproducibility
REDD+	Reducing Emissions from Deforestation and Forest Degradation
RSPO	Roundtable on Sustainable Palm Oil
SAN	Sustainable Agriculture Network
SASB	Sustainability Accounting Standards Board
SBSR	Small Business Social Responsibility
SCDL	Supreme Committee for Delivery and Legacy
SCG	Sustainable Corporate Governance
SDGs	Sustainable Development Goals
SEBI	Securities and Exchange Board of India
SEC	Securities and Exchange Commission
SF ₆	sulphur hexafluoride
SFDR	Sustainable Finance Disclosure Regulation
SME	small and medium-sized enterprise
SMO	social movement organisation
SOI	sustainability-oriented innovation
SOX	Sarbanes-Oxley Act 2002
SRI	socially responsible investing
SRI	socially responsible investment
SSE	Sustainable Stock Exchanges
TBL	triple bottom line
TCFD	Task Force on Climate-related Financial Disclosures
TI	Transparency International
UAE	United Arab Emirates
UDHR	Universal Declaration of Human Rights
UN	United Nations
UNCAC	UN Convention against Corruption
UNCED	UN Conference on Environment and Development
UNDP	UN Development Programme
UNGC	UN Global Compact
UNGPs	UN Guiding Principles
UNICEF	UN Children's Fund
UNODC	UN Office for Drugs and Crime
UN SDGs	UN Sustainable Development Goals
WEF	World Economic Forum
WWF	World Wide Fund for Nature