



## Keeping the momentum on sustainability

**Given the current financial crisis, there is no question that sustainability has taken a bit of a hit of late.**

“A year ago, or even a year-and-a-half ago, we saw such a huge momentum building. The momentum is still there, but the financial crisis is clearly now taking precedence,” says Paul Kleindorfer, The Paul Dubrulle Chaired Professor of Sustainable Development at INSEAD.

Yet, he argues, we are heading for an ecological disaster if we don't heed the warnings about climate change. “When you see the sea level rises in Bangladesh, or the impacts of water scarcity that we've seen in West Africa, or the melting icecaps and glaciers in Antarctica or Greenland, these show the increasing impacts of climate change. While the ultimate effects of climate change remain uncertain, the signs are all pointing in the same dreadful direction,” he told INSEAD Knowledge.



Kleindorfer believes, however, that three levels of what he calls 'motive forces in the sustainability area' can help to bring sustainability back to the fore.

First, and perhaps the most fundamental, he says, are the people – grassroots and public expectations about business performance in respect to the environment.

The second is the public sector itself in terms of regulations; or parliamentarians and legislators, and their perceptions of where their priorities lie.

The third is what he calls where 'the rubber hits the road', business itself and the way business sees its responsibilities with respect to the planet.

“Those three forces together are what I really think will focus business attention, and provide a constructive sense of dissatisfaction with the status quo that will move sustainability priorities to the fore.”

Still, with the exception of a few corporations such as Unilever and Wal-Mart which have embraced social responsibility, Kleindorfer feels not enough companies are taking the business of sustainability seriously enough. And while many see the recession as an opportune excuse to scale down, he says companies should in fact be doing the opposite.



“Business has to continue to create value in a responsible way ... I think there are real opportunities for engagement between the public sector and the private sector to draw the boundaries correctly on what every business must do, including incentives to move ahead in life cycle assessment and carbon-leveraged investments.”

However, he cautions that this is an exercise we all have to do together. “I think for business to get too far out ahead, if you will, in other than capacity building, would not be the right thing. Companies must work at least as much on getting agreement on sector-wide standards as they do on their own internal operations.”

“I believe that whole economies, whole regions of the planet and, in fact, the planet itself must move together to determine the rules by which business can, in normal competitive fashion, create value, respecting the laws and boundaries that have been drawn by self-regulation of business and the expectations of the public. That’s the way we have to move ahead. Not if you will, lone star or white stallion-like, but together. In particular, I think business and business educators have to move into the arena to help regulators and parliamentarians draw those boundaries correctly.”

The good news is that the Obama administration is on the right track, he says, where sustainability is

concerned. “Notwithstanding the financial crisis, this (sustainability) is something that is near and dear to his heart. With education and healthcare, I would say sustainability and social enterprise ... they’ve not really taken a backseat to the financial crisis; they’re very much on his agenda on a daily basis.”

And that augurs well for the rest of the world. “If the US returns to a virtuous state ... signing the Kyoto Protocol, clearly indicating that the Obama agenda is the American agenda – that will help move not just the United States ahead, but it will help to draw these boundaries for the planet. (It will) help China, India and many countries in Asia who have been reluctant to get out there in front to see that, indeed, everyone is moving in the same direction,” he adds.

Ever the optimist, Kleindorfer believes there will be an upswing in the sustainability movement because of the attendant benefits. “I think we are going to see in the period just ahead that environmental excellence is going to have synergies of excellence across energy, across marketing, new product innovation and other fundamental drivers of business success ... These synergies will give rise to both profit improvements for business and innovations to improve consumer well being. The biggest winner will be coming generations on the planet.”

*Paul Kleindorfer's views on sustainability can also be found in his latest book 'The Network Challenge: Strategy, Profit and Risk in an Interlinked World'.*

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