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# 1

## A LITTLE CHAPTER ON THE BIG PICTURE

*Robert Kozak, Anne Toppinen, and Dalia D'Amato*

If you are reading this book, we probably don't need to convince you that this planet is in heaps of trouble. By the time you've leafed through this chapter, we know that our ecosystems will be a little less biodiverse, our air and water will be a little more polluted, and our global temperature will keep inching upwards. Simply put, if we don't put an end to these alarming trends today, we will not be able to sustain ourselves in the future.

At the same time, capitalism is increasingly becoming the only game in town, and the neoliberal models which favour free market enterprise, globalisation, and development continue unabated. Businesses are here to stay; they anchor economic growth through the provision of incalculable positive socioeconomic outcomes – jobs, profits, taxes, community wellbeing, and so forth. And they support the voracious consumption of goods by a swelling population.

But herein lies the problem; a 'wicked' problem in every sense of the word.

Businesses are extractive in nature, reliant on the bounty of natural capital and related ecosystem services that our planet offers. This leads to all kinds of eyebrow-raising questions. How can businesses continue to exist in a world that is desperately seeking sustainable solutions? What is their role in this existential crisis that we now find ourselves facing? If businesses are an important part of the problem, can they not also be an important part of the solution?

This book sets out to provide some clarity around these paradoxical questions. We approach this topic through a distinctive lens. While this is categorically not a forestry or forest bioeconomy book, each of the editors is a business researcher with a background in forest sciences. In other words, we have spent our careers thinking about socio-ecological systems along complex temporal and spatial scales, and we are part of a tradition that has infused into business thinking the sustainability ethos that has been present, in one way or another, in the field of forestry for centuries.

It is through this unique perspective that we explore whether it may be possible to enable a paradigm shift that allows us to move away from the *status quo* industrialised approaches of renewable resource extraction, production, delivery, and consumption to more holistic, systems-based approaches of sustainable business management and practices. In other words, how can we negotiate the transformation of moving the notion of sustainable business from the realm of a hypothetical construct to a more practical reality? We argue that the beginning point in such an exercise is with some agreement on terminology.

Context and definitions are important, especially in a nascent field like sustainable business management. Clarity, sharpness, and a common understanding of terms form a necessary cornerstone in advancing burgeoning sustainability concepts forward in a meaningful way. Without such a foundation in place, and at least some degree of accord among researchers and practitioners, how can we even begin to measure progress towards a more sustainable future that continues to provide economic opportunities? To that end, we begin the book with a close look at what we are seeing in this field today.

It doesn't take a huge leap to understand that a logical starting point would be the ubiquitous Sustainable Development Goals (SDGs) adopted by the United Nations in 2015, which have fast-become a beacon guiding sustainable business management, practices, and logics all over the world. One of its core goals, flagging the importance of sustainable consumption and production, is displayed on the cover of this book. We see the principles set forth in the SDGs being adopted in contexts ranging from small and medium enterprises to multinational corporations, from small community-based organisations to highly developed economies. Chapter 2 explores not only the efficacy of SDGs to deliver sustainability outcomes, but the business impetus for engagement. This leads into a discussion of the broader, but equally, compelling topic of sustainable business models (SBMs). In Chapter 3, we scan the current business literature and highlight some of the emergent approaches for theorising and implementing SBMs, with the ultimate aim of trying to create a common language for understanding how business management and practice can and should align with notions of sustainability and responsible stewardship of our planet's ecological systems.

Next, the book further contextualises the issues of sustainable business management by proffering some current conceptualisations for framing and managing sustainability within the context of business operations. Chapters 4 and 5 take a deep, critical dive into the transformational potential of the green economy and the circular bioeconomy, related terms which have become increasingly pervasive, but perhaps also increasingly misconstrued. While a green economy model explicitly places the value of ecosystem services squarely at the nexus of business decision-making, a circular bioeconomy economy model refers to a biomass-based system which incorporates efficiencies through recycling and the use of waste and byproducts in industrial processes. Both of these models offer the promise of increased coordination and collaboration along the supply chains, but also maintain the *status quo* neoliberal paradigm of continuous economic

growth led by the private sector, which ultimately may be incompatible with sustainability thinking.

And, so, while these models may not be transformational as such, they do offer businesses novel strategic opportunities to aim for loftier goals related to sustainability approaches. Two such opportunities are discussed in further detail in Chapters 6 and 7, respectively, as potentially influential transition pathways. Downstream along the value chain, brand owners and retailers can tailor their marketing strategies to better capitalise on society's demands for more environmentally benign and climate-friendly products. Servitisation, the process of providing customers with comprehensive product-service systems, also offers a good deal of promise, not only as a means of enabling co-creation and added value along the supply chain, but as a way of cultivating new economic paradigms like the green economy and circular bioeconomy models by enhancing the competitiveness of businesses that participate in these economies. Notably, while the domain of both of these business practices has the makings of moving the needle forward on sustainable solutions, they remain vastly understudied and not particularly well understood.

Equally perplexing is the role that governance and policy mechanisms play in fostering an enabling environment for sustainable businesses to thrive. The past decades have seen an undeniable shift towards the use of private sector policy innovations, like finance- and market-driven tools (FMDs) and third-party certification schemes, being utilised to address critical issues related to environmental degradation and the overall health of our planet, as articulated in the United Nations SDGs. Results have been, at best, mixed in terms of curbing global deforestation, emissions, or environmental degradation, even when these efforts are part of larger governmental or intergovernmental initiatives. While it has been speculated that continued sustainability challenges are the result of poor policy design, Chapter 8 postulates that it may have more to do with a number of competing conceptions of sustainability and competing notions of what exactly should be transformed in order to create a more sustainable future for all.

We use examples from forestry and forest products to illustrate our points, although the results are portable and applicable to other sectors. We then supplement this broad supposition with two very focused illustrations, also residing squarely within the world of forestry and forest industry. First, borrowing from the case of third-party forest certification, Chapter 9 takes a closer look at the degree to which businesses and non-government organisations (NGOs) can cooperate to produce sustainability-oriented rules and solutions. Second, using an example of insect infestation, Chapter 10 outlines the transformative potential of networked surveillance and digital data exchange in addressing some of the grand challenges of our time. In both cases, the importance of collaboration among stakeholders in achieving sustainable solutions is highlighted.

We end the book with three distinct prognostications, each varying in subject matter and critical stance, on how business sustainability could manifest in the not-too-distant future. The opening volley is a deep dive into the

world of sustainability-oriented innovations, which Chapter 11 argues occurs within a broader context of business innovations, and may not – on their own – necessarily be the panacea to tackle the existential threats of an unsustainable planet. Chapter 12 then takes a more radical view by suggesting that, as it stands, businesses and the profit motive cannot co-exist with the notion of a strongly sustainable society. The goals of each with respect to material growth and capital accumulation are diametrically opposed and, consequently, will require a transformational shift in our understanding of what businesses do and how we, as a society, interact and interrelate with our planet. Finally, Chapter 13 takes a more modulated perspective with a consideration of how social and environmental logics can better be incorporated into the business function. One mechanism that shows a good deal of promise is the hybrid organisation. These are businesses with a societal purpose, which focus not on profit maximisation, but on creating a meaningful sustainability orientation.

Our planet is a complicated place – more so now than ever. But it's the only planet that we have, and we must do our utmost to leave a legacy that is not centred around diminishment and increasingly challenging choices. As Chapter 14 reminds us, we must strive for sustainability and solutions that are long-term and intergenerational.

This will not be easy. It will require fresh thinking, bold ideas, innovative solutions, and courageous action. Here, we present some of these ideas – some aligned, some contradictory, all thought-provoking – focusing on the role that business can play in a sustainable world.

We began with a thorny question related to how to reconcile the two seemingly irreconcilable constructs of business and sustainability. This is indeed a grand challenge, and we don't pretend to have all of the answers. But we hope that readers of this book – students, academics, researchers, and practitioners – will take something from it that makes this world a little more sustainable, or at least a little less unsustainable.

We owe it to the planet and the future generations that inhabit it to give it a try.