SUSTAINABLE PERFORMANCE: FOR AN ORGANIZATION BUILT TO LAST

**SUMMARY:**

The ecological emergency has been established. Kate Raworth delivers a striking representation of this crisis through the 'Doughnut economics' model. This model describes the physical limits to be taken into account and the social needs to be satisfied in order to build sustainable societies. While this model details the challenges of human societies on a macro scale, corporate social responsibility (CSR) proposes a series of tools for companies to meet social expectations and environmental challenges.

After a few years of difficulties in establishing itself, CSR is now making its mark on the economic landscape. Indeed, CSR was perceived, and is still too often perceived by some, as peripheral, linked to marginal improvements, and too far from the commercial/economic priorities of companies. This is why CSR has evolved and continues to evolve by better integrating the heart of the organization' strategy.

Standardized by ISO 2600, CSR has seen the emergence of numerous labels (such as Bcorp) and other certifications (ecovadis, etc.) that work to provide a grid for analyzing the CSR performance of organizations. In addition, there is an increasing number of reference frameworks (Global Compact, Sustainable Development Goals…) and platforms (Impact Gouv in France, ZE….) that are engaging. In this search for affluence, in this rise of CSR, there is a tendency to get lost: Which label to choose? How to increase my score? How can I become an organization that is in line with the ecological transition? Are we doing the good?

All these questions deserve an answer. Today, companies are looking for a compass. Thus, I propose you to discover a representation of CSR allowing to give a clear vision of the stakes of an organization. A representation that allows decision-makers to translate the societal objectives into organizational objectives. A representation that provides a framework for thinking about the organization of tomorrow, "with clear goals and indicators that will serve as a compass for the journey ahead" (Kate Rayworth).

The paper is a discussion paper that seeks to present a framework and explore ideas that could help providing such a compass. This paper seek to contribute to the ‘performance requirements review’. This paper provides you with (1) an introduction to the doughnut economics’ model, (2) a short summary of the evolution of CSR, and (3) a concise description of a new representation of CSR consistent with the doughnut model. This representation aims to build a model of an organization that is built to last. An organization that’s contributes to succeed societal’s goals.

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**FIGURE 1:**

(a) Representation of the defining characteristics of an organization - its purpose, its vision – (from Collins & Porras, 1996). It is integrated in models (b) and (c); (b) Simplified representation of the CSR 2.0 model where the organization must contribute to ensuring that no one lacks the essentials of life (social foundation) as well as to ensuring that humanity collectively does not exceed planetary limits (ecological ceiling); (c) Full representation of CSR 2.0: an organization is defined by its core ideology and its envisioned future. An organization must contribute to not exceeding an ecological ceiling composed of 7 dimensions (water, chemical pollution…) and must contribute to reaching a social foundation composed of 10 dimensions (diversity and inclusion, employment, health and safety…).
**THE FRAMEWORK: THE DOUGHNUT ECONOMIC MODEL**

A doughnut! A doughnut is a concept used by the American economist Kate Raworth (2017) for representing the economy. This representation is so simple that it provides a striking view of the challenge facing humanity. The representation consists of two concentric rings:

- A social foundation to ensure that no one lacks the essentials in life.
- An ecological ceiling to ensure that humanity does not collectively exceed planetary limits.

Between these two boundaries is a doughnut-shaped space that is both ecologically safe and socially just. By staying within this green zone, humanity would fulfill its social needs without exceeding the carrying capacity of the planet and damaging the vital cycles and the needed balanced ecosystems that sustain human life a space in which humanity can thrive.

On one side we have the ecological boundary. In 2009, the Stockholm Resilience Centre brought together 29 scientists who proposed a set of 9 critical Earth system processes with "tipping points." Crossing these thresholds could lead to irreversible environmental changes, taking the Earth out of the steady state. These 9 dimensions, each defined by precise indicators, are climate change, biodiversity loss, land use... On the other side, our society must work to meet the needs of all. The model integrates 12 dimensions that are derived from the Sustainable Development Goals (UN, 2015). Similarly, these dimensions, which are associated with specific indicators, include the themes of education, food, access to water, health...

By measuring these different dimensions, a state of affairs about the situation of humanity can be drawn: does humanity live in the doughnut-shaped area that is both ecologically safe and socially just? On the one hand, humanity is failing to meet its social needs. It is estimated today that none of the 12 social dimensions are met. On the other hand, it is estimated that 4 of the 9 environmental dimensions are exceeded. The conclusion is clear: humanity is overshooting ecological boundaries without fulfilling its global social needs.

![Figure 2](image)

**THE ROLE OF THE ORGANIZATION: CSR**

CSR has undergone a profound revolution in recent years. In the beginning, CSR was linked to marginal improvements and was associated with actions peripheral to the organization’s activity. However, driven by increasingly demanding citizens (and consumers), CSR has evolved. Today, CSR is increasingly integrated into the company’s strategy, decision-making processes, and change management processes. Coupled with the integration of CSR at all levels of the company, organizations are increasingly taking into account the entire
scope of their impacts. Indeed, their analysis increasingly go beyond the organizational scope, taking into account the scope of the organization's activities as well as the upstream and downstream parts of the organization's value chain.

Thus, CSR continues to experience a real revolution. CSR is moving from a defensive and reactive risk prevention approach to a societal contribution approach with the objective of maximizing positive impact. We are therefore moving from the paradigm of "the repairing company to the contributing company" (Geneviève Férone-Creuzet, 2020). Moreover, CSR allows companies and their economic model to be in tune with the issues of the present days.

To accompany this evolution, to give a holistic vision of CSR, to link global issues to business models, a new representation of CSR is offered. This representation, which is based on the Doughnut Economics' model, is founded on the dimensions and indicators drawn from the various reference systems and labels.

**CSR AS A DOUGHNUT : HOW TO CONTRIBUTE TO BUILDING A SAFE AND JUST SPACE FOR HUMANITY ?

The proposed representation aims to provide a framework to guide decision-makers in pursuing their business in a context of the ecological transition. This representation can be deconstructed into three parts. The first part defines the organization, the second part characterizes the degree to which the organization contributes to building a safe and just space for humanity, the third part provides a dynamic component that shows the efforts of the organization (the third part is under construction).

![Diagram](image)

**FIGURE 3 BUILDING A VISION / BASED ON THE MODEL OF COLLIN J.C & PORRAS J.L (1996)**

**THE ORGANIZATION, ITS CORE IDEOLOGY, ITS ENVISIONED FUTURE**

The first part of the model defines the organization. It is the heart of the organization! Taking up the theory of Collins J.C. & Porras J.L (2000), in order to last in time, an organization must define its fundamental ideology as well as the envisioned future. On the one hand, we have the fundamental ideology which is composed :

- **Core values.** These are the beliefs or principles that are absolutely non-negotiable. They define an organization. When you think about your personal values, you usually have an idea of what is really important to you - the characteristics you couldn't live without. For Collins and Porras, the core values of an organization are the same: they are as natural as breathing.
- **Core purpose.** It is the soul of the company. It reflects the ideal motivations that drive the organization's components to work. For example, ekodev's raison d'être is to "(R)awaken change and provoke commitment"; the SNCF's raison d'être is, since 2018, "to bring everyone the freedom to travel while preserving the planet"; the MEDEF's raison d'être is "to act for responsible growth".

On the other hand, we have the envisioned future which is composed of :

- **BHAGs (Big, Hairy, Audacious Goals).** These are 10-30 year goals set by the organization. These goals must be exceptionally bold and ambitious and are intended to bring about radical change within the organization. For example, during the Cold War, NASA had the goal of 'getting a man on the moon by 1970'. Another example, between 2008 and 2012, Danone wanted to drastically reduce its emissions by setting a target of ‘minus 30%’. Frank Riboud, then CEO of Danone, confided that "reducing our emissions by 20% between 2008 and 2012 seemed to me to be a realistic objective, whereas reducing
them by 30% was impossible - which was exactly the type of objective I wanted... Because the issue is not so much carbon: the issue is the transformation of the company to ensure that it gradually adapts to the world of tomorrow.

- **A vision / vivid description.** It describes how the company sees the future. It is the star it chases without ever being able to fully reach it. For example, NASA’s vision is ‘to discover and develop knowledge for the benefit of humanity’; the Alzheimer’s Association’s vision is ‘a world without Alzheimer’s disease’.

We can compare the fundamental ideology to a heart. A heart that beats to achieve objectives in accordance with a shared vision within the organization. The fundamental ideology is thus mixed with an envisioned future. The representation of Collin J.C & Porras J.L (1996) use the yin and yang symbol in a deliberate way: the core ideology is essentially meaningless without progress or movement into the future, whereas a coherent vision cannot be created without a stable foundation.

Once the heart of the organization has been well defined, once the heart of the organization can beat to the realization of a future, then we can address the following question: How can the organization contribute to the goal of our society? How can the organization contribute to humanity living in a safe and just space?

**Societal Contribution of an Organization**

We are then interested in the maturity of the organization with regard to societal issues. Following the example of Doughnut economics, the organization must take into account the dual objective of our societies to meet the needs of individuals (social foundation) without negatively impacting the environment (ecological ceiling). In this vein, an organization must answer two intrinsically linked questions:

- **How can I contribute to ensuring that no one lacks the essentials in life?**
- **How can I contribute to ensuring that humanity does not collectively exceed planetary limits?**

![Simplified representation of an organization's societal goals](image)

**Figure 1**: Simplified representation of an organization’s societal goals. Each organization must contribute to staying within the ecological ceiling while contributing to society reaching a social foundation

Both boundaries are defined by a number of dimensions. Each dimension of the representation is linked to the dimensions of the Doughnut Economics’ model so that the organization’s objectives meet the societal/planetary objectives. In addition, each dimension is characterized by indicators that measure the organization’s contribution to the societal objective. The indicators used are taken from the numerous reference frameworks (Bcorp, GRI...) following the ISO2600 standard. Although the purpose of this paper is not to describe exhaustively the proposed representation, it seems important to zoom in on each limit.

**The ecological ceiling addresses on the one hand the question of how the organization can contribute so that humanity does not collectively exceed the planetary limits.** This limit is composed of 7 dimensions that include
water management, chemical pollution, the issue of climate change, biodiversity.... To illustrate the value of these dimensions with respect to the activity of an organization, we can take the example of climate change and biodiversity. Concerning the subject of climate change, the organization should ask itself if its strategy is in line with the goal of the Paris Agreement (Set SBTi trajectories). Concerning the subject of biodiversity, each organization must ask itself the question of the consequences of its activity on biodiversity? How can the organization contribute to protect the systemic services on which it depends? How can it have a positive effect on biodiversity at the level of its activity and its value chain? These are the questions an organization can ask itself. For example, to preserve the natural resources that underpin its business, Kering, the French luxury company that owns Yves Saint Laurent, Gucci, Balanciaga, and other brands, has implemented a biodiversity strategy. Kering is committed to achieving a "net positive impact" on biodiversity by 2025 (the BHAG). This strategy aims to halt biodiversity loss, restore and regenerate ecosystems using nature-inspired solutions, and drive systemic change throughout the supply chain and beyond. This is a true paradigm shift in the way Kering does business; a paradigm shift that is essential for success in tomorrow's world. Another illustration is 1083, which manufactures all types of products in France. Its specialty is jeans. To reduce the use of raw materials, 1083 offers a jean made of recycled materials, polyester. But that's not all, because these jeans are consigned to be shredded and transformed back into yarn to make new jeans! 1083's business model is therefore in line with the dimension of contributing to the reduction of raw material consumption and waste minimization.

The social foundation focuses on the question of how the organization can contribute to ensuring that no one lacks the essentials in life. It is composed of 10 dimensions such as education and training, diversity and inclusion, local resilience, ethics and compliance... For example, on the issue of local resilience, the organization can ask itself how it can contribute to generating and protecting the resilience of the territories in which it is located? How can it contribute positively to the construction of an active local community that generates value for the territory, and ultimately for the organization? To illustrate this point, we can take up the words of Serge Papin, former CEO of System U, a wholesale food distribution company in France. He declared in 2018 to his colleagues: "if I were thirty-year-old and I opened a supermarket today, I would install a farm next door!" Behind this sentence is the idea of the obligation for a company in this sector to have a strong local anchor. For him, "Supermarkets are in the front line of this local resilience, and must therefore be drivers of this movement. The wholesale food company, « La ruche qui dit oui », whose mission is to give everyone the means to better feed themselves and to support farmers who cultivate a better world, can boast of having a strong local anchor. This anchoring can be illustrated by the fact that the average distance covered by the products sold is only 65km. This certainly contributes to the success of this company in the recent past years.

The model presented may integrate a last component: The dynamic component of the contribution of the organization towards societal goals. Indeed, while the first and second parts defines the organization and the degree to which the organization contributes to building a safe and just space for humanity, there is a need to measure the efforts of organization to contributes to the societal goals. According to indicators (to be defined), the efforts of an organization may be characterized under three terms:

- "Status-quo" : It means that the organization does not consider nor implement actions to contribute to the societal objectives
- "In transition" : It means that the organization does implement actions to contribute positively to the societal objectives. A three-colors scale (red, orange, green) may be used to describe the sufficiency of the actions plan of the organization
- "For Good" : It means that the organization does contribute positively to the societal objectives.
Thus, this representation of CSR allows the expression of an integrated vision of CSR where the company contributes to achieving societal objectives. It emphasizes the interconnection of social, environmental and economic dimensions in the conduct of business. Social and environmental stresses are no longer described as economic "externalities"; instead, environmental and social boundaries are a starting point in assessing how an organization's economic activity should proceed. Thus, this representation of CSR not only enables dialogue between societal goals and an organization’s contributions, but also provides a powerful tool for building a sustainable organization.

FOR AN ORGANIZATION BUILT TO LAST!

How to use this representation to conduct business? How can we use this model to build/pursue a business strategy with a business model that resonates with the issues of our time?

First of all, it is important for an organization to define/formalize its core ideology and envisioned future. For illustration, concerning its core purpose, in the words of Serge Papin, former CEO of Système U, “through this core purpose, employees will find their 'reason to be there' and customers their 'reason to come there'”. In this vein, it is important to define the organization’s vision and its long-term objectives (BHAG) in order to mobilize stakeholders around structuring and transforming objectives. In other words, defining its core purpose and core ideology will allow all stakeholders to know precisely what the organization aspires to build. This is a founding element!

Then, the organization can define its CSR strategy and integrate it into its business strategy. A CSR strategy means understanding the vision of internal and external stakeholders on the organization in order to be able to objectify the major challenges of the organization in terms of sustainable development. This work, which will be carried out by formalizing the materiality matrix, will make it possible to objectify the key dimensions of the ecological ceiling and the social base that must be pursued and responded to by the organization. In this way, the organization will work to respond to the issues that are important to the conduct of its business, and
therefore will not waste time pursuing low impact actions. It is really a concern for CSR performance that is being pursued!

For example, Eaton has identified and prioritized the CSR challenges facing its business. These challenges have been objectified by the formalization of their materiality matrix. These priority issues can be translated into the 'Doughnut' representation by stars (other graphical possibilities are feasible). The message is clear: these issues must be addressed as a priority for the proper conduct of the organization. As each dimension is defined by a series of indicators, the company will be able to dynamically monitor the evolution of its CSR performance. Ultimately, the organization’s goal will be to contribute positively to societal objectives.

The proposed representation aims to help people build a sustainable organization. A representation of CSR that gives a clear vision of the stakes of an organization. A representation that makes it possible to translate the societal objectives of humanity into organizational objectives. A representation that provides a framework for thinking about the organization of tomorrow, "along with clear goals and indicators that will serve as a compass for the journey ahead" (Kate Raworth, 2017).

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References: