

UNESCO BIOSPHERE ISLE OF MAN ANNUAL LECTURE

17th April 2024



Making Sustainability a Reality:

Why a **Wellbeing Economy**,
enabled by **Purpose-Driven Organisations** and
powered by **Meaningful Work & Lives**

is the solution to unsustainability

Dr Victoria Hurth

Review all the ideas at: www.victoriahurth.com



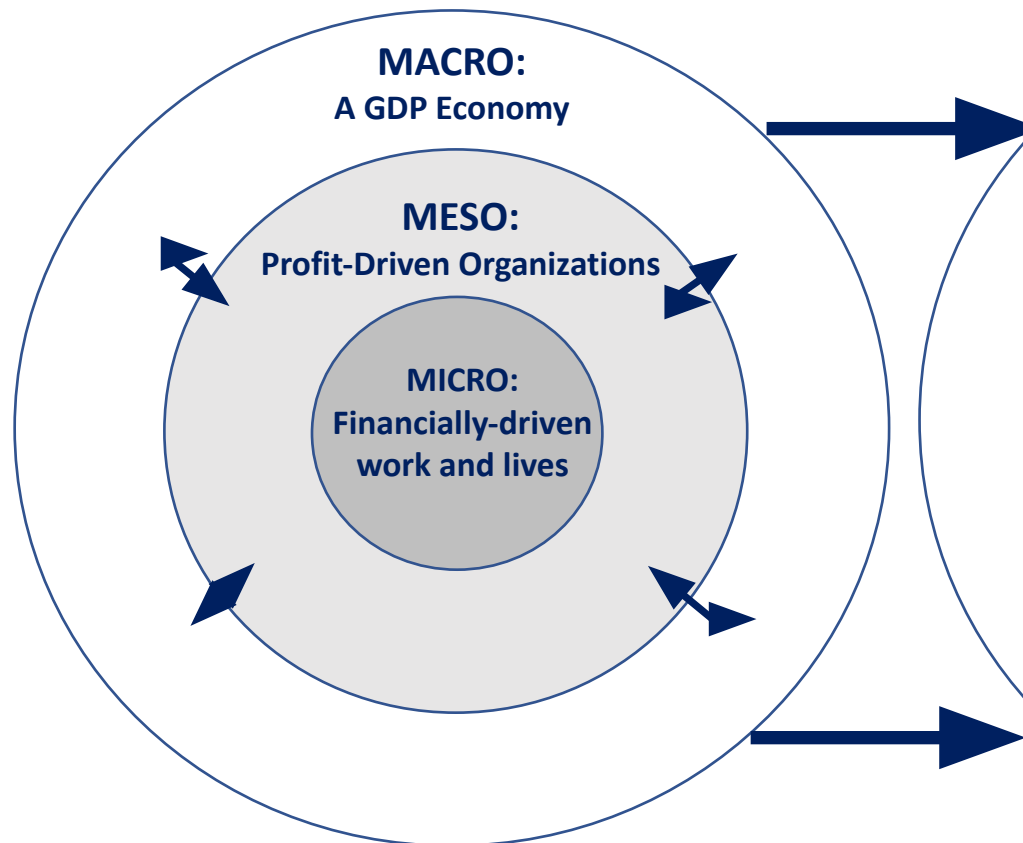
Key takeaways

1. The economy should have been delivering sustainability but it has been governed to achieve the opposite. We are now in existential crisis
2. We need a market economy (and not command and control systems) to be governed to solve the problems we face – not just ‘do no harm’ (ESG)
3. This is a three level shift and hinges on purpose-driven organisations (including government as a organisation). Two key tools that standardise this purpose are ISO 37000 (Governance of Organizations) and PAS 808 (Purpose-Driven Organizations)

Making sustainability a reality: the 3 level shift

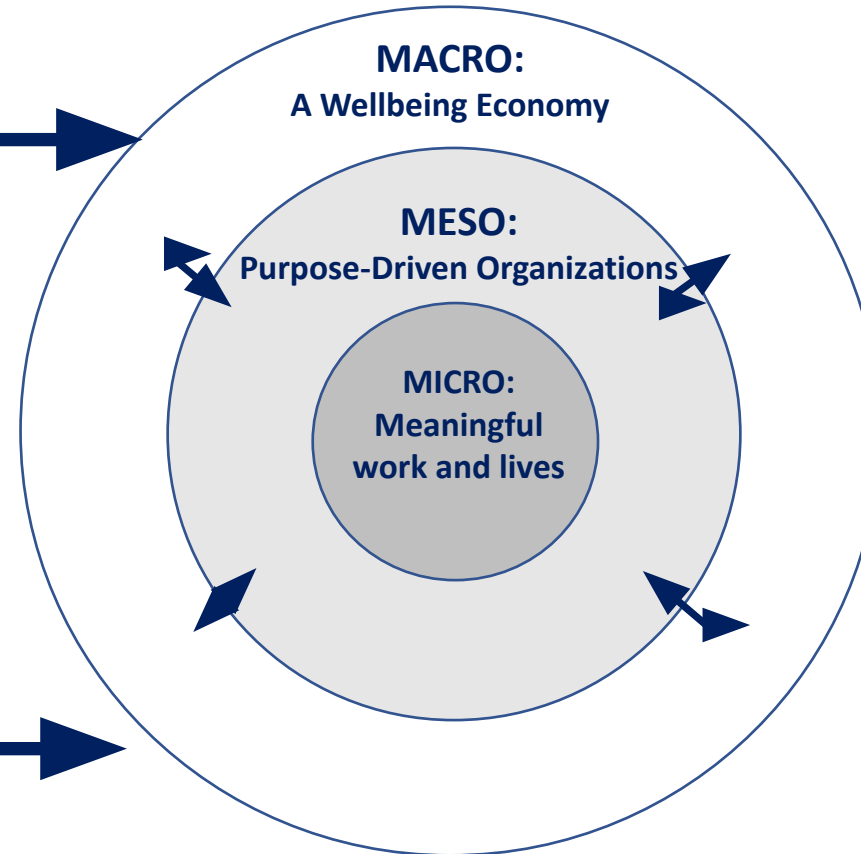
The existing UNSUSTAINABLE market economy

objective = financial goals =
long-term wellbeing for all



The emerging SUSTAINABLE market economy

objective =
long-term wellbeing for all people and planet



OR

THE NON-MARKET
ALTERNATIVE

Command-and-Control
Economy



the economy should be driving sustainability

the objective of the economy: “allocating the resources available to society in a way that maximizes social wellbeing” (Goodland and Ledec, 1987)

wellbeing: positive state of being where current and future needs are met, such that there is the capacity and opportunity to flourish (BS 8950:2020, 3.7, adapted)

the objective of sustainable development: “development that meets the needs (*wellbeing*) of the present without compromising the ability of future generations to meet their own needs” (WCED 1987)



THE SHARED OBJECTIVE: LONG-TERM WELLBEING FOR ALL (SUSTAINABILITY)

the rise of unsustainability



**ESG regulation and
stakeholder pressure**



**threats to
reputation**



**unsustainability
evidence**

Climate crisis

Preced

“In the five years since the Paris Agreement...Fossil fuel financing was, more prevalent” than before

Persefoni, 2023

<https://content.persefoni.com/hubfs/PSFI-WhitePaper-FinancedEmissions.pdf>

<https://www.iea.org/reports/co2-emissions-in-2023>

APR

Ecological breakdown

Distribution

Mammal biomass is shown

Wild mammals
4% global mammal biomass



Human biomass
34% global mammal biomass



Animals as % of animal biomass

4%

We need solve multiple issues at once – not just climate

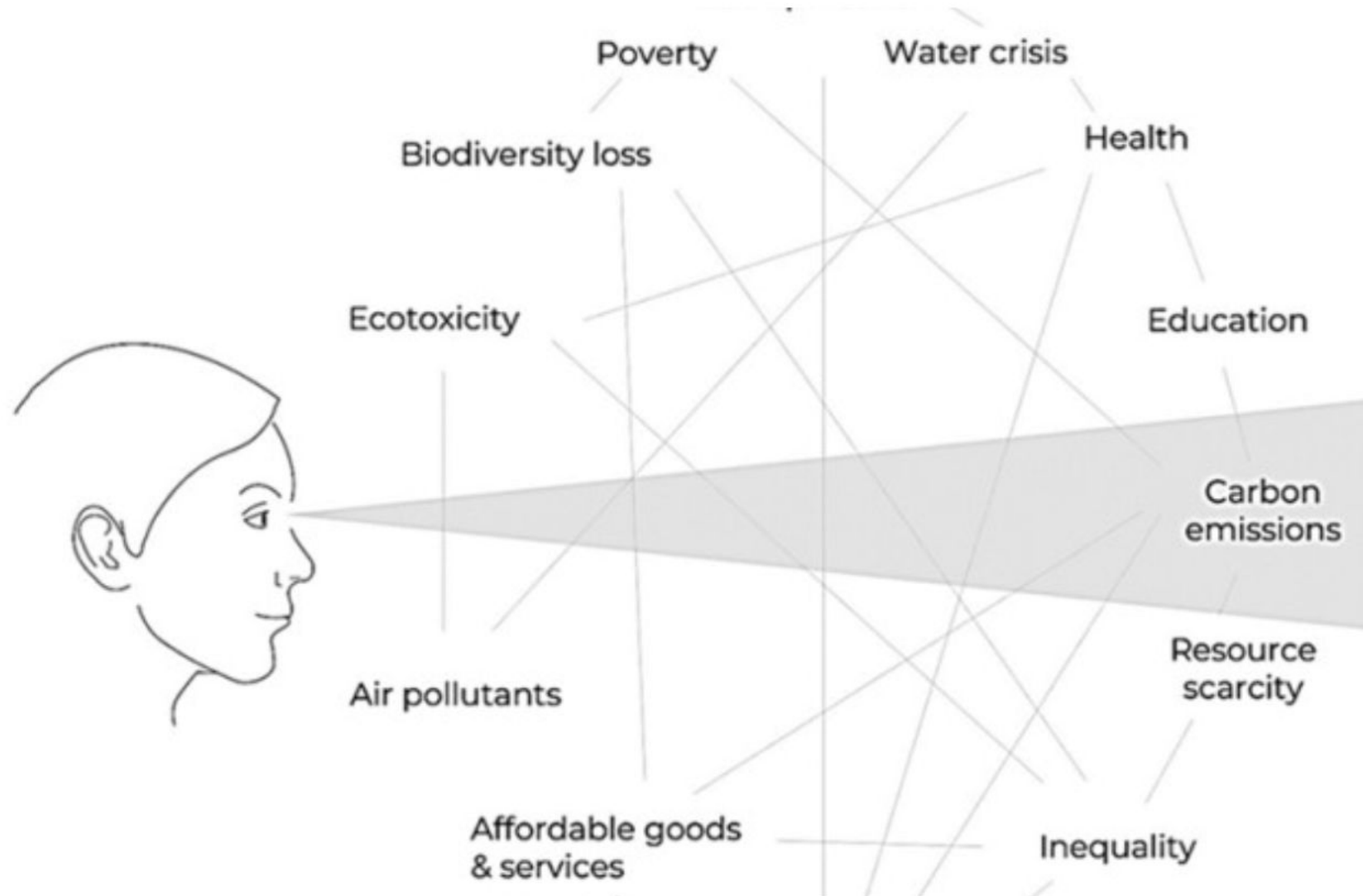


Photo Credit: Jan Konietzko

WHERE DID WE GO SO WRONG?

unsustainability happens because of routine decision-making



3 firm 'logics' dictate negative impact and the ability to respond



1. Business-as-Usual
CSR
(short-term



2. Business-as-Usual
ESV
(long-term



3. Purpose
(long-term
other-serving
interest)

the basics of decision-making

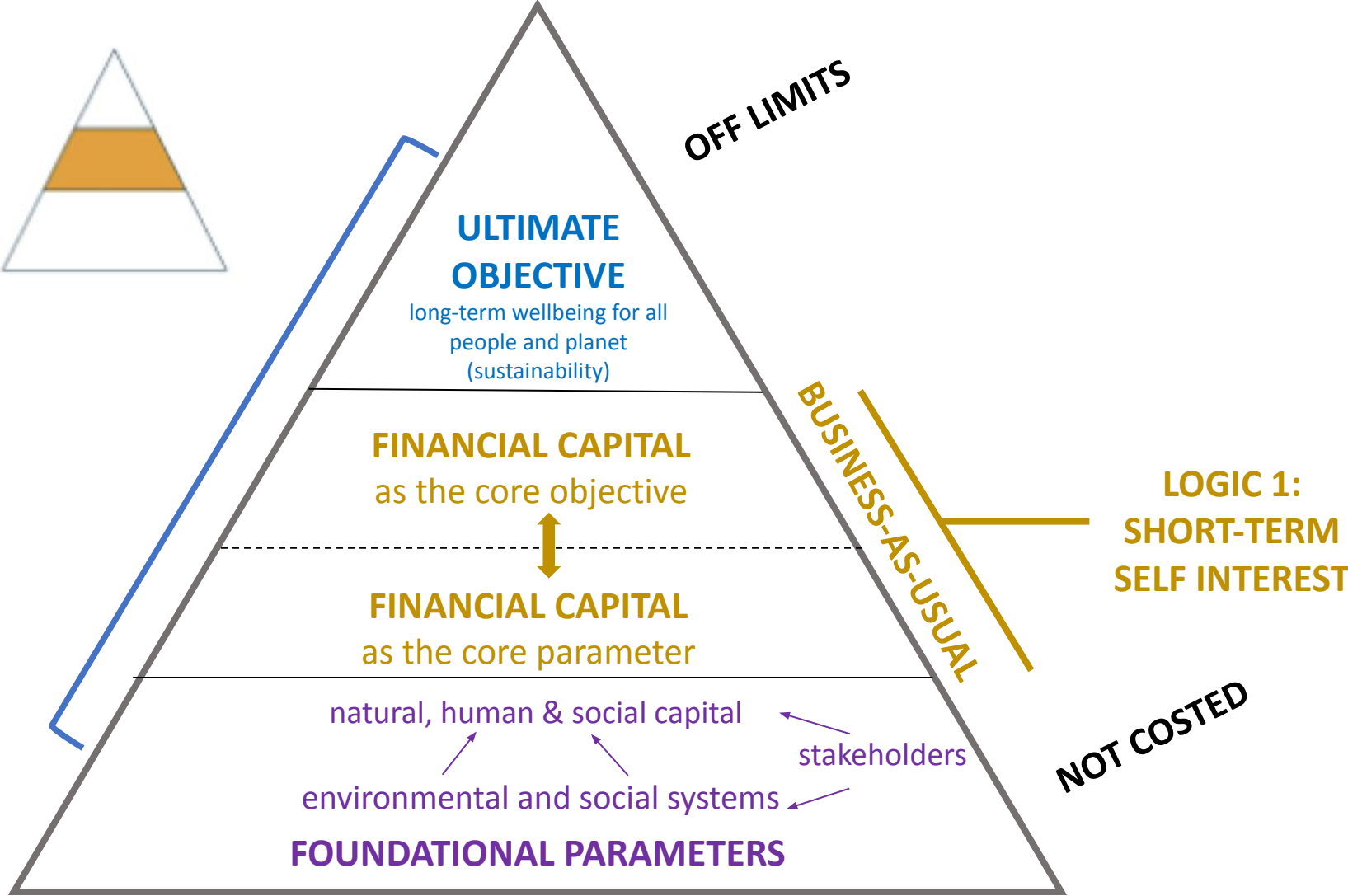


DEFINITION:
governance of organizations

human-based system by which an organization is directed, overseen and held accountable for achieving its defined purpose

(ISO37000:2021)

LOGIC 1: Business-as-Usual/CSR



assumptions / myths

WELLBEING CREATION: companies engaging in self-interested profit maximisation for itself/shareholders = wellbeing is optimised for society **automatically**

NOT TRUE

HUMAN BEHAVIOUR: customers and companies are (boundedly) rational – they can and will act in their own self-interest and are financially motivated (because money buys wellbeing in the market place).

NOT TRUE

RULES OF THE GAME: Obey the law (compliance orientation). Focus on accurately reading customer demand – not questioning or seeking to change it and government will sort out the rest. Basing decisions on competitive behaviour will limit negative issues of self-interest

NOT TRUE



financial income = wellbeing outcomes for society as a whole

'asset stripping' is the norm:



**HARVARD
BUSINESS SCHOOL**

Impact-Weighted Accounts

How to Measure a Company's Real Impact

by Ronald Cohen and George Serafeim

September 03, 2020

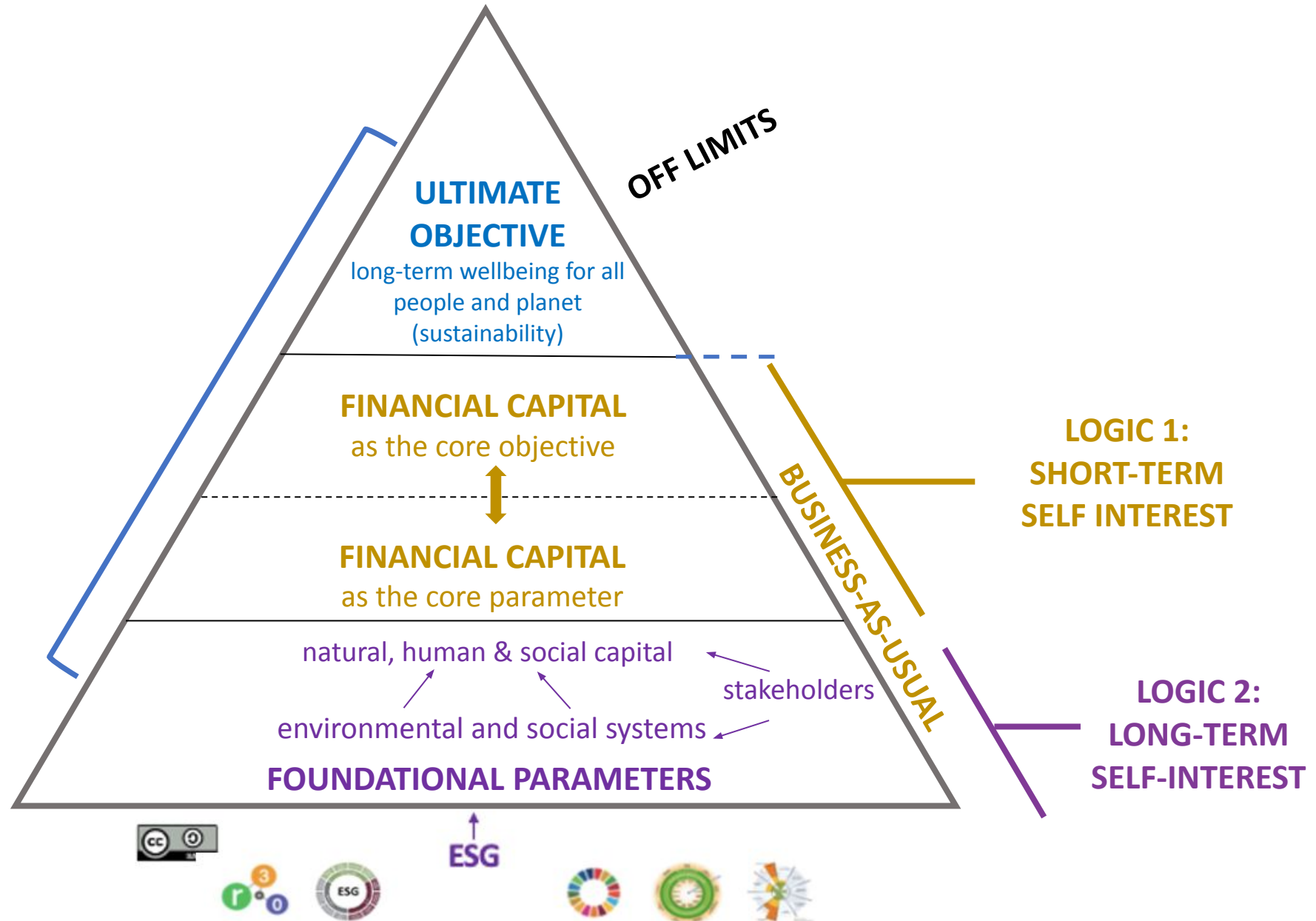
**&
profit**

Of 1,694 companies which had positive EBITDA in 2018, if the cost of environmental damage was counted”

-> **15% would see their profit more than wiped out**

-> **32% would see their EBITDA reduced by 25% or more**

LOGIC 2: Business-as-Usual/ Enlightened Self-interest



Logic 2: the basis of ESG business case



the emerging legal ESG context



The investment market is changing fast

Taxonomy topics (social taxonomy coming but on hold) :

CLIMATE CHANGE MITIGATION



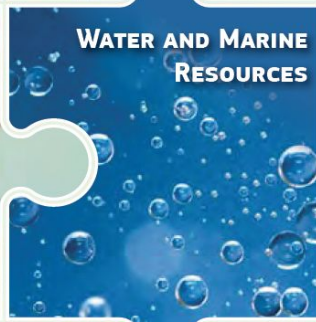
CLIMATE CHANGE ADAPTATION



CIRCULAR ECONOMY



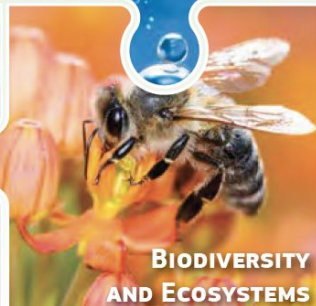
WATER AND MARINE RESOURCES



POLLUTION PREVENTION AND CONTROL



BIODIVERSITY AND ECOSYSTEMS

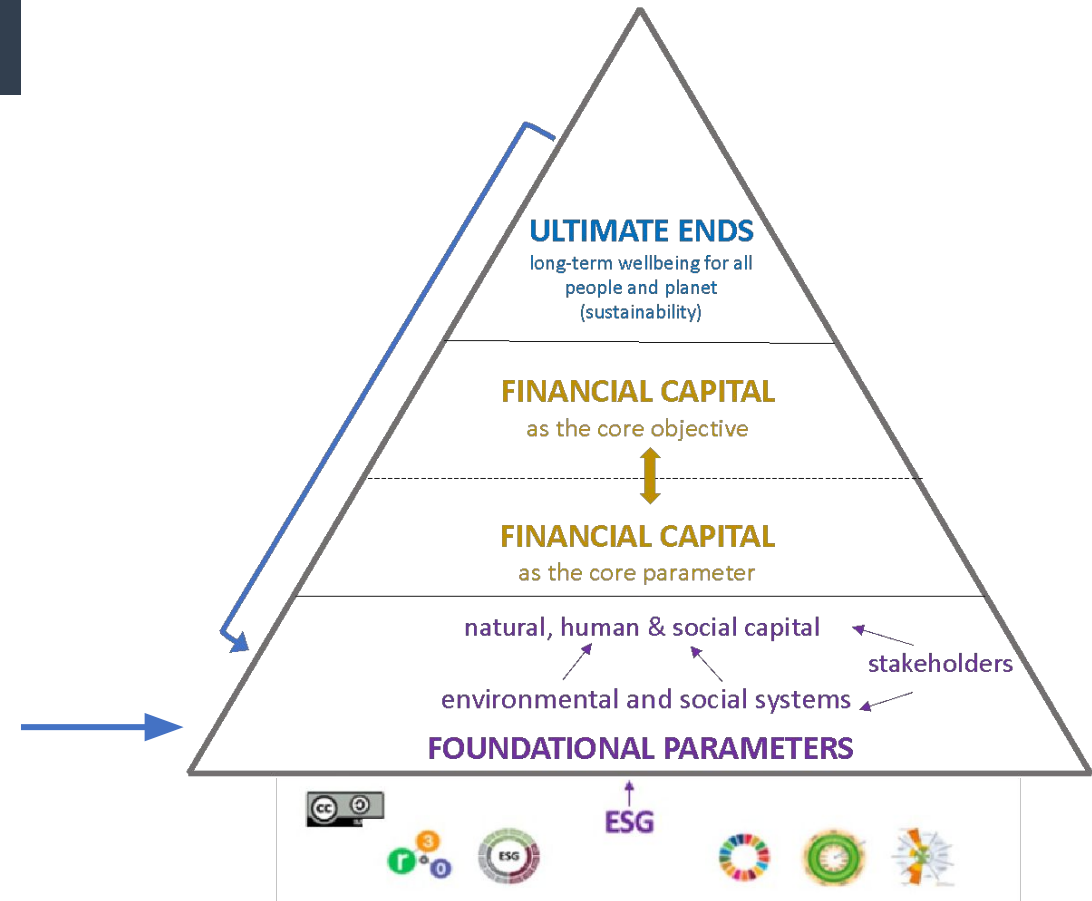


Taxonomy: What is a sustainable investment?

* A 'sustainable investment' = " it is an investment in an economic activity that **contributes to** an environmental or social objective

• the investment does **not significantly harm any social or environmental objectives** and

• the investee companies follow good **governance** practices."



ESG - beyond the law

Even people who act
accordingly to the law must be
held responsible for damage
they cause

The judges said.

SAUL LUCIANO LLIUYA,
PERUVIAN FARMER

VS

RWE

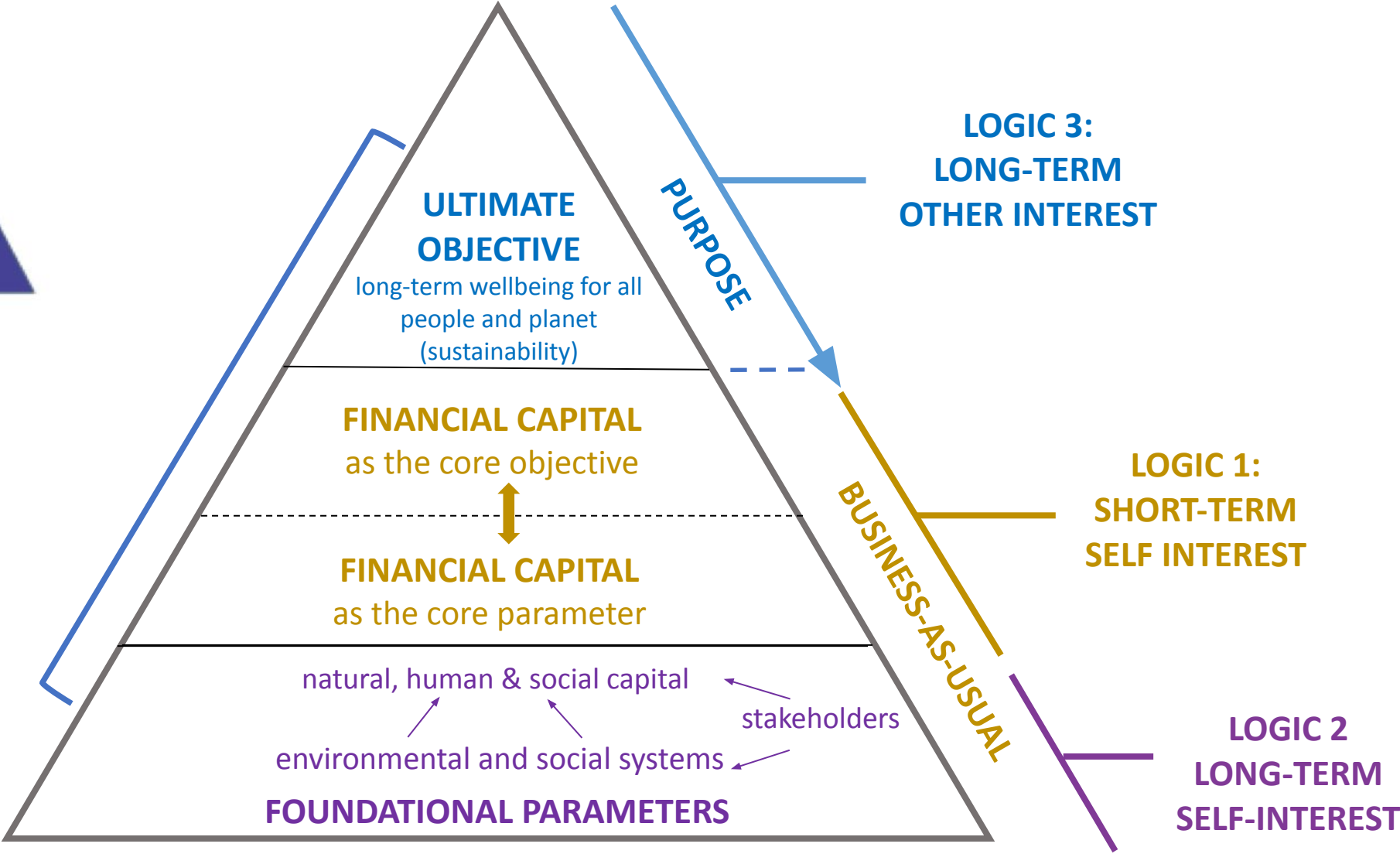
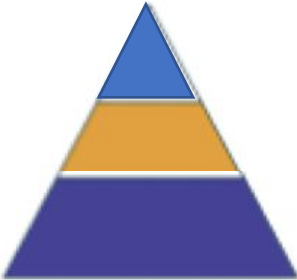


From 'asset stripping' to 'do no harm': The ESG End Game



- Science tells us that there are a number of key social and environmental issues that we need to tackle with solutions that fix them **all at once** – not one at a time
- This will take 'systems thinking', enabling governance and bold creative innovation
- Where will this level of hyper motivation, innovation and creativity come from to break the mould?

LOGIC 3: Purpose



DOING purpose: ISO 37000: 2021 Governance of Organisations

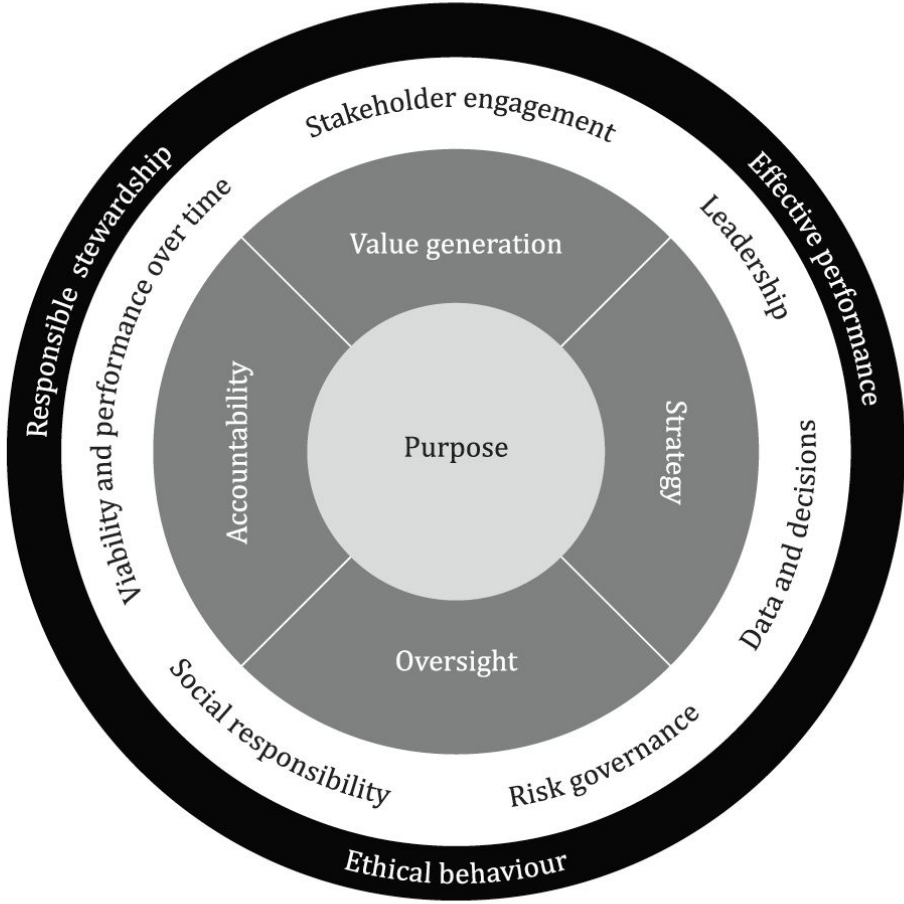
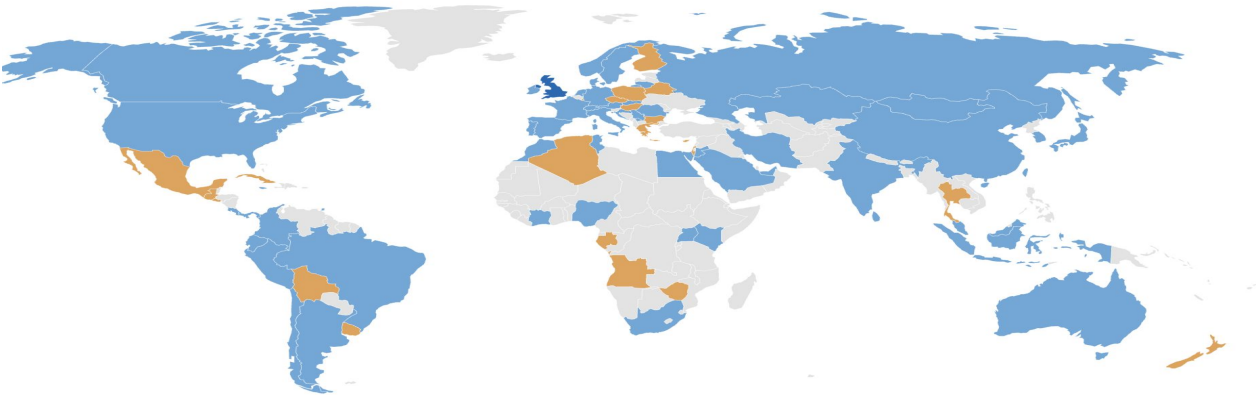


INTERNATIONAL
STANDARD

ISO
37000

Governance of organizations — Guidance

Gouvernance des organismes — Recommandations



- Key**
- governance outcomes
 - primary governance principle
 - foundational governance principles
 - enabling governance principles

Figure 1 — Governance of organizations — Overview

Purpose gets serious: PAS 808:2022

PAS 808:2022

Purpose-driven organizations –
Worldviews, principles and behaviours
for delivering sustainability – Guide



(organizational) purpose

“an (organization’s) reason to exist that is an optimal strategic contribution to the long-term wellbeing of all people and planet”

BSi PAS 808: 2022



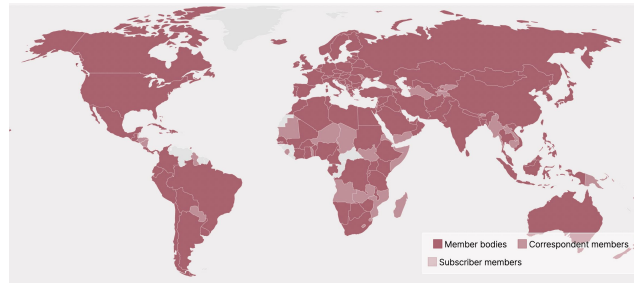
Next step ISO?



bsi.



170 nations



<https://www.iso.org/members.html>



**co-created,
co-owned precise
destination**



**leading edge
ways to get there**



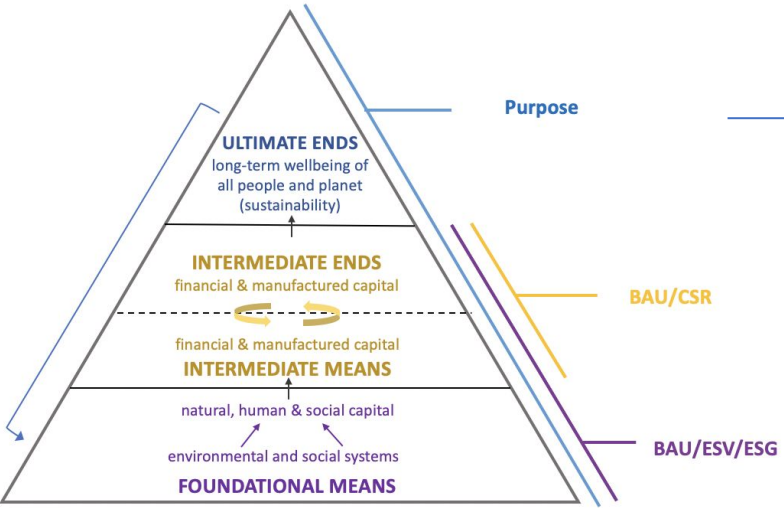
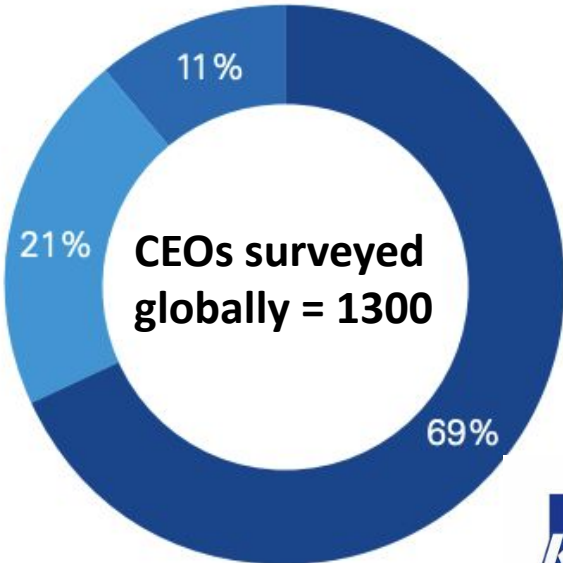
human nature is the
fuel...

“Success, like happiness, cannot be pursued; it must ensue, and it only does so as the unintended side-effect of one's personal dedication to a cause greater than oneself or as the by-product of one's surrender to a person other than oneself.”

Viktor Frankl, Man's Search for Meaning, p.16-17 .

What do CEO's want to do....?

Which of the following best describes your view of the overall objective of your organisation?



- Advance public interest and improve society
- Deliver economic returns to shareholders
- Embed our purpose into everything we do to create long-term value (financial)

From theory to practice – some purpose journey takers



ELVIS & KRESSE

Interface®



Journal of the British Academy, 10(s5), 163–207
<https://doi.org/10.5871/jba/0010s5.163>
Posted 26 August 2022

Principles of purposeful business:
illustrative examples

Charles Ebert and Victoria Hurth

From theory to practice – leadership capabilities need

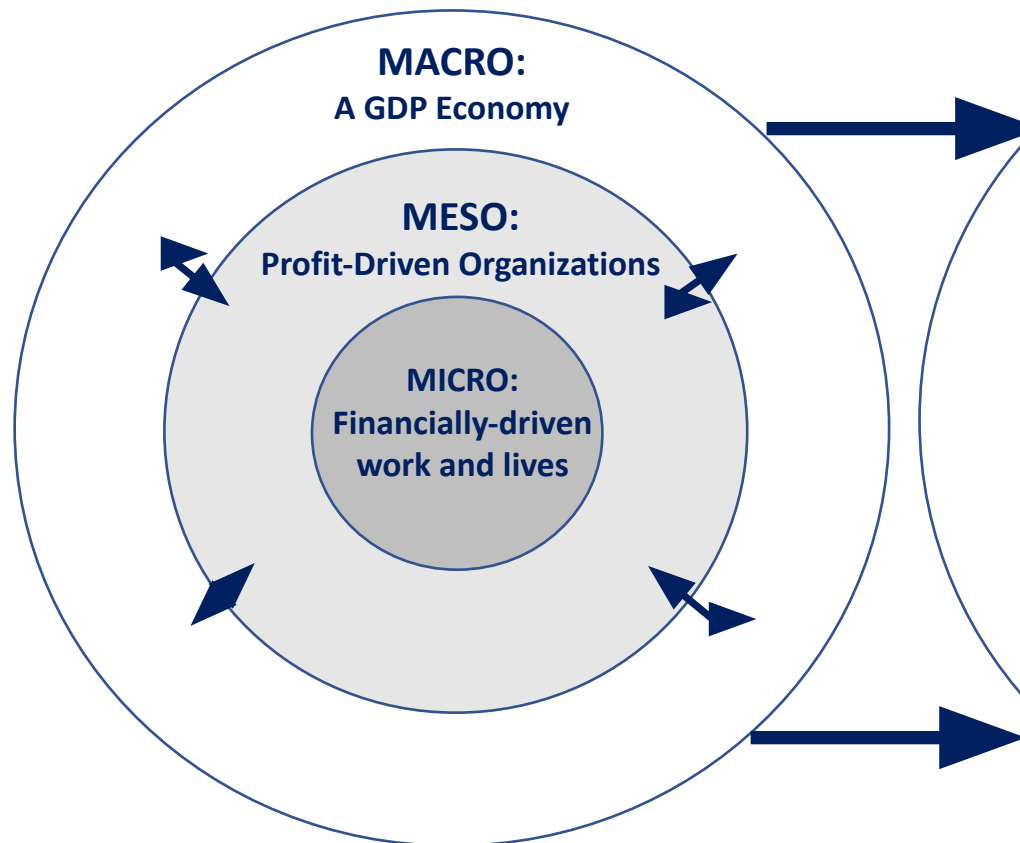
6 Cs:

- 1 **Clarity** – esp. of objectives and parameters
- 2 **Clued-up** – can track the science of the end game
- 3 **Confidence** - esp. of objectives and parameters and in leading beyond BAU
- 4 **Consistency** – not unhelpfully taken off course by short-term events
- 5 **Competent with complexity** – employs systems thinking tools
- 6 **Creates psychological safety** – to unleash innovation, agility and productivity

Making sustainability a reality: the 3 level shift

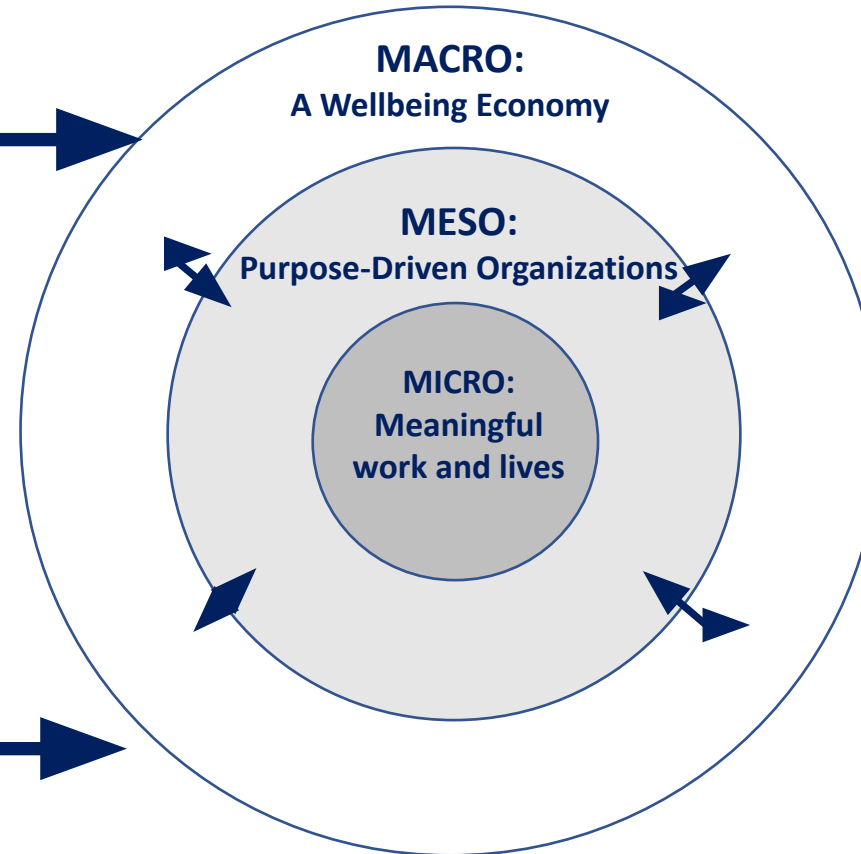
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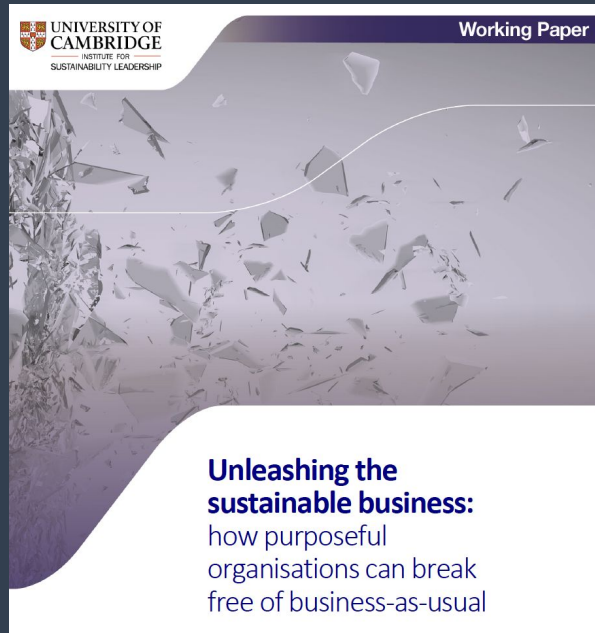
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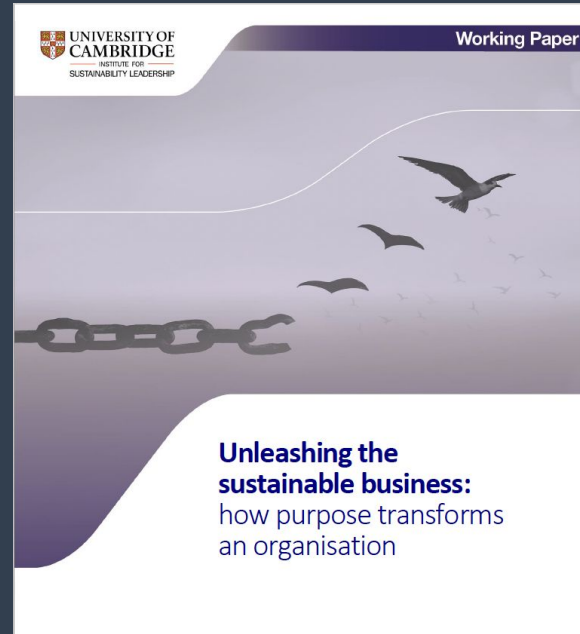
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Further reading:



<https://www.cisl.cam.ac.uk/resources/unleashing-sustainable-business>



bsi. Standards Development
PAS 808 Purpose-driven organizations – Worldviews, principles and behaviours for delivering sustainability – Guide

<https://standardsdevelopment.bsigroup.com/projects/2021-00457#/section>

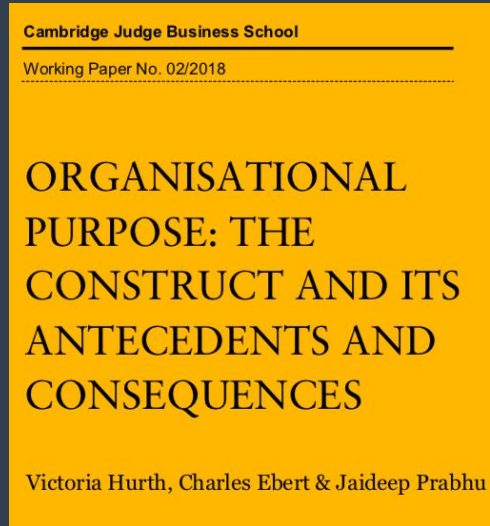


https://committee.iso.org/ISO_37000_Governance

further reading:



<https://www.managers.org.uk/~media/Files/Reports/Guide-for-Leaders-White-Paper.pdf>



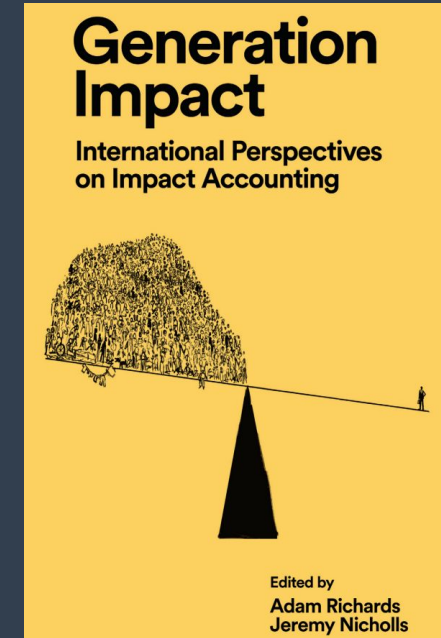
<https://www.ibs.cam.ac.uk/wp-content/uploads/2020/08/wp1802.pdf>



<https://www.waterstones.com/book/powered-by-purpose/sarah-rozenthuler/9781292308791>



https://www.researchgate.net/publication/322099214_Characterising_marketing_paradigms_for_sustainable_marketing_management



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