

Transition to Sustainability: Competitive Sustainability Strategy



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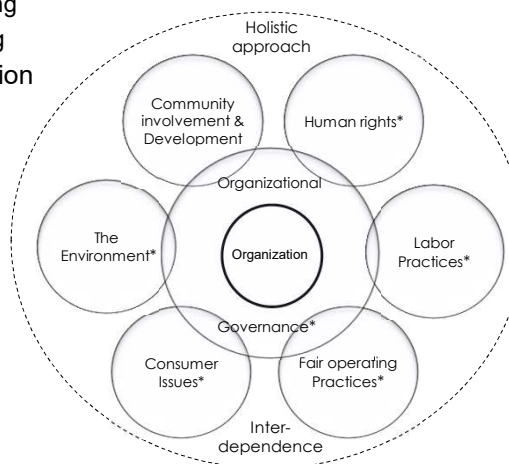
21 June 2024

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Responsibility & Sustainability



- ISO 26000: a guidance for social responsibility
 - A framework & reference for
 - Understanding
 - Implementing
- Not for certification



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Responsibility & Business Interest



- Doing good VS doing well
 - Need to integrate CSR/sustainability in Business strategy
- Benefits for business
 - Ensure shareholder return
 - Increase competitive advantage
 - Higher revenue/benefits
 - Lower risks
 - Lower costs (Including Financial costs)
 - Protect /enhance reputation and legitimacy (social license to operate)
 - Create synergistic value
 - Employee Morale & Retention
 - Infuse Innovation: Product/service/process
 - Increase Satisfaction: Employee & Customers & Partners

Zadek, 2000; Kuruez et al, 2008, BCG/MIT

So we gain from being good....

...Sure??

...Why? Why not?

...How?



Key Limitations for Implementing CSR



- Classification of CSR by Outcome

	Increase social well being	Decrease social well being
Increase shareholder return	Good Management	Pernicious CSR
Decrease shareholder return	Borrowed virtue	Delusional CSR



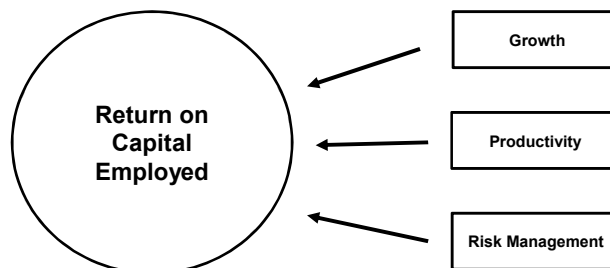
**Doing Good
VS
Doing Well**

Adapted from the Economist, 2007

Business Case Responsibility



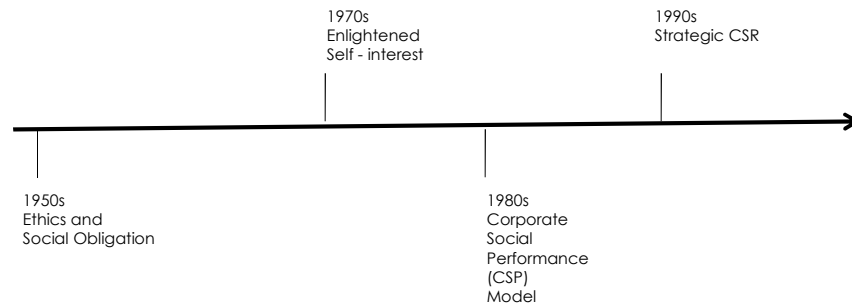
- UN Global Compact Value Driver Model



Direction of CSR Concepts



- By Chronological Order



Lee, 2008

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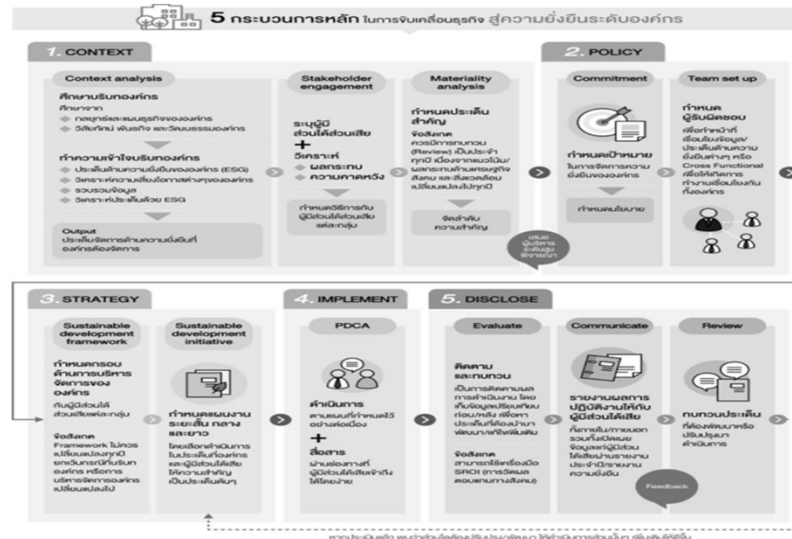
Levels of Sustainability Practices



Kraisornsuthasinee and Swierczek, 2010
Kotler and Lee, 2005
Porter and Kramer, 2011
Rangan, Chase, and Karim, 2015

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Fundamental Sustainability Management Approach



<https://www.setsustainability.com/page/sustainability-management-process>

Competitive Sustainability Strategy



• Useful Tools to Develop Competitive Sustainability Strategy

- Enterprise Risk Management
- Stakeholder Engagement
- Materiality Analysis
- SWOT
- Competitive Strategy Development Model

Strategy-related Tools:

1. Enterprise Risk Management



Internal and External Environment

- Megatrend analysis
- SWOT analysis
- Impact & Dependency Mapping
- Stakeholder Engagement
- Materiality assessment
- ESG-related resources

Risk Identification & Prioritization

Threats or Opportunities to achieving strategy and business objectives

Risk Inventory

ERM, COSO-WBCSD, 2019

Strategy-related Tools:

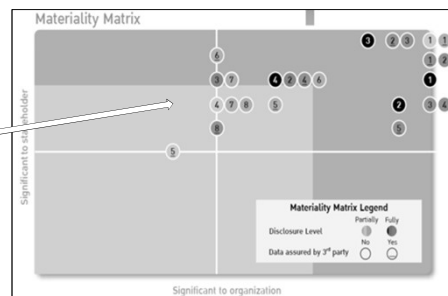
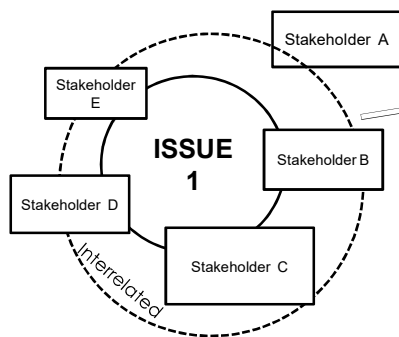
2. Stakeholder Engagement



Applications

A) To prevent/minimize corporate risks by mitigating concerns, conflict, and/or crises

B) To provide information to assess Materiality of issues (along the value chain & others) in the Materiality Matrix for decision making



All subjects and materials here are for educational purposes only

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Strategy-related Tools:

3. Materiality Analysis



- Meaning of Materiality

Material Aspects* (GRI G4)

Those that reflect the organization's significant economic, environmental and social impacts, or that substantively influence the assessments and decisions of stakeholders

*Aspects = the list of subjects covered by GRI guidelines and cover a range of a reporting entity's economic, environmental and social activities and impact

Significance (ISO 26000)

Relevant issues identified by the organization's impacts. The significance of an impact should be considered with reference both to the stakeholders concerned and to the way in which the impacts affects sustainable development

Statement of Common Principles of Materiality of the Corporate Reporting Dialogue, 2016

Strategy-related Tools:

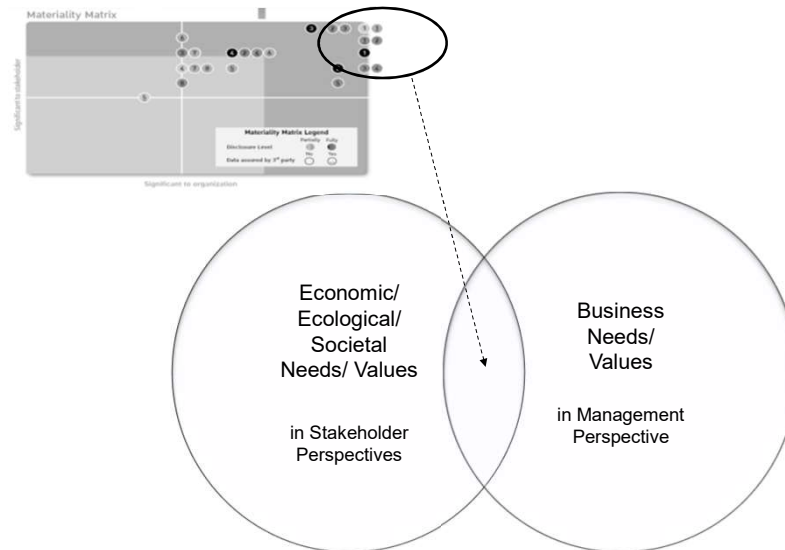
3. Materiality Analysis



- From Materiality Matrix to Materiality Topics
 - Significance: Significant to Stakeholders VS Significant to Business
 - Materiality Matrix
 - Significant of negative impacts: Severity VS Likelihood
 - Significance of positive impacts: Scale VS Likelihood
 - List of Materiality Topics (in priority)
- Double Materiality for Reporting: European Sustainability Reporting Standards, GRI, European Reporting Advisory Group (EFRAG)
 - Financial Materiality (International Financial Reporting Standards)
 - Information on economic value for the benefits of shareholders
 - Impact Materiality
 - Information on ESG impact For the benefits of multi-stakeholders

www.globalreporting.org

Materiality in Strategic Sustainability



Integration of Competitiveness & Sustainability



Competitive Sustainability = Turning sustainability into Competitive Advantage

Steps to develop Competitive Sustainability Issues & Strategies

- Review a current & potential materiality issues (significant ESG (& business) issues) of a company (Step 0: Materiality Review)
- Find their Positive impact (Strengths) & Negative Impact (Weaknesses & Risks) along the Value Chain by comparing their actual performance against their business and sustainability goals & targets (if any) in the materiality issues. (Step 1: Inside-out Analysis)
- Find their Support (Opportunities) and Challenges (Threats) from the current & potential influences in the competitive sustainability landscape (Step 2: Outside-in Analysis)
- Consider remapping the materiality matrix, if necessary.
- Analyze their Competitive Sustainability SWOT (Step 3: CS SWOT Analysis)
- Prioritize the *Competitive Sustainability Issues (CSIs)* & set *Objectives* (Step 4)
- *Propose Competitive Sustainability Strategies (CSSs) based on CSIs* (Step 5)

Suthisak Kraisonsuthasinee (2024)
Adapted from Werther and Chandler (2005),
Arena (2007) and Porter & Kramer (2006, 2011)
ERM – COSO/WBCSD, 2019
SET Sustainability (2020)

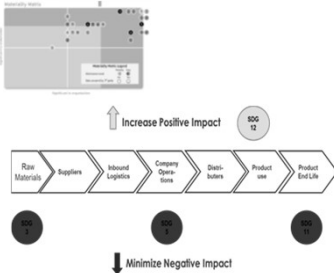
Identify & prioritize Competitive Sustainability Issues Inside Out & Outside In



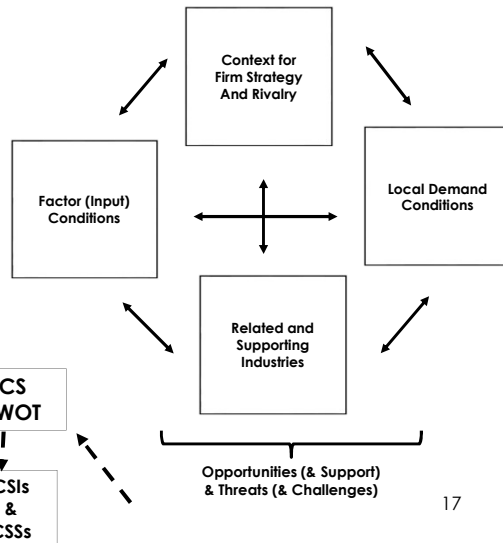
Suthisak Kraisornsuthasinee (2024)

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**Corporate Performance against
(goals/targets in) business & sustainability issues**

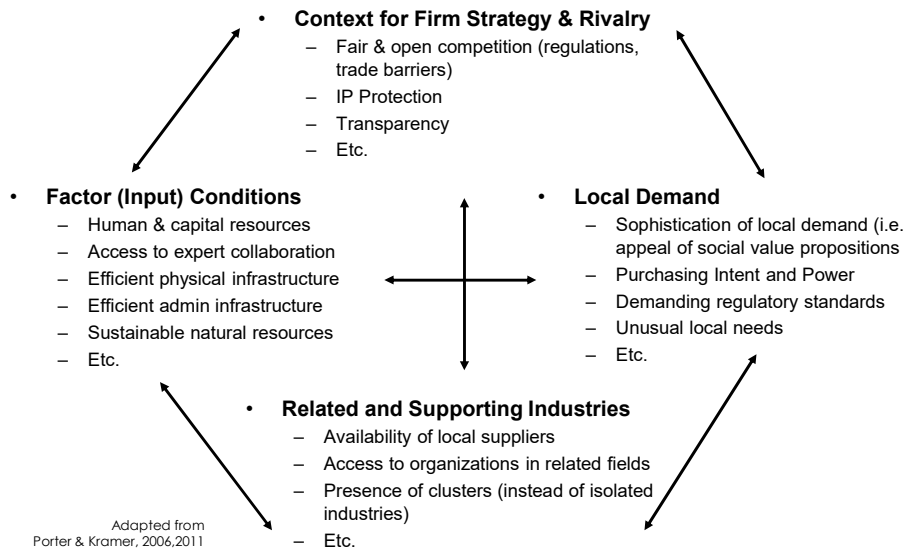


**Influences in the
Competitive Sustainability Outlook**



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Example of External Influences on Competitiveness

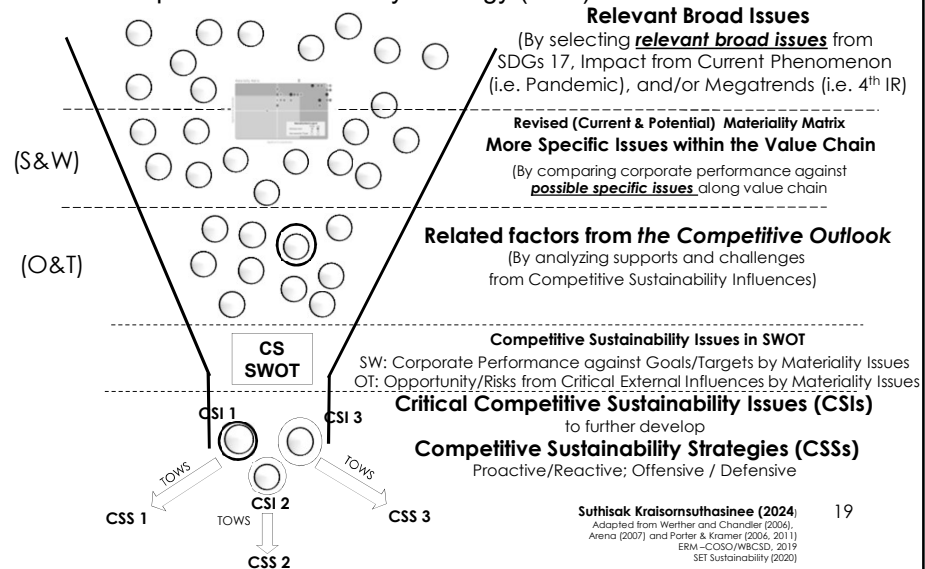


Adapted from
Porter & Kramer, 2006, 2011
ERM-COSO/WBCSD, 2019

Flows of CS Issues through CS Strategies



- The Competitive Sustainability Strategy (CSS) Model

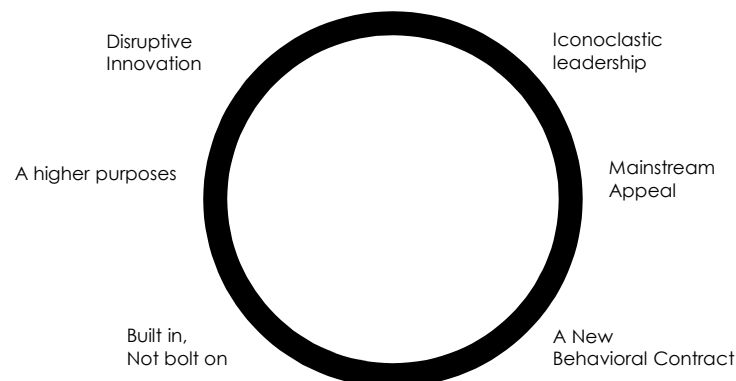


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Turning Sustainability to Main Stream



- Success factors



E. Freeya Williams, *Green Giants*, 2015

Q&A Session

**THANK YOU FOR YOUR ATTENTION &
COMMITMENT TO SUSTAINABILITY**

CSI & CSS: Battle Workshop

Break into 6 teams: Mazda (x 2), LINE (x 2), AIIZ (x 2)

- Visualize the global (& local) scenario 3-5 years from now.
- Analyze their top 10 materiality issues (covering ES(G) and business) along their value chain
 - Map them in a materiality matrix
 - Identify their performance in those issues in terms of strength (+) or weakness/risks (-)
- Analyze 3-5 related issues in each dimension of their competitive sustainability landscape
 - Identify each issue in terms of support/opportunities (+) or challenges/threats (-)
- (Consider remapping the materiality matrix, if necessary)
- Analyze their SWOT by integrating ES(G) & conventional business issues
- Prioritize their top 3 competitive sustainability issues & objectives
- Propose competitive sustainability strategies for each CSI

• Restarts 1:45 pm

- Present 5-7 mins, <10 slides, Q&A <3 mins

Justification based on Data and/or Assumption