

Summary of „The Integration of Sustainability into the Corporate DNA“ - english

Summary of „The „Integration of Sustainability and Externalities into the Corporate DNA“

Scientific publication on innovation project QuartaVista

In QuartaVista, the development strand "Extension of entrepreneurial performance" was scientifically accompanied by conception, methodology and accompanying research. This included the embedment of the project in the current state of research on sustainable corporate management, the development of a methodology for KPI identification, accompanying research within the framework of action research as well as the reflection on the results with regard to their scope and transferability to general practice. The publication "The integration of sustainability and externalities into the 'corporate DNA' - a practice-oriented approach" (Walkiewicz, Lay-Kumar & Herzig, 2021) is dedicated to the question of how to successfully integrate sustainability and externalities into the corporate DNA.

For this purpose, an innovative workshop series was developed in QuartaVista which framed and supported SME's of the value-based food industry to develop KPI's regarding the four sustainability dimensions. In the first step, a specially developed extended Business Model Canvas (based upon Osterwalder & Pigneur 2011) which integrated a four-dimensional perspective on the particular business model, was used (see figure 1).

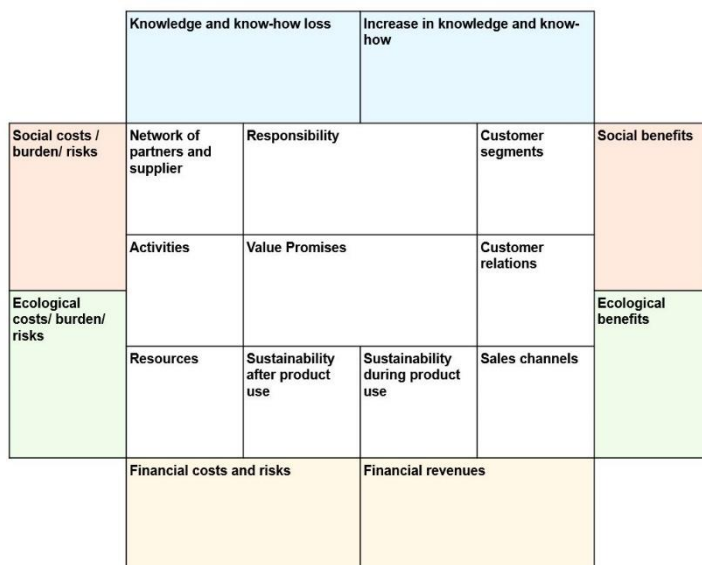


Figure 1: The extended Business Model Canvas, Walkiewicz et al. 2021

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Although being essentially an inside-out approach, as corporations carved out their contributions to sustainability and the risks they impose on the environment and society, their contributions were constantly reflected through an outside-in view. Therefore the concept of the “Doughnut of Good Life”, developed by Kate Raworth (2017) was used, as it combines the planetary boundaries with a social foundation of human needs along the lines of the SDG’s to a “safe and just space” for humanity, within which a sustainable enterprise should range (see figure 2).

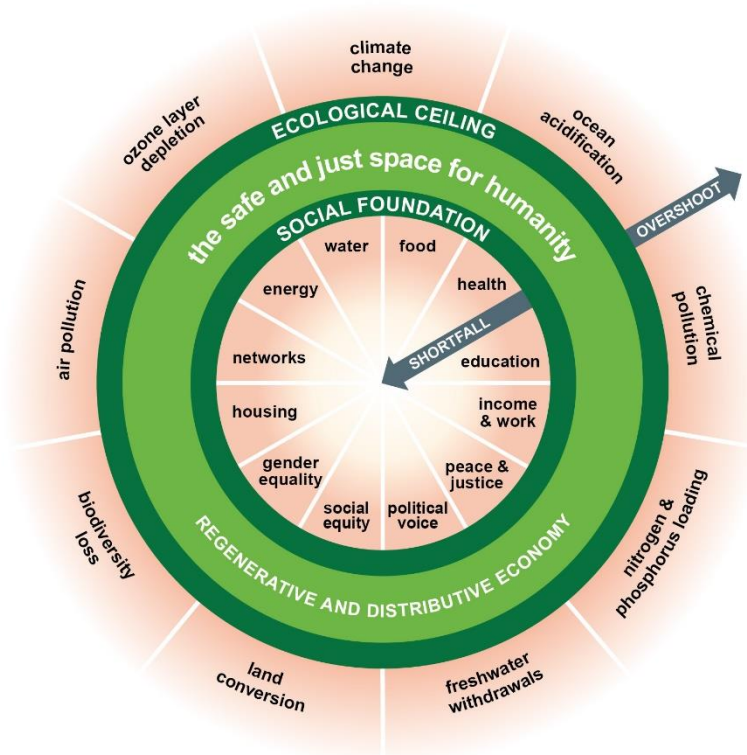


Figure 2: The Doughnut of Social and Planetary Boundaries (K. Raworth, 2017).

By the use of a Venn-diagram of four sets (see figure 3), representing the four dimensions, the multidimensional impact of the particular enterprise could be visualized, as the enterprises activities could be positioned within different combinations of overlapping areas.

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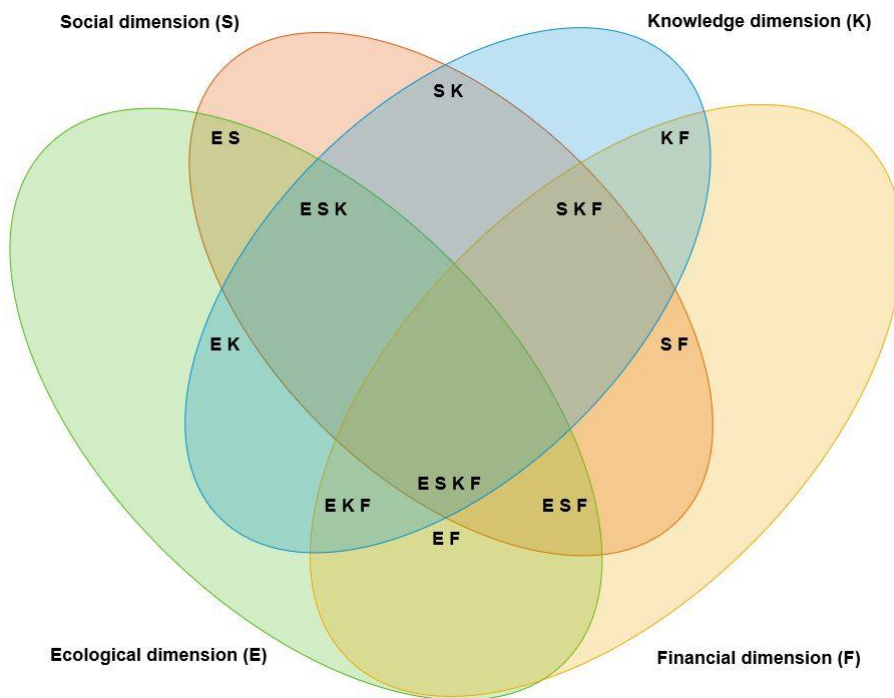


Figure 3: Venn-diagram of four sets representing the interrelations between the dimensions. Walkiewicz et al. 2021

To quickly get an overview of the developed KPI-sets an Analysis grid was developed, classifying them by dimension and transferability (see figure 4).

Scope / transferability	Dimensions of performance			
	knowledge	society	ecology	finance
global				
sectoral				
value chain position specific				
enterprise-specific				

Figure 4: Analysis grid. Walkiewicz et al. 2021

The results of this innovative workshop process show that the development of meaningful KPIs is not mainly a technical process. A successful implementation implies a cognitive capture of a new economic thinking and the transformation of organizational belief systems, and finally a permeation into formal control systems.

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To put it in a nutshell: We do not need only a bit of sustainability integration. Sustainability must permeate and transform the corporate DNA, recognizing sustainability as a necessary condition for socio-ecological and thus economic prosperity.

The next step is located in the field of political-regulative decision-making in order to make corporate sustainability assets and risks transparent.

For a more detailed analysis and discussion, please read the full article (published Feb 8, 2021):

Walkiewicz, J., Lay-Kumar, J., & Herzig, C. (2021). The integration of sustainability and externalities into the “corporate DNA”: a practice-oriented approach. *Corporate Governance: The International Journal of Business in Society*.

<https://www.emerald.com/insight/content/doi/10.1108/CG-06-2020-0244/full/html>

<https://www.researchgate.net/publication/349054848> The integration of sustainability and externalities into the corporate DNA A Practice-orientated approach

Keywords:

management control systems, key performance indicators (KPIs), sustainability control systems, financial performance (accounting), action research.

Literature:

Osterwalder, A. and Pigneur, Y. (2011), *Business Model Generation: Ein Handbuch für Visionäre, Spielveränderer und Herausforderer*, Campus Verlag, Frankfurt a.M.