



# pathways to change

South African Business Sustainability Challenges  
and Research Opportunities 2014



Network for  
Business Sustainability  
South Africa

Business. Thinking. Ahead.



# Letter from Tima Bansal, Network for Business Sustainability

I am delighted to share the second annual challenges report of the NBS-SA's Leadership Council. The title 'Pathways to Change' reflects not only the priorities of the Leadership Council, but the journey of NBS-SA itself. Just two years into their work, they've completed two significant projects on social capital and on strategic planning. Each represents a true partnership between researchers and practitioners, co-creating new insights that will change practice today and tomorrow.

As with last year's inaugural report, South African firms have placed a clear focus on social issues. This clearly reflects the regional context and provides a different lens than we've seen with Canadian and Chilean firms. A common thread through this year's topics seems to be the following: How can we organise – within and beyond a company – to create value for society?

I believe that many of the challenges we face can be reframed, powerfully, as opportunities: opportunities for innovation, for collaboration, and for co-creation. Interestingly, the top two opportunities identified by the NBS-SA Leadership Council in 2014 are not unique to South African companies. Corporations the world over recognise they can unlock new value for themselves and for society through new, frame-breaking ways of looking at the world and their business models.

And there are already examples of entrepreneurs and certified B-Corporations from whom we can learn and be inspired.

We also know that organisational leadership can make or break sustainability success in a firm, particularly when programmes and policies are still emergent. This year the Council asks why some CEO's 'get it' and others don't. By answering this question, we can equip ourselves with a tremendous tool: the ability to not only understand, but to help more CEO's champion sustainability as an integrated part of business strategy and planning.

This report is not an end or a beginning, but rather a stepping stone in an ongoing journey. We are together on a path to large-scale change that seeks to shift how business does business, and how it engages with society to do it. And it will happen one step at a time.



Tima Bansal, PhD  
Executive Director, Network for Business Sustainability  
Professor, Richard Ivey School of Business

# Executive Summary

This report identifies eight key challenges facing South African managers and opportunities for researchers to contribute insight and implementable guidance in sustainability knowledge and practice. It builds on a similar report published last year by deepening some previously identified themes and also recommending new ones. All eight of the prioritised themes represent managers' quest for guidance on how to affect meaningful change at individual, organisational, and societal levels.

## The questions are as follows:

1. How are innovative business models creating shared value?
2. Why do some CEOs make the shift towards incorporating sustainability into strategy (and what holds the others back)?
3. Does the South African capital market work for the long-term interests of savers?
4. How can business associations help create a social compact that creates shared value?
5. How can companies develop social capital in their supply chain?
6. How can change agents create sustainability-oriented change in companies, and how can they be supported?
7. How do organisations become effective change agents in society?
8. How do companies ensure integrated decision-making in response to the food-energy-water nexus?

NBS-SA will commission research on the first two questions and results will be published in a year's time. The outcomes of systematic reviews conducted on two priority themes identified in 2013 – on strategic planning and on social capital – are available on the NBS website ([nbs.net](http://nbs.net)).

We offer this report as a contribution to an increasingly global and instructive conversation between researchers and practitioners, and as an invitation to you to join.

# Introduction

## Who Produced This Report?

NBS-SA is the first regional affiliate of the Network for Business Sustainability, a non-profit organisation founded in Canada in 2005. Through connecting visionary business leaders with global management scholars, NBS creates knowledge tools to enable positive change.

NBS-SA bridges the research-practice gap in the South African context. It is a collaborative partnership between the Gordon Institute of Business Science (GIBS) at the University of Pretoria, the Graduate School of Business (GSB) at the University of Cape Town, and our corporate members.

Every year, NBS-SA convenes a group of South African business leaders – our Leadership Council – whose companies are proactively pursuing sustainability. These business leaders identify crosscutting sustainability challenges and opportunities that are relevant both within their organisations and the industries and regions in which they operate. The business sustainability priorities highlighted for dedicated attention are outlined in this report. NBS-SA then commissions rigorous academic research on the top two challenges as chosen by the Leadership Council

in order to produce practical and objective decision-making resources for business leaders. The resulting resources are available at no cost, globally, via the NBS website (**nbs.net**).

## Why We Wrote This Report

The goal of NBS-SA is to advance South Africa's sustainability agenda by identifying and addressing knowledge gaps faced by practitioners. We believe that the sustainability challenges identified by our Leadership Council represent significant, concrete and timely opportunities for cutting edge research and advances in business practice. By describing the issues and experiences of senior leaders in companies with strong sustainability commitments, we therefore invite researchers in South Africa and beyond to design and implement research that can help fill these knowledge gaps, or to help translate existing scholarly knowledge into useful resources for practitioners. We also aim to provide a platform for ongoing communication between and among managers and researchers.

## What is business sustainability?

Business sustainability refers to business models and managerial decisions that create value over the short, medium and long term, based on mutually beneficial interactions between the company's value chain and the social and environmental systems on which it depends.

“Sustainability is both a learning journey and a change management process. The work of the NBS-SA provides a useful ‘thinking space’ to help seed both of these processes.”

**Jon Duncan**  
**OMIGSA**

## Towards A Cumulative, Global Conversation

This is the second annual NBS-SA report based on the Leadership Council's collective examination and experience of sustainability management practice. It thus represents not a once-off contribution, but part of an ongoing conversation that we aim to foster between practitioners and researchers. Our premise is that such dialogue will contribute to better-informed and inspired decision-making in practice, and more relevant and exciting research.

As in any good conversation, the partners get to know more about the subject matter and each other as time goes on. This is why we are working towards a *cumulative* conversation; that is, we want to build upon what has been said and done before. We are also placing an increasing emphasis on potential *pathways to change*, or responses that can highlight the particular knowledge and means through which change can be affected.

In this report, a clear expression of this cumulative aspect is provided by those management challenges and research opportunities that deepen themes identified last year. For instance, question five ("How can companies develop social capital in their supply chain?") illustrates again the significant interest among South African managers in social capital, which was one of the themes,

on which NBS-SA commissioned a systematic review in 2013-2014. However, it is given more specific focus and framing as a possible vehicle to improved sustainability in supply chains, which has also been a recurring theme in Leadership Council discussions.

At the same time, this report comes at an important time in the evolution of NBS as an increasingly global organisation. NBS-SA was the first regional affiliate of NBS. Meanwhile, an additional affiliate has been established in Chile and their Leadership Council met within weeks of ours. In Chile, NBS also has a Leadership Council dedicated to B-Corporations, companies that have an explicit purpose to create social value.

This increasingly international dimension is an important opportunity for us. Not only do we want to foster a cumulative conversation in South Africa, but also to make connections to the insights and experiences of practitioners and researchers around the world. This will be an important ambition in coming years. The growing international membership of NBS also assists with this.

## Who Should Read This Report?

This report is primarily for business leaders and academic researchers, but will also be of interest to government representatives and other societal change agents with the capacity and desire to change the way organisations do business in South Africa.

### For Business Leaders

*Start the conversation about sustainability.*

Whether you're the CEO of a JSE-listed company or the founder of a family-run small business, every business leader has the capacity to drive change. Think about the challenges raised in this report as they relate to your own organisation and its stakeholders. Build some of the issues into your long-term planning and speak to your peers and colleagues about them. Raise the challenges with your local Chamber of Commerce or industry association as topics for educational workshops and seminars over the coming year. Find non-profit organisations, universities and community-based organisations that can partner with you to start addressing them.

### For Academic Researchers

*Study the issues that matter to managers.*

Business leaders rely on sound insights to inform their decision-making: these challenges provide a



practitioners. Where scholarly publications already address business challenges, NBS gathers and synthesizes the best evidence. Many of the issues, however, have yet to be explored thoroughly by academia. We encourage researchers worldwide to investigate these important management questions and to share them with colleagues in other disciplines.

## Who Identified The Challenges And How Were They Identified?

The NBS-SA Leadership Council identified the sustainability challenges during our annual meeting held in Johannesburg on 2-3 September 2014. Twelve of the sixteen NBS-SA council members participated in identifying this year's top sustainability challenges and corresponding research opportunities: Bianca Bozzone, Brian Chicksen, Brigitte Burnett, Christopher Whitaker, Jannette Horn, Jon Duncan, Justin Smith, Ruth Lewin, Stephen Elliott-Wetmore, Sue Lund, Tyrone Hawkes (representing Graeme Wild), and Vanessa Otto-Mentz.

NBS-SA Managing Director Claire Thwaits chaired the meeting and NBS-SA Academic Director Ralph Hamann facilitated the discussion. The process of identifying key themes went through iterations of exploring a broad range of topics and then prioritising among them. This was to ensure that the identified themes were well understood and that they enjoyed the support of all participants. These themes were then reframed into research opportunities with the assistance of academics with particular attention devoted to the two topics selected for dedicated attention over the next year.

# South Africa's Top 8 Business Sustainability Challenges and Research Opportunities for 2014

1

How are innovative business models creating shared value?

2

Why do some CEOs make the shift towards incorporating sustainability into strategy (and what holds the others back)?

3

Does the South African capital market work for the long-term interests of savers?

4

How can business associations help create a social compact that creates shared value?

5

How can companies develop social capital in their supply chain?

6

How can change agents create sustainability-oriented change in companies, and how can they be supported?

7

How do organisations become effective change agents in society?

8

How do companies ensure integrated decision-making in response to the food-energy-water nexus?

## 1 HOW ARE INNOVATIVE BUSINESS MODELS CREATING SHARED VALUE?

What are the leading examples of shared value creation and what do they have in common? How can businesses learn from the experiences and models of those at the vanguard of sustainable business innovation?

The notion of shared value suggests that financial returns can indeed be aligned with social progress and environmental sustainability. However no clear guidance yet exists for companies seeking to adapt their business models towards more inclusive value creation, delivering and capturing benefits across financial, social and environmental domains.

As Stephen Elliott-Wetmore (WWF-SA) noted, there are too few changes to companies' business models and a common emphasis is on risk-reducing adjustments to existing approaches. While addressing sustainability-related risks is important, more business leaders are needed who recognise the potential to achieve business success by addressing complex social and environmental problems.

Porter and Kramer suggest that such shared value creation can take place through developing new products or services, enhancing efficiencies in the supply chain, or enabling local cluster development.<sup>1</sup> Sometimes such efforts can rely on incremental or minor changes to existing approaches, as in improving energy efficiency. More fundamental shifts, however, require proactive redesign of the entire business model, which determines the activities that turn the firm's inputs into valuable outputs for the firm and its stakeholders.

Such sustainability-oriented business model innovation has received significant attention. Prominent examples of companies such as Interface have captured the public's imagination, illustrating the power of reconceiving not just products and processes, but more fundamental aspects of the firm's identity and purpose.

Business model innovation is also a key feature of successful social entrepreneurs, such as Waste Concern in Bangladesh, which shows how creative connections between seemingly insurmountable challenges can produce significant social and

“We need to shift the lens from a risk mitigation strategy to real change.”

**Jon Duncan**  
**OMIGSA**

<sup>1</sup> M. E. Porter, and M. R. Kramer, “Creating shared value: How to reinvent capitalism—and unleash a wave of innovation and growth,” Harvard Business Review 89, no. 1-2 (2011): 62-77.

environmental impacts and generate income. It is clear that much creativity and entrepreneurial capacity is required for business model innovation, whether in incumbent firms like Interface or social enterprises like Waste Concern.

Scholarship also has much to offer here. For instance, researchers focusing on the broader theme of business model innovation have investigated the tensions between creating value and capturing it for the firm. This is a particularly pertinent challenge in sustainability-oriented business model innovation.<sup>2</sup>

In 2015, NBS-SA will commission expert researchers to investigate these questions with the aim of identifying key lessons South African businesses. The results of this research will highlight relevant case studies and provide a practitioner tested framework for business model innovation. In addition, insights from the research will also be shared for researchers looking to contribute to the body of knowledge in this area.

“What is the business model that is needed to move everyone to a different trajectory – even for a corporate that has been on this journey for a time?”

**Brigitte Burnett**  
**NEDBANK**

<sup>2</sup> For a broader discussion on sustainability-oriented innovation, see the NBS systematic review report and executive report on “Innovating for Sustainability.”

## 2 WHY DO SOME CEOS MAKE THE SHIFT TOWARDS INCORPORATING SUSTAINABILITY INTO STRATEGY (AND WHAT HOLDS THE OTHERS BACK)?

Extant research has emphasized the role of leadership in either enabling or inhibiting the integration of sustainability principles into business objectives and activities. CEOs specifically play an important role in setting the vision for the organisation, and they carry a tremendous responsibility for its success. Companies that are making real and transformative progress towards realising sustainable strategies are often differentiated by CEOs who genuinely 'get' the importance of sustainable development.

A sustainable corporate strategy is one that has integrated principles of sustainability into the core business strategy of the organisation. These principles include a longer-term and wider outlook on value creation as well as the acknowledgement of ecological limits, and a commitment to social benefits. Firms that recognise that sustainability is core to business strategy, rather than an add-on, are more likely to anticipate and innovate around future change.

NBS-SA Leadership Council members are specifically interested in examining why CEOs make the shift towards sustainable corporate strategies. Changes in mind-set such as this can be facilitated by a number of factors, or be hindered by internal or external challenges facing the company or individual. As such, research into this question may touch on leadership skills or styles, decision-making processes or value systems. Organisational aspects, such as change management processes, incentive structures, or influential peer groups, may also prove important.

In 2015, NBS-SA will oversee a research project that will detail the experiences of leading CEOs in their pursuit of integrated sustainability. This research will culminate in a set of tools that will guide practitioners in effecting change in their companies. Researchers will also benefit from interview and case study findings geared towards the shared interests of senior business leaders and academics.

“There is a lack of business leadership in sustainability. Despite business leaders who stand out, the overarching trend is that businesses are not maturing in the area of sustainability.”

**Stephen Elliott-Wetmore**  
WWF-SA

### 3 DOES THE SOUTH AFRICAN CAPITAL MARKET WORK FOR THE LONG-TERM INTERESTS OF SAVERS?

Recent analysis by the South African National Treasury suggests that approximately 50% of households (about 6 million workers) are not participating in the pension and retirement industry.<sup>3</sup> However, these numbers are expected to increase as the government institutes a number of regulatory reforms aimed at reducing financial vulnerability for South Africans. These reforms seek to create mandatory retirement funds for workers and improved incomes for retirees from annuity markets.<sup>4</sup>

As we reflect on the ability of the capital market to meet the needs of existing and new savers entering the South African system, the question is whether or not the values, future risks and realities of South African citizens are taken into account in regulatory policy and industry models and processes. This is also in the context of the increasingly significant, rapid, and unpredictable changes taking place in the world's social and environmental systems.<sup>5</sup>

In 2012, the *Kay Review* considered how short-termism, mistrust, misalignment of incentives, and other concerns related to capital markets in the United Kingdom could be addressed.<sup>6</sup> Its recommendations seek to promote disclosure and enhanced transparency, a greater focus on long-term wealth creation, and reduced costs for clients.

Taken together, these two developments signal the need to assess and possibly change the norms, standards and practices within South African capital markets. Do our capital markets effectively respond to the long-term needs of savers? To what extent do the concerns and recommendations identified by the *Kay Review* apply in South Africa?

“The capital markets are crucial drivers of economic activity, but it is not clear whether they really work in the long-term interests of savers.”

**Jon Duncan**  
OMIGSA

<sup>3</sup> Cohen, M. (2014). South Africa Plans Mandatory Retirement Funds for All Workers. Bloomberg News. February 26, 2014, available via <http://www.bloomberg.com/news/2014-02-26/south-africa-plans-mandatory-retirement-funds-for-all-workers.html>

<sup>4</sup> South African National Treasury (2014). 2014 Budget update on retirement reforms. March 14, 2014, available via <http://www.gov.za/documents/download.php?f=212038>

<sup>5</sup> See the NBS-SA systematic review “Planning for a shared vision of a sustainable future.”

<sup>6</sup> Kay, J. (2012). The Kay review of UK equity markets and long-term decision-making. Final Report (July), available via <http://www.publications.parliament.uk/pa/cm201314/cmselect/cmbis/603/603.pdf>

## 4 HOW CAN BUSINESS ASSOCIATIONS HELP CREATE A SOCIAL COMPACT THAT CREATES SHARED VALUE?

South Africa has a prominent history of social dialogue towards the advancement of shared interests. A prominent feature of the country's transition from apartheid was its strong emphasis on consultation with political and civil society groups, including organised labour. Multiparty negotiations during this period gave rise to landmark agreements, the interim constitution of 1993, and the first democratic elections in 1994. Organised business made important contributions to this process, especially through the Consultative Business Movement.<sup>7</sup>

After the 1994 elections, the National Economic Development and Labour Council (Nedlac) was set up to facilitate negotiation between the government, business, labour, and civil society. While Nedlac has made important contributions, especially during the new government's regulatory reforms in the 1990s, its role has been increasingly questioned in more recent years.

Business associations have continued to be protagonists for social dialogue. The Consultative Business Movement was redefined as the National Business Initiative after the 1994 elections, and this organisation has been an important platform for

business contributions to national policy priorities such as education, justice, and climate change.

Yet business associations, as a whole, have struggled to influence the national debate decisively. Part of the challenge has been an increasing proliferation of associations, and difficulties in creating a united platform for business across racial divides. Another challenge has been to move beyond current exigencies, and to introduce a more future-oriented dimension to national dialogue. The NBS-SA systematic review on "Planning for a shared vision of sustainable future" is pertinent here – see Box 1.

A further, underlying tension in business associations, as well as dialogue platforms such as Nedlac, has been the need for inclusiveness and consensus seeking, on the one hand, and decisive, bold leadership, on the other.<sup>8</sup> There is a significant body of research on organisational dynamics in associations and on multi-stakeholder negotiation, and this ought to be brought to bear to support more committed action within and by business associations. South Africa's historical context and current calls for more decisive business leadership also provide fruitful ground for new research on these themes.

"We need to revitalize some of the institutions that previously played a major role in ensuring that delivery took place. It is easier if these things can be driven collectively, rather than on an individual level."

**Christopher Whitaker**  
**BARLOWORLD**

<sup>7</sup> The key negotiations at a national level were called Convention on a Democratic South Africa, or CODESA, but this was augmented by many more negotiations at various levels, including at local scales.

<sup>8</sup> See also the NBS systematic review on "Civic Dialogue."

### Box 1: NBS-SA systematic review on “Planning for a shared vision of a sustainable future”

Responding to priorities identified in the NBS-SA Leadership Council in 2013, we commissioned international, leading teams of researchers to systematically review the literature on two themes. The first was on “Planning for a shared vision of a sustainable future.” The review found that planning approaches are distinguishable in terms of two dimensions: the assumed degree to which the future can be predicted, and the planning organisation’s level of engagement in influencing the future. Combining these two dimensions results in four overarching planning approaches:

- **“Projection”** is based on the assumption that the future can be predicted and the planning organisation has little interest in influencing it. Planning is thus focused on positioning the organisation to make the most of future circumstances, using frameworks such as forecasting;
- **“Adaptation”** also emphasises a reactive role for the organisation, but it assumes a lower degree of predictability. It prioritises the need for effective, quick responses to changes as they become apparent in the environment;

- **“Visioning”** adopts a proactive approach for the organisation in shaping the future, and it assumes at least some degree of predictability. This may involve dedicated lobbying efforts;
- **“Transformation”** also adopts a proactive approach in shaping the future, but it does not assume a high degree of predictability. Rather it emphasises the need to work with other stakeholders in creating a shared understanding of systemic interdependencies and innovation options. Methods used in this approach include transformative scenario planning.

In choosing among these planning approaches, business leaders are encouraged to consider the following questions:

1. How complex is the issue at hand?
2. What are our underlying beliefs regarding predictability of the future?
3. Do we want to play a leadership role in shaping the future?

Find this report and related materials on our webpage: [nbs.net](http://nbs.net)

## 5 HOW CAN COMPANIES DEVELOP SOCIAL CAPITAL IN THEIR SUPPLY CHAIN?

Companies' supply chains often offer very significant opportunities to reduce negative environmental impacts and enhance positive social impacts. Retailers such as Walmart and Woolworths, or apparel companies like Puma and Nike, have illustrated this potential. Prominent examples include Woolworths' Farming for the Future programme, as well as Puma's Environmental Profit and Loss Statement, which analyses products' entire supply chain impacts.

Yet the risks associated with social and environmental impacts in companies' supply chains are set to increase. Alleged human rights abuses and farmworkers' strikes in the Western Cape fruit and wine industry, or the death of Bangladeshi garment workers in a collapsed building, illustrate how consumers and other stakeholders increasingly hold prominent companies and brand names accountable for what happens in their supply chain.

In parallel, researchers are emphasizing that sustainability and broader demands for innovation and greater responsiveness in supply chains often require a shift from transactional relationships to more collaborative, learning-focused interactions with suppliers.<sup>9</sup> Thus the creation of social capital in companies' supply chain is an important end in itself and it is also a means to ensure that broader sustainability objectives can be achieved.

This theme therefore builds upon the NBS-SA systematic review commissioned in 2013 on social capital – see Box 2. Developing these themes further with a specific focus on supply chains leads to important questions for managers and scholars: Recognising that supply chains are increasingly characterised by network relationships, how can we best map these networks and ensure effective communication and efficient exchanges across them? What are the levels of trust across supply chains and how can this be improved? How can we inculcate a culture of care among diverse suppliers?

“How do we get involved on a stewardship level with regards to issues that someone else should ideally be dealing with, but that you need to influence as a leading organisation in your supply chain?”

**Justin Smith**  
**WOOLWORTHS**

<sup>9</sup> See also the NBS systematic review and executive report on “Managing Sustainable Global Supply Chains.” For a South Africa focused analysis, see N. Methner, R. Hamann and W. Nilsson (2014) ‘The evolution of a sustainability leader: the development of strategic and boundary-spanning innovation capabilities in Woolworths,’ in V. Bitzer, R. Hamann, M. Hall, and E. Griffin-EL (eds.), *The Business of Social and Environmental Innovation: African frontiers*, Springer, Basel.

## Box 2: NBS-SA systematic review on “Measuring and Valuing Social Capital”

The second NBS-SA review from 2013 was on “Measuring and Valuing Social Capital.” The report defines social capital as the ability to secure or obtain resources, knowledge, and information through relationships with and among individuals and groups. Relationships among internal stakeholders give rise to enhanced efficiency and reliability in operations, project, and innovation management, due to improved sharing and dissemination of information and knowledge, and enhanced employee commitment. Building external social capital contributes to competitive advantage and cost reductions, because it enhances access to firm-external information and knowledge, and it builds the firm’s reputation among key stakeholders.

Social capital has three dimensions: the shape and structure of networks of relationships; the quality of these relationships in terms of trust and reciprocity; and shared norms and values. Each of these is associated with particular measures.

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Hence, for instance, we may measure the size, diversity and density of individuals’ or organisations’ networks, and different forms of trust can be assessed, including interpersonal trust among people who know each other, such as employees working in particular teams or departments.

Companies are beginning to apply more systematic means for assessing and improving trust. For example, Transnet has recently conducted a successful pilot study investigating the quality of relationships between key managers and customers or regulators. Over and above providing a useful diagnostic, it has also provided a platform for fruitful conversations to improve these relationships.

## 6 HOW CAN CHANGE AGENTS CREATE SUSTAINABILITY-ORIENTED CHANGE IN COMPANIES, AND HOW CAN THEY BE SUPPORTED?

Individuals play a significant role in innovation and sustainability. 'Intrapreneurship' refers to individuals catalysing positive change within companies. Intrapreneurs are strategic actors who, like entrepreneurs, proactively seek out new business opportunities. Although our understanding of intrapreneurship is yet to be fully developed, early research on the subject suggests, "Firms that nurture organisational structures and values conducive to intrapreneurial activities are more likely to grow than organisations that are low in such characteristics."<sup>10</sup>

Many leading sustainability managers could be described as organisational intrapreneurs given their efforts in advancing sustainability goals in various domains of business, including product development, marketing, strategy, and operations. They seek creative ways of generating benefits for the organisation and its stakeholders, and they need to continuously reinvent themselves in their

pursuit of sustainability. They also need to manage the tensions between diverging priorities of internal and external stakeholders, including also the tension between short-term shareholder returns and longer-term benefits for stakeholders more broadly.

In order to support such change agents, and also to help train future sustainability intrapreneurs, we need a better understanding of the skills, characteristics, and contexts that allow them to thrive. Furthermore, while our understanding of the organisational learning and change processes towards sustainability has progressed significantly,<sup>11</sup> we still need to focus on the role of individuals in instigating, catalysing, and maintaining such change processes.

"Our experience shows that individuals are making things happen, however the problems are so difficult that you cannot deal with them individually."

**Stephen Elliott-Wetmore**  
WWF-SA

"Sustainability in the supply chain seems to be a very difficult topic to pin down."

**Jannette Horn**  
ALTRON GROUP

<sup>10</sup> Antoncic, B., & Hisrich, R. D. (2001). Intrapreneurship: construct refinement and cross-cultural validation. *Journal of Business Venturing*, 16(5), 495-527.

<sup>11</sup> See, for example, the NBS systematic review report on "Embedding Sustainability in Organisational Culture."

## 7 HOW DO ORGANISATIONS BECOME EFFECTIVE CHANGE AGENTS IN SOCIETY?

While business played an important role in the transition from apartheid and the negotiations that led to the first democratic elections in 1994 (as noted earlier), some suggest that its contribution to national dialogue and nation building has waned in recent years. Yet the need for such engagement is as important as ever, as the country struggles with political tensions and economic contradictions, while at the same time facing global economic and climatic shifts.

How do corporate citizens respond? NBS-SA Leadership Council member Brian Chicksen of AngloGold Ashanti emphasised Peter Drucker's statement that businesses "are organs of society," and they need to play their part in ensuring the health of the broader system.

This is all the more important in the context of national governments around the world responding to – and often failing to effectively grapple with – complex challenges ranging from climate change to terrorism to widening socio-economic inequalities. This is particularly acute in areas, where the state fails to provide even basic public services, such as water or security.

Should companies fill such gaps by replacing the state, as is the case in some South African areas, where mining companies, for instance, provide local communities with basic services? Should they seek to build the state's capacity, or work in partnership arrangements?

In addition, there is a range of activities that companies engage in as a matter of course or in response to a variety of regulatory and other pressures, including lobbying, BBBEE efforts, and corporate social investment. But many of these are reactive or piecemeal in character.

This theme therefore requires a broader, more strategic and proactive response to the question of how companies become effective agents of positive change in society. Researchers and practitioners would benefit from a mapping of managers' options, the associated risks and opportunities, and the processes and strategies likely to be both effective and legitimate.

"What difference are you making to real societal problems? How will people judge a good corporate citizen in 2020?"

**Christopher Whitaker  
BARLOWORLD**

"The paradigm going forward is going to have to be business being a significant player in society, that contributes to society."

**Brian Chicksen  
ANGLOGOLD ASHANTI**

## 8 HOW DO COMPANIES ENSURE INTEGRATED DECISION-MAKING, PARTICULARLY IN RESPONSE TO THE FOOD-ENERGY-WATER NEXUS?

Integrated thinking and decision-making is a recurring theme in business sustainability debates, also at NBS.<sup>12</sup> The International Integrated Reporting Council emphasises that integrated decision-making is not just vital for sustainability but also for effective strategy formulation and implementation.<sup>13</sup>

Despite this emphasis, such integration remains elusive in most settings. NBS-SA Leadership Council members acknowledge that their existing integration strategies often “feel like an add-on.”

Integrated decision-making demands leadership proclivities and cognitive skills that are not yet well understood, and this also relates to the training dimension emphasised in NBS-SA’s “The Value of Vision” report in 2013. There are also important organisational and procedural aspects that may foster integrated decision-making.

The interface between cognitive and managerial aspects in ensuring integrated decision-making makes this a challenging and exciting area for practitioners’ innovation. It also creates important opportunities for researchers, especially for research involving both psychologists and organisation scholars.

In addition to the overarching, recurring emphasis on integrated decision-making, NBS-SA Leadership Council members focused in particular on the food-energy-water nexus. In its recent report on this topic, WWF-SA calls this nexus “South Africa’s most urgent sustainability challenge.”<sup>14</sup> It exemplifies the need and challenge for individuals and organisations to adopt an integrated, systemic approach to sustainability issues, and to engage in dialogue with unconventional partners in designing effective responses. Practitioners and researchers will need to uncover the individual and organisational capabilities and processes that are conducive to such integration.

“One of the key things we are doing is designing integration of sustainability into the business, and trying to integrate the different aspects of sustainability – but it’s not an easy process.”

**Brian Chicksen**  
**ANGLOGOLD ASHANTI**

“The food-energy-water nexus is a vital challenge facing South Africa and it really challenges us to cut across established ways of thinking about things.”

**Stephen Elliott-Wetmore**  
**WWF-SA**

<sup>12</sup> In particular, integrated decision-making was the third theme in NBS-SA’s “The Value of Vision” report in 2013. Also see the NBS systematic review and executive report on decision-making, “Making Sustainable Choices.”

<sup>13</sup> IIRC. (2013). International framework: Integrated reporting (pp. 1–35), available via <http://www.theiirc.org/wp-content/uploads/2013/12/13-12-08-THE-INTERNATIONAL-IR-FRAMEWORK-2-1.pdf>

<sup>14</sup> WWF-SA (2014) ‘The food-energy-water nexus: South Africa’s most urgent sustainability challenge,’ available via [http://awsassets.wwf.org.za/downloads/wwf\\_few\\_report\\_3.pdf](http://awsassets.wwf.org.za/downloads/wwf_few_report_3.pdf).





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The report was prepared by Kristy Faccer, Nadine Meyer and Ralph Hamann.

For queries on this report, please contact Kristy Faccer, [kfaccer@nbs.net](mailto:kfaccer@nbs.net)

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Network for  
Business Sustainability  
South Africa

Network for Business Sustainability South Africa  
26 Melville Road, Illovo, Johannesburg, South Africa  
PO Box 787602, Sandton, 2146  
+27 11 771 4000

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