

ALIGNING CORPORATE PURPOSE WITH SUSTAINABLE STRATEGY: <IR> AS

Maieutic Machine

What does help enlightened leaders – who champion sustainable strategy and high corporate purpose – steering their organizations through the complex and uncertain world we live in? What does it take to make good decisions, and most importantly manage the expectations that such decisions entail, given the constant lack of information that contributes to the complexities of markets, economy, and society at large? I suggest Integrated Thinking and Reporting is the possible answer: a “maieutic machine” for collective engagement, knowledge discovery and decision making.

By Cristiano Busco

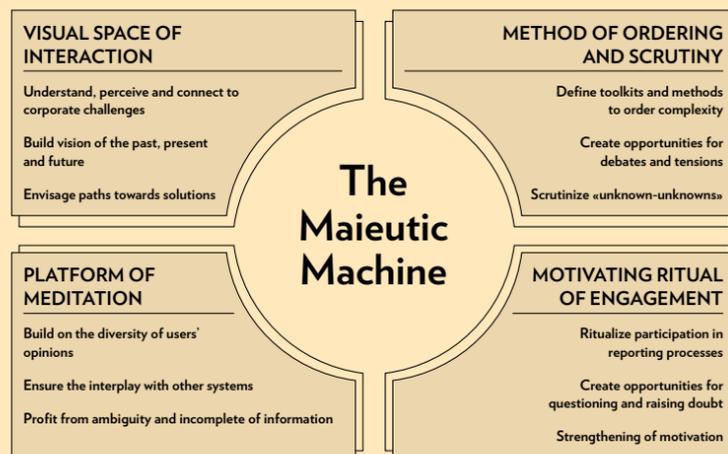
In his 2018 annual letter to Standard & Poor’s 500 CEOs, Larry Fink CEO of BlackRock (the world’s largest asset owner), made a compelling case for sustainable value creation and corporate purpose: “Society is demanding that companies, both public and private, serve a social purpose. To prosper over time, every company must not only deliver financial performance, but also show how it makes a positive contribution to society.” Interestingly, few months earlier Apple CEO Tim Cook used a remarkably similar language about the role of business in society.

The need to identify sustainable strategies is a must for contemporary organizations. Aiming to simultaneously boost both financial and ESG (environmental, social, and governance) performance, a sustainable strategy is essential to fulfil corporate purpose and deliver the result expected by a multitude of key stakeholders. Nevertheless, for corporate leaders the key challenge lies in the complexity of executing sustainable strategy, including the alignment of several interconnected systems and diverse groups involved, as well as in the fact that the underlying sustainable business models need to be planned and managed over a period of years often characterized by uncertainty and ambiguity.

So – how to make sustainable strategy happen? What is the role of internal and external Corporate Reporting in supporting decision making, as well as in sustaining the promises that these decisions entail for stakeholders and society?

While developing practices for managing big quantity of information and expanding the range of metrics employed (for example, by adding non-financial to the traditional financial data) is indeed necessary for the effective execution of sustainable strategies, this is not sufficient to guarantee wise management decisions.

Using supposedly objective data exclusively to make people agree on a course of action is less productive than using the available – and, indeed, the possible missing – figures to make participants discuss what cannot be fully represented through financial and non-financial numbers alone. This is the case, for example, of sustainable value (“I have never seen it”, suggest the former VP of



The features of integrated thinking and reporting as maieutic machine

sustainability at a major energy company), whose representation is still in the making.

I suggest therefore that management practices prove to be effective when they prompt debate and productive tensions around the figures to be discussed and accounted for – ultimately, when they stimulate questions (concerning what sustainable value is, for example) rather than just assembling and declaring a figure. Notably, I would like to suggest looking at integrated thinking and reporting as maieutic machine, i.e. as an innovative management tool for collective engagement, knowledge discovery and decision making. In this way, integrated thinking and reporting shall be interpreted as a management and social innovations designed to VISUALIZE (the corporate challenge(s)/goal(s); the space for engagement; the possible path towards solutions), DEFINE (the method; the toolkit; the space for innovation), MEDIATE (the diversity among the users; the interplays with other system; the incompleteness of representation), and RITUALIZE (the experience and participation; the opportunity for questioning taken for granted assumptions; the strengthening of motivation) the ongoing search for sustainable value that contemporary organization have nowadays embraced – see figure above.



PROF. CRISTIANO BUSCO
is Professor of Accounting and Reporting at the University of Roehampton Business School, London, UK, and LUISS Guido Carli University in Rome, Italy. Cristiano's research interests are in the field of corporate reporting, management accounting, performance measurement and sustainability.

Eigentlich ist alles ganz einfach: Das Richtige tun. Und darüber reden.

Wir wissen, wie das geht. Auf unserer Backlist stehen mehr als 250 GRI-Berichte und Best-Practice Umsetzungen des International Integrated Reporting Frameworks. Zusammen mit Ihnen können wir:

- die wesentlichen Themen für Ihre Kommunikation finden
- Ihr Geschäftsmodell entwickeln oder weiterentwickeln
- Ihre integrierte Wertschöpfung stärken

Nachhaltigkeitsberichte oder integrierte Berichterstattung sind Ihr Thema? Sie möchten fundierte externe Unterstützung? Dann haben wir zwei gute Tipps für Sie: info@sustainserv.com und www.sustainserv.com



sustainserv
Inspiring Meaningful Change