

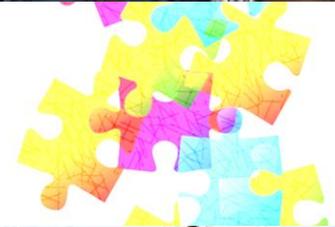
Towards a New Perspective

What does embeddedness mean in the context of corporate sustainability?

Philipp Aerni

Center for Corporate Responsibility and Sustainability (CCRS) at the University of Zurich

Policy Panel and Plenary Discussion,
Room KOL F117, University of Zurich, January 19, 2017



What we do at CCRS

We understand 'Sustainability' as 'FuturAbility'

- The ability to shape the future in a way that enables us to make things better for the next generation

Rio Principles that reflect this progressive mode of thinking, also prominent in the **SDGs**:



Principles

7

**Global
Partnership**



9,21

**Technologies
Ideas**



11

**Contextual
Understanding**



16

**Trade &
Exchange**

Basic lesson learned since Rio:

Developing economies need investment more than aid

Why the private sector matters

➤ **Basic insights in the Global South (LDCs):**

- Poverty as enemy of sustainability (MDG > SDG)
- There is no cause of poverty, it is merely the absence of prosperity (Jane Jacobs)
- It is the private sector that ultimately creates prosperity

➤ **There must be a link between formal private sector development and sustainability**

... How do MNEs, through their local subsidiaries, directly and indirectly contribute?

- Problem in academia: Framing & Path-Dependence:
What cannot be measured does not exist

Linking embeddedness & sustainability

➤ **Lots of anecdotes and case studies** on how companies create value, human capital, and social & environmental welfare effects for the region in which they operate (*FAO Multistakeholder Dialogue in 2013*)

➤ Foreign Direct Investment (FDI) contributes to the **creation of market for environmental goods** by encouraging local **entrepreneurship and innovation**

... but **how to capture** these sustainability effects and ensure comparability across industries?

➤ **CTI Project on Embeddedness > Toolkit**



CTI Project (2015-2017) on embeddedness

Link to ISO 26000 Standard on Corporate Responsibility

«MNEs do not operate in a vacuum» (*License to operate*)

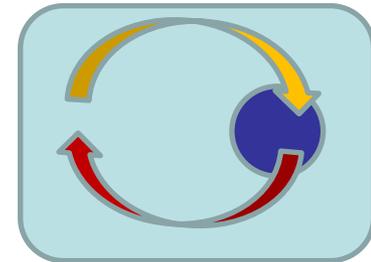
Focus Area: 'Community Involvement and Development'

> What does it mean? How can it be captured?

Eight case studies with stakeholders surveys

(Philippines, Indonesia, Ghana, Kenya, Colombia, Costa Rica, Panama, Guatemala)

Mutual interest



MNE response to local needs & contribution to

- the production of local public goods
- the build up of physical and e-infrastructure
- local investment and capacity development (GVC integration)
- community and environmental projects?

How does the **internal** differ from the **external perspective**?

Final Remarks

Main Questions: How to rate the embeddedness performance of MNEs? What is industry- and country-specific? What is comparable across all industries and countries?

Main Objectives: To develop a toolkit that captures the positive welfare effects generated by responsible MNEs in developing countries (> also important with regard to '*Konzernverantwortungsinitiative*')

Thanks !

to our project partners: Chiquita, Nestle, Syngenta, InRate, BHP Bruggler&Partner, ZHAW, Oebu

to Isabelle Schluep (CCRS), our speakers and panelists as well as all the workshop participants