

Successful sustainable development goals (SDG) Transformation through Socio-Economic Co-Creation

Raymond Saner and Lichia Yiu
CSEND, Geneva

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Abstract

The 2030 Agenda represents unprecedented opportunities for doing well *and* doing good. To leverage this historical momentum and succeed in overcoming the Covid-19 pandemic, communities, businesses and governments together need to identify innovative ideas, products, services and processes for new wealth creation in a sustainable and inclusive manner. According to WBCSD, 12 trillion US\$ of value creation and employment could be realised. The three dimensions are conceived as forming an interdependent whole, requiring policies that are inter-sectorial, multi-stakeholder, inclusive, participatory and transparent. This chapter proposes ways to implement such a holistic sustainable and partnership-based development strategy.

Key words:

Socio-economic Co-creation of values. New social contract. Organisation and Social Change. Sustainable Development Goals. Full Human Potential. Alternative Economic Futures.

Lichia Yiu is co-founder and president of the Center for Socio-Eco-Nomic Development (CSEND) based in Geneva since 1993. CSEND promotes inclusive, transparent and participation based sustainable development. Her research focuses on capacity building for sustainable development within public administration and the private sector. She designed the transformation project of public administration in Slovenia (1993-1996); the modernisation of the in-service training system in China (1988-1997), co-designed a business and training platform for CIS countries on behalf of EBRD and leadership development for 3M in the Pacific region. She did her post-doc on ODC at Columbia University, teaches ODC, leadership and the SDGs at universities in Asia, Europe and North and South America. She is a long-time member of the Academy of Management and of the International Institute of Administrative Sciences and has published 16 books, 29 book chapters, 56 refereed academic journal articles.

Raymond Saner is Titular Professor at Basle University, Dept. of Economics & Management since 2002 and teaches at the Center for Sustainability (CSM) in Lüneburg and taught at Sciences Po, Paris, in the Master of Public Affairs programme. His researches on sustainable development (UNDESA), trade and development UNCTAD/WTO), employment and poverty reduction (ILO), social economy (UNRISD), education (OECD, WTO/GATS), investment and climate change (UNCTAD, UNFCCC), and PPPs (UNECE/WHO). He was member of expert groups that drafted the Global Sustainable Development Report, is co-founder of CSEND (1993), an ECOSOC accredited research organisation and co-chair of the OECD Responsible Business Conduct network and member of the UN Task Force on Solidarity and Social Enterprises. His publications are 7 books, 30 co-authored books, 8 book chapters and 34 refereed journal articles. He served on the executive board of AoM's ODC division and chaired its Advisory Council to the Board of Governors.

Introduction

Two critical international agreements must be achieved in the next decades to ensure that the world remains sustainable and not be ravaged by pandemics, extreme weather patterns, famine, displacement and armed conflicts. They are the 2030 Agenda for Sustainable Development (inter alia SDGs) and the Paris Agreement on Climate Change. Both agreements demand a systemic “reset” and comprehensive transformation.

This transformation has to be far reaching and encompassing all aspects of human life from social interactions, economic activities, and political orientations to mankind approach to the planetary ecosystems. Underpinning this transformation is the recognition of the necessity to re-balance economic growth, social equity and environmental viability to achieve longer term wellbeing and quality of life.

This chapter aims to propose a conceptual framework to transform the complex relationships between governments, businesses and civil societies from adversaries to partners in order to achieve the SDGs. This journey of reaching sustainability needs to be infused with a commitment to socio-economic co-creation at its core.

Context

The consequences of Covid-19 pandemic - 1.8 million deaths, 80 million of infected people and hundred millions of job losses - continue to devastate the global system. However, the major economic and social disruptions have also created a generational opportunity to fix the broken wheels of the current system and to build forward a more equitable and sustainable world. As stated by the UN Secretary General Gutterez in his July 2020 Nelson Mandela Lecture,

“The response to the pandemic, and to the widespread discontent that preceded it, must be based on a New Social Contract and a New Global Deal that create equal opportunities for all and respect the rights and freedoms of all. The New Social Contract, between Governments, people, civil society, business and more, must integrate employment, sustainable development and social protection, based on equal rights and opportunities for all”¹.

A new Social Contract and a New Global Deal could only be achieved if countries and their business and other stakeholders join forces and agree to a socio-economic approach in

¹ UN Secretary-General's Nelson Mandela Lecture: “Tackling the Inequality Pandemic: A New Social Contract for a New Era, New York, 18th July 2020

co-creating a new deal of collaboration. Such a new global social contract is encapsulated in the 2030 Agenda and its 17 Goals. Successful implementation and achievement of its 169 targets would deliver the new social contract for “the world that we want” (UNDG, 2013).

A conceptual framework to facilitate cross-sector partnerships and to forge a new Global Deal through the application of socio-economic co-creation (Savall, 2017) and following the guiding principles of Organization and Social Change and Development (OSCD) model proposed by Saner & Yiu (2012) will be presented below.

2030 Agenda Transformation and Sectoral Actors

Applying an OSCD perspective, three sectors need to be considered from a holistic and interactive change perspective. The quality of interactions among them and their respective institutional capabilities can determine to a large extent the success of SDG implementation. They are:

1. An effective, efficient and inclusive government able and willing to cooperate with civil society and the private sector,
2. A business sector that participates in contributing to sustainable development by aligning its production processes with the SDGs and engaging with local communities.
3. A civil society which engages in co-creation of sustainable solution together with the governments and businesses and monitors the progress.

A key task of the OSCD approach is to build transitional management and organizational mechanisms to facilitate a cross sector participatory process based on the use of co-creative design tools for the implementation of the SDGs. Through contextualized SDGs that reflect local socio-economic needs, local ownership could be strengthened. Deeper information exchanges within these sectors and acknowledgement of the diversity of perspectives can then be created allowing for alternative and novel solutions to emerge.

The ensuing discussion clarifies the respective roles and potential contributions of the three sectors and highlights the organizational and cultural changes that entail.

a) Government's role and contribution to the SDGs

The 2030 Agenda has been proposed as an "indivisible whole" due to strong interdependencies of the social, economic, and environmental dimensions which exist between and within the goals. Some of these goals and targets are mutually supportive, others are constraining or reducing (Nilsson et al, 2017). The interlinkages and interdependencies amongst the 17 SDGs (David LeBlanc, 2015) make it more difficult to find the right policy mix and coherence needed without Cross-sector contributions.

Hence, moving the SDGs forward at national or subnational levels will be a balancing act between policy trade-offs and multiplier effects while bundling goals together where possible. It needs to amplify the positive outcome of some goals and curtail the negative impact of others. An effective change process will require dedicated resources, strong institutional capacities, base-line data and timely feedback and policy coherence. An organizational change programme will be called for to identify the strategic pathways of implementing smartly the 17 goals in the 10-year remaining duration of the 2030 Agenda. Three anchoring elements highlights the government's contribution to this change process are:

Resource allocation

Resource constraint is often one of the main barriers leading to failed change. Prioritization is a must at all administrative level, i.e., nation, province, city or municipality. This strategic planning depends on whether the SDGs can be financed by regular budget, whether sufficient number of competent experts are part of the change process and whether the strategy is coherent. Equally important is a government's ability to consult and negotiate with key stakeholders, e.g., citizens, business, academics, and NGOs to generate a broadly agreed priority list of development actions. Inclusive engagement of stakeholders and open dialogues are necessary to avoid policy bias, fragmentation and exclusion of key stakeholders and vulnerable groups. Platforms to facilitate such engagements need to be identified, built and maintained as part of the capacity building programme.

Governance and Information. Besides budgetary discipline, the government is expected to safeguard the SDG principles of transparency, accountability, inclusiveness, equity and partnership so that a fair and just society functions. This governance function can only be achieved through open communication and information sharing with stakeholders and citizenry. Achieving good governance often represents another cultural orientation with new norms, rules and skillsets.

Policy coherence. To accelerate SDG progress and effective use of available resources, local governments should engage in cross-sector policy coordination and at the same time forge government to stakeholder policy consultations. (Saner & You, 2017). Policy coordination and consultation (inter alia PCC) requires know-how and ability to design and operate governmental policy mechanisms (Saner, 2009a, 2009b). Without institutionalizing PCC practices, government officials will continue to work in vertical silos at the expense of coordinated horizontal or networked interfaces needed to achieve greater policy impact and desired outcome.

Establishing transparent and standardized operational procedures, fostering complementary culture and norms, and building cross sector teams are the priority tasks of the OSCD intervention to realize the socio-economic co-creation of values and achieve policy coherence.

b) Business Role and Contribution to the SDGs

The SDGs represent unprecedented opportunities for “doing well by doing well” (Benjamin Franklin). Improving a company’s positive impact on the SDG while at the same time attempting to reduce its potential negative impact requires strategic vision and committed managers who act as boundary spanners between internal processes of an enterprise and the external threats and opportunities. Business adoption of SDGs resonates with a socio-economic approach to management (SEAM) developed by Henri Savall (1974, 1975, 1981) and colleagues of ISEOR (Savall, Zardet, 1987, 2008; Savall, Zardet, Bonnet, 2000; Savall, Péron, Zardet, Bonnet, 2015). SEAM focuses on both people and financial results and offers a philosophical and managerial change theory to enterprise development. It incorporates financial accounting, social values, care and partnership with employees.

Businesses are key partners driving the needed transformation, especially of the SDG 7, 8, 9 and 12, which suggest a change from fossil to renewable energy sources (SDG 7), economic growth and decent working conditions (SDG 8), infrastructure, industrialization and innovation (SDG 9) and sustainable consumption and production (SDG 12). Opportunities presented in these sectors, according to the World Business Council for Sustainable Development, represent an estimated 12 trillion of value creation and related employment. Adopting SEAM will steer business toward contributions in reducing multidimensional poverties that inhibited the development of full human potential for the majority of the world population (SDG 1). This alternative vision and approach to business management will be more organic and responsive to the needs of the community than simply “doing no harm” through the compliance with responsible business codes such as the OECD Responsible Business Guidelines.

To ensure sustainable and mutually beneficial cooperation with other actors, the role of Business Diplomats (Yiu & Saner, 2018) is needed to bridge the sector divide and to generate a multitude of constructive interactions with other parties. Cross-sector interactions offer opportunities for innovative products and services and contributing to the attainment of the SDGs. Meanwhile, this role also supports the realization of corporate citizenship in a community.

c) Civil society and co-creation of SDG implementation

The United Nations Conference on Trade and Development (UNCTAD) estimates that the financing gap for achieving the SDGs in developing countries will be US\$ 2.5 – 3 trillion per year (UNCTAD World Investment Report, 2014). Channeling available finance towards the SDGs is constrained by a range of challenges. Limited fiscal space and institutional capacity to formulate a pipeline of bankable SDG investment projects and weak financial systems plagued with waste and corruption constitute major barriers in closing the financing gaps. Civil society could play an active role in identifying grass root needs, creating SDG projects and monitoring their actual implementation through meaningful engagements. More importantly, credible CSOs reinforce public trust when domestic resources (tangible and intangible) are mobilized. It is also an indispensable part of good

governance by constituting a civil society monitoring network to track how SDG funding is being used. Grass root feedback to the Voluntary National Report of the country help identify actual progress of SDG implementation.

Social Contract as a means to ensure full engagement of society's major stakeholders should be part of the National SDG implementation plan and stipulate conditions for a grand partnership in the country. It could forestall the well-studied collective action problem or social dilemma, a situation in which all individuals would be better off cooperating but fail to do so because of conflicting interests between individuals that discourage joint action (Ostrom, 1971, 1965). Collective rule-arrangements that realign individual incentives, or rules that specify permissible actions is the proposed way out of this common trap (Ostrom 2012; p. 80).

While governments and businesses alike are at the tipping point for behavioral change, civil society organizations need to rise to the challenge and ensure conducts of all parties are aligned to the principles of the 2030 Agenda and results streamlined to the SDGs. Accountability and concrete representations of the NGOs will constitute the good governance of this sector.

Proposition 1: An integrated approach to social, economic and environmental development and cross-sector collaboration as the base for building better futures

Building a sustainable environment, society and economy (the three dimensions of the 2030 Agenda) has been strengthened thanks to the additional pressure resulted from the signing of the Paris Agreement on climate change. Paris Agreement requires the signatory governments to be transparent on what their respective countries do to halt climate change through nationally determined contributions (NDCs). In addition, the related protest movement of the youth make it difficult for governments and society to ignore the alarming signs of accelerating climate change and pending disasters.

Convergence of social and economic dimension of sustainability are less developed than the one on environmental sustainability. However, the investment and business communities are moving increasingly more towards a socially aware and inclusive approach to investment and business conducts. New instruments have been created such as Social Impact Investment and investment products based on ESG criteria (Environment, Social and Governance). But social factors of investment still lag behind. More needs to be done through regulatory measures. Voluntary measures alone do not generate sustained good business behavior.

Didier Reynders, EU commissioner of Justice on due diligence (2020), mentioned that a large survey of CEOs of major European companies received over 600 responses. Out of which more than half from individual businesses and from a large sample of Member States. The results showed that voluntary action to address human rights violations,

corporate climate and environmental harm, although incentivized through reporting requirement, has not brought about the necessary behavioral change. The study found that only one in three businesses in the EU are currently undertaking due diligence which takes into account all human rights and environmental impacts. 87% of CEOs surveyed complained about shareholder pressure to generate short-term profit and claimed that longer-time horizons would improve performance and innovation.

Regarding corporate governance EU has three main objectives: 1) to foster longer time horizons in corporate decision-making; 2) to incentivize sustainable business models; 3) to increase corporate accountability for human and environmental harm. Such regulatory efforts need to be complimented by civic actions and oversight.

SMEs, less visible than large corporations, on an aggregated level have higher environmental footprint and need to contribute equally to a sustainable future. Literature estimates that SMEs contribute 60-70% of industrial pollution in Europe (OECD, 2018). Engagements of the local community in support of the regulatory mechanisms are therefore inevitable especially when it comes to the business practices of the SMEs. Building Forward Better without the partnerships and collaboration of the civil society and local community would remain elusive.

Proposition 2: Collective socio-economic action as the basis of partnership stipulated in SDG 17

The neo-liberal economic model of the Washington Consensus produced the financial crisis of 2008 and revealed its lack of sustainability when faced with a pandemic crisis. Alternative economic futures are needed to get out of the dead-end of the current mainstream thinking.

Alternative conceptions of the economy as has been offered by scholars and pioneers on socio-economic approaches to sustainable economic and social development like Henri Savall (Socio-economic approach to management, 2017), Beat Bürgenmeier (Environmental economics, 2019), Peter Utting (Social and Solidarity Economy, 2014) and others need to be revisited.

New modules, laws and practices are needed to make our economy sustainable, equitable and committed to preserving public goods. Through Cross-sector partnerships, involvement of research and academic communities, will amplify the learning capacities of the societies and institutions in this pursuit of new social contract. More cooperatives, social enterprises, solidarity-based self-help initiatives are needed² to create a non-zero sum arrangement.

² For more information on the various alternative forms of organising the economy see website of the UNTFSSSE- <https://www.cfainstitute.org/en/about/press-releases/2018/new-reports-by-cfa-institute-and-the-pri-find-that-risk>

Nicolas Schmit, the EU commissioner in charge of jobs and social rights, has recently stated that “Social fairness is essential for economic prosperity for all.”

For sustainable development to work, all stakeholders need to be part of the multilevel partnerships in co-creating solutions to enable achievement of the 17 SDGs. Business, Civil society and governments need to find alternative narratives and tools in making these partnerships effective and deliver the kind of results that accelerate the transition to a more sustainable and inclusive future.

Proposition 3: NGOs as Intermediaries and Transitional Mechanisms for SDG Transformation

Sustainable development is a bottom up approach where one person has one voice in contributing to the creation of a collective future. This common future cannot be dictated by experts or by the elite who often lack social empathy and have shown little ownership in reducing the plight of poor people and in contributing to the creation of a socio-economic and sustainable future. CSOs rooted in local communities are well placed in playing the link-pin function to harness locally available social capital and other immaterial assets and to mainstream marginalised voices into the larger narrative of SDGs.

Common futures without safeguarding individual dignity and wellbeing for all would miss the mark. NGOs are challenged to be part of the intermediary mechanisms and platforms that steer the SDG progress forward.

Final Remark

The OSCD technology mentioned above needs to be anchored in the globally networked intelligence system in order to be able to simultaneously intervene at different system levels and at a much larger scale than is the case with traditional Organisation Development approaches.

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