



PALGRAVE STUDIES IN SUSTAINABLE BUSINESS
IN ASSOCIATION WITH FUTURE EARTH

Value Creation for a Sustainable World

Innovating for Ecological
Regeneration and
Human Flourishing

Edited by
Laszlo Zsolnai · Thomas Walker ·
Paul Shrivastava

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Palgrave Studies in Sustainable Business
In Association with Future Earth

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Laszlo Zsolnai · Thomas Walker ·
Paul Shrivastava
Editors

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future^{earth}
research for global sustainability

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Preface

This book is based on the conviction that the ecological, social, and technological challenges of the Anthropocene require developing and implementing new business, economic, and social models that create value for a wide range of stakeholders including nature, society, and future generations. We understand “sustainable value creation” as bringing forth products, services, organizational forms, processes, actions, and policies which satisfy social and economic livelihood needs, and contribute to the ecological regeneration of nature.

The book collects and analyzes innovative business, economic, and social models of sustainable value creation. In reviewing sustainability-oriented models, the book focuses on both the challenges and opportunities inherent in a shift from models based on single-stakeholder wealth creation, to models that propagate multidimensional value creation.

The book explores the new principles and methods of sustainable value creation and highlights the applicability of these models in a variety of socio-ecological settings. Innovative cases include Devenish, a global agri-technological company, Ørsted, a renewable and green energy company, Green Monday, a social movement and start-up group selling

plant-based food, Jokkmokk's market, a sustainable tourism venture based on Indigenous culture, illycafe, a coffee producing company that goes beyond the principles of Fairtrade, Miomojo, a vegan fashion company, place-based maker enterprises in Santa Fe (USA), Cumbria (UK), and the Yellow River Valley (China), EVIENTA, an open source digital platform, Veralab, an enterprise engaged in feminine, intersectional value creation, Health in Harmony, an international NGO which operates in Indonesia, Brazil, and Madagascar, and wellbeing and sustainability policies of Thailand, Bhutan, Costa Rica, New Zealand, Amsterdam, Bristol, and Bodø.

American architect, systems theorist, and designer R. Buckminster Fuller once said: "You never change things by fighting the existing reality. To change something, build a new model that makes the existing model obsolete." In this spirit we offer our book to the interested readers for further thinking and actions in the long journey of climbing the "Mount of Sustainability."

Budapest, Hungary
Montreal, Canada
State College, USA

Laszlo Zsolnai
Thomas Walker
Paul Shrivastava

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Part I

Introduction



1

Value Creation in the Anthropocene

Paul Shrivastava and Laszlo Zsolnai

The Research Grand Challenges of the Anthropocene

Value creation in the Anthropocene must contend with balancing well-being of humans with the wellbeing of other species, nature, and planetary ecosystems. The Anthropocene is characterized by the accelerating and devastating impacts of human economic, social, and cultural activities on Earth systems. With a global population at 8 billion, growing

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to 10 billion by mid-century, these impacts continue to breach planetary boundaries of life, are the root cause climate change, and are driving the sixth mass extinction of species on Earth (Rockström et al., 2009).

Human impacts implicate many practices of modern societies, but their central driver is the system of economic activities and economic value and wealth creation. The global economy in its current extractive, pollutive, consumerist, growth-oriented form needs fundamental rethinking. When we entered the Anthropocene era in the mid-1950s the size of the global economy was under 10 trillion (as measured by GDP). By 2013 the global GDP had exceeded 100 trillion, a tenfold increase in production and consumption that is at the root of our current environmental crises. Earth systems have deteriorated at an accelerated pace as a result of this economic growth. We witnessed exponential increases in carbon dioxide, nitrous oxide, methane, stratospheric ozone, surface temperatures, ocean acidification, marine fish capture, shrimp aquaculture, coastal nitrogen, tropical forest loss, domesticated land, and biospheric degradation with consequent mass extinction of species (Steffen et al., 2015). These impacts collectively are so dramatic that the continued functioning of Earth systems that have supported human civilizations in recent millennia is at risk. Moreover, while this growth benefitted many humans, it was also a source of tremendous economic inequalities both between nations and among people within nations (Piketty, 2015). This type of economic growth has led to a global economy in which 1% of the world's population owns 50% of its wealth. Additionally, by 2021 the collective global debt was \$226 trillion, more than double the global GDP of \$94 trillion. This means we are passing our debts to future generations. If we do not change our economic trajectory and the underlying business models, the clash between human activities and natural ecosystems will aggravate further ending in collapse of even more ecosystems. So, it is imperative that we find alternative modes of value creation that are both within the ecological limits of Earth systems and provide a just mode of functioning for all of Earth inhabitants (Raworth, 2017).

One globally consensual approach toward sustainability is encapsulated in the UN Agenda 2030, and its sustainable development goals

agreed to by world leaders in 2015. But past eight years of implementation experience has identified many barriers and difficulties in executing integrated sustainable development at local and global levels (Stafford-Smith et al., 2016). The Sustainable Development Goals Report (2022) points out that cascading interlinked crises have limited implementation of the goals and threaten the survival of humanity. COVID-19 pandemic pushed 93 million additional people into extreme poverty in 2020, and resulted in a drop in immunization coverage, and a rise in deaths from tuberculosis and malaria. 24 million learners—from pre-primary to university level—are at risk of never returning to school. 25% of the global population is now living in conflict zones. A record 100 million people have been forcibly displaced worldwide. Carbon emissions reduction commitments volunteered by nations will lead to 14% increase in accumulated carbon by 2030, instead of reduction by 43% necessary to limit global temperature rise to 2 °C. Most national economies are facing record inflation, rising interest rates, and looming debt burdens. The polycrises of the Anthropocene pose special grand challenges from a research perspective, and have been summarized by Future Earth 2025 Vision (2014) document, as follows:

1. Deliver water, energy, and food for all, and manage the synergies and trade-offs among them, by understanding how these interactions are shaped by environmental, economic, social and political changes.
2. Decarbonize socio-economic systems to stabilize the climate by promoting the technological, economic, social, political and behavioral changes enabling transformations, while building knowledge about the impacts of climate change and adaptation responses for people and ecosystems.
3. Safeguard the terrestrial, freshwater and marine natural assets underpinning human well-being by understanding relationships between biodiversity, ecosystem functioning and services, and developing effective valuation and governance approaches.
4. Build healthy, resilient and productive cities by identifying and shaping innovations that combine better urban environments and lives with declining resource footprints, and provide efficient services and infrastructures that are robust to disasters.

5. Promote sustainable rural futures to feed rising and more affluent populations amidst changes in biodiversity, resources and climate by analyzing alternative land uses, food systems and ecosystem options, and identifying institutional and governance needs.
6. Improve human health by elucidating, and finding responses to, the complex interactions amongst environmental change, pollution, pathogens, disease vectors, ecosystem services, and people's livelihoods, nutrition and well-being.
7. Encourage sustainable consumption and production patterns that are equitable by understanding the social and environmental impacts of consumption of all resources, opportunities for decoupling resource use from growth in well-being, and options for sustainable development pathways and related changes in human behavior.
8. Increase social resilience to future threats by building adaptive governance systems, developing early warning of global and connected thresholds and risks, and testing effective, accountable and transparent institutions that promote transformations to sustainability.

At the core of addressing these challenges, are the models and processes of economic value creation. We need new models of value creation and distribution, new models of doing business, new models of economy at the regional, national, and international levels, so that we can ensure safe and just wellbeing for all of humanity, while ensuring the health of natural ecosystems that support life on Earth. This in essence is the path to a sustainable and equitable global economy of the future. To build such an economy we need to begin by examining what is sustainable and equitable value creation. This volume presents our approach to sustainable value creation and illustrates it with organizations which are attempting to become sustainable in that sense. From our perspective sustainability and equity go hand in hand, and involve both living within safe environmental boundaries, and living with justice for all humans and other species.

Sustainable Value Creation

Business is the most powerful player in the Anthropocene and is mainly responsible for the degrading state of the biosphere in the last 50–60 years. Business-related activities including material consumption caused most of the negative effects in the biosphere.

The key problem is the nature, form, and scale of business operations. The working models of today's mainstream business organizations do not fit in the reality of the biosphere. Mainstream business models vary but almost none of them are consistent with the flourishing life on Earth (including human, non-human, and future life). To achieve meaningful change in the humanity–nature nexus we have to reinvent the way business functions today. How can business become ecologically conscious agent which operates within limits, that is, uses only its “fair earth share” and contributes to the flourishing of human and non-human life on Earth?

Our book suggests to understand sustainable value creation as products, processes, organizations, and actions which satisfy real human needs and make positive impacts on nature, society, and future generations. The most important features of sustainable value creation include (i) promoting frugality, (ii) acknowledging the intrinsic value of nature, (iii) producing negative emissions, and (iv) developing ecologically regenerative projects.

Frugality

Frugality implies organizing economic activities that use minimal material resources and produce minimal or even zero waste and have no negative impacts on the natural environment. Frugality is associated with a mindset and way of life that is characterized by voluntary simplicity seeking sufficiency instead of efficiency (Bouckaert et al., 2008; Princen, 2005). It is a tendency to acquire goods and services in a restrained manner, and resourceful use of already owned economic goods and services, to achieve a longer term goal (Lastovicka et al., 1999).

Henry David Thoreau (1910) expressed a similar philosophy in his book “Walden”, with a zest for self-reliance and minimal possessions while living simply in nature. Deep ecology thinkers (Devall, 1988; Naess, 1989) formulated the principle of frugality as “Simple in means, rich in ends”. Inspired by Buddhist philosophy economist E. F. Schumacher (1973) urged us to achieve extraordinary results with small means.

Frugality appears as a precondition of human wellbeing. Psychological research shows that contrary to the commonly held belief, materialistic value orientation undermines human wellbeing. Summarizing the main empirical findings, Tim Kasser (2002: 22) states: “People who are highly focused on materialistic values have lower personal wellbeing and psychological health than those who believe that materialistic pursuits are relatively unimportant. These relationships have been documented in samples of people ranging from the wealthy to the poor, from teenagers to the elderly, and from Australians to South Koreans”.

Frugality is a rational strategy for individuals, organizations, communities, and nations suggesting that they should reduce their material desires to the minimum. Above a certain “satisfying” level of material comfort, which includes enough food, clothing, shelter, and medicine, it is better not to cultivate but to reduce material desires. Producing and consuming less can bring major benefits for the person, for the community, and for nature as a whole (Zsolnai, 2017). And frugality can be a design principle for building organizations and economies (Radjou, 2020; Shrivastava, 2015).

The Intrinsic Value of Nature

Today’s mainstream economics fails to acknowledge the intrinsic value of nature. It evaluates environmental goods and services on the basis of a market value determined by competing economic actors. The value of the elements of nature is calculated by using the “willingness to pay” principle or shadow price techniques. However, the value of natural entities cannot be calculated merely on the basis of their usefulness for humans. Market price is a poor and misleading model for assessing the

value of natural entities. Gowdy and McDaniel (1995) demonstrated that the value of natural entities cannot be determined by the market mechanism.

To save the natural world we need to accept the intrinsic value of nature. This means that natural creatures and natural ecosystems are valuable in and for themselves, not just in their usefulness for humans. This position is represented by different religious belief systems of humanity including Indigenous worldviews (Gottlieb, 1996) and various forms of environmental ethics (Brennan & Lo, 2022).

In his encyclical “Laudato si” Pope Francis (2015) urges us to acknowledge the intrinsic value of nature and organize our life accordingly. Natural beings and ecosystems “have an intrinsic value independent of their usefulness. Each organism, as a creature of God, is good and admirable in itself; the same is true of the harmonious ensemble of organisms existing in a defined space and functioning as a system” (Pope Francis, 2015: para 140).

Pope Francis emphasizes that “environmental protection cannot be assured solely on the basis of financial calculations of costs and benefits. The environment is one of those goods that cannot be adequately safeguarded or promoted by market forces” (Pope Francis, 2015: para 190).

The encyclical recalls that Jesus taught the attitude of admiration when “he invited us to contemplate the lilies of the field and the birds of the air” (Pope Francis, 2015: para 226).

Negative Emissions

Climate crisis is due to carbon emissions. Cumulating carbon is disturbing the carbon cycle that has remained stable over millions of years and served to sustain life on Earth. Total carbon in the Earth’s atmosphere from all human and non-human (natural) processes is now at 421 parts per million. This is vastly in excess of the 170–250 ppm that it has been stable for several million years. Much of the excess carbon accumulation is attributable to human activities involving fossil fuels since the 1750s when coal emerged as a fuel. Even at the current level of

carbon in the atmosphere, we have seen 1 °C rise in the global average temperature. Further carbon emissions and accumulation pose a very serious threat to global temperature and the climate system. As per global scientific and political consensus reflected in the 2015 Paris Climate Agreement, we must limit temperature rise to under 2 °C (preferably under 1.5 °C). This means that we need to reduce total carbon emissions now and in the coming decades. Global economy of the future will need to reverse the carbon emission trend. Economic activities will need to be designed not just to reduce carbon emissions but rather remove carbon from the atmosphere and sequester it safely in ways that it does not exacerbate climate change. The Drawdown Project (Hawken, 2017) lists a hundred different actions that can help draw carbon down from the Earth's atmosphere.

Ecological Regeneration

Our current economies and economic concepts (that emerged in the eighteenth and nineteenth centuries) are premised on an unsustainable idea of endless extraction of value from the Earth. First through agriculture, and later through mining extraction for industrial development, most economies are built on extractive principles. Economic value creation has been about using human ingenuity and technological innovations to extract materials from land, water, and atmosphere. Additional value is added in processing materials into finished products. Negative environmental impacts of this conversion are often externalized from organizations. The current model of the economy places limited and incomplete responsibilities for restoring any value or even removing pollution introduced in production of economic value. This extractive approach to the economy was not seriously dysfunctional on a planetary scale, in a world with a relatively small population (about 1.6 billion prior to 1900). But in a full world of 8 billion people that we face today and with population growing to 10 billion, this extractive approach is unsustainable. Earth systems are delicately balanced living ecosystems that can yield life sustenance to a certain degree and scale. Extraction beyond the carrying capacity of ecosystems leads to their collapse.

Future economic systems will need to be built on principles of ecological regeneration. Regeneration refers to the ability of an organism (cell, tissue, plant, forest, landscape) to recover from damage. At the ecosystem level, it is the capacity of the environment and its living populations to recover from damage. Economic systems designed on the principle of ecological regeneration can ensure restoration of the health and integrity of the ecosystems, even as they deliver economic benefits. Regenerative principles are now being applied to agriculture, mining, textiles, finance, and other fields (Cox et al., 2023; Lovins et al., 2018).

Issues and Themes

The book presents and analyzes value creation models from various parts of the world that serve human flourishing and ecological regeneration. Cases include Bodø as Cultural Capital of Europe, Irish agricultural company Devenish, Danish renewable and green energy company Ørsted, the Chinese start-up and social movement Green Monday, the Jokkmokk's Market in Sweden, Italian coffee producer illycaffé, Italian vegan fashion company Miomojo, place-based maker enterprises in Santa Fe (USA), Cumbria (UK), and the Yellow River Valley (China), open source digital platform EVIENTA, female Italian digital enterprise Veralab, and international NGO Health in Harmony which operates in Indonesia, Brazil and Madagascar.

Also, the book recalls successful enabling policies for socio-ecological wellbeing including the use of Sufficiency Economy Philosophy adopted by local governments in Thailand, the Gross National Happiness framework of Bhutan, Costa Rica's National Decarbonization Plan, the "wellbeing budget" of New Zealand, and the "doughnut economy" of Amsterdam.

In their paper "The Systems View of Life and Ecological Economics for Developing Sustainable Business Models" Ove Jakobsen (Nord University, Bodo) and Fritjof Capra (Center for Ecoliteracy, Berkeley) explore how challenges in UN Sustainable Development Goals can be solved through a transdisciplinary approach. They synthesize principles and values inspired by "The Systems View of Life" and "Transformative

Ecological Economics” for developing sustainable business models. The paper presents an outline of sustainable business models and discusses the problems of putting sustainable business models into work using experiences from the project “Bodø as European Cultural Capital”.

In their paper “The United Nations Sustainable Development Goals: A Pathway to Value Creation for a Sustainable World” David Donoghue (IE Business School, Madrid) and Eleanor O’Higgins (University College Dublin) advocate that implementation of the UN Sustainable Development Goals is a significant way of realizing the creation of value by business for a better and more sustainable world. They propose a virtuous cycle between Sustainable Development Goals implementation and the establishment of a social contract, enabled by trust. The paper provides some examples of value creation through the triad of Sustainable Development Goals implementation, the social contract, and trust.

In his paper “Sustainable Solutions to the Global Climate Problem: The Case of the Renewable and Green Energy Company Ørsted” Jacob Dahl Rendtorff (Roskilde University) analyzes the vision, mission, strategy and production of the Danish renewable energy company Ørsted that transformed from being the Danish Oil and Natural Gas Company (DONG) to be an offshore wind energy company relying entirely on producing renewable and green energy. The paper demonstrates that Ørsted implements values-driven management and Sustainable Development Goals in business practices. Ørsted relies on a strategy of transformation toward sustainability through a competitive business strategy of being the best energy provider through production of green and renewable energy. The paper gives a closer look into the business model of Ørsted as a key contributor to sustainable development, zero-carbon emissions, and a future with control over climate change.

In his paper “Sustainable Value Creation Through Business as a Social Movement: The Case of Green Monday” Andras Ocsai (Corvinus University of Budapest) reviews the problems of food production in the Anthropocene. The paper explores how a business enterprise could serve as a social movement and in what way these two could reinforce each other to reach sustainable value creation. This is illustrated by the case of Green Monday, a movement and a social start-up group of plant-based food in Hong Kong which promotes low-carbon, sustainable lifestyles

and strives for climate mitigation, food security, and animal welfare. Green Monday provides valuable insights how collaborative actions of a social movement and a related business organization can help to meet real human needs and contribute to preservation and regeneration of nature.

In her paper “The Role of Sami Culture in Creating Sustainable Value for Tourists: The Case of Jokkmokk’s Market” Anna Sörensson (Mid Sweden University, Sundsvall) discusses the role of local culture in creating sustainable value. The paper investigates an over 400-year-old winter market in Jokkmokk, Sweden examining how Indigenous people’s culture affects the value of sustainability for tourists. The paper explores the role that culture plays in sustainability and value creation during the winter market. The result shows that the Sami culture constitutes the main value for visiting the place both during the Jokkmokk Winter Market and at other times of the year.

In their paper “Fair Trade and illycaffé” Knut Ims (NHH Norwegian School of Economics, Bergen) and Laszlo Zsolnai (Corvinus University of Budapest) argue that the dominating conventional corporate model and global trade have created massive market-driven social changes globally, often characterized as “race to the bottom”, exploited vulnerable producers, reduced biodiversity, polluted the environment, and lead to dangerous climate change. The paper describes the Fairtrade partnership model and compares it with the Bottom of the Pyramid model. Then the paper introduces the case of illycaffé, an international company that sells coffee related products in more than 130 countries. Illycaffé has developed a true partnership with local coffee producers that goes beyond Fairtrade because of its extraordinary focus on quality, care, and sustainability.

In his paper “Vegan Fashion: The Case of Miomojo” Zoltan Rozsa (Corvinus University of Budapest) warns that the ecological and social effects of the highly globalized fashion industry are increasingly destructive. Common industry practices are insensitive to ecological integrity, social justice, and animal welfare. The paper introduces the concept of vegan fashion. The paper shows how Miomojo, an Italian fashion brand, reduces ecological destruction and suffering of animals by applying the principles of veganism in fashion. This Bergamo-based company produces solely cruelty-free fashion products which exclude animal

components. The paper shows the viability of this alternative business model to cope with the ethical and ecological challenges of the fashion industry.

In their paper “The Located-Making Framework for Sustainable Enterprise” Wanlin Zhang (Southern University of Science and Technology, Shenzhen), Stuart Walker (Lancaster University), Martyn Evans (Manchester School of Art), and Peter Humphreys (Lancaster University) investigate place-based, maker enterprises which delineate their practices through the lens of sustainability and explore the potential of design to support their long-term development. The paper reports the results of field research in three distinct regions of the world: Santa Fe in USA, which is renowned as a major center of traditional crafts; Cumbria in the UK, where a number of traditional but endangered craft enterprises are located; and the Yellow River Valley in China, where UNESCO’s Intangible Cultural Heritage Convention plays a significant role in regional and national support of traditional practices. Key findings of the paper include the following: (i) connections to place and the values and motivations of the makers or enterprise owners, (ii) strong connections between craft making practices and sustainability; (iii) a variety of business models to align the enterprise with sustainability; and (iv) potential opportunities for designers to contribute to make enterprises. The paper presents a practical located-making framework developed for supporting sustainable development in small-scale maker enterprises.

In his paper “Digitalization and Social Innovation: The of ENVIENTA” Jozsef Veress (Corvinus University of Budapest) analyzes a digital platform promoting “open source everything”, including hardware. ENVIENTA facilitates to amalgamate global knowledge sharing with local provision of goods and services while minimizing the environmental footprint of the producers, consumers, and innovators. Such cosmo-localization allows local economy development which by deploying digital technologies enhances the autonomy of both communities and individuals. The paper stresses that the envisioned concept facilitates the localized fulfillment of genuine needs with personalized products and services, life quality improvements, environmental footprint reduction, and enhanced stewardship/caretaking toward nature. In the ENVIENTA model the enhancement of the mutual trust feeds the

cooperative dynamics of the interactions and relationships that creates interdependence and non-zero-sum-game approach.

In their paper “Integral Human Development against Gender Inequality: Intersectional Value Creation” Veralab Rosa Fioravante and Mara Del Baldo (University of Urbino “Carlo Bo”) argue that gender inequality is one of the key issues connected to social inequality as a grand challenge of our epoch. The paper addresses gender inequality as a lack of Integral Human Development. The paper connects Integral Human Development and feminist ethics to provide a model of intersectional organization in business. The paper presents the case of female digital entrepreneur, Cristina Fogazzi, founder and owner of Veralab, who is successfully engaged in fighting against gender inequality through intersectional value creation. The case shows coherence between female inclusion and emancipation and the internal values of the organization.

In his paper “Principles and Models of the Community Economy” Tamas Veress (Corvinus University of Budapest) presents community economies and “growthism” as two radically different approaches of value creation and ways to organize economic activities. Growthism drives the institutionalization of privately appropriable rents and profits generating arrangements, often with little regard to ecological sustainability and genuine human needs. As vehicles of self-defense of society organizations and networks emerge that apply the principles and models of community economies. The paper illustrates these community economies principles and models with two case studies. One is Health in Harmony, an international NGO that operates health clinics in Indonesia, Brazil and Madagascar with the aim to save rainforests by helping local villagers to adopt livelihoods not dependent on illegal logging. The other case is Sustainable Food Network, a hypothetical system of organizations aiming to produce food through ecologically sustainable and socially just methods. The paper argues that community economies (i) favor the provisioning of genuine social needs instead of profit making, (ii) prefer resource sharing over commodification and enclosures, (iii) allow other-than-monetary ways for human interactions, (iv) cultivate participatory practices based on flat hierarchical relationships, (v) strive for material sufficiency, (vi) seek nonviolent technological solutions, and (vii) prefer common property ownership design. The

paper concludes that community economies are autonomy supporting social arrangements in which people can experience and practice a wide range of prosocial activities.

In their paper “The Sufficiency Economy Philosophy as an Approach to Social Innovation” Wanna Prayukvong (Mahidol University), Apichai Puntasen (Rangsit University), and James E. Hoopes (Babson College) analyze the Sufficiency Economy Philosophy formulated by the late Thai King Bhumibol Adulyadej. “Sufficiency” means balancing reasonable moderation in production against the need for protection from sudden internal and external shocks. Sufficiency Economy Philosophy follows the “Middle Path” as a guiding principle for all classes of society and government. Knowledge, thoughtfulness, prudence, and ethical integrity are essential to achieve it. The paper explores the use of Sufficiency Economy Philosophy as a method of social innovation for enhancing delivery of public services and for localizing the process of sustainable development in three cases of local government in Thailand. The first case shows how a local administration built a program to produce renewable energy (household cooking gas) from pig farm waste while earning revenue from carbon credits. The second case involves a local administration setting up a community welfare fund to reduce the inequality of people who had not received a basic income. Finally, the third case is about a local administration encouraging residents to build their own recycling project rather than waiting for top-down government action. Together, the cases show the potential of Sufficiency Economy Philosophy as a method of bottom up social action for sustainable development.

In their paper “Wellbeing Policies for Countries and Cities” Laszlo Zsolnai, Andras Ocsai, Gabor Kovacs, Kalman Kelemen, and Zoltan Valcsicsak (Corvinus University of Budapest) warn that today most of the countries and cities follow policies striving for competitiveness, economic growth, and wealth creation. These policies produce considerable “ills” including climate change, biodiversity loss, ecosystem collapse, and national and global inequalities. The paper presents alternative approaches by countries and cities that focus on creating wellbeing in broad socio-ecological context. The cases include the Gross National

Happiness framework in Bhutan, Costa Rica's National Decarbonization Plan, the "wellbeing budget" of New Zealand, and the "doughnut economy" of the City of Amsterdam. The paper argues that wellbeing centered policies abandon the idea of GDP-centered economic growth and target human wellbeing and ecological regeneration in direct ways. They encourage business and social organizations for creating socio-ecological wellbeing and discourage or even punish activities that create illbeing for people and the Earth.

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Part II

Sustainable Value Creation Models



2

The Systems View of Life and Ecological Economics for Developing Sustainable Business Models

Ove Jakobsen and Fritjof Capra

Introduction

Today an increasing number of business models claim to be sustainable despite the environmental, social and economic problems that, far from improving, are in fact getting worse. It seems impossible to reach the objectives described in UN's sustainable development goals (SDG's) without making deeper changes in the dominating economic paradigm which is based on and driven by profit maximization and promoting economic growth. Sustainable development at the societal level is unlikely to be achieved without sustainable development on the business level. In this respect the business model is "a key initiating component of corporate sustainability" (Schaltegger et al., 2016:

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3). According to Dentoni et al. there seems to be “a disconnect between what organizations promise (...) and their actual impact on the resilience of ecological-systems” (Dentoni et al., 2021: 1217).

One explanation for this phenomenon is that an atomized, competitive economy which centers on exponential growth is simply incapable of solving the interrelated and dynamic problems outlined in the UN document on Sustainable Development Goals. Today, researchers acknowledge that the dominating economic system, which leads to environmental breakdown along with social and economic injustice, is edging ever nearer to the point of no return. What we need now more than ever is a deep, systemic change which can recalibrate and revive humanistic values and develop business models which are truly sustainable. The systemic changes must address the natural challenges including the climate emergency, pollution of the air, water and soil, the destruction of biological diversity, and the social challenges of the onset of inequality, poverty, mental and physical illness.

Today scholars posit, “A change in worldview is essential to sustainable development” (Williams et al., 2017: 875). Scholars from different fields of science argue that we need an entirely new economic system (Daly, 1996; Etzioni, 2002; Galtung, 2012; Korten, 2010; Randers, 2012; Sen 1987), a system that goes beyond growth and profit maximization. New terms such as “virtual corporation”, “network organization”, “collaborative partnership”, “wellbeing” and “co-evolutionary framework” have come to prominence in the literature (Clarke & Crane, 2018, Cosenz et al., 2019; Dentoni et al., 2021; Schaltegger et al., 2016).

In a historical perspective crisis often drives change, potentially leading to new understanding and behaviors and even to the creation of new systems or structures. Since the corona virus has resulted in such massive disruption of our daily lives history shows quite clearly that its impacts are likely to lead to significant political and social changes.

In many Western countries the emphasis on “returning to normal” led to protests against neo-liberal economics because a new awareness had arisen of the fundamental systemic problems. For example, protests focus on the widening gap between rich and poor who, in normal times live in relative isolation from each other. During the COVID epidemic the

situation changed dramatically because the virus knew no social boundaries. The fate of rich and poor can no longer be separated. Consequently, social justice has moved on from being a mere question of left and right and is now a question of life and death. So much so that the catchphrase might be: “We don’t want go back to normal because normal was the problem”.

Criticism is growing of the organizational forms based on the dominating economic paradigm where organizations seek short-term profits in hierarchical and bureaucratic structures that ensure centralized control over atomized activities. The problems are made worse by global companies whose sole purpose is to maximize returns on investment for their shareholders at home and abroad. What we choose to measure has great influence on how we behave. If we want to change the practice we have to change what we measure. Ecology has taught us that maximizing any single variable will invariably lead to stress and vulnerability of the system as a whole. In other words, we have to move from business models focusing on maximizing profits to new models for maximizing wellbeing for humans and the whole of nature. Management scholars articulate the change “from a reductionist to an integrative perspective and from neoclassical to a systemic perspective” (Williams et al., 2017: 875). Dentoni et al. argue that sustainable value creation is possible in cross-sector partnership organized “so that they support socio-ecological resilience and avoid unintended consequences” (Dentoni et al., 2021: 1219).

To set out and elaborate on the required changes, we introduce some ideas relevant for developing sustainable business models inspired by the unifying vision of *The Systems View of Life* (Capra & Luisi, 2014) and the process philosophical thinking presented in “Transformative Ecological Economics” (Jakobsen, 2017). We argue that systems thinking and process philosophy are fruitful sources for the development and implementation of sustainable business models.

The structure of the paper is as follows: first, we discuss how practical and epistemological challenges in UN’s SDGs can be solved through a transdisciplinary approach. Second, we synthesize principles and values found in *The Systems View of Life* and *Transformative Ecological Economics* relevant for developing sustainable business models.

Third, we present an outline of sustainable business models. Fourth, we discuss some challenges putting sustainable business models into work using experiences from the project Bodø as European Cultural Capital 2024. Finally, we summarize our paper with some concluding remarks.

Practical and Epistemological Challenges

The Norwegian philosopher, Gunnar Skirbekk argues that the world is in a double crisis: “at the factual level with various challenging factors that in many cases tend to interact and mutually reinforce each other and at the epistemic level, where no single science or expertise alone can grasp the complexity of what is going on” (Skirbekk, 2019: 3).

To exemplify the epistemic challenges Skirbekk (2019) elaborates on UN’s Sustainable Development Goals. There is a lack of conceptual clarity, e.g. sustainable development, sustainable economic growth—none of these terms are clarified, they are not defined. There are tensions between various goals, e.g. “a tension between economic growth and prosperity, on the one hand and nature with its limits on the other” (Skirbekk, 2019: 31). Lack of important concepts, “the threat of military confrontations and the use of various means of mass destruction” (Skirbekk, 2019: 33) is not mentioned. There is insufficient awareness of the mutual interconnection of the main challenges when individual Sustainable Development Goals are addressed, e.g. “the mutual interconnectedness of factors like climate change, weak States, global capitalism, overpopulation in vulnerable regions, geopolitical tensions, and military conflicts” (Skirbekk, 2019: 35). According to Wijkman and Rockström these problems are “so complex that they require collaboration across disciplinary boundaries” (Wijkman & Rockström, 2011: 26) to be understood and treated in an appropriate way.

To grasp these complex challenges we suggest the introduction of transdisciplinarity. According to Nicolescu (2002) transdisciplinarity is not limited to the recognition of the interactions and reciprocities between specialized scientific positions. Transdisciplinarity locates these links inside the total system without boundaries between the disciplines and aims at holistic understanding. To be more concrete

“transdisciplinarity approaches aim to create an equal and shared space for interaction, dialogue, and clarification possibilities” (Ahlstöm et al., 2020: 3). Since all firms are situated in an interconnected physical, natural and social world a transdisciplinary approach is required if we are to understand the complexity connected to sustainable development. Sustainability can be defined in three integrated dimensions: the interaction between economy and nature (scale), the interaction between economy and society (fairness) and the use of resources within the economy (efficiency). Transdisciplinarity calls for a holistic understanding that integrates ecology (natural science), society (social science and humanities) and economy (economics and business administration).

To solve the problems of the Anthropocene we need to understand how we got here. People use conceptual frameworks, worldviews to organize their understanding of the world in which they live. A worldview “combines beliefs, assumptions, attitudes values, and ideas to form a comprehensive model of reality” (Schlitz et al., 2010: 19). During the last 200–300 years, a mechanistic worldview has dominated science, economics and business. Even if there is no accepted definition of a typical business model, it is commonly defined as all activities which transform resources and “know how” into value for a company and its customers. Business models represent an attempt to develop a competitive strategy to expand market share and hike profits. At the center of and common to most definitions of business models is the emphasis on how a firm makes money.

According to Casadesus-Masanell and Ricart “most companies still create and evaluate business models in isolation, without considering the implications of how they interact with rivals’ business models” (Casadesus-Masanell & Ricart, 2011). They argue that smart companies know how to strengthen their own business model and weaken the business model of the competitors by turning the competitors’ strengths into weaknesses. The consequence is that the dominating, mainstream business models still promote excessive material consumption and an energy and resource intensive economy that generates waste and pollution and widens the gap between the rich and the poor.

In contrast to this it is essential to develop business models in harmony with the principles in the ecosystems and humanistic values and norms.

It is plausible to argue that social justice goes hand in hand with ecological responsibility. We are not going to meet, or it is most unlikely that we will ever meet, the challenges of interconnected sustainability in isolation from social-ecological systems (Williams et al., 2017).

The Systems View of Life integrates three dimensions: nature, society and economy in a holistic conceptual framework. The idea is that the “interconnected parts in systems determine the behavior of the system as a whole” (Williams et al., 2017: 871). Systems thinking represents a shift in perspective from the parts to the whole. Everything exists in their relations to other entities, i.e. individuals and organizations are “co-beings”, they exist simultaneously with other entities. Actors are organized in “strongly interdependent subsystems, yet poorly connected to each other” (Dentoni et al., 2021: 1223). So the systems view of life represents a context of understanding relevant to an integrated picture of how to develop a sustainable economic practice that interacts with nature and society.

Twentieth-century scientists recognized that all living systems share some common properties of organization (Capra & Luisi, 2014). The outstanding characteristic of the biosphere as a whole is that it has sustained life for billions of years. As members of *oikos* (the earth household) we should behave in such a way that we respect, honor and cooperate with nature’s inherent ability to sustain life. This is the essence of ecological sustainability. Understanding these organic interconnections is “important for leaders of organizations and for the management of complex systems in order to achieve sustainability” (Williams et al., 2017: 871).

We have also come to realize that networks are the basic pattern of organization in all living systems. In the spirit of transdisciplinarity, we need to develop our abilities to think and act in terms of relationships and patterns which exceed and go far beyond specialized sciences. Living networks continually create and recreate themselves by replacing their components while preserving their patterns. “The dance between change and continuity has been at play throughout history” (Schlitz et al., 2010: 32). In other words, the coexistence of change and stability is a key

characteristic of all forms of life. Life is inherently regenerative. Adaptive capacity suggests that managers and complex systems continuously learn from their experience (Williams et al., 2017: 872).

One of the great challenges of the Anthropocene is to create and cultivate sustainable communities where business, technology and lifestyles interfere positively with the surrounding ecosystems' ability to sustain life. Over billions of years, nature's ecosystems have evolved certain principles of organization to sustain the web of life, e.g.

- One species' waste is another species' food.
- Matter cycles continually through the web of life.
- The energy driving all the ecological cycles flows from the sun.
- Diversity assures resilience.

These principles are crucial in Transformative Ecological Economics (Jakobsen, 2017). The more we study the principles of ecology, the more we realize that sustainability is not an individual property but a property of an entire web of relationships. It always involves a whole community. The more developed and complex the networks are the better the community is able to respond creatively to unforeseen situations. Through dialogic approaches "collaborations are formed to engage people in common purpose, shared knowledge, intelligent decisions, and to call forth life-affirming actions together" (Schlitz et al., 2010: 29).

Through interdependencies, "cross-sector partners mitigate uncertainty and limit unintended consequences for the environment where they try to deliver positive outcomes" (Dentoni et al., 2021: 1226). The interconnectedness between organisms and their natural and social environments has several consequences, including on the ontological level a shift of perspective from mechanistic to organic thinking. The essential properties of living systems derive from the dynamic connections among their parts (Capra & Luisi, 2014).

The systems understanding of life has some characteristics that are of greatest importance for developing sustainable business models. Firstly, in *nested systems*, relations are more important than objects. This means that every organism is constituted by its connections to other organisms. It is reasonable to claim that all entities derive their character from

the social and ecological networks of which they are integrated parts. The study of relationships affects not only the relationships among the system's components, but also those between the system as a whole and surrounding larger systems. Therefore, systems thinking is always contextual thinking. All systems need to be understood in the context of being parts of larger systems.

Secondly, in *self-organizing systems*, the structures of living organisms develop as a consequence of numerous underlying processes interwoven with one another. Living organisms are more than static configurations of components in a whole. While the form is maintained, there is a continual flow of energy and matter through all living systems. Hence, living organisms are inseparably linked to metabolic and dynamic processes. These processes can be understood from both an individual and a systemic perspective. Natural growth is characterized both by cycles of growth and decay and of regeneration and development.

Thirdly, in *open systems*, systems thinking includes both contextual thinking and process thinking. This transformation in perspective has important methodological consequences. Rather than measuring quantities the focus shifts to mapping patterns of relationships. When we map relationships we find certain patterns—configurations that occur repeatedly. Focusing on relationships and processes instead of objects represents a move away from quantity to quality or more precisely, from quantitative growth to qualitative development.

To give another example, when the nonlinearity of living networks is manifest in ecosystems as food webs, it involves cooperation, partnerships and symbioses—all of which might also be called principles of life. The change of paradigm from the mechanistic to the systemic view of life is nowhere more clearly illustrated than in the language where we see the fundamental change of metaphors: the world is no longer a machine but a living organism.

Fourthly, in *cognitive interactions*, social networks are based on communicative integration. Communications create the interpretative context, and when the context changes the individuals change and recreate the context. It refers to the hermeneutic idea that understanding of the parts always presupposes reference to the whole. Text and context are interdependent and in practice it expresses that meaning must be

found within a cultural and historical context. “Meaning itself is a systemic phenomenon; it always has to do with context” (Capra & Luisi, 2014: 308). Communicative shared systems of beliefs and values represent a common context of meaning known as culture. Societies develop when their members, individuals, organizations or firms are aware of being parts of a larger whole, i.e. aware of how their actions affect other entities and aware of how other entities influence their thinking and behavior.

According to Dentoni et al. sustainable business models are distinct from traditional business models not only because of “their aspiration to create social and environmental value for a wide range of stakeholders but also the collaboration among stakeholders with diverse backgrounds and values” (Dentoni et al., 2021: 1225).

Outline for Ecological Business Models

According to Schaltegger et al., the business model perspective is interesting in the context of sustainability because it highlights the value creation of an organization and calls for “new governance forms such as cooperatives, public private partnerships, or social businesses, thus helping transcend narrow for profit-maximizing models” (Schaltegger et al., 2016: 5). Instead of solving problems by transforming reality to fit the dominating neoclassical business model Zott et al. (2011) argue that it is more appropriate to change the model to fit in with reality. “It should then be possible to develop a better model, a model where there is harmony between humans and nature” (Wijkman & Rockström, 2011: 7). In the following paragraphs we will elaborate on how values and principles influence the definition of ecological business models.

Transformative Ecological Economics

Transformative ecological economics focuses on critical questioning of the hard core of the dominating economic paradigm. In the spirit of the philosopher Paul Feyerabend (1975), we can say that the questions often

challenge principles and theories accepted by most economists today. By asking, and answering, these critical questions it is possible to uncover new perspectives and develop more life-affirmative economic theories and practices. Solutions to the problems of our time, both practical and epistemic (Skirbekk, 2019), might be a result of deep changes in accordance with the principles and values expressed in transformative ecological economics (Jakobsen, 2017).

The extraction and consumption of natural resources represents one of the core problems and must be rejected and replaced by qualitative development. One of the greatest obstacles to moving toward sustainability is the persistent illusion that unlimited economic growth is possible on a finite planet (Boulding, 1966; Costanza et al., 2012; Daly, 2007). According to Wijkman and Rockström “no environmental legislation in the world can rein in an economic system that has endless material growth as its starting point” (Wijkman & Rockström, 2011: 7).

In line with these arguments, Herman Daly and John B. Cobb Jr. (1994) argue that it is a necessity to implement a non-growth, steady state economy and shift the focus away from quantitative growth toward qualitative development. Further, in order to handle the increasing gap between the rich and the poor the economy must focus on fair distribution of wealth. And lastly, the allocation of resources must be efficient in contributing to human wellbeing.

Consequently, we can see that the principles and values in transformative ecological economics offer a radical alternative to the hard core of the dominating economic paradigm.

The Systems View of Life

In the following paragraph we outline business models which are consistent with The Systems View of Life.

Contemporary scientific understanding suggests that the ecosystems are an interrelated whole where the various parts are all linked in a network of mutual dependence. Throughout the living world, we find multi-levelled structures of systems nested within systems. Each individual system is an integrated whole and, at the same time, part of larger

systems. We have identified the principle of nested systems as the first of our systemic principles of life. If we accept that social systems and ecosystems are integrated nested networks, “we can develop an economic system where the focus is on establishing and building dynamic interrelations between the actors” (Capra & Jakobsen, 2017: 839). To develop new business models, ecosystems provide powerful analogies for understanding how business networks are functioning. Economy could be defined as a subsystem of the ecological and social systems. Living systems are integrated wholes whose properties “cannot be reduced to those of the smaller parts” (Capra, 1997: 36). Nested systems are integrated wholes whose properties cannot be reduced to smaller parts. The key criterion of systems thinking is “the ability to shift one’s attention back and forth between systems levels” (Capra, 1997: 36).

In accordance with these reflections sustainable business models can be characterized as “an organized system of interconnected and interdependent activities across actors which, together, have potential to generate positive impact for sustainability” (Dentoni et al., 2021: 1224).

Just as in ecosystems, individuals, economic actors and organizations should work together in complementary ways based on relationships connected through different forms of cooperation. Business models should describe how the firm intends to develop as an integrated part of “numerous different processes which are interwoven with one another” (Jakobsen, 2017: 21). In other words, the value proposition must provide both ecological, social and economic values through offering products and services and “the business infrastructure must be rooted in principles of sustainable supply chain management, the customer interface must enable close relationships with customers and other stakeholders to be able to take responsibility for production and consumption systems” (Schaltegger et al., 2016: 6).

The basic pattern of organization of a living system is the network. More precisely, a living system is a self-generating network within a boundary of its own making. Each component of the network helps to transform and replace other components, and thus the entire network continually creates, or recreates, itself. In this way, living systems undergo continual structural changes while preserving their web-like patterns of organization. The relative autonomy of self-organizing systems increases

with their complexity (Capra, 1988: 270). Hence, self-organization is the ability of a system to structure itself, to create new structures, to learn or diversify. The principle of self-generating networks is our second systemic principle of life.

Complex adaptive systems are able “to self-organize, learn from their experience and adapt to changes in the external environment” (Williams et al., 2017: 17). The lessons learned from nature imply that businesses thrive in networks, just as all living entities do, in relation to their ecosystems. According to Williams et al. “multifaceted systems are able to self-organize, learn from their experience and adapt to changes in the external environment” (Williams et al., 2017: 872). The whole network is continually creating and recreating itself, while the web-like patterns remain. One challenge is that such “multiple, self-organizing, and non-linear processes (...) make the system dynamics difficult for agents to predict” (Dentoni et al., 2021: 1223). In line with this reasoning sustainability is not an end state that can be achieved, “but a moving target that is continuously changing and improving” (Williams et al., 2017: 12).

It is reasonable to argue that a single business firm on its own cannot be sustainable so it is of great importance to develop business models that include networks of different firms. Another important benefit of developing business models within integrated networks is to stimulate cooperation for the common good and to reduce tendencies to economic egoism.

A living system is materially and energetically open and always operates in a far from equilibrium state. There is a continual flow of energy and matter through the system. All living systems need energy and food to sustain themselves, and all living systems produce waste. But in nature, organisms form communities, the ecosystems, in which the waste of one species is food for the next, and so matter cycles continually through the ecosystem.

The dynamics of such an open system is nonlinear and involves multiple interconnected feedback loops, which allow the system to regulate and balance itself. On the other hand, there is always a potential for the spontaneous emergence of new order at critical points of instability. Actuality and potentiality are organically integrated so as to allow for a genuinely creative cosmos where, even if the past is settled, the future

remains widely open. The principle of open systems is our third systemic principle of life.

In order to stay alive, open systems are in continuous exchange with their environment. A high degree of nonequilibrium is absolutely necessary for self-organization, “living organisms are open systems that continually operate far from equilibrium” (Capra, 1988: 270). Open systems are characterized by metabolism, a unity of networks and flows. Metabolism is defined as the continual flow of energy and matter through a network, “which enables a living organism to continually generate, repair, and perpetuate itself” (Capra & Jakobsen, 2017: 840).

Economic actors in open systems include relationships between the business firm and the society as a whole and the natural environment. This implies that business models should be developed with awareness of the relations to other systems such as society, culture, politics and nature. This means that every business firm is constituted of and derives its character from connections to other social actors and the ecosystems.

All living systems are characterized by relational interactions. Through interactive relations individuals, organizations and society develop in a reflective way. In a dialogical worldview, the structure itself ensures that all participants are treated as subjects rather than objects. Both individuals and organizations are transformed through dialogue. The other actors’ response can change both the understanding and the context of understanding. Dialogue can create new interpretations which generate actual changes. The principle of cognitive interactions is the fourth systemic principle of life.

The value of systems thinking approach to sustainability is anchored in the dialogic interconnections between networks of actors in social, economic and ecological systems. The integrative systems perspective recognizes the interconnections “between business and society, which are both nested in natural systems defined by biospheric limits” (Williams et al., 2017: 874). When it is accepted that both economic systems and the ecosystems can be described as integrated networks then the concrete challenge is to develop business models that focus on the communicative interrelations between the actors. In business models anchored in the systems view of life relations are cooperative rather than competitive. Participating in communicative networks creates responsibility. When

social consciousness develops it leads to a grounded sense of belonging. The ecologically responsible business model unites all forms of economic activity in a local society in order to promote the common good. The switch from being measured on returns from investments, or on profits for shareholders, to being measured on the contribution to the common good then for sure both practice and understanding will change. Dentoni et al. conclude that “by coordinating with other agents at, or outside the boundaries of the partnership, they can directly, yet purposively influence changes in the overarching system” (Dentoni et al., 2021: 1228).

To summarize we can say that sustainable business models are integrated parts of self-organizing networks in open interaction with the social and ecological environment. All actors are connected through communicative interactions. Participating in communicative networks creates responsibility. When social consciousness develops it leads to a grounded sense of belonging. Sustainable business models unite all forms of economic activity in a local society in order to promote the common good. Practice and understanding will only change when the focus shifts decisively away from being measured by investment returns or profits for shareholders to a calibration of the contribution to the common good. The cooperative networks are self-organizing and have influence on different levels. Dentoni et al. conclude that “by coordinating with other agents at, or outside the boundaries of the partnership, they can directly, yet purposively influence changes in the overarching system” (Dentoni et al., 2021: 1228). Sustainable business models should be rooted in principles of sustainable supply chain management, “the customer interface must enable close relationships with customers and other stakeholders to take responsibility for production and consumption systems” (Schaltegger et al., 2016: 6). The interplay between the networks is based on dialogue-based cooperation instead of atomistic competition.

European Capital of Culture—Bodo

In 2024 the Norwegian city of Bodø became the first city north of the Arctic Circle and outside the EU to achieve the status of a European

Capital of Culture. By means of emphasizing the richness of European cultures and their diversity, but also their common traits, The European Capital of Culture project aims to promote a better mutual understanding between European cities and to strengthen the sense of European belonging. In the application from Bodø municipality we find the main values and principles discussed in the previous paragraphs. It is interesting to recognize that dialogue-based network thinking expressed by the intention to connect people; “can give meaning to individual, and it can create a sense of community and mutual understanding” (Bodø, 2024: 4). Our goal is “to develop arenas for conversation and to inspire processes that connect individuals in society and connect society to nature” (Bodø, 2024: 11). The health of our planet commands us to be creative and to try out new ideas in harmonizing economy, culture and nature. The bid-book concludes that Bodø 2024 has ambitions to become “a best practice of how ecological economy can function in real life” (Bodø, 2024: 21).

The arguments from EU’s Expert Panel emphasize these ambitions. The bid-book highlights that “Bodø 2024 intends to build on the research done by Nord University and become an arena to test ways of promoting ecological economy, which is extremely topical” (Expert Panel: 11), and “Bodø (...) can become best practice on how an ecological economy can be implemented in the cultural sector (an issues of strong resonance in today’s Europe)” (Expert Panel: 12).

To put these intentions into practical action different integrated projects must be developed. Networks of small and medium sized businesses, representing different industries, in the Bodø/Nordland region have been established. In the first phase the focus is on actors within local food production. We are in the process of developing networks of actors in production, processing, distribution, consumption and reprocessing in the three regions of Salten, Lofoten and Vefsn. The producers are small and family farms produce vegetables, milk and meat. Local fishermen are also integrated in the networks. Small processing firms producing different dairy products and a variety of meat and fish based products are also participating. To connect with actors in consumption farmers markets and REKO-ring are used as an inspiration for developing new distribution systems outside the big chains. Relevant customers

are households, canteens and restaurants. Composting of organic waste represents the connection between consumption and production. To develop open, self-organizing, nested networks, dialogue is of the greatest importance. In order to develop communicative competence among the participants in the networks we have developed a four module course in different dialogue methods, Socratic dialogue, Open space technology, World café and Reflective dialogue, in cooperation with Nordland County. In order to develop the potential for development of sustainable local societies we use Utopia workshop, a combination of different dialogue methods. So far 21 Utopia workshops have been conducted in different regions in Nordland. The idea is to anchor innovative projects in values in the local culture. Even if the values differ between local societies there are many connections. In all utopian workshops security, proximity, inclusion and generosity are mentioned. Based on these values the participants developed projects focusing on building physical meeting places for integration between generations and often also between different cultures. Most small communities in Norway have inhabitants from many different parts of the world.

All participants are focused on contributing to sustainability in the region, and they agree that sustainability makes sense or is achievable only in a network perspective. It is not possible for one actor to be sustainable alone, in isolation; the participants in the network accept that it is essential to coordinate their business activities in order to reach their common goals. The participating actors agree that ecological business models have to be developed in accordance with the values and principles found in Systems View of Life and ecological economics. This requires that the participants clearly demonstrate that their business models are anchored in the principles of nested systems, self-generating networks, open systems and cognitive interactions and their goal is to contribute to actualize values connected to sustainable scale, fair distribution and efficient allocation of resources.

Consequently the business models emphasize how the firms may possibly reach the common goal of regional sustainability in cooperation with other actors. Hence, instead of developing competitive strategy for profit maximization, the challenge is to develop cooperative plans for maximizing the common good.

Concluding Remarks

In accordance with scholars from different fields of science we argue that if we are to meet the challenges of UN's sustainable development goals, a deep change is needed on both practical and epistemological levels. A sustainable society is not separated from challenges related to the interplay between nature, culture, economy and individuals.

In this paper we have elaborated on this challenge by focusing on how to develop sustainable business models in the perspective of systems view of life and ecological economics. Sustainable business models ought to provide an integrated, systemic way of analyzing the implications of interdependence. Rather than focusing on individual firms the spotlight is on inter-organizational relationships. In practice it is obvious that firms are more and more embedded in networks and alliances of social, professional and exchange relationships. Networks address the increasing complexity and intricacy of inter-firm relationships. The mainstream business-model concept is narrow and limited in scope to handle the challenges described in the UN's SDGs. When we have more experience from these examples it will be interesting to investigate how ecological business models could be exported to other industries in larger social contexts.

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3

The United Nations Sustainable Development Goals: A Pathway to Value Creation for a Sustainable World

David Donoghue and Eleanor O' Higgins

Global Sustainable Development and Decline

In its 2021/22 Human Development Report, the United Nations Development Programme (UNDP, 2022) makes the sad declaration that “in a stunning first, the global Human Development Index value has declined for two years in a row in the wake of the Covid-19 pandemic”. These declines follow steady upward progress in human development since the first Report was launched in 1990 by the Pakistani economist Mahbub

A former Irish Ambassador to the United Nations, David Donoghue was the co-facilitator, along with his Kenyan counterpart, for the UN negotiations which, in 2015, delivered the agreement of all 193 member states for the SDGs and the wider 2030 Agenda on Sustainable Development.

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Ul-Haq and Indian Nobel laureate Amartya Sen. The reversal in progress was first signalled in the 2019 Report on rising inequalities, followed by the 2020 Report on the adverse effects of the Anthropocene on climate and environment .

In parallel, the annual World Bank report in 2022 (World Bank Group, 2022) on global progress in poverty reduction, also paints a pessimistic picture, since the onset of Covid in 2019. In the three pre-Covid decades, more than a billion people had escaped extreme poverty and the global extreme-poverty rate had been cut by more than half. However, the upheavals brought on by Covid and then the war in Ukraine produced a reversal as the number of people living below the extreme-poverty line rose by over 70 million, the largest recorded one-year increase since global poverty monitoring began in 1990.

The UNDP Report (2022) warns that the decline in the Development Index is not a once-off crisis, but that the changes—“the confluence of destabilizing planetary pressures with growing inequalities, sweeping societal transformations to ease those pressures and widespread polarization present new, complex, interacting sources of uncertainty for the world and everyone in it”—are fundamental. Dealing with these uncertainties requires a new mindset and a concerted effort at every level from the global to the domestic/local. The World Bank Report also advocates a new permanent mindset to counter the decline. Both reports point to how concerted efforts have actually mitigated what could have been an even worse situation, for example, through collaborative uses of innovative technology in developing Covid vaccines and treatments.

We contend that the global thinking, framework, and mechanisms to address the new reality already exist in the form of the United Nations Sustainable Development Goals, and stepping up their implementation is more imperative than ever.

What Are the Sustainable Development Goals?

In 2015 the world agreed on a set of SDGs which were unprecedented in their range and ambition. After two years of intensive negotiation, all 193 member States of the United Nations agreed on seventeen goals and

169 targets (or sub-goals). These were closely interrelated and spanned a vast array of development objectives: from health to energy, from education and gender equality to decent work and environmental preservation. One goal addressed climate action, foreshadowing the Paris Agreement which was concluded three months later and is a vital complement to the SDGs. (Fig. 3.1)

Replacing the more narrowly framed Millennium Development Goals, the SDGs with the wider 2030 Agenda for Sustainable Development set out to achieve, over a fifteen-year period from 2015 to 2030, a multiplicity of beneficial outcomes across the three dimensions of sustainable development—economic, social, environmental. Never before had as comprehensive an agenda been attempted for the major challenges facing humanity and the planet. Never before had each country in the world been given an opportunity to shape the content of such an agenda and to define its level of ambition. And never before had an agreement on these issues been reached which would involve all countries working to a single and universal set of commitments, applicable to rich and poor countries alike. At the same time, in implementing these commitments, countries would take into account differing national realities, capacities and levels of development.



Fig. 3.1 The UN sustainable development goals (Source <https://sdgs.un.org/>)

Although the intervening years have thrown successive obstacles in the way of their implementation, in particular, the continuing economic and social repercussions from the Covid-19 pandemic and the proliferation of armed conflict, nevertheless, there remains a remarkable degree of support worldwide for the SDGs. They are one of the very few uncontested global agendas. Indeed, far from undermining them, the effect of the pandemic has been to reinforce their legitimacy. The UN described them in mid-2020 as more urgently needed than ever and this view has found universal support, as the SDGs are seen as a blueprint for reconstructing societies and economies in the wake of Covid-19. As UN Secretary-General António Guterres has frequently remarked, they are the basis on which the world must “build back better”.

A key commitment was made in the SDGs, that all countries, as they set out to implement the new Goals and targets, would “leave no one behind”. Fundamentally, the needs of the poorest and most vulnerable people would be given special attention, and leaders pledged to try to “reach the furthest behind first”. This gave the new Agenda a strong moral dimension. It would not be a plan dealing exclusively with the interests of governments and states. Rather, it would give special prominence to the needs of the most marginalised groups.

The essence of the SDGs was captured in a simple framing device. The intention behind them, world leaders declared in 2015, was to stimulate global action under five key headings: People, Planet, Prosperity, Peace, and Partnership. The last of these was, in some ways, the most important. The SDGs, it was recognised, would be achieved only through a collaborative partnership across a wide range of stakeholders—Governments, UN agencies and other international organisations, civil society, the voluntary sector, the academic and scientific community, philanthropic foundations, and the business sector.

The Business Sector an SDG Partner

Early on, the United Nations appreciated that, to implement any sustainable development agenda, it would be vital to engage the business community. The resources needed to implement the 2030 Agenda fully

and on time would vastly exceed what Governments or international financial institutions such as the World Bank would be able to mobilise. On one estimate, some \$5 trillion to \$7 trillion would be needed annually to achieve the SDGs. Public-sector funding capabilities would never be sufficient (Vorisek & Yu, 2020). Private-sector investments would be required on a huge scale, delivered as part of multi-stakeholder partnerships in support of specific SDG outcomes. Partners for businesses could include Governments or other public interests, non-governmental organisations (NGOs), UN, or other international organisations or research foundations. They could also include civil society groups, essential to the multi-stakeholder and whole-of-society approach which underpins the SDGs (and useful also for the building of mutual trust in the service of common goals).

To encourage private-sector participation in such activity, and more generally the building of trust in the private sector as a key partner, the UN had set up the UN Global Compact in 2000. This brought together thousands of corporate leaders from around the world in support of sustainable development objectives. The Global Compact called on companies everywhere to align their operations and strategies voluntarily with ten principles in the areas of human rights, labour, environmental responsibility, and anti-corruption initiatives. Businesses were asked to respect and support these principles and, at a minimum, to avoid causing or contributing to harm in their operations and value chains.

As the negotiation of the new post-2015 sustainability agenda gathered pace, the Global Compact organisation contributed a range of positions and proposals which underlined the key role to be played by the private sector, in partnerships of all kinds, in facilitating progress towards the achievement of the new SDGs and targets. Locally, networks of the Global Compact continue to promote this role in dozens of countries by facilitating corporate engagement, collaboration and public/private dialogue, thereby aligning the local context with the global priorities reflected in the SDGs. Though a voluntary initiative, the Global Compact involves mandatory annual reporting on the progress being made by the companies concerned, so thousands of companies publicly report on their implementation of the SDGs.

Adherence to the Compact's ten principles means that these companies are aligning their day-to-day activities with the SDGs. The Compact, whose membership is steadily expanding, has become the main interface with businesses committed to the SDGs.

From the outset, the corporate sector has been a critically important partner in the SDGs, as business realised the enormous value and potential of an agreed new agenda which sought to "transform the world" by 2030. At successive World Economic Forum (WEF) meetings in Davos, for example, they made clear their enthusiasm. Even during the global consultation process which had preceded the UN negotiations, the positive disposition of business was clearly articulated, and during the actual negotiations, a variety of private-sector voices were able to influence the emerging agreement.

Business leaders clearly saw the links between the five Ps of people, planet, prosperity, peace, and partnership. This was an interconnected global agenda. Economies, for example, would not prosper if people and planet were not thriving. They made clear, therefore, that they were ready to play their part in the broad coalition of stakeholders needed for implementation of the SDGs. This meant signing up to all 17 Goals and 169 targets as well as to all of the Agenda's overarching commitments, such as the pledge to "leave no one behind" and defend the human rights of all.

There was a sound business case for this, so the profit motive would not lose legitimacy. But in addition, businesses would be able to address recognised global challenges, contribute tangibly to the common good and have a lasting positive impact on society. They could strengthen their own longer-term profitability, simultaneously helping to protect life and prosperity across the globe. They could pursue economic benefits for themselves while at the same time advancing the two other dimensions of sustainable development, the social and the environmental.

Business leaders saw an opportunity to create lasting value through investments in the vast new programmes of work relevant to the Goals which would be required at global, regional, and national levels. As countries made progress towards the new Goals and targets, potentially significant new markets would open up for business. If they committed themselves to the principles of sustainability, equity, and

transparency on which the SDGs were built, they could obtain full access to these new markets. The new framework would be a vehicle for businesses to demonstrate tangibly their commitment to human rights and equality, to responsible economic, social, and environmental policies and to ethical business practices. They could contribute, for example, to improving health and education outcomes, and generating fresh employment. Lifting people out of poverty and enhancing their quality of life, they could create value both for themselves and for the societies of which they were a part. In the process they could, perhaps, begin to restore some of the trust which had been shaken by global recessions.

Businesses moved rapidly to align their plans with the SDGs and to think through the impact which they could have on the achievement of individual Goals and targets. They began to take the SDGs into account in their corporate reporting, evaluating which targets they could most directly address in their business operations. They wanted, in effect, to co-create the new world which had been foreshadowed by the SDGs.

The interconnected nature of the new Goals and targets, offering enormous scope for innovation, was a further attraction for them. Businesses saw that the contributions they might make, whether to the achievement of one SDG or of several of them, could end up delivering benefits across multiple Goals and aspects of the new agenda. None of the Goals existed in isolation; each could be fully realised only through its complex interactions with all the others. Indeed, the “transformation” which the 2030 Agenda promised could only be achieved by ensuring coherent and synergistic responses to the opportunities provided by all the Goals together.

The universal nature of the Agenda was also an attraction. A single set of policy undertakings, adopted simultaneously by every country in the world, would enjoy considerable political, economic, and social legitimacy. The new framework was rooted in a strong sense of global solidarity and interdependence as all countries, developed and developing alike, took on these global challenges together and in a spirit of mutual encouragement and support.

A New Social Contract and Trust

The pursuit of the SDGs cannot assume the continued existence of the era of market economies as we have known them from 1989 to 2019 (Bradley et al., 2022). Among the radical transformations are the imperative to move from abundance of cheap fossil fuel energy sources to a low carbon future, while negotiating resource competition during the transition. An important change is the journey from globalisation to a new world order of multipolarity, based on regional, national, and ideologically aligned groups. Farahoor (2022) discusses a deglobalising world, predicting that unfettered one-size-fits-all globalisation will morph into more localised clusters for political, practical, risk management, and human community preferences. Farahoor refers back to Adam Smith who declared that for capitalism to function, participants should share a moral framework. Such a shared framework is not likely under globalised conditions, with its multiple nations that have little in common with respect to values. In effect, these are based on loose connections of temporary convenience for transactional purposes. In contrast, more localised clusters may be held together by moral values which can form the basis of a social contract to enact the changes required to fulfil the SDGs and their principles.

Van Tulder et al. (2021) refer to implementation of the SDGs with the active participation of the private sector as based on a hybrid governance model. This relies on multiple actors working together—the public, private, not-for-profit sectors, and knowledge institutions working together to achieve goals, in other words, a multi-stakeholder approach. In effect, the SDGs require actions by various organisations on the micro and the meso levels within various stakeholder networks and partnerships in order to achieve results on the macro-level of countries, continents, and globally (Nonet et al., 2022).

The multi-stakeholder necessity for realisation of the SDGs is directly dependent on the concept of the *social contract*. Broadly speaking, a social contract is an agreement, often implicit, among members of society to accept voluntarily obligations and responsibilities among themselves, entailing rights and benefits to others. Thus, a well-executed social contract results in social order and social justice (United

Nations Research Institute for Social Development, 2021). Shafik (2021) describes a social contract as how we organise the provision of collective goods in our society, essentially collective agreements around what we owe each other in society. Obligations are fulfilled by many entities, such as a family, the local community, the state, and businesses and markets. Manyika et al. (2020) define the social contract as the arrangements and expectations that govern exchanges between individuals and institutions.

SDG fulfilment requires companies which can engage with strategic/instrumental as well as normative purposes. These are increasingly recognising their normative responsibilities to multiple stakeholders alongside their profit-making ones to shareholders. Surveys find that there is a growing expectation of businesses to downgrade shareholder priorities and instead to take responsibility for social and environmental problem solving, including climate change, racism, wealth inequalities, job losses, and other global issues (Van Voorhis, 2022). Joining the Global Compact and embracing the SDGs are manifestations of these dual purposes for companies. However, companies must employ a business model that can implement both the normative and the strategic to positive effect. In this respect, O'Higgins (2010) conceptualises the “engaged company” configuration whereby companies embrace paradox to integrate and coordinate both aims. This process stretches thinking, resulting in creative and innovative solutions.

However, today, public attitudes to institutions like governments, media, NGOs, and business indicate a lack of trust, thus suggesting the requirement for a new social contract. A contemporary social contract must recognise not only how we live locally, but it should also embrace our intertwined global world. This is a view affirmed by UN Secretary-General António Guterres in calling for a renewal of the social contract to rebuild trust and social cohesion in recommendations to member states of the UN in September 2021. His Common Agenda for the new social contract set the aim of a greener safer future world, encompassing integrity in public information, financial integrity, confirming human rights, social protection, eradicating violence against women and girls alongside their full and equal participation, measuring progress and prosperity through measures that go beyond gross national or domestic

product (GNP, GDP) and ensure profits do not come at the expense of people and planet.

Trust in each other among all the parties is at the heart of any effective social contract and depends on perceived trustworthiness of the members by each other. Trust in a person or institution denotes confidence that the party will behave in a reliable way and fulfil their promise. Essentially, when we trust, we are willing to make ourselves dependent on the actions of another without excessive monitoring or external controls. Trusting another implies that the other is trustworthy. Trustworthiness is comprised of three elements which must all be present in the trusted entity—ability, which are the skills, competences, and characteristics to carry out the desired actions; benevolence, the extent to which a trustee is believed to want to do good to the trustor, incorporating the issue of intention; integrity, the perception that the trustee adheres to a set of principles that the trustor finds desirable. Signals of integrity are past actions, opinions of other parties, a belief that the trustee has a strong sense of justice, and congruency between actions and words (Schoorman et al., 2007). Highly trusted companies are more likely to have made substantive ESG commitments, while trust plays an affirmative role in enabling significant corporate change programmes (Lakhdar & Lindblad, 2022). This suggests a virtuous cycle between trust and positive impact, which would be at the heart of any meaningful social contract. Falconer and Saint-Martin show that genuine trust is most likely when companies have an inside-out focus, as they try to ensure that their impact on the world is positive with respect to planet and people, a position endorsed by Sucher and Gupta (2021).

Various observers are of the view that the twentieth-century social contract has broken down, and a new transformative contract with a new economic model is needed to go forward to human and ecological sustainability (Manyika et al., 2020; Shafik, 2021; UNRISD, 2021). UNRISD argues that the current social contract harbours extreme inequalities and deep divisions within and between societies alongside the disaster of climate change and environmental destruction. Even within advanced economies, the welfare of the bottom three quintiles of the population, roughly 500 million people in 22 countries, is being eroded., contributing to rising economic insecurity and wealth

inequality. This is resulting in increasing uncertainty, pessimism, and a general loss of trust in institutions (Manyika et al., 2020), as people in fragile financial straits especially distrust business (Van Voorhis, 2022).

These negative opinions on the social contract and the need for a radical revision are reaffirmed by a United Nations update in mid-2022 on progress in achieving the SDGs. The update is pessimistic in detailing how various interacting crises, consisting of the Covid pandemic, climate change, and a sharp increase in armed conflicts, have conspired to impede progress in achieving the SDGs by 2030 (United Nations, 2022). For example, the Covid pandemic has affected food supply, especially in developing countries, exacerbated by climate change and catastrophes such as drought and/or flooding, alongside food shipments interrupted by wars.

Recent research also indicates that with only eight years left to the 2030 deadline for completion of the SDGs, only 48% of CEOs are implementing sustainability in their operations. Just 21% saw business playing a crucial role in implementing the SDGs (Ojiambo & Varadkar, 2021). With no country on target to achieve the SDGs by 2030, a huge collective effort will be required by all stakeholders to put the process back on track, to raise levels of ambition and to move at the scale and speed required for the remainder of the decade.

A loss of trust may be at the heart of the broken social contract. Holmes et al. (2022: 987) report such a loss of trust in capitalism, whereby repeated global surveys show a declining belief that capitalism is “a just and efficient way to allocate resources, organise economic activity, and meet societal needs”, especially among younger generations. The 2022 Edelman Trust Barometer reported that two-thirds of respondents believe that companies are doing mediocre or worse at keeping climate commitments with less than half of respondents trusting CEOs to report the truth about climate change. This observation corresponds to the widely held belief that many companies are “greenwashing” as they sign up to ambitious climate targets, but fall short on disclosures about meeting their targets.

An issue is also a lack of trust in the integrity of frameworks which report on companies’ target achievement, from the structure of the

frameworks to perceived conflicts of interest between influential companies and those bodies reporting on their target achievement. Thus, building stakeholder trust relies on truthful transparent reporting against meaningful, authoritative, recognised standards. As such standards are being developed, there remains leeway for greenwashing (Falconer & Saint-Martin, 2022). Another emerging phenomenon to depress trust is the phenomenon of “green hushing” when companies chose not to publicise their targets to avoid scrutiny (Speed, 2022). In this respect, the 169 targets and 232 indicators devised to track progress towards meeting the SDGs should play a constructive role.

While acknowledging the serious adversity to achieving the SDGs, the 2022 UN Report nonetheless advises that there is no alternative to finding solutions. Among the solutions, humanity must preserve natural resources, reduce carbon emissions, overhaul global food systems, and create jobs that support the sustainable economy. The world must adopt a transformation of the international financial system to be inclusive of developing countries. Armed conflicts must be ended to achieve long-term planetary viability.

Our perspective, in this chapter is that implementation of the SDGs itself and the commitment to do so by business as an inherent part of its role within the social contract is an avenue for a new social contract to solve the shortcomings of the previous social contract. This entails the new business model that suits Engaged companies. Therefore, an organic relationship between the SDGs and a new social contract can create a better world, by means of a virtuous cycle of mutual reinforcement between them. (Fig. 3.2).

An inherent part of this virtuous cycle is the restoration of trust in business. Holmes et al. (2022) argue that the restoration of trust is achievable, despite the obstacles. Inherent in this achievement is a stakeholder model that embraces financial and social missions in a creative way. In fact, this corresponds to the Engaged company (O’Higgins, 2010). Likewise, Sucher and Gupta (2021) declare that individual companies can rebuild trust having lost it via misdemeanour, but it requires consistent good behaviour on a long-term ongoing basis.

The role of the private sector as a catalyst for partnerships and the creation of added value will be more critical than ever. Pressure is

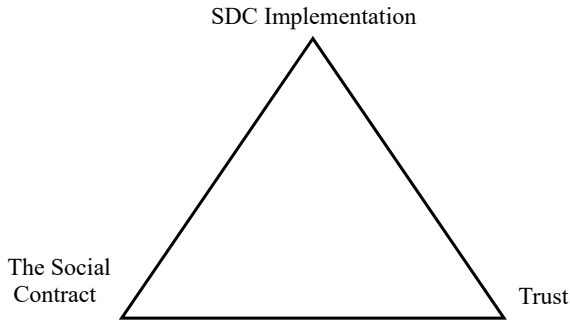


Fig. 3.2 The Engaged Triangle (Source Authors' construction)

growing from policymakers, investors, customers, and employees for a more ambitious and sustained input from the corporate community as the clock ticks towards 2030. There are demands for sustainability to be embedded into the leadership culture of every business and for a commitment to it to be a requirement for all senior appointments. Global Compact has developed a full range of tools and guidance to help companies to define their own organisational goals and priorities based on the SDGs, to integrate the SDGs across their value chains and also to measure and communicate the impact they are having.

In sectors such as the financial services industry, the concept of “environmental, social and governance” challenges (ESG) has emerged in recent years as a kind of shorthand for the SDGs and the prioritising of sustainability and ethical business practices. A commitment to ESG is no longer seen as a luxury or optional extra. It is now effectively a requirement laid down for investors. Business customers are setting non-negotiable ESG targets for their suppliers. Employees are increasingly seeking out employers who share their ESG values and vice versa. While the profit motive remains legitimate, it is tempered by an acceptance that investments must create long-term value and have tangible positive impacts on society. With stakeholders automatically checking for ESG compliance, there is every risk of a company being left behind if it ignores the sustainability concerns set out both in ESG/the SDGs. Those who commit to an ESG ethos, moreover, seem more likely to achieve

business success than those who do not. In 2020, more than 80% of ESG funds outperformed their benchmarks (Ojiambo & Varadkar, 2021).

Case Examples of SDGs Implementation

There are numerous examples worldwide of businesses which are creating lasting value and contributing to the social good by responding to the opportunities opened up by the SDGs. These businesses, large and small, have brought their company strategies into alignment with the SDGs, developing innovative business models which set objectives based on the priorities identified by the Goals, on the timelines suggested by the targets and on the values set out in the wider 2030 Agenda.

Some companies focus on individual Goals, others on small sets of them. There is also a strong appreciation of the linkages and interdependence across all Goals and targets. Many companies develop business propositions which reflect this, exploring interactions and synergies between several different areas of activity which can deliver multiple benefits. Thus, a company manufacturing a product which purifies contaminated water will know that, with this business endeavour, it is contributing to multiple beneficial outcomes at the same time: to, at a minimum, the improved availability of water and sanitation (SDG 6), improved health (SDG 3), the achievement of food security and sustainable agriculture (SDG 2), and positive advances in the areas of education and the empowerment of women and girls (SDGs 4 and 5).

We have looked, especially, at businesses which seek to create value across multiple SDGs.

Devenish

Devenish is a global agri-technological company which has been widely recognised for its commitment to sustainable development and its progressive business philosophy. Devenish is based in Ireland but operates in over forty countries. With over six hundred employees, it

specialises in the production of sustainable animal feed and food solutions. It is headquartered in Belfast (Northern Ireland) and has an extensive research farm at Dowth in Co. Meath, Republic of Ireland.

With a business approach captured in the motto “One Health, from Soil to Society”, Devenish seeks to optimise the utilisation of nutrients in soil, plant, animal, environmental, and human health. It has carried out ground-breaking research involving the natural enrichment of animal feed with a sustainable omega-3 poly-unsaturated fatty acid solution. With less than 20% of the world’s population getting the required levels of such acids in their diet, the addition of this solution corrects this nutritional deficiency and thereby generates pronounced health benefits for human beings.

The Devenish Lands research facility at Dowth is geared also to the production of beef and lamb in carbon-neutral conditions. It uses a variety of methods to achieve this, including the optimisation of nutrients along the food chain, measurement of carbon sequestration in soils, trees, and hedgerows, managed soil improvements, slurry additives, steps to improve sward diversity, woodland management, and measures to promote biodiversity.

Among its various overseas activities, Devenish is helping to stimulate pork production in Uganda by addressing a number of nutritional deficiencies. Its research facility at Dowth is running an active programme to protect natural habitats, safeguard the environment and halt biodiversity loss. There is also a significant public education dimension. As the facility is located on a site of great cultural and archaeological significance for Ireland, particularly its Neolithic heritage, the company is working with partners on legacy preservation and protection.

Devenish is proud of the contribution it is making at many levels to implementation of the SDGs. With its soil improvement programme, which is clearly enhancing the welfare of cattle, the company is addressing five of the SDGs: Goals 2, 3, 9, 12, and 15. (Goal 9 includes fostering innovation, Goal 12 relates to sustainable consumption and production, Goal 15 includes the sustainable management of forests, reversal of land degradation, and halting of biodiversity loss). With its omega-3 work, which is improving human health, Devenish is addressing a wider set: Goals 2, 3, 8, 9, 12, and 14. (Goal 8 includes achieving

economic growth and Goal 14 includes the sustainable use of marine resources, also relevant to the Dowth facility). With its work on pork production in Uganda, the company brings in the same list plus Goal 10 (reducing inequality within and among countries). With its efforts to improve environmental health through the sustainable management of agricultural land, it addresses an even longer list: Goals 2, 3, 6, 7, 8, 9, 10, 13, 14, and 15. (Goal 7 relates to sustainable energy; Goal 13 is about climate action and is relevant, indeed, to everything this company does). In addition to the foregoing, Goals 1, 4, 11, and 17 could also be deemed to be addressed by Devenish: Goal 1, where one target speaks of building resilience to combat poverty; Goal 4, which deals with education and learning); Goal 11, which aims to safeguard the world's cultural heritage; and Goal 17, which emphasises the importance of partnerships of all kinds in advancing the SDGs, as Devenish is involved in several.

Thus, this company through its various activities is contributing to the implementation of no less than fifteen of the 17 SDGs. This is an exemplary demonstration of commitment at local level to the global framework provided by the SDGs and to the creation of lasting value both at home and abroad.

The Cities—Bristol UK

Many other institutions and organisations have been adapting to the challenges and opportunities of the SDGs, wherein business is embedded as a part of their efforts. The role of cities and other sub-national authorities in taking the new agenda forward has been receiving closer attention, as many cities around the world have recognised that their contribution is potentially of great significance. Half of the world's population lives in cities today, and by 2030, it is estimated, two-thirds will be living there.

City authorities are policymakers and service providers for frequently very large communities. They have to deal with virtually all of the challenges encountered at national level, whether these relate to health, education, social protection, environmental preservation, human rights, gender equality, or much more. The responsibilities of urban administrations span virtually the full breadth of the SDGs. In some countries,

furthermore, city authorities outdo national governments in their zeal for and commitment to SDGs implementation. They also understand the integrated nature of the Goals and the value of finding synergies, as well as avoiding contradictions, in the multiple actions they take at local level. Various networks of mayors worldwide have been established, which bring together some of the most sustainably minded cities across the globe in support of SDGs implementation and of mutual learning and sharing of best practices.

The potential of cities as implementers was not fully appreciated when the UN's 193 member States agreed the 2030 Agenda in 2015. This is a dimension which has grown in importance over the intervening period. Supplementing the so-called Voluntary National Reviews through which countries report on their national performance with regard to SDGs implementation, a number of cities are now presenting Voluntary Local Reviews at the annual meeting of the High-Level Political Forum, the UN body charged with overall oversight of SDGs implementation. New York City led the way when it presented the first such report in 2019. Cities and regions are also coming to the fore as distinct features within national reports.

We have looked at one city, Bristol in the UK, which embraced the SDGs with enthusiasm from the outset. Bristol saw this new agenda, and the values of equity, inclusion, and diversity which lie at its core, as a means of integrating a wide range of policy objectives within a single coherent vision for the city. In January 2019, Bristol's administration, under the then Mayor, Marvin Rees, revised the city's development strategy, using the SDGs as the basis for a new "One City Plan" which mapped some 550 actions against individual SDGs. It pledged formally to implement the SDGs, seeing them as a framework for thinking and acting holistically to achieve sustainability. It brought together a coalition of local business representatives, civil society, and academics as a platform to oversee the progress being made—and also to hold the city to account in relation to its commitments.

In 2019 Bristol presented a Voluntary Local Review (Bristol and the SDGs, 2019) on its performance to the High-Level Political Forum. It was the first UK city to do so. This involved a systematic review of each

Goal and of a variety of actions and initiatives which had been undertaken in support of each in Bristol and the surrounding area. Data was assembled by local academics and researchers, based on some 140 indicators. Case studies drawn from nearly ninety local organisations were also analysed. The result was an honest appraisal which noted significant progress in certain areas (e.g., early-years education or a reduction in premature deaths from preventable causes) but persistent inequalities elsewhere (e.g., a recent widening of the gap in earnings between Bristol's top 10% and bottom 10% or an increase in racial discrimination). Detailed conclusions were reached on each Goal which balanced a range of positives against negative trends. The Review confirmed that the SDGs were embedded within the work of the city administration and that those responsible for each thematic area were expected to consider what impact a particular policy proposal might have on delivering the SDGs. The SDGs, the Review noted, "sit across every area of the city plan". Thus, the actions of Bristol administrators show a commitment to implementation of the SDGs as a way of achieving better lives collectively for Bristol inhabitants. The business community was a key agent in implementing the Bristol vision.

Making a Difference (MAD) Project at University College Dublin

Our third example concerns a project to embed the SDGs into post-graduate business education on a Master's degree programme in Project Management (Houghton, 2022a, 2022b). Working for one week, a class of 41 students (14 individuals, 12 pairs, one triad) was required to plan and execute a measurable positive change, linking their work with at least one of the SDGs. The aims were to make the world a better place, make a positive change and/or make someone's life better.

With some of the projects covering several SDGs, 16 of the 17 SDGs were addressed in total. The exception was SDG1, no poverty. Some examples:

- Accessibility improvements to a café chain—SDG3, good health; SDG4, quality education; SDG9, innovation; SDG10, reduced inequalities; SDG11, sustainable cities; SDG17, partnerships.
- Helping a company become more sustainable—SDG5, gender equality; SDG7, clean energy; SDG8, decent work and economic growth; SDG9, innovation; SDG12, responsible consumption and production; SDG13, climate action; SDG15, life on land.
- Impact a career counselling course—SDG3, good health and well-being; SDG4, quality education; SDG5, gender equality; SDG8, decent work and economic growth.

Among many positives, this experiential learning enabled the students to come away with a deeper awareness of the issues facing our world and a sense of achievement, that they could truly make a difference in making lives better on our planet. The project has fired the enthusiasm of the students to continue to make a positive difference through the SDGs in their careers and lives thereafter.

Conclusions

We have set out the multiple interrelated challenges that the world faces, intensified since 2019, and the crucial necessity of implementing the UN SDGs with the active engagement of business entities to create positive value. Replacing the old broken social contract, which is afflicted by lack of trust is a key requirement. The contemporary context is one that embraces a new fundamental world order of continued uncertainty and inequality as normal, and it will have to restore and enhance trust and trustworthiness in key institutions. Alongside, the SDGs offer a universally accepted framework for target achievement, that confronts companies' inclinations towards greenwashing and/or greenhushing. At the same time, the implementation of the SDGs by business in an engaged way creates a virtuous cycle for business itself through achievement of SDG targets for the greater good.

We have proposed a pathway for how the SDGs should work successfully and for the central role of the business community in creating

sustainable value. The business community, in the form of Engaged enterprises that integrate their economic, social, governance, and environmental aims, is an inherent part of the networks that support a social contract built on trust, itself a product of trustworthy behaviour by all parties. We have presented a model of a self-reinforcing triad involving a social contract, trust, and effective SDG implementation to make a positive difference for people and planet. We recognise that the conditions for trust and a social contract have to be created and reinforced over and over again.

The power of the SDGs is that they work across all sectors—governments at all levels, the business community, civil society, the academic and research community, etc. They have created a common language through which institutions, national governments, cities, and all other stakeholders can communicate their ambition and progress.

Our three case examples—Devenish, The Cities as exemplified by Bristol, the University College Dublin Making a difference project—show this breadth, as they have set forth a wide-ranging span of organisations and activities that address the SDGs in a context of social contract and trust, with strong stakeholder engagement that creates value in its broadest sense.

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4

Sustainable Solutions to the Global Climate Problem: The Case of the Renewable and Green Energy Company Ørsted

Jacob Dahl Rendtorff 

The Key Challenge of Climate Change in the Context of the Anthropocene

A key challenge for the future of humanity is how to avoid the trespassing of the planetary boundaries. With climate change we face a kind of code red of humanity, where society is trespassing the planetary boundaries. This means that humanity is destroying the physical, biological, social conditions for our existence on the planet Earth. An important dimension of the problem of humanity overshooting the Earth ecological ceiling is the problem of climate change. Since the Paris Agreement on climate change to stay below 1,5 degrees Celsius, there has been an intensified global struggle against climate change. At the global summit on climate change COP27 in Egypt, a key problem was how to maintain a level of climate change raise in temperature below 1,5 degrees. To

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maintain this level, it is urgent to reduce the CO₂ emissions at the global level. At the summit different figures were mentioned: 30% Reduction in 2030 and 80% in 2040, but there was no agreement about the responsibility of the different actors for making sure that the emissions would be reduced.

The problem is who has the responsibility for reducing emissions and combating climate change. Who are the main actors: The state, civil society, or the market? Who has the responsibility for creating shared value and shared value creating for business, civil society, and the state? In fact, following the vision of the Sustainable Development Goals (SDGs), we can argue that this task is a mutual responsibility of all implied actors, who should work together to reduce CO₂ emissions (Rendtorff, 2019a, 2019b). Nevertheless, the COP27 also revealed disagreement about the responsibility for destruction of the globe and increased climate change. The global south argued that the rich countries of the west have historical responsibility for emissions and therefore they should also have responsibility for damage compensation. Moreover, the southern countries still have rights to emissions to increase the standard of life and combat poverty. Therefore, there was disagreement about the required reduction of emissions and the COP27 prioritized instead the creation of a New “Loss and Damage” Fund for Vulnerable Countries where they could benefit from compensation for climate. Nevertheless, the European Union, still prioritizes the reduction of CO-emissions to maintain a level of 1,5-degree temperature increase.

This confrontation between concern for social sustainability of conditions of life for humanity and environmental sustainability of control of climate change demonstrates a key problem of the economics of the Anthropocene. British economist Kate Raworth has developed the concept of Doughnut Economics (Raworth, 2017). She argues for the need to stay within the planetary boundaries as a safe space for humanity, where we do not transgress our own conditions of existence. Raworth proposes the image of a doughnut to illustrate the framework of sustainability development between natural and social boundaries. The doughnut illustrates the tension between the need for good human life on earth versus overheating the planet reaching an ecological ceiling of planetary boundaries where humanity abuses the resources of the planet.

Thus, to create value in times of maintaining sustainability on the globe means to create an economy that can provide social development without overshooting the Earth's ecological ceiling. In Raworth's perspective we need to create an economy that stays within a safe and just space for humanity that respects planetary boundaries with of respect for human rights with focus of social development of no poverty, jobs, and education for all combined with respect for nature, integrity of biosphere, and ecological sustainability.

Thus, in the framework of Doughnut economics, the energy sector is essential to provide the basis for sustainable development. In the context of the Anthropocene, we need to develop green and renewable energy that can ensure a green transition of society. The green transition is here a condition for sustainable social development without CO-emissions. To avoid climate change and maintain the level below 1,5 degrees, an important challenge for businesses, NGOs, and public organizations and institutions now is to translate and realize the Sustainable Development Goals (SDGs) in business practice. Regarding the green transition in combat against climate change, they must ensure climate friendly action of the SDGs in their vision and mission, business strategy, value chain, stakeholder management, and in relation to their environment to create a strong transformation towards sustainability.

What does this mean for business? Here, it is important to transform the business corporation from a focus on "the business of business is business" to be a more socially responsive and socially transformative business organization. Here, Michael Porter and Marc Kramer have developed the concept of *Creating Shared Value* (CSV), where they argue that business should not only be making profit for itself, but also be creating value that can benefit both business and society (Porter & Kramer, 2011). According to Porter and Kramer creating shared value implies reconceiving products, redefining productivity, and creating local cluster development that supports business and society in a common framework. Nevertheless, the idea of CSV has been criticized for not really considering the needs of society. Therefore, it is important to go to the roots of the intention of CSV and reconsider it as Shared Value Creation (SVC). In this perspective the firm is conceived as a nexus of stakeholders

rather than only based on the concern for the profit maximization (Rendtorff, 2021). Nevertheless, it is still a market-based company creating value for shareholders, but through shared value creation the institutional business legitimacy of the company as a contributor to sustainable development and green transition is essential. Through shared value creation (SVC) the business company is responsive to society and creates a productive relation between business and society in a global and cosmopolitan context.

Beyond Fossil Energy: The Transformation of DONG Towards Green and Renewable Energy Production

The global challenge of the green transition is to move beyond fossil oil and gas energy production and consumption towards green and renewable energy production. Since the problem of C2-missions is based on fossil industry with carbon emissions the great challenge of the green transition is to decarbonize energy use both in industry, but also in civil society in general, for example in housing and in transportation. Such decarbonization of energy use in society would also have a general impact on sustainable development since it would reduce pollution and thereby improve biodiversity through control of climate change. Moreover, due to the connection between social and environmental sustainability, green transition in energy use can also contribute to solve social problems of sustainable development, including eradication of poverty and creation of more equal societies.

From this perspective, it is a key challenge to go beyond use of oil and gas and other fossil energy sources towards renewable energy. In Denmark, there has for many years since the 1970s been a focus on sun and wind energy as an alternative to fossil energy. Following the energy crisis in the 1970s there was a strong popular civil society movement against fossil energy and nuclear power stations. At the same time, Denmark started using its gas resources from the North Sea by establishing a structure for transportation and use of energy resources around

the country. Indeed, the transformation of the Danish energy company DONG from being an oil and gas company to become a renewable and green energy company is an interesting case of this transition.

The Danish State established in 1972 the company as an energy distribution company named Danish Oil and Gas that was responsible for development of an energy structure in Denmark. During the years the company became central for energy in Denmark, and it took over local Danish energy companies where the name was changed to DONG Energy, with ownership to parts of the energy resources in the North Sea. However, with focus on green transition, this company gradually changed from being an oil and gas company to be a renewable energy company. DONG sold its oil and gas production in 2017, and the company changed its name to Ørsted (named after the famous Danish professor, Hans Christian Ørsted (1777–1851) who discovered the connection between magnetism and electricity) being a fully sustainable energy company with focus on renewable and green energy.

At the same time, DONG energy moved from being a fully state-owned company to be a privatized company with state control but with the shares sold on the stock exchange. When DONG became a national energy company in 2006, the Danish government wanted to prepare the company for being a publicly listed company on the stock exchange. Already in 2004, there was an agreement by the majority in parliament of this privatization. The reason was the general privatization of the energy market, but also the need for capital to finance a beginning transformation of the company to become a market leader in green and renewable energy. However, with the financial crisis in 2008, the privatization of the company was postponed, giving rise to a very ideological discussion of whether the company should be privatized or not.

It was only in 2013 that DONG was sold on the stock exchange after a heavy ideological debate in the parliament. The problem was that the Danish government sold 18% of the company to Goldman Sachs. This sale was criticized for being much too cheap since DONG was valued too little. However, the reason for the sale was that DONG needed to be privatized to accomplish a total change into being a sustainable company. Later Goldman Sachs sold their shares in company after successful listing

on the stock exchange, while the Danish state still owns most of the shares in the company.

The privatization happened during a green transformation of the company, that needed more capital and international management to carry out its plan of a green transition. Moreover, the privatization of DONG was linked to the effort to move the company from being a fossil industry company to become a renewable and green energy company. Besides the strong ideological criticism of the listing of the company at the stock exchange by the political left in parliament where a left-wing party, the socialist people's party, had to leave government, the company needed international legitimacy to continue the transformation to be a provider of renewable and green energy solutions.

In 2017 DONG changed its name to Ørsted to emphasize the transition from an oil and gas company to a renewable energy and green company. Now, the idea of Ørsted is that the company contributes with insights, knowledge, and capability to create infrastructure and energy solutions that contribute to a green transformation and to the struggle to avoid global warming and climate change. The challenge of Ørsted is to find new approaches and solutions to energy distribution and management that moves society beyond the fossil era of energy consumption. As a company listed on the stock exchange owned partly by the Danish state Ørsted is a good illustration of the move from creating shared value (CSR) to shared value creation (SVC), since the Ørsted operates on a strictly commercial basis of production for profit maximization making the green transition into big business while at the same time working for the systemic transformation of society towards sustainable development (Rendtorff, 2022). Thus, Ørsted seeks to combine financial value creation with value creation for society based on the development of sustainable energy solutions for the future.

The Narrative of Ørsted as a Renewable and Green Energy Company

Today Ørsted is a company that has the core mission to move from fossil fuels to renewable energy. During the last ten years the company has transformed its activity from working as an oil and gas company to focus on producing offshore wind energy systems to produce energy. The company emphasizes that such offshore windmill parks produce nearly 99% less CO₂ emissions than fossil and coal-based energy solutions. Thus, the narrative of Ørsted is that the company plays a key role in an efficient green transition. However, this transition is not only a question of the kind of energy source, but also it also concerns the mode of organization and production of energy sources. With the focus on organization, production, and distribution of energy, Ørsted is not only primarily an energy provider, but rather a company that organizes the systems for distribution of renewable energy in the green transition of society. Thus, seen from the lenses of sustainable value creation, the essence of the effort of Ørsted to accomplish the green transition can be seen as the effort to develop new energy solutions. The transformation of DONG to Ørsted happened at all levels of the organization and included both internal and external stakeholders. Moreover, the focus on green energy was integrated in a broader vision of sustainability combining social and environmental sustainability following the United Nations sustainable development goals (SDGs). In this perspective, management, leadership, governance, and decision-making of the company focus on making the narrative of sustainable value creation the core idea of the company.

The value proposition of Ørsted is to create value for customers/clients through renewable and green energy. According to this narrative Ørsted proposes the following vision of the company, combined with a factual description of the company's market position:

Ørsted's vision is to create a world that runs exclusively on green energy. Ørsted develops, builds and operates offshore and onshore wind farms, bioenergy, solar cell and energy storage facilities as well as facilities for the production of renewable hydrogen and green fuels. In addition, Ørsted supplies energy products to its customers. Ørsted is the only

energy company in the world with a scientifically based goal of net zero emissions. The target is validated by the Science Based Targets initiative (SBTi). In addition, Ørsted aims for all new green energy projects that the company puts into operation to have a net positive impact on biodiversity by 2030 at the latest. Ørsted has been named the world's most sustainable energy company in 2022 in Corporate Knights' Global 100 index of the world's most sustainable companies and ranks on the climate organization CDP's A-list for its globally leading efforts against climate change. Ørsted has 7,292 employees and is headquartered in Denmark. Ørsted's shares are listed on Nasdaq Copenhagen (Orsted). In 2021, the company had a turnover of DKK 77.7 billion. DKK (10.4 billion euros). (<https://orsted.com/en/about-us>)

Thus, from the theoretical perspective of Doughnut Economy combined with creating shared value (CSV) and shared value creation (SVC), we see that Ørsted's vision is to combine concern for People, Planet, and Profit, since the vision of being the most sustainable company is integrated into a concern for sustainable development of the Earth with focus on finding a safe and just space for humanity through sustainable value creation. Ørsted places this strategy in the center of the battle against climate by stating that climate change is a reality and that we need to struggle to stay below 1.5 degrees to avoid destruction, degradation, and pollution of the planet.

The market segment targeted by Ørsted is from this perspective a focus on providing energy solutions to support the green transformation of societies. Ørsted mentions the following key market focus of energy solutions for a green transformation:

Offshore wind; Offshore wind pioneers; Our offshore wind capabilities; Wind technology; Our offshore wind farms; Offshore wind data; Our onshore wind farms; Solar and storage; Benefits of solar and storage; Renewable hydrogen; Bioenergy; Biomass conversion programme; Biomass conversion programme; Smart plants; Climate friendly biomass; Electricity and heat production. (<https://orsted.com/en/about-us>)

Thus, the company began its successful transformation by moving from oil and gas to become a market leader in offshore wind energy production. But Ørsted is also working on moving beyond that towards onshore solutions and solutions of solar energy farms. Nevertheless, we should not forget the challenge of biomass production. Being the former Danish energy company, Ørsted still has some rather large biomass plants, because this was formerly considered a sustainable energy source. However, connected to global warming it turns out that the biomass solution is far from delivering a zero-emission energy solution. Therefore, it is essential for the company to propose green energy projects that also moves biomass production towards more sustainable solutions.

This struggle with the cost structure and profit potential of Ørsted given its value proposition and targeted market segment is basically the effort to survive in the offshore wind market. A part from the focus on moving from fossil fuels to renewables Ørsted has since the strategy for transformation of DONG began in 2008 focused on offshore wind farms as a key to find a profitable market and being a key market leader in the field of offshore energy. Here, the transformative journey of DONG from 2008 to 2017 is illustrative. The company sold off oil and gas activities to develop a key business in offshore windfarms. Moreover, Ørsted moved its power stations around Denmark from being coal based to use biomass, and soon the company had no more oil and gas business. Accordingly, the company used its role as a large energy infrastructure solution provider moving from oil and gas to biomass to pave the basis of becoming a leading global company in the production of offshore wind energy. As a key provider of offshore and bioenergy Ørsted has a leading position in the market saying that it supplies energy for 15 million people and the company has a key focus on doubling that in the immediate future.

From this perspective, we see how a state-owned company through privatization with maintenance of state control becomes a key leader in the green transformation towards sustainability. The market value of Ørsted since the introduction on the stock exchange in 2013 has tripled and some people argued that capitalist actors like Goldman Sachs earned easy money on an underrated company while other argued that it was exactly the collaboration between the state and private business of shared

value creation that led to the significant increase of the value of the company. Moreover, it is interesting how a state driven policy agenda of green transition in power stations moving from coal to biomass, combined with general support of wind energy production in Denmark, leading to the rise of a great windmill producer like Vestas provided the basis for the green transition of Ørsted to become a market leader in the construction of renewable and green energy structures and systems.

The value chain of Ørsted implies a strong local support in Denmark that makes it possible to develop the company at a global level (Van der Loos et al., 2022). Local sources of production determined by infrastructure and state support is here important for enrichment of the value chain of the company. Thus, a strong local support of Ørsted due to market dominance provides the basis for becoming a globally leading company. The value chain of Ørsted combines local input with more global sourcing to increase production and expansion. Ørsted is thus an example of a company from a national industry that become internationalized as a market leader. Here, the company becomes a part of the global value chain through use of global sourcing, but also with global sales and production, for example of sales of offshore wind energy in the UK and the Baltic countries.

Regarding the position of Ørsted within a value network, including relations with the stakeholders of the organization, we can say that Ørsted is developed out of a strong local infrastructure with support of a sustainability transition and this makes it possible for the company to operate on an international level. Seen from the perspective of stakeholders, Ørsted was pushed to become a sustainable company by a strong state involvement in the development of the company. Nevertheless, a spirit of sustainability entrepreneurship in Denmark since the 1970s with development of the windmill industry with Vestas as flagship was also an important stakeholder-based influential factor of the success of Ørsted. This can be considered as cultural environment of embeddedness of innovation that was the basis for the transformation of the company. And additional key factor in the development of Ørsted is the Danish culture of respect for sustainability and for the environment. Following up on the popular reaction against nuclear power stations in the 1970s and the strong endorsement of wind power, the support of

the transformation of Ørsted and Danish society towards more sustainable energy has been strongly supported by the Danish population as a key stakeholder of Ørsted. Today, the population continues to have strong expectations of Ørsted as a market leader and share has since the introduction of Ørsted on the stock exchange become very popular among the Danish citizens who see the company as a key expression of Danish culture. Moreover, looking at employees of Ørsted as stakeholders of the green transition, we can also observe a strong involvement in green transition of the company. Moreover, the company uses actively its role in the green transition to announce new positions for new employees. The green transition is popular among employees who now can see themselves as contributing to the future of humanity rather than working in black fossil oil, gas, and coal company. Further, this transition is also welcomed by institutional investors like pension funds who have been so critical towards fossil companies that many institutional investors in Denmark no longer invest in oil, coal, and gas companies. This may have an additional significance for the value of the shares of Ørsted since the company has become very popular among institutional investors due to its strong legitimacy as a State controlled energy company becoming a market leader in renewable and green energy.

Looking at the strategy of Ørsted and its positioning in its socio-economic space we can observe an increased ambition of the company. In the 2018 sustainability report, “A greener planet for a better world”, for example, Ørsted aims at supplying more than 50 million people with green energy in 2025. Again, to contribute to the global goal of reducing the CO₂ emission and avoid climate change is a dimension of the strategy of the company focusing on a strategy towards a work running completely on green energy. Ørsted emphasizes that green energy is not only good for the planet, but that it in the end is much more economical than coal, gas, oil, or nuclear alternatives. At the same time, Ørsted insists that the company promotes the sustainable development goals as essential for its strategy and vision for the future. Finally, the company is also involved in different philanthropic activities related to climate change and protection of the environment.

What did happen in the internal transformation debates of DONG to Ørsted? What were the nature of the ideological debates that were

happening before privatization of DONG? What were managerial decisions at the center justifying the transformation from fossil fuel company to renewable energy? What was role of government in formulating the new strategy, for example, did the government agree to buy at least initially, the renewable energy that Ørsted produced, thereby reducing its market risk?

The answer to these questions reflects that the debates around the privatization of DONG contained a mixture of positions and arguments that were not always closely linked. The main argument of the government for selling a part of the company to Goldman Sachs was a reference to the need to make state corporations more competitive through privatization. Thus, minister of finance Bjarne Corydon from the Social Democrats in the center-left government followed up on a long-term project of privatization of state institutions preceded by the successful sale of the Danish Telephone Company (TDC) in the 1990s (Steno-Hansen, 2014). But this privatization was as indicated too much for the leftist party the Peoples Socialists that was a part of the government since this party was aware of the bad reputation of Goldman Sachs as one of the villains of the financial crisis.

It is interesting that this debate was somewhat decoupled from the debate about the green transition of DONG. Although an internal argument in DONG was the need for market capital to accomplish the green transition, the dominating view on sale of DONG was that it was a part of the competition state ideology of neoliberal welfare state. Thus, it seems like the green transition of the company happened at roughly the same time as part of the company was sold to Goldman Sachs to later be sold on the Stock exchange for double the value. But according to the CEO of the company in 2016 Henrik Poulsen this increase in value of the company was due to the green transition of the company, because Ørsted took a globally leading position in offshore windmill energy (Ritzau, 2016).

Although the two debates about green transition and privatization were initially separated from each other, the company concludes that high increase of the value of the company was due to the value-shift in direction of green energy, combined with high investments in the field that was only possible due to the money that came to the company

after the introduction to the stock exchange with help from the work of Goldman Sachs. From the point of view of managerial decision-making the need to transform to renewable energy was essential for the future of the company. It seems at the outset that it was more the company than government that was the key driver in this green transition since key personnel and management in the company were essential for the green transition of Dong Energy.

This is partly right according to strategic chief Jakob Askou Bøss, and the worries about climate change increased in top management company during the 2000s. As a national oil and gas company DONG was also confronted with EU-regulation on reduction of CO₂ emissions and transition to renewable energies (Hesseldahl, 2019). The former CEO Anders Eldrup presented in 2008 his vision of the transition of DONG to become a totally green company. Thus, since that time the green transition was a strategic priority of DONG (Hesseldahl, 2019). The company was vision-led and strategic planning came gradually, but top management has a steady look on the future and focused on innovative investments in the direction of green energy (Hesseldahl, 2019). The plans leading to the radical transition developed gradually. In the beginning, the company did not think it would get rid of all its oil and gas production and it did not think that the transition would come so quickly (Hesseldahl, 2019).

However, it was not only internal visions, but also external pressure that pressured the green transition of DONG, according to Jakob Askou Bøss. In the 2000s DONG was running Danish coal heating, but coal had to be abandoned, especially due to rising political pressure around the world, affecting DONG's international business for example in Germany (Hesseldahl, 2019). In 2008 following the financial crisis DONG could not be put on the stock exchange due to deficit on the company's accounts because of low electricity prices combined with overproduction of green and black energy at the same time. Thus, an increasing pressure on the core oil and gas and coal business of the company as well on the gas activities of the company and the oil production facility in the North Sea, had to be abandoned in 2016 leading to a gigantic loss (Hesseldahl, 2019). Moreover, at the time when a part of

the company was sold to Goldman Sachs in 2014 and in 2015 the loss of the annual accounts was very big, due to diminishing oil prices.

At the same time, DONG experienced increasing success of its offshore activities, although offshore energy was still very expensive at the time. Thus, DONG focused on reduction of costs of offshore energy and the company reached the ability to construct logistics of offshore energy at a very low price in 2016 (Hesseldahl, 2019). The key focus was on offshore energy and with this focused strategy the company became market leader. Jakob Askou Bøss focuses on strategic options, for the future implying the need to have long-term visions for different kinds of projects that are carefully selected (Hesseldahl, 2019). Thus, the change of name from DONG to Ørsted was a result of such a strategic focus on options. Moreover, the sale of shares to Goldman Sachs and the introduction of the company on the stock exchange were essential to get the money needed for the green transition of the company (Hesseldahl, 2019). It is true that the direction of the business model was already present when the company was privatized. Therefore, it is correct to say that the investment by Goldman Sachs in the company was quite rational and Sachs got the shares very cheap because they foresaw the high value of the organizational transformation of DONG to become Ørsted.

Conclusions

The key message of this paper has been that it is possible to perform a successful transformation of an oil and gas company to become a renewable energy company. This case constitutes an example for the whole oil and gas industry. The positive story of Ørsted is that we are facing a case of a large international company that manages to integrate profitable business with an ambitious focus on renewable and green energy in the perspective of a strategy for climate action and promotion of the United Nation's sustainable development goals. Here, the company is a good example of a business following the vision of Doughnut Economy with focus on economic development that is built on the search for a safe and just space for humanity on a sustainable planet. Ørsted is a company

that combines economic growth with a focus on environmental benefit to develop more sustainable energy solutions.

Ørsted seems to be an ideal organization regarding the focus on renewable and green energy in green transition towards sustainable development. What kind of critical remarks can you present to such an important player in the field of renewable and green energy? Basically, we may ask whether the company is making greenwashing about the biomass situation. It is debatable whether the company really has moved towards sustainable biomass in its power stations and some people argue that Ørsted still performs a lot of not sustainable biomass burnings in different power stations. Moreover, there is the critical question whether Ørsted can maintain its position as market leader in the long run. Due to favorable circumstances with local stakeholders Ørsted managed to have a leading position on the energy market. But recently, we have seen other big actors like Siemens and Shell moving into this market and challenging Ørsted. Will Ørsted be strong enough to maintain its position in the future and what kind of initiatives for innovation would be needed? Finally, we can ask the question whether Ørsted really manages to live up to the strategy of sustainable development goals? The organization's practice for sustainability are focused on climate change the challenge to maintain the 1,5 degrees limit to temperature increase. In order to comply with sustainable development goals, Ørsted would need to see its strategy in the broader perspective of integration of the environmental and social concern for the future of humanity. The problem is whether Ørsted is sufficiently aware of the social dimensions of renewable and green energy and what the company can do to combine different dimensions of the sustainable development goals in the future strategy of the company.

Ørsted demonstrates the complexity of the move from creating shared value (CSV) to shared value creation (SCV), because it is a business company that works as a responsible corporate citizen integrating shared value creation to see the corporation as a contributor the global welfare of society in sustainable development. Important learnings and novelty of the presented case and its working model are presented by the historical development of the company as situated in a context of local stakeholders with particular focus on sustainable development and moving towards

a being a global market leader. The case suggests that strong involvement of state actors in green transition can be important as a push of a company towards sustainable development. Moreover, the interest of the state in maintaining control while still putting the company on the stock exchange can help to create business organizations with a clear focus on political purposes like green transition and sustainable development.

Ownership to local facilities and a strong position in the market may contribute to the green transition of a company, but it presupposes strong involvement of different internal stakeholders like investors, management, employees, but also of external stakeholders like local community, suppliers, other businesses as well as stakeholders at the global market. The generalizability of the case is difficult, since Ørsted grew out of particular social, cultural, and historical conditions in Denmark, but nevertheless we can mention the importance of stakeholder involvement and embeddedness as important conditions of successful green transitions. Moreover, the case also demonstrates the importance of local frameworks for developments of the green transition, since Ørsted was continuously pushed to comply with state regulation of production of CSR and sustainability reports witnessing the progress and challenges of sustainability of the company.

Ørsted is an important case for developing a new economy of sustainability. Further research and action should investigate Ørsted's business model in detail with focus on innovative solutions and with a comparative outlook to similar companies in the energy industry in different parts of the world. It is important to apply Ørsted's business model globally to different countries with the need for more sustainable energy solutions. However, it is also important to go beyond offshore wind energy to look at onshore solutions or sun energy parks as possible solutions in countries with different climate situations and challenges of climate change and social infrastructure.

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5

Sustainable Value Creation Through Business as a Social Movement: The Case of Green Monday

András Ócsai 

The Problem of Food Production in the Anthropocene

In the era of the Anthropocene human activities have induced serious alterations to global ecological processes, degradation of natural ecosystems and social crises at an ever-accelerating rate (Waters et al., 2016; IPCC, 2018; Steffen et al., 2018; WWF, 2018; IPBES, 2019; UNEP, 2019; Dasgupta, 2021; Global Footprint Network, 2022; WMO, 2022). Humankind has lived in a state of ecological overshoot since the 1970s and exploits natural resources well in excess of earth's ability to regenerate itself (akin to using 1.75 earths) (Earth Overshoot Day, 2022).

Humanity is not able to produce healthy food for all its citizens in a sustainable way on a global scale, even though the right for everyone to

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have access to adequate food has been included in the “Universal Declaration of Human Rights” (Article 25) since 1948. In the second half of the twentieth century, the “Green Revolution” in agriculture resulted in greatly increased crop yields through industrial farming technologies (such as development of high-yielding varieties of cereals, extensive use of chemical fertilizers, pesticides, irrigation, and mechanization) and contributed to reductions in poverty and hunger for millions worldwide. This has resulted, however, in far-reaching ecological and social consequences. Having reduced extreme poverty rates and hunger by one-half between the years 2000 to 2010, well ahead of the UN 2015 deadline, in the framework of the United Nations’ Millennium Development Goals was a notable success, but the world is now moving backward on the measure of completely eliminating hunger and malnutrition (FAO et al., 2022).

As a continuation of Millennium Development Goal 1, to Eradicate Extreme Poverty and Hunger and support Sustainable Development Goal 2, Zero Hunger, the intention of the UN is to end hunger and all forms of malnutrition and ensure universal access to safe and nutritious food for all people, in particular the poor and vulnerable, by 2030. It is also about achieving food security, improving nutrition, and promoting sustainable agriculture (United Nations, 2022).

Despite some progress, most indicators suggest that countries are not on track to meet global targets. The number of people suffering from hunger and food insecurity has been increasing. The coronavirus crisis has had a negative impact, and the war in Ukraine is disrupting global food supply chains in a way that could potentially lead to the biggest global food crisis since World War II. From 2019–2021, the number of people affected by hunger rose, globally, from 618 to 828 million, from 8 percent to 9.8 percent of the world population. Approximately 2.3 billion people, almost every third person, suffered from moderate or severe food insecurity in 2021, and nearly 3.1 billion people could not afford a healthy diet because of inflation in consumer food prices. Women and children have been the most severely affected (FAO et al., 2022; United Nations, 2022).

Fifty years after publishing “The Limits to Growth”, a recent report by the Club of Rome confirms warnings of rising social tensions and

concludes that a road map to a better and prosperous future ought to include transforming the food system to provide healthy diets for people and planet (Dixson-Declève et al., 2022). Making the food system both one-planet compatible and healthy is a key challenge because food production alone occupies about 50 percent of the Earth's biocapacity (Wackernagel & Antonelli, 2021) and food systems are responsible for a third of global anthropogenic greenhouse gas emissions (Crippa et al., 2021).

Major issues include resource inefficiency in food production and food waste. Current agriculture is fossil fuel intensive and favors animal products which are significantly more resource intensive than plant-based products. Meat production, particularly beef, as well as livestock feed, is responsible for 57 percent of all food production emissions. Livestock take up 77 percent of global farmland and only produce 18 percent of world's calories and 37 percent of total protein. Regarding food waste, about one-third of the food produced for human consumption, about 1.3 billion tons per year, gets lost or wasted in both high and low-income countries (Ritchie & Roser, 2019; Xu et al., 2021; Earth Overshoot Day, 2022). The Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report reaffirms the critical role of food systems, particularly plant-based diets, in climate change mitigation and its potential to halve global emissions by 2030 (Pathak et al., 2022).

The global food system appears to be dysfunctional and international conflicts, climate extremes, economic shocks, and growing inequalities intensify food insecurity and malnutrition (FAO et al., 2022). Besides governmental actions needed to transform food systems and create sustainable value, the responsibility of mainstream agricultural businesses to change how they produce and commoditize food cannot be understated. Scientific research has proven that mainstream economic and business practices generate extreme ecological and social harms (Birkinshaw & Piramal, 2005; Mintzberg, 2007; Brown & Timmerman, 2015; Shrivastava et al., 2019; EASAC, 2020; Dixson-Declève et al., 2022). When economic actors are driven by self-interest and material desires, demand for unlimited economic growth, maximizing short-term profits and shareholder value, the result is the use of living beings simply as

resources and the destruction of natural ecosystems and social communities (Daly, 2008; Ims et al., 2014; Zsolnai, 2015; Shrivastava et al., 2019; Shrivastava & Zsolnai, 2022).

The survival and well-being of all living beings is at stake. There is an urgent need to critically review the basic assumptions of modern economic thinking and business practices (Tencati & Zsolnai, 2010; Costanza et al., 2018; Korten, 2018; O'Higgins & Zsolnai, 2018; WWF, 2018; EASAC, 2020; Wallis, 2020; Club of Rome, 2022; Wellbeing Economy Alliance 2022). Transformation of the food system is required to serve the well-being of all human and non-human stakeholders while respecting the planetary boundaries (Steffen et al., 2015, 2018).

Business as a Social Movement

This section reviews the main characteristics of “business” and “social movement” to understand whether a business organization could serve as a social movement, and in what way businesses and social movements can reinforce each other to achieve sustainable value creation.

The term “business” here refers to business enterprise. Business enterprise can be defined as an activity, project, venture, or company that produces or buys and sells goods and services in order to make a profit (OECD, 1993; Cambridge Dictionary, 2022). Such efforts can be undertaken by either individuals or organizations ranging from sole proprietorships to large corporations (Hayes, 2022).

The logic of market competition urges business enterprises to create market value for their owners (Bruni & Zamagni, 2007) and to exploit profitable opportunities (Shane & Venkataraman, 2000; Veblen, 1904). Functioning of the modern economy is based on a materialistic conception of human activity. According to the “homo oeconomicus” model, human beings seek to maximize their own material self-interest. The materialistic leadership model assumes the presence of an extrinsic, monetary-based motivation, and measures success in terms of profit or market value (Zsolnai, 2015).

Entrepreneurs, however, work not only to reap financial success, but also in the hope of achieving professional, social, and individual values.

A business enterprise is also a value-creating process that brings about personal contentment (Hisrich et al., 2013). Social enterprises can also be considered as business enterprises, seeking to earn profits while, at the same time, maximizing benefits to society and the environment (OECD, 1999). Social values and ethical considerations can, therefore, constitute an integral part of the concept of business enterprises. In this view, business practices can only be justified when they also do good for society. A profit motive alone cannot be the sole purpose of a business. The existence and activities of business enterprises are determined by social needs they meet. For a business operation that is focused on social value creation, profit is not the goal but the outcome of a successful business enterprise (Allinson, 1998; Drucker, 1973).

“Social movement” may be described as a collaborative, loosely organized but sustained collective undertaking, campaign, or joint action that generally seeks to implement change in structure of a society or its values. Social movements emerge and operate mainly outside conventional political institutions. Usually, they form spontaneously when a group of people share a common outlook on societal goals, values, and norms. Initially, rules, procedures, and relationships are not defined but when early beliefs give way to long-term commitment, a lasting social movement matures (American Psychological Association, 2022; Killian et al., 2022; Opp, 2009).

A social movement emerges as a mixture of formal structure and spontaneity, possessing different degrees of formal organization and motivation in order to sustain membership over a relatively long period. The size of social movements varies, and the semiformal character of their structure may limit the ability to precisely measure its dimensions. Due to the informal, noncontractual quality of membership and the absence of formal decision-making processes, commitment to the movement and organizational values become the main sources of control (Killian et al., 2022; Opp, 2009).

One possible way to categorize social movements is based on the objective of the movement (like peace, environmental, civil rights, or women’s movements), or via the social institutions (such as political, religious, economic, and educational organizations), through which the social change is to be brought about. Radical, moderate, liberal,

or conservative movements can be distinguished by rate of change. “Reformist” movements advocate evolutionary improvement of existing social institutions and practices, while “revolutionary” movements seek rapid, large-scale revisions of the social order. “Reactionary” movements oppose change or strive to even restore a previous state of social affairs, and “progressive” movements argue for a new social arrangement. A social movement may fail either through suppression or fading-away. It succeeds when its power becomes legitimized or its values become institutionalized (American Psychological Association, 2022; Killian et al., 2022; Opp, 2009).

Some scholars accept “life cycle” theory in describing social movements; others question the value of this approach, as empirical studies fail to support the notion of invariant developmental stages. Theories studying multiple causes of social movements also vary, from those that examine individual psychology or social factors to the latest trends of “resource mobilization theory” and “new social movement theory” (Killian et al., 2022).

How does business relate to social movements? Social movements can impact businesses through public protests, shareholder activism, boycotts, or sabotage. Often amplified by media attention, both direct and indirect effects can shape financial performance, company reputation or even challenge the legitimacy of business enterprises. Social movements can influence company policies and practices and can also exert an influence on public policies and regulations. Although businesses can ignore, resist, or even counteract the influences of social movements, companies increasingly acknowledge criticisms and demands, and may even proactively integrate them into their operations. Business enterprises, may, in turn, through markets and industry, impact social movement activities and processes (Soule, 2018; Soule & King, 2014; Weber & Soderstrom, 2012).

Businesses are sometimes also inclined to act like social movements in order to influence their social and political environments (Soule & King, 2014; Walker & Rea, 2014). Some outstanding examples of this include companies such as Apple, Patagonia, Unilever, and Ben & Jerry’s. These values-driven, progressive business enterprises do not merely outperform competitors, but effectively reframe the business case, alter perceptions,

and influence the identity and belonging of their customers and other stakeholders. They aim to build personal connections both inside and outside the organization and to grow organically through engaging and inspiring new members. Not only do they define their mission and values, but they are, in turn, defined by them. Great businesses, like great movements, are committed not simply to generate more profit, but to create a better world (Bolton, 2018; Satell, 2015).

The Case of Green Monday

Green Monday is a movement and social start-up group advocating plant-based food, based in Hong Kong, and dedicated to tackling issues of climate change and global food security. David Yeung and Francis Ngai founded it on the Earth Day in 2012 with the aim of promoting low-carbon, sustainable lifestyles. It is a platform that brings together the efforts of a variety of industries, restaurants, schools, and members of the public to promote social and environmental responsibility. As Asia's first plant-based grocery store, its Green Common initiative aims to provide its customers with food that is produced and marketed in a sustainable, innovative, healthy, and ethical way (Green Monday, 2022; Verebes, 2022).

Value Proposition

The basic idea of Green Monday is the recognition that the current food system, especially meat-based food production, contributes as much to global warming and the degradation of the natural environment as heavy industry, transportation, or electricity generation from fossil fuels. Eating a vegetarian meal is less harmful to the environment, and even having a meat-free day once a week can significantly reduce one's carbon footprint (TEDx, 2017; Green Monday, 2022). The name of the company expresses the fact that Monday, the first day of the working week, fills the body and mind with new energy, providing the impetus for a new beginning. Green draws attention to the benefits of sustainable living and

eating, love of the Earth, and the importance of finding harmony (Green Monday, 2022; Verebes, 2022).

Green Monday's vision is to be a global player in the generation of sustainable public good. Its mission is to build an innovative and multifaceted social business platform to guide individuals, communities, and companies into leading more sustainable, healthy, and conscious lifestyles. Green Monday supports the fight against climate change and promotes food safety, health, and animal welfare. The company emphasizes the beneficial effects of vegetarianism but does not expect people to make a sudden and drastic dietary transition (Green Monday, 2022). The founder, David Yeung is a practicing Buddhist whose belief motivates him to reduce human and non-human suffering. He encourages people to begin by reducing their meat consumption, rather than giving up meat entirely (Zimberoff, 2017).

Green Monday seeks to set an example and is constantly communicating with its customers and the public the message that eating meat-free meals even one day a week is an easy and effective way to reduce their carbon footprint and improve their health. The production of plant-based food has a carbon footprint that is only about three percent of that of meat production and uses a tenth of the water. This production can help to reduce global hunger, because one unit of land dedicated to crop production can provide more than ten times the number of people with proper nutrients than the same unit used to produce meat. A plant-based diet can have many beneficial effects on human health. It can reduce the risks of lung and kidney problems, breast cancer, strokes, heart attack, cardiovascular disease, infertility, osteoporosis, type 2 diabetes, and obesity. Additionally, a plant-based diet increases the intake of antioxidants, flavonoids, fiber, polyphenols, and micronutrients. The benefits may, in turn, extend the healthy life span of individuals (TEDx, 2017; Green Monday, 2022).

Green Monday's motto is "Make Change Happen, Make Green Common". The three pillars of its approach are simplicity, ease of implementation, and dissemination. They believe that while the issues of climate change and animal welfare are complex, the solutions need to be simple. For example, the message of having a meat-free meal once a week is simple, yet it can lead to great results in terms of the health of the

planet and people. Green Monday believes that knowledge alone is not enough to create successful social change, but through engaging human emotions, a fashionable, viral trend may be created. Green Monday's activities are aimed at mobilizing the small but easy-to-implement steps of many individuals (who are looking to change their lifestyles) in order to create change on a global level. Together, these activities promote reductions in the carbon footprint, while, at the same time, leaving individuals free to decide when and how to reduce their meat consumption. For instance, people can stop eating meat for a full day once a week, or every lunchtime. They can also reduce the amount of meat they consume during meals, or simply omit red meat, which has the highest environmental impact.

Leveraging its branding, marketing, and PR experience, Green Monday has managed to build a rapidly growing brand whereby customers can see the results of their everyday meal choices as contributing to the mission of a movement that successfully works for the common good. While the concept of becoming sustainable ("Go Green") is already supported by many people, channels and frameworks for joint action are often lacking. For ease of implementation, Green Monday has developed a social business approach that supports a green lifestyle both on the demand side (e.g., by providing information and conducting awareness-raising campaigns for consumers and partner companies) and on the supply side (active market participation in food retail, corporate consulting, and venture capital investment) (Green Monday, 2022).

Founder David Yeung also considers business sustainability to be important and is a proponent of the triple-bottom-line concept. He wants to make his mission-based business financially successful while also making favorable environmental and social impacts (Zimmeroff, 2017).

Market Segment

Green Monday is a platform that has both a social and a business dimension. The social side, led by the Green Monday Foundation, engages in awareness-raising and disseminates knowledge through

promotion campaigns about climate change, Earth Day activities, restaurant network development, and food aid campaigns intended to promote sustainable lifestyles.

The business side consists of three main areas.

1. As an active player in the retail market, Green Monday works to expand its sustainable food retail supply through an initiative called Green Common. Its network of stores sells plant-based food products and sustainable household items and provides advice on how to prepare plant-based meals at home.
2. Green Monday Solutions offers sustainability and social responsibility consulting (involving the themes of sustainable development, corporate social responsibility, employee loyalty, marketing and business development, and the introduction of Green Monday products and services) to domestic and international companies (restaurants, event organizers, food producers, supermarkets, and marketing companies).
3. Green Monday Ventures is a private equity fund for impact investing that supports innovative and ethical business ideas whose business models, operations, products, and services address global climate change, food safety, health, or animal welfare issues (AVPN, 2016; Green Monday, 2022).

Cost Structure and Profit Potential

The business side of Green Monday is very successful, and the company has been recognized with a number of business awards since its inception. Partner companies have also benefited from the successful operation of Green Monday and the successful dissemination of information on a sustainable lifestyle. For example, UK-based PizzaExpress, which has 20 stores in Hong Kong, has seen double-digit growth in vegetarian menu sales on Mondays (a side-effect of this is that the company has also boosted its total daily turnover on Mondays). The vegetarian community has also evolved, as shown by the almost doubling in the number of vegetarian restaurants in Hong Kong from 130 in 2013 to 250 in 2017. Success is also reflected in company finances. Green Monday's total retail

and reseller sales approached 12 million USD in 2017 and have grown significantly since. Sales and profit outlook is favorable, as the global market for alternative protein rose to about 2.2 billion USD in 2019, compared to a global meat market of 1.7 trillion USD. Market forecasts estimate that the alternative meat market could be worth between 90 billion USD and 470 billion USD by 2040. In 2020, Green Monday also raised 70 million USD in its fourth round of fundraising, the largest of its kind in Asia. Green Monday now has a presence in six countries in Southeast Asia, in the United Kingdom, and in the United States. Its products are available in ten countries, and it is targeting to expand to more than 20 markets globally (Zimberoff, 2017; Bray, 2020; Yusof, 2020; Green Monday, 2022).

Structure of the Value Chain

Green Monday shines a light on social change and provides feasible alternatives for real transformation to take place in human behavior and individual lifestyles. Important elements of the value chain are, therefore, research and development and knowledge sharing, implemented in part through the “Green It Yourself” community program. The program provides sustainability advice on housekeeping and food preparation and organizes community programs (with a focus on recipe databases, cooking tips, cooking competitions, and blogger meetings) (AVPN, 2016; Green Monday, 2022). The “Green Knowledge & Research Center” aims to raise awareness about sustainability and to share best practices, mainly in the Hong Kong region. Research interests range from environmental and behavioral change associated with climate change; plant-based lifestyle and culture; sustainable consumption; innovation and environmental policy; and regional development. Latest results and news are shared through stakeholder events and a monthly newsletter (Green Monday, 2022). Research and development activities include the development of new plant-based foods and meals. As part of its Right Treat initiative, food innovations are studied that, it is hoped, will bring long-term benefits to the planet—humans and animals—and that will not impose additional liabilities on the environment or the

suffering of living beings and future generations. In 2018, the first major achievement of this program was the development of a mushroom-, rice- and pea-based pork substitute called Omnipork developed by Canadian researchers over a 2-year period. However, Green Monday does not only innovate entirely by itself. Among others, it financially supports research by the California-based company Beyond Meat, which makes plant-based burgers. Green Monday also supports Perfect Day, a cell-based farming enterprise that produces dairy products from cell cultures, and a food-design-based technology company called Lighter (AVPN, 2016; TEDx, 2017; Zimmeroff, 2017; Mannion, 2018; Green Monday, 2022).

Food and other products sold in “Green Common” grocery stores are strictly sourced from sustainable and ethical suppliers. The main sourcing principles are “meat-free”, “healthy”, and “fair trade”. Green Monday prefers local products from organic producers, social enterprises, small- and medium-sized enterprises, and fair-trade organizations (AVPN, 2016; Green Monday, 2022).

Seed investment fund “Green Monday Ventures” invests in companies that serve social or environmental causes (reducing the ecological footprint, increasing health and well-being, and supporting individuals and businesses to become more sustainable), which are also capable of generating a profit. In addition to financial investments, Green Monday has also supported companies through synergistic associations. For example, helping California-based Beyond Meat, to gain access to Asian commercial channels has provided a significant boost to Beyond Meat’s development (AVPN, 2016; TEDx, 2017).

Green Monday’s mission is actively supported by its “ambassadors”: celebrities, artists, government officials, and opinion leaders across the globe. Additionally, Green Monday’s clients include governmental organizations, major financial institutions (Bank of China, HSBC), public utility companies (Hong Kong International Airport), retail businesses (Procter & Gamble, Quiksilver, Starbucks), and service companies (eBay, Google). It also serves more than 2,000 restaurants mainly from the Hong Kong region, but also in the U.S., Peru, the UK, Italy, Australia, and Japan. These also include education providers: over 2,000 schools in 33 countries, 600 domestic universities (such as the University of Hong Kong, Chinese University of Hong Kong, or Tsinghua University), and

numerous foreign universities (like Columbia University, University of California Los Angeles, The Wharton School) (Green Monday, 2022).

Green Monday's value chain also includes the "Green LUCK Banquet" program, which works with event management companies, food aid, and shark rescue organizations to make events healthy (providing vegetarian food), sustainable (reducing carbon footprint and reducing waste), ethical (protecting sharks by avoiding traditional dishes made from shark fins). In addition to reducing food waste, Green Monday serves the community by offering leftover food to Hong Kong families in need (Green Monday, 2022).

Position Within the Value Network

The reputation of Green Monday and its mission has been rising steadily, and in 2020, more than 45 percent of people in Hong Kong were aware of the company and its activities (Yusof, 2020; Green Monday, 2022). Another significant impact of Green Monday's activities is that, by 2020, three million people or 40 percent of Hong Kong's total population—where per capita meat consumption is among the highest in the world—had become "flexitarians", meaning they generally eat a vegetarian diet but sometimes consume meat (AVPN, 2016; Covington, 2022). Between 2008 and 2020, the proportion of vegans and flexitarians in Hong Kong had risen from 5 to 34 percent, and currently 62 percent of the population is willing to reduce meat consumption in order to support healthier eating habits. More than three million people worldwide have joined the Green Monday movement through taking the Green Monday Pledge. If a person were to eat a plant-based diet every day for a year, 2.1 tons of CO₂ equivalent emissions will be prevented, which would require 91 trees to absorb. In addition, the lives of 400 animals (cattle, pigs, and poultry) will be saved along with drinking water enough to supply 1 million people for a day (Yusof, 2020; Green Monday, 2022).

Since its founding, Green Monday has been recognized with a number of significant awards, including the "Best Idea of the Year 2013" award and the East Week "Outstanding Corporate Strategy Award". In

2014, founder David Yeung received an award for being one of the “100 Most Creative People in China” from Fast Company magazine, and Green Monday received the magazine’s “Top 100 Most Innovative Companies in 2014 China” award. In 2015, Green Monday also won Fast Company’s “Top 50 Most Innovative Companies in China” award, the title of one of “Asian 100 Pioneers” from Purpose Economy. David Yeung received Conscious Company Magazine’s “17 Rising Social Entrepreneurs” award, and the “Ten Outstanding Young Persons in Hong Kong” award. In 2018, the chief executive officer was named “Social Entrepreneur of the Year” by the World Economic Forum and Schwab Foundation. Green Monday was awarded “Company of the Year” by the animal rights organization People for the Ethical Treatment of Animals in 2019, and “Change the World Company” by Fortune in 2020 (Yusof, 2020; Green Monday, 2022; Verebes, 2022).

Strategy

When Green Monday was established, there were only a few vegetarian restaurants in Hong Kong. Since then, it has not only expanded its own business, but has also inspired others to launch vegetarian restaurants and food services through increased awareness about sustainable lifestyles and diets. Green Monday does not view this as competition, but as the spread of its concept and values, which they see as a positive development, and it means they are able to work with an increasing number of partners. Opportunities for cooperation have been consciously sought from the outset. One of these ventures involved joining the global Meat-free Monday movement, which has made significant strides in reducing meat consumption in countries including the United States and Great Britain through more than 20 worldwide campaigns. Through its corporate partners, Green Monday is involved in many sectors, and has the goal of connecting different stakeholders—from producers and traders to consumers—through the entire value chain and ecosystem of the sustainable food industry (AVPN, 2016; Green Monday, 2022) (Table 5.1).

Table 5.1 Business model elements of Green Monday

Value propositions	Market segment	Cost structure and profit potential	Structure of the value chain	Position within the value network	Strategy
Operation of a plant-based food ecosystem to counter planetary devastation, food insecurity, food-related illness, and animal suffering; Promoting local and global community building; Implementing triple-bottom-line approach	Social: awareness-raising campaigns for promoting a sustainable lifestyle; Business: grocery stores for plant-based food, sustainability, CSR consulting, impact investing	Rapid turnover growth since foundation, stable profitability, good prospects, geographical expansion because of successful business based on increasing consumer consciousness and lifestyle changes	R&D, sustainable, ethical suppliers, knowledge sharing, community platform, own store network, program for sustainable event management, seed investment fund for sustainable start-ups, prestigious advocates, and partner organizations worldwide	Good reputation, real impact on the culture of consumption and people's lifestyle in Hong Kong and globally, numerous awards since its inception, market leader with intention to further develop the whole market and promote feasible lifestyle change around the world	Shaping consumer consciousness, inspiring other businesses, increasing network of partners involving knowledge sharing and value transfer, strengthening sustainable food industry cooperation

Source Author's construction

Conclusion

The case of Green Monday is a unique example of sustainable value creation in which the combined action of a social movement and a related business organization help to meet real human needs while also respecting planetary boundaries. While it is not easy to generalize these results for other companies, some key features and principles can be considered which may prove useful to other businesses committed to developing their own models of sustainable value creation:

(i) *Social embeddedness*. Long-term business success requires strong community support. Without recognizing and caring for the multiple and complex connections to its social environment no business can achieve real success. Genuine commitment to a mission to serve the common good and the well-being of all stakeholders is a precondition to establishing stable and meaningful relationships.

(ii) *Beyond business*. Outstanding businesses go beyond business interests. They provide not only profits and financial gains to their shareholders, consumers and market partners but try to capture the imagination of stakeholders—fostering a sense of belonging and a common identity. Social movements serve to transform perceptions, to build and engage connections both inside and outside the movement to reach a wider public consciousness.

(iii) *Diversity*. The value of the business benefits from diversity, including research and development activities, boosting innovation, community programs for knowledge sharing and raising awareness, various forms of retail, investment funds financing start-ups, mutual beneficial cooperation with industry peers and competitors, and support from celebrities and public opinion leaders. Such a holistic approach requires a large portfolio of investments.

(iv) *Incremental change*. In order to make a difference gradual change is preferable to sudden and drastic change. Seemingly small but easy-to-implement systematic steps can marshal the power of positive emotions and viral trends, resulting in successful social change even on a global scale.

(v) *Capitalize on the community*. Individual consumer choices may prove to be insufficient to create social change. Community engagement

(groups and companies that share core values and support the mission of the business) that accumulates and magnifies individual efforts are necessary to make sustainable value creation possible.

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6

The Role of Sami Culture in Creating Sustainable Cultural Value for Tourists: A Case Study of Jokkmokk's Winter Market

Anna Sörensson 

Introduction

An ongoing debate continues on the topic of how to ensure sustainability. This chapter focuses on an event with a 400-year-old history in northern Sweden. The village of Jokkmokk hosts an annual winter market in February. Jokkmokk is an important village for the Sami population. The Sami people are an Indigenous People living in Norway, Sweden, Finland, and Russia. They are mainly known for their fine craftsmanship and their reindeer herding. The Sami also speak their own languages. They founded the Winter Market, which today is a large event that creates sustainable value not only for the local community but also for the many tourists that visit the market.

Sustainability is often broken down into three dimensions: economic, social, and environmental. Within the category of social sustainability,

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local culture is an essential element. Our purpose in this chapter is to gain a deeper understanding of how value is created in a sustainable way, beginning with local culture. What role does culture play in sustainable value creation? In the literature, culture is often examined as part of social sustainability, but some researchers believe that a new dimension should be added in order to highlight the importance of culture (Pop et al., 2019). The authors underline the importance of culture as independent dimension:

Culture includes the beliefs, values, practices, and aspirations of a society; the way in which values are expressed and applied concretely in the day-to-day life of that society; and the processes and mediums through which the preservation and further transmission of values take place... The independent role of culture in sustainability is explained by the importance of preserving, conserving, and maintaining different forms of cultural capital, given the fact that cultural heritage can be used to accomplish the social, ecological, and economic goals of sustainable development only after the necessary steps have been taken to preserve it. (Pop et al., 2019: 1)

Culture plays an important role in providing value for tourists when they travel to a local market and serves to promote sustainability.

Events and festivals are magnets for in attracting tourists to a destination (Getz & Page, 2016). Tourism contributes to economic growth and social wellbeing (Mair & Whitford, 2013). Getz and Page (2016) review event tourism research and demonstrate the importance of cultural events. Cultural events serve to attract tourists who otherwise would not visit a certain place. Therefore, it is important to explore the experiences of tourists and to understand how these experiences can contribute to innovation and the creation of new local tourism products and services. Cohen (1988) argues that staged authenticity is important and is dependent upon tourist expectations. A number of authors have examined the authenticity of ethnic festivals (e.g., Hinch & Delamere, 1993; Xie, 2003; Chhabra et al., 2003; Chhabra, 2005). There have, however, been few studies focused on the role of cultural events in creating value for the tourist market. The purpose of the chapter is to discuss how

a local cultural event can contribute to sustainable value for a tourist destination.

New Approaches and Solutions

Sustainable development has been on the agenda of many countries since the Brundtland Commission Report (1987), which defines sustainable development as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs.” Sustainability often focuses on three dimensions: economic, social, and environmental (Sörensson, 2014). It is also a common practice that sustainability is discussed from a triple bottom line with a focus on profit, people, and planet (Elkington, 1998). The main challenges for tourism, tourist destinations, and tourist attractions are sustainability issues related to climate change, health and wellbeing, and technology (Lundberg & Furunes, 2021; Bogren & Sörensson, 2021). It is not only the tourism industry that is influenced by issues such as climate change: there is a need for all types of companies in all kinds of industries to be more sustainable. In the Nordic context, there is a large focus within the tourism industry on creating sustainable solutions for the future (Bogren & Sörensson, 2014). Bogren and Sörensson (2021) argue that research into the tourism industry regarding sustainability issues has changed over the years. In the 1990s, studies often paid more attention to environmental issues and economic factors than to social issues, such as community engagement (Deegan & Rankin, 1997). Hotels initially focused on environmental issues, such as energy and water usage, and less on social issues (Font et al., 2012). Even today, the social dimension of sustainability does not receive sufficient attention. It is often discussed, for example, in terms of the working conditions for staff in tourism industry. Less attention is paid to the role of the local culture. In terms of destination events, the industry is inclined to develop more sustainable ideas since tourists today are more enlightened and interested in supporting sustainable activities. Sustainability requires environmental initiatives such as reduced energy consumption and better waste management. However, there is a noticeable lack of research on

cultural sustainability. Some researchers argue that sustainability should consist of four pillars: economic, social, natural, and cultural (Pop & Borza, 2016). This is different from the traditional view, but it shines a light on the cultural dimension.

Cultural sustainability is a relatively new concept in sustainability (Thimm, 2019). The World Commission on Culture and Development introduced the idea in 1995. The concept is centered on inter- and intragenerational access to cultural resources. Since its inception, it has most often been included in the social sustainability dimension. Thimm (2019) argues that cultural sustainability is organized around seven storylines: heritage, vitality, economic viability, diversity, locality, eco-cultural resilience, and eco-cultural civilization. Some researchers also argue that it consists of cultural values and behaviors that support the environment (Thimm, 2019). Thus, cultural sustainability is an emerging idea, and it can be interpreted very broadly: it has manifold interdependencies with social, economic, and ecological sustainability (Soini & Birkeland, 2014; Thimm, 2019).

Getz and Page (2016: 597) suggest that events can contribute to a destination in five important ways. These ways represent a good starting point for a strategic tourist development plan. They are as follows:

1. Events can attract tourists (and others, such as sponsors and the media) who otherwise might not visit a particular place. Event tourism generates economic benefits, and it can be leveraged for maximum value by combatting the seasonality of demand, spreading tourists geographically, and contributing to other forms of urban and economic development. Portfolios of events can be designed for maximum impact, especially by appealing to multiple target segments.
2. Events can create positive images for the destination and help brand or re-position cities.
3. Events contribute to place marketing by making cities appear more liveable and attractive.
4. Events animate cities, resorts, parks, urban spaces, and venues of all kinds, making them more attractive to visit and re-visit and utilizing these spaces more efficiently.

5. Event tourism acts as a catalyst for other forms of development (including urban renewal, community capacity building, voluntarism, and improved marketing), thereby generating a long-term or permanent legacy.

Sustainability can increase the value of an event for tourists and other stakeholders in many ways. Le Pennec and Raufflet (2018) argue that value has different forms, such as “shared value” (Kramer & Porter, 2011), “blended value” (Emerson, 2003), “mutual benefit” (London & Hart, 2010), and even “bottom of the pyramid” (Prahalad & Hart, 2002). There are also various perspectives on value. For example, Friedman (1970) believes that the main value of a business is generating profit. The perspective on value has been widened, and currently, business ethics and sustainability are both important elements in creating value for a company. Therefore, value can include more than just monetary value since it may represent “shared value,” “blended value,” “sustainable value,” and others (Le Pennec & Raufflet, 2018).

Research has shown that customers (e.g. tourists) value products and services not just for functional and technical reasons but also for their cultural meaning (Ravasi et al., 2012). By using these products or services, customers make statements about their own personal and social identity and status. The symbolic value and identity of an event may play a key role in why tourists choose to travel to the event.

An important starting point when discussing authenticity of events is its definition. It is not the sender who determines how the receiver experiences the event: “Authenticity is not a straightforward term, and it is not for the experts, researchers and planners to stipulate what is authentic or not” (Birkeland, 2008: 288). It is important that cultural events do not become too commercialized since this may lead to loss of cultural value (McCartney & Osti, 2007). Commercialization may turn an event into a spectacle, thereby destroying its cultural authenticity and the whole reason for having the event. As McCartney and Osti state, “Such cultural events are also leading to event homogenisation as destinations jostle to reproduce successful themed festivals of their own, leaving destinations increasingly to examine their own histories and cultures to create their own distinct and indigenous themed events” (McCartney &

Osti, 2007: 26). Therefore, it will be interesting to gain a deeper understanding of how Jokkmokk's Winter Market continues to attract tourists even though it is over 400 years old.

The Case of Jokkmokk

Since 1605, Jokkmokk's 3-day Winter Market has been held annually, beginning on the first Thursday in February. Attracting tens of thousands of visitors from around the world, the market also remains the foremost meeting place for Sami peoples across the entire Sápmi region (Swedish Lapland, 2020). The winter market is an interesting case since it has such a long history and takes place during the beginning of February, which is a very cold time of year (temperatures can dip to -40 °C during this period).

Jokkmokk was originally a place and an area where the reindeer-herding Sami had their winter pastures. From late autumn until spring they stayed in the area, but during the summer, when the Sami were up in the mountains, the place was mostly deserted. During the winter months, Jokkmokk was an important meeting place. The people from the mountains met and discussed and bargained with each other. From down the coast came traders, so-called Birkarls, who since the thirteenth century bought skins and leather goods from the Sami, and, who in turn wanted products that could not be produced in the North (Polar ice, 2022). This history of Jokkmokk shows the importance of the place for the Sami population.

The market itself is not the main attraction; rather, the market is a place for people to meet. As well as personal meet-ups, there are lectures, art exhibitions, handicraft exhibitions, and *jojk* concerts. *Jojk* is the way of singing in Sami cultures. The winter market is the most important event for cultural and creative industries in the Nordic hemisphere and holds a unique position as meeting place for Sami People (The Jokkmokk guides, 2022) (Fig. 6.1).

At the Jokkmokk Winter Market, there is no mistaking that reindeer are a fundamental part of Sami culture. Reindeer have been an integral part of Sami life for thousands of years, ranging from winter and summer

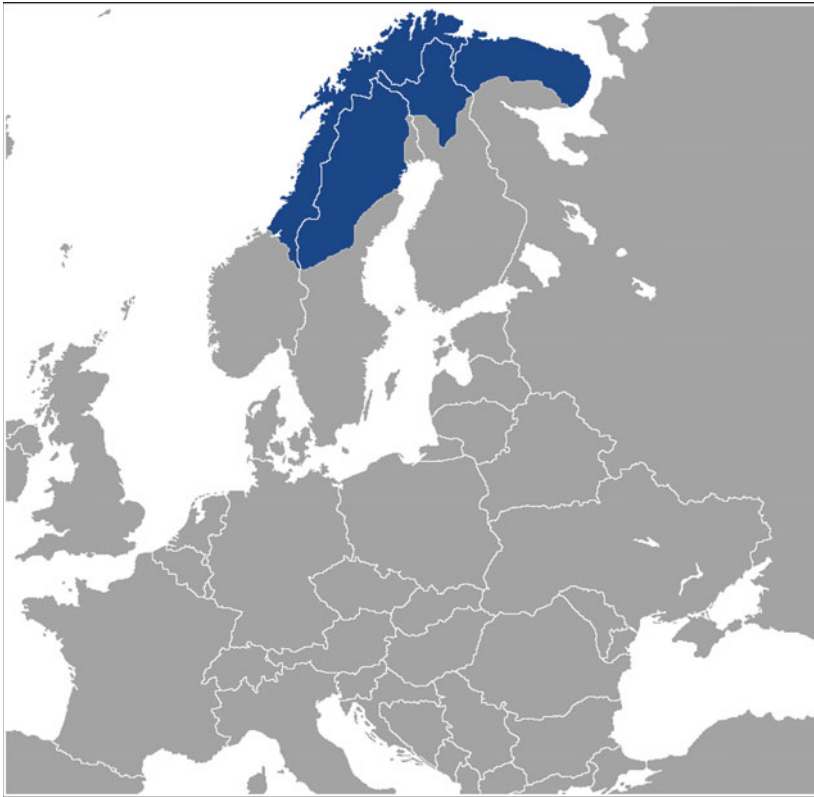


Fig. 6.1 Map over Sapmi (Source By Rogper at English Wikipedia—Transferred from en.wikipedia to Commons, CC BY-SA 3.0, <https://commons.wikimedia.org/w/index.php?curid=53461>)

pastures to coastal regions and mountain terrains. Throughout history, reindeer have provided humans with food, clothing, and materials for functional items, and they were also used to transport everything imaginable between settlements. The Market also features skilled craftsmen selling arts, crafts, including jewellery, with many items fashioned from reindeer-derived materials, such as hides and antlers. The Market is an intriguing fusion of traditional Sami styles with new, modern influences (Swedish Lapland, 2020). An important aspect of Jokkmokk's market

is value creation, based on the local Sami culture and experienced by tourists who visit the Market.

As mentioned earlier, the case study aims to understand what tourists think about the market and how it creates sustainable value. To do this, we collect data via a qualitative questionnaire that was handed out to 206 tourists visiting the winter festival during the first day. Data is also collected through secondary sources such as websites, social media, and printed material. The design of the questionnaire consists of 15 questions which are open-ended as well as a number of multiple choice questions. The questions focus on reasons for travel (Clifford, 2008; McIntosh, 2004; McKercher, 2002) as well as tourist knowledge about the place and its culture (McIntosh, 2004; Kelly-Holmes & Pietikäinen, 2014; Ruhanen et al., 2015).

Among the respondents, 46% are men and 54% are women, and the median age is 54 years. About half of the respondents are from Sweden, and the other half are international tourists.

Responses highlight that Sami culture is the main reason for traveling to the Jokkmokk Winter Market. The results show that 47% of respondents stated that they were visiting the market for the first time. Most travelled in the company of family and friends. Furthermore, 84% of the respondents travelled there for a maximum of 4 days, which coincides with the length of the market itself. Respondents give various reasons for attending, including to “Meet friends and go to exhibitions and events” (respondent 86) and to “Experience the atmosphere of the market and look at handicrafts” (respondent 87).

Jokkmokk has and will continue to play a large role in terms of improving Sami's living conditions. In Jokkmokk, many big steps have been taken, such as the formation of the Swedish Sami National Confederation (SSR), the Ájtte museum, Sami Átnam, and the Sami Education Center. Jokkmokk has a large proportion of Sami population and more and more are moving to the area. Expansion of the Sami pre-school “Giella” is underway, and a significant number of Sami entrepreneurs choose to start and run businesses in Jokkmokk. The Sami industries are the largest private employer in the municipality (Jokkmokk, 2022). A clear trend in Jokkmokk is that small business owners and entrepreneurs within the growing tourism industry are now settling

down and becoming permanent residents. Despite the fact that reindeer-herding faces major challenges, it still has a strong position in Jokkmokk, and several projects are underway that aim to develop side branches of the industry (Polar ice, 2022).

Our study shows that place (Jokkmokk) is strongly intertwined with the yearly event and the Indigenous Sami people. Tourists are willing to return to the Jokkmokk at other times of the year but prefer to come to visit the Winter Market since they are mostly eager to explore Sami culture and traditions: people, language, arts and crafts, music, etc. At the winter market tourists experience music, food, lectures as well as other activities that educate them about the Sami culture.

Our study increases understanding on how events such as the Jokkmokk Winter Market can contribute to creating value for tourists without encroaching on the local Sami culture. The Sami culture forms the basis for the value tourists derive from the event. For example, one respondent (107) stated the following: “I am interested in Sami culture... some similarities with Ainu culture + I like northern part of any country.”

Today, Jokkmokk’s Winter Market is the most important event for cultural and creative industries in Nordkalotten, the most northern part of Norway, Sweden, Finland, and Russia, and it is an exceptional meeting place for the Sami. Many tourists feel strongly attracted to the event. One respondent stated that “This has been my dream for years; I’m interested in Sami culture” (respondent 118). Another says that they “had the desire [to come] for 30–40 years, so it is a dream that finally came true” (respondent 126). Another stated that they came because they were “very interested in Sami craft” (respondent 114). Respondents also emphasize that they wanted to experience nature in the cold, snow, and winter.

Respondents also highlighted their curiosity about the Sami culture at the Market: “I am curious about the Sami culture. I have heard stories that have made me curious about the market” (respondent 57). Others also emphasize that both the Market and Sami culture are themselves important aspects of Sweden’s cultural heritage. “I know very few things about Sami, and I thought I would just come here and see with my eyes” (Respondent 106). They also say that they want to experience examples

of Sami culture such as Indigenous dance. “To see other Samis, duodji, and Sami dances” (Respondent 113).

A small proportion became aware of Jokkmokk’s Winter Market through newspapers, TV, or reports. Most answered that they heard of it through friends and acquaintances (48.7%). “This is a traditional marketplace and [the] one Sami centre in Sweden” (respondent 117). Many people go to the market out of a sense of tradition. “I don’t know, I have known Jokkmokk for a long time, I knew the Samis and the market” (respondent 113).

A majority of respondents indicated that they went to the market because they wanted to experience the culture. The primary aim of going to the market is not to buy things; rather, people go to experience the culture from many different vantage points. They want to see and learn more about the local culture, eat Sami food, go to exhibitions, and enjoy the crafts. Thus, the market aims to create greater value than simply buying and selling material goods.

Our study clearly shows that the Sami culture adds cultural value to the event, and this value is based on sustainability. Cultural sustainability exists, and the Jokkmokk Winter Market is a prime example. It is now possible to discuss whether this event can be classified as social sustainability or whether it constitutes a fourth dimension, namely cultural sustainability.

What elements of cultural sustainability create high value for tourists? The Sami founded the market over 400 years ago, and they are the ones who still control it. They create the market, highlighting their own culture on their own terms. This means that the event itself is largely based on cultural sustainability.

Cultural sustainability can only exist if it has its starting point in local culture. In this case, the Indigenous People are in control of the culture and the event that the tourists want to visit. They display, celebrate, and practice their culture, and, in the process, tourists get to learn more about it. This also ensures authenticity, which is of critical importance to tourists visiting the event.

Conclusions

The study shows that Jokkmokk is strongly intertwined with the yearly event and the Indigenous People (the Sami). Tourists would return to the place at other times, but mostly they are eager to explore the place as it is experienced by the Sami People. The study increases knowledge of how events can create value for tourists without encroaching on and instead embracing local Indigenous culture. In the case of the Jokkmokk Winter Market, the Sami culture forms the basis of the value for tourists.

In particular for the Jokkmokk Winter Market, the case study has found there are three elements that together create sustainable cultural value for tourists. The surveys highlight the following reasons why tourists travel to the Jokkmokk market: to experience the Sami culture, to experience the Jokkmokk Winter Market, and to experience Jokkmokk. These sub-areas interact and together create cultural sustainability (Fig. 6.2).

Tourists who participated in the study highlight the value of Sami culture as an important reason for traveling to Jokkmokk's Winter Market. However, they do not just go to the market to make purchases; rather, they go to experience Sami culture and appreciate the many elements that contribute to the cultural sustainability of the event.

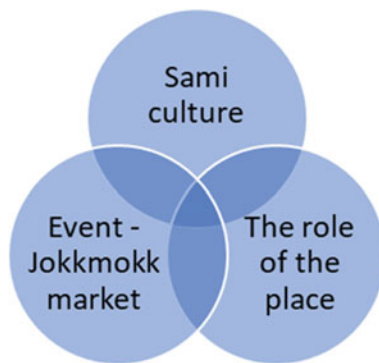


Fig. 6.2 The value creation process of Jokkmokk's market (Source Author's own creation)

They want to learn more about and experience more of Jokkmokk, the Jokkmokk Winter Market, and the Sami culture.

One of the ways in which the municipality of Jokkmokk embraces its Sami culture is respect for the Sami language. For the municipality of Jokkmokk, this means that Sami People within the municipality are able to use Sámi when communicating with the municipality. Minority language laws pay particular attention to the use of Sámi in pre-school and care for the elderly (Jokkmokk's municipality, 2022). Signage in the municipality is also in Swedish and in Sámi which is a way to show respect for the language to the Sami People and to visitors.

There is a need for further research in this area, first and foremost on cultural sustainability. Studies should continue to address the following questions: “What is cultural sustainability?” “Should it be included in social sustainability, or is it a separate dimension?” “What role does cultural sustainability play in relation to the other dimensions of sustainability?”

Further, more research is needed on cultural events themselves: What is it that tourists want to experience, and how can tourist needs be satisfied by event creators, planners, and operators? Researchers should foster understanding on how to create cultural events that meet the needs of a variety of stakeholders without exploiting Indigenous Peoples. Jokkmokk's Winter Market is a good example of an event in which the local Indigenous population determines what parts of their culture they want to share with others and how they wish to do so.

Glossary

Indigenous People Indigenous People are culturally distinct ethnic groups whose members are directly descended from the earliest known inhabitants of a particular geographic region and who, to some extent, maintain the language and culture of those original peoples.

Sami a member of a Indigenous People of northern Scandinavia, Finland, and the Kola Peninsula of northern Russia who are traditionally fishermen, nomadic herders of caribou (reindeer), and hunters of sea mammals.

Jokkmokk market The Jokkmokk Winter Market is one of the oldest market-places in Sweden with traditions that reaches back in time to the Middle

Ages. The Market dates back more than 400 years. According to tradition, the Market always begins on the first Thursday in February and lasts for three days.

Sustainable Sustainability is usually divided into economic, social, and environmental dimensions. This chapter also proposes a fourth dimension: cultural sustainability.

Cultural sustainability Cultural sustainability requires maintaining cultural beliefs and cultural practices, heritage conservation, considering culture as its own entity, and the question of whether any given culture will exist in the future.

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7

Fairtrade and Illycaffè

Knut Ims and Laszlo Zsolnai

Global Trade in the Era of the Anthropocene

Global trade is the exchange of capital, goods, and services across international borders or territories. Today, such trade represents a significant share of Gross Domestic Product (GDP) in most countries. However, while international trade produces substantial benefits for various groups of stakeholders, especially in developed countries, it creates huge ecological and social burdens for many people in less developed countries.

The twenty-first-century global economy has created massive market-driven social changes, and big corporations are taking the lead in a form of development often characterized as a ‘race to the bottom’ in which

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the latter often exploit low-cost countries. The results include a loss of biodiversity and millions of poor producers and their families becoming caught in a poverty trap.

Ecological economists refute the commonly held view that global economic integration via free trade is good because it contributes to competition, cheaper products, world peace, and economic growth.

Herman E. Daly (1996) states that undifferentiated policies for increasing global trade are reducing the capacity of the Earth to support life, thereby literally killing the world. He summarizes the case against global economic integration based on free trade and free capital mobility as follows.

- (i) Transport is energy-intensive, and if energy is subsidized, as it frequently is today, then so is trade. However, charging full-cost energy prices would reduce the initial gains from long-distance trade.
- (ii) The loss of independence resulting from specialization weakens the control of communities over their livelihood.
- (iii) Firms in a competitive global economy have the incentive to externalize costs to the extent
- (iv) that they can get away with this. As a result, global competition tends to lower standards and destroys higher-quality community life.
- (v) Transnational corporations have escaped national community obligations by becoming international and have escaped community obligations altogether.
- (vi) Countries in which natural capital has become the limiting factor seek to appropriate whatever natural capital remains in the international commons and to trade for natural capital with those less developed countries still willing and able to supply it.
- (vii) Global trade is inducing greater geographical separation between the production benefits and the environmental costs of throughput growth. As a result, countries face tightening environmental constraints globally.
- (viii) Global trade makes the supplies of natural resources and absorption capacity of natural ecosystems simultaneously available to

meet demand everywhere and tends to increase the rate of environmental degradation. Moreover, it reduces local communities' control over their natural environments and livelihoods.

If humanity wants to cope with the problems of the Anthropocene, including climate change, biodiversity loss, ecosystems collapse, growing international inequalities, and wellbeing deficiencies, the trend to increasing global trade should be reversed, and alternative forms of international economic cooperation should be developed.

The Fairtrade Model

The business models of the Bottom of the Pyramid (BoP) approach (Hart & London, 2005; Prahalad, 2004) have received worldwide recognition. BoP refers to developing innovative businesses to serve the world's largest but poorest socio-economic groups. In global terms, this includes about four billion people who live on less than USD 2.50 per day. However, we can predict that if materialistic BoP businesses do not transcend mainstream logic, they will fail. Therefore, sensitivity to local cultural needs and an ethos that involves serving the common good appear to be the preconditions of any successful and lasting social innovation by business.

The British organization Oxfam started as a relief organization during the Second World War and broadened its objectives in the 1960s. It promoted the idea that poor people in the 'Third World' should not be considered passive victims but human beings with dignity, and the root causes of poverty were the connections between the North and South. The focus of the activity was on developing models of self-help. In the 1970s and 1980s, a partnership model emerged between non-profit importers and retailers in the North and small-scale producers in the South (Nicholls & Opal, 2005). The idea was that local producers need a fair income, and by bypassing intermediaries, they could directly access markets in developed countries. In 1988, a Dutch NGO named Solidaridad developed an innovative way to increase the sales of the small local producers of the South. The story is that a couple of members

of Solidaridad met directly with poor Mexican farmers employed in the coffee industry. During the dialogue, the latter obtained a clearer understanding of the main problem of the latter: namely, obtaining direct access to the international market. The farmers said: “Our hands are created for work, not for begging.” As a result, Solidaridad created an innovative business model named “Max Havelaar”, guaranteeing that goods sold under this label met specific environmental and labor standards.

Max Havelaar is only one of a number of Western initiatives for promoting fairer trade. Other examples include Oxfam, Christian Aid, Tradecraft, Gepa, and TransFair USA. However, Max Havelaar became one of the most successful innovations in this field. In 1997, the Fairtrade Labelling Organization International (FLO) was established. The organization was renamed Fairtrade International in recent years and now functions as a global multiple-stakeholder network organization (Fig. 7.1).

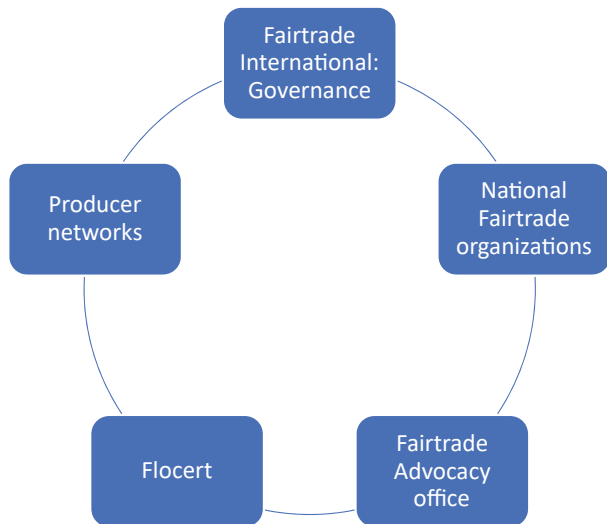


Fig. 7.1 Fairtrade International: A global multiple-stakeholder network organization (Source Authors' construction)

Fairtrade International connects workers and farmers from developing countries with consumers and businesses across the world. It is a multiple-stakeholder network designed to foster responsible purchasing practices, support a living wage, and ensure that the affected rights holders are protected by universal human rights and international labor standards.

As Fig. 7.1 illustrates the governance structure presupposes equality in the power of producer networks and national Fairtrade organizations. Three producer networks consist of 1.8 million workers and farmers and 1930 farmer cooperatives/producer organizations from Latin America, Asia, and Africa, and on the consumer side, more than twenty national Fairtrade organizations in Europe, North America, Asia, and the Pacific (all data refer to 2019).

Flocert is the independent Fairtrade certification body that audits and certifies operations by regularly making on-the-ground farm visits. Their task is to review whether the respective social and environmental conditions comply with the standards defined by the governing body located in Bonn, Germany. The Board of Directors and the General Assembly represent all three Producer Networks, National Fairtrade Organizations, and independent collaborating partners, define standards, and decide on strategy. The standards are revised regularly.

The Fairtrade Advocacy Office promotes fairer laws and business practices at the global, regional, and national levels, actively encouraging states and businesses to fulfill their human rights and environmental duties (Rocha et al., 2021). In 2022, the Fairtrade Advocacy office launched a new learning academy for young and engaged citizens across Europe who share an interest in fair trade and sustainability, supported by the European Climate Foundation and the Erasmus Plus project. One of the goals of the Fairtrade Advocacy office projects is to “build civic and environmental awareness” and empower youth, especially those with fewer opportunities. Furthermore, the Fairtrade Advocacy office has launched different pan-European projects.

Some of the building blocks of the Fairtrade network system are paying a Minimum Price and distributing the Fairtrade Premium, which requires that recipients co-invest in human rights and environmental projects on farms and in local communities. Standards are designed to

protect human rights and the environment throughout supply chains, particularly suppliers located downstream. Fairtrade staff in Africa, Asia, and Latin America offer training to farmers and workers, advise them on their rights and agricultural practices, and help them develop action plans. In addition, Fairtrade staff in Europe, North America, and Asia–Pacific also work to increase consumer awareness and encourage more responsible buying behaviors. These initiatives are funded through contributions from companies that use Fairtrade standards and auditing, as well as public funding for specific development projects (Rocha et al., 2021). Fairtrade certification labels are used on a number of products, including coffee, tea, rice, bananas, mangoes, cocoa, sugar, honey, fruit juices, nuts, fresh fruits, herbs, spices, and wines.

The Fairtrade model implies partnerships based on dialogue, transparency, and respect that seek greater international trade equity. Backed by conscious and responsible Western consumers, national Fairtrade organizations support small producers and their communities. They campaign for changes in the rules and practices of international trade and contribute to sustainable development.

The conditions for becoming part of a Fairtrade organization are as follows (Hira & Ferrie, 2006).

- (i) Producers should receive a price for their products that at least covers the cost of production.
- (ii) The local community should get a social premium to be used for development projects.
- (iii) Partial payment should be made in advance to avoid small producers or their organizations falling into debt.
- (iv) Producers should have contracts that allow for long-term planning.
- (v) Producers and importers should develop long-term trade relations that promote sustainable production practices.
- (vi) Producers must be part of democratically managed cooperatives.
- (vii) Sustainable environmental practices should be promoted.

Notably, one of the preconditions is that a part of the profit the producers make should be shared with the communities in which they live. In this way, individual farmers contribute to important community

projects, thereby increasing the self-determination of the latter and the quality of life of the members of their communities.

Schumacher's (1999) emphasis on intermediate technology and local production fits well with this model of Fairtrade. Local resources are mobilized, and the talents of ordinary human beings are cultivated. When poor people receive even lesser amounts of money to help realize their projects, they can identify appropriate solutions that advance their communities and cultures.

Table 7.1 shows the difference between the Bottom of Pyramid model and the Fairtrade model. The underlying principle of the Bottom of the Pyramid model is creating a form of market exchange that improves the living conditions of the poor. This involves organizing new markets, employing business skills, and activating financial resources. The Fairtrade model goes beyond the logic of the market. It is based on solidarity between the rich and the poor and seeks to empower local producers and their communities in developing countries. Fairtrade provides producers in developing countries with access to the markets of rich countries and helps them to develop cooperative forms of production (Table 7.1).

Table 7.1 Bottom of Pyramid versus Fair Trade

	Organizing principle	Goals	Means	Skills and resources
Bottom of the Pyramid	market exchange	improving the living conditions of the poor	organize markets to satisfy the needs of the poor	business skills and financial resources
Fair Trade	solidarity	empowerment of local producers and their communities	providing access to markets for developing countries	establishing cooperatives for production

Source Authors' construction

Beyond Fairtrade: Illycaffè

Illycaffè is an Italian coffee roasting company that promotes coffee making and coffee drinking as an art. Francesco Illy founded the company in 1933. The company was later expanded by his son Ernesto Illy. Ernesto was a perfectionist and coffee evangelist and was recognized as a world authority in the espresso coffee business (Andriani & Detoni, 2008). Today, Andrea Illy is President and CEO, representing the third generation of family leadership.

Today illycaffè is an international company that sells its coffee-related products in more than 130 countries. Since the late 1980s, illycaffè has been purchasing green coffee directly, not from international commodity markets. illycaffè is known for its sustainability practices and community engagement. The company has developed a genuine partnership with local coffee producers using knowledge transfer and quality-oriented innovation. The coffee producers have become responsible for their operations throughout the supply chain and are committed to producing coffee of exceptional quality, akin to a Ferrari among all coffees (Perrini & Russo, 2008).

illycaffè's practices go beyond the principles of Fair Trade. As Andrea Illy emphasized,

The well-known growth of the Fair Trade movement is only the first step toward sustainability since [...] fair trade will continue no matter what the quality of [the] product. My triple concern is, first, that higher prices do not always mean higher value and quality; second, that producers looking for ad hoc certifications have to manage higher costs that spread throughout the supply chain; [and] third, that sustainability does not always last, so that, in the long run, if the fair trade requirements are not met, the market (i.e., producers) might go back to the previous business model very quickly. (Perrini & Russo, 2008: 143)

illycaffè's guiding operational principles are based on a cult of quality. The primary goal of illycaffè is to provide customers with complete satisfaction, similar to that of an artist who seeks perfection. The company feels total responsibility for the finished product as a moral duty of care:

an espresso must always be perfect. To achieve this end, illycaffè makes an effort to improve every aspect of its quality standards, production, business processes, and customer service.

The policy of collaboration is based on the need to nurture self-fulfillment and team happiness by respecting the dignity of local farmers and company co-workers, as respect is a core shared value for all. Furthermore, the company recognizes that its success depends on the skill and contribution of all collaborators and adopts a holistic 'big-picture' view of all its stakeholders, making it evident that success is subject to the commitment and expertise of each collaborator. illycaffè focuses on developing these stakeholders' competencies through technical training in all sectors while providing the necessary resources. Moreover, the company believes in creating a pleasant, stimulating, and safe working environment.

illycaffè emphasizes creating mutual benefits shared with suppliers. The company fosters long-term collaboration and believes that only a trust-based reciprocal relationship can guarantee quality. In addition, illycaffè provides the producers of green coffee with its acquired knowledge and expertise regarding ways to create better quality coffee, for which it offers a higher market price.

Successful collaboration only works if a long-term, mutually beneficial relationship is established (Tencati & Zsolnai, 2009). For illycaffè, this means finding growers willing to join them in a virtuous cycle of sustainability based on an interdependent working approach.

For illycaffè, sustainable development and quality are inseparable. To make the best coffee, one needs to use the best coffee beans. illycaffè quality begins at the source with its cooperative relationship with cultivators based on the principle of respect, helping to increase cohesion (Walker et al., 2010).

The company knows each and every one of its suppliers, and educates and trains them to produce quality products while protecting the environment, and purchases the high-quality material that the suppliers produce, always paying a price that ensures they make a profit.

illycaffè suppliers are carefully selected. The transfer of knowledge begins once the cultivators are selected. The company's agronomists

make every effort to transfer knowledge about the techniques of cultivation, harvesting, and processing. This enables growers to meet the high-quality standards required by illycaffè. Moreover, illycaffè, in conjunction with the University of Sao Paolo, has created the University of Coffee in Brazil, which offers both practical and theoretical courses to producers.

The concept of 'kalokagathia' is at the heart of illycaffè's functioning. This ancient Greek ideal refers to the "union of beauty and goodness in human perfection; an integration of the ethical and the aesthetic" (illycaffè, 2015). For illycaffè, which pursues excellence in every facet of its operations, the search for beauty is not merely a nice and useful marketing exercise but a cornerstone of corporate culture and decision-making.

illycaffè wants to make the company 100% sustainable by 2033, the 100th anniversary of the company's founding. This is a huge challenge. The 'One Makes The Difference' program of illycaffè aims not only to achieve carbon neutrality but to make the company regenerative. Aspects of illycaffè's sustainable transformation include the following (Voyles, 2021):

- (i) Introducing more efficient coffee machines. In addition, the introduction of recyclable to-go cups can eliminate the use of 175 tons of plastic every year.
- (ii) Other aspects of the plan deal with the beans because about two-thirds of the coffee industry's carbon footprint is generated from the growing of the beans. illycaffè believes that a number of things can be done to reduce greenhouse gas production on farms.
- (iii) One approach illycaffè favors is processing excess carbon into fertilizer to encourage plant growth. When soil is enriched with carbon, this not only sequesters carbon from the air but also stimulates the growth of microorganisms that help plants grow faster and with fewer pathogens.
- (iv) illycaffè advocates carbon offsetting by planting trees near crops. The more forest that grows around plantations, the more biodiversity there is, and the more resilient—and productive and high quality—agricultural production can be.

Conclusions

Illycaffè is an exemplary business organization that can inspire other companies to improve their own businesses. illycaffè illustrates that a genuine focus on sustainability, long-term ethical relationships with producers, and creating the best quality products can be profitable. Businesses licensed to sell Fairtrade products have much to learn from illycaffè's dedicated work and principles.

Fairtrade products and fair working conditions are still a small part of the global economy. In 2020 they benefited six million people from more than seventy countries. One promising characteristic of Fairtrade International is that it is much more than a 'business organization.' It is driven by a social and environmental mission and led by a long-term vision to make the world a better place. In Europe, 100,000 volunteers are involved in either Fairtrade International or one of the national Fairtrade organizations. The Fairtrade Advocacy Office, located in Brussels, has expert groups that advise and collaborate with members of the EU Parliament. Their work has made Brussels a Fairtrade city, like 2,000 other Fairtrade towns worldwide. The Fairtrade Advocacy Office has launched several projects which are inspiring and educating young people to develop more responsible business models and is pressing for the introduction of new laws that will transform the economy into a fairer and more circular system.

Fairtrade International declares that its new global strategy is to protect people and the planet throughout the supply chain. This requires a comprehensive approach. Certification alone cannot assure that human rights and environmental violations will not occur. In this context, the Norwegian Transparency Act is a new and essential tool. The Act ensures comprehensive and mandatory due diligence assessments, a shared right to information, and companies' corresponding duty to respond. This Act is a supplementary tool that may contribute to addressing human rights and environmental violations in global supply chains.

The former minister of environmental protection in Norway, Ola Elvestuen, has referred to the case of Denmark, where public procurement has been a driving force for increasing ecological consumption. Public procurement by Fairtrade-committed municipalities sends

a strong signal to businesses. This collaboration within national municipalities is promising, and there is excellent potential for building a space where large buyers can collaborate and learn from each other. Public buying and conscious consumerism can serve as a catalyzing force for transforming business organizations into operations that care about ecology and poor people in developing countries.

illycaffè's relentless drive for high quality has transformed the coffee business in Brazil and contributed to the new trend of specialty coffee drinking throughout the Western world. One manifestation of this is that the number of outlets devoted to specialty coffee has significantly increased. illycaffè's purposeful drive for quality has also transformed coffee production and the coffee trade (Ims et al., 2022). While coffee was sold as an ordinary commodity until the 1990s, today, consumers can trace the coffee beans they are buying back to single growers and farms.

In effect, we have seen a change from a transactional regime of atomistic suppliers selling commodities via intermediaries to a de-commoditized regime consisting of collaborating farmers that disseminate best practice solutions to other farmers and share their micro-innovations with other producers (Andriani & Herrmann-Pillath, 2011: 23). The new de-commoditized regime consists of a larger diversity of coffee beans, higher quality, a variety of intermediary organizations and the emergence of a 'geography of food.' Instead of mixing coffee beans of all grades from different producers and selling them via intermediaries to roasting companies, the new supply chain has become more transparent. The former value chain has been simplified with more direct contact between growers and consumers. In this way, growers learn about consumers' preferences for specialty coffee. illycaffè's knowledge management and award programs are important means of increasing the capabilities of coffee growers.

illycaffè has generated the most aspirational visions for its coffee business. However, are there natural limits to the coffee business that we should accept and come to terms with? Can coffee growing and the trade become 100% carbon neutral and even regenerative in 2033, in line with illycaffè's declared vision? Quality is the essence of illycaffè's business model, and illycaffè's concept of quality means excellence and

the highest possible level of performance in every sphere of operation. We can acknowledge illycaffè's pioneering role and immense impact on the coffee business in general and in Brazil in particular that is contributing to the revolution in the coffee business through the de-commodification of coffee and de-standardization of the international coffee trade and the activation of the hidden quality potential involved in the variety of consumer tastes (Andriani & Herrmann-Pillath, 2011: 23).

According to illycaffè, the most significant area of potential for reducing the company's carbon footprint is in the hands of local coffee growers. Decio Zylbersztajn et al. (2018) discuss the phenomenon of micro-innovation and cost-efficiency, which is a response to prices or institutional changes and an 'open innovation' attitude among Brazilian coffee growers. Through such collaborative practices in local communities, growers share their practical knowledge and empower each other. We believe that local growers' dedication and spirit of improving their coffee-growing processes and products represent a decisive force for minimizing the ecological footprint of illycaffè in the future.

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8

Vegan Fashion: The Case of Miomojo

Zoltan Rozsa 

The Ecological Impact of the Fashion Industry

The Anthropocene is Earth's most recent geological epoch characterized by the significant anthropogenic impact on the planet's geology and ecosystems. While the International Union of Geological Sciences has not officially agreed that the Anthropocene is distinct from the Holocene epoch, an increasing number of scholars use the term to describe the last 70 years. According to the Anthropocene Working Group, this epoch began in the mid-twentieth century, when the Great Acceleration began. There is overwhelming scientific evidence that many human activities, such as unsustainable industrial development and overexploitation of the natural environment, had a negative ecological impact.

To comprehend the scale of the issue, it is important to look at key environmental data on the fashion industry, which is among the most

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environmentally destructive fields of business. The ecological footprint of the cultivation of raw materials, garment production, transportation, consumer usage, and product disposal is significant.

The garment industry generates 10% of global carbon emissions, which exceeds the total carbon emission of ocean freight and international flights combined (The World Bank, 2019). The Paris Climate Agreement, a legally binding multinational treaty on climate change, aims to limit global warming to below 2 °C by 2030. The fashion industry must reduce its carbon emission by 45% by that date to meet the requirements of the international treaty (Sadowski et al., 2021). Additionally, while water scarcity is a growing problem in many regions, the annual water consumption of the fashion industry is ninety-three billion cubic meters, which could fulfill the water demand of five million people (Ellen MacArthur Foundation, 2017). Currently, 4% of fresh water is used by the fashion sector, and water consumption is projected to increase by 50% by 2030 (Ellen MacArthur Foundation, 2017). As climate change increases water insecurity, the water consumption of the fashion industry may lead to situations where garment and food production will compete for the same limited resource. Fabric dyeing and treatment, a fundamental process in the textile industry, produces approximately 20% of the global wastewater while the fashion industry pollutes the global aquatic ecosystem by half a million tons of microfibers every year (Ellen MacArthur Foundation, 2017). Furthermore, the land use of the fashion sector contributes to the reduction of biodiversity (Egorova et al., 2014).

Besides the ecological destruction, millions of sentient non-human animals, including cattle, crocodiles, ducks, foxes, minks, sheep, goats, and geese suffer and die for the sake of the fashion industry. Eco-conscious and ethical companies and consumers call for a more sustainable and well-being-oriented fashion industry. Organizations like the Collective Fashion Justice, The Vegan Society, and People for the Ethical Treatment of Animals (PETA) are proponents of vegan fashion, a more sustainable and ethical form of fashion. Vegan fashion “seeks to exclude—as far as is possible and practicable—all forms of exploitation of, and cruelty to, animals” (The Vegan Society, 2022).

Veganism is a rising trend with a significant impact on consumer behavior. The increased demand for cruelty-free products has already transformed certain sub-segments of the food industry. According to the findings of the Precedence Research (2022), “the global vegan food market size is projected to be worth around USD 65.4 billion by 2030 and registering growth at a CAGR [compound annual growth rate] of 10.41% over the forecast period 2022 to 2030.” Many market researchers expect similar trends in the fashion industry. Hence, a cruelty-free and ethical approach to fashion may be a critical part of a differentiation marketing strategy.

New Approaches and Solutions for Making Fashion More Sustainable

As Clark (2008: 428) stated, “speaking of fashion in the context of sustainable practices is a challenge.” Fast fashion, which is among the least sustainable business models, artificially shortens the fashion cycle to increase sales volume. For example, Zara, a Spanish multinational retail clothing firm, can launch 20,000 styles annually (Chunling, 2020). Fast fashion brands often use highly efficient marketing tactics to create a sense of false scarcity combined with an affordable pricing policy. In section one, I demonstrated how the global fashion industry affects the ecosystem. However, the multifaceted problems with the unsustainability of the fashion industry do not end with ecological problems. Worker safety issues, non- and past-due payments, and other forms of rights violations frequently occur in the factories and supply chains in less economically developed countries as a result of the fast fashion business model (Corradini, 2018). The 2013 Dhaka garment factory collapse, often referred to as the Collapse of Rana Plaza, led to the death of more than 1100 workers. This terrible accident illustrates the potential ethical implications of the unidimensional profit-maximizing business approach to fashion, which prioritizes financial gains over the well-being of employees.

Another concerning aspect of the mainstream fashion industry practices is the large-scale exploitation of sentient non-human animals.

While animal-based materials are commonly used in the manufacturing process of fashion items, the ethical implications are rarely the subject of public discussion. The most frequently used animals are foxes, rabbits, minks, chinchillas, and otters (Ferreira, 2017). The production of leather, feathers, wool, silk, and other non-vegan fashion resources causes unnecessary suffering to non-human animals and increases the ecological footprint of the industry. Artificial substitutes such as synthetic leather are not only economically less destructive but also avoid inflicting unnecessary pain on non-human animals.

Even those who hold an exclusively anthropocentric ethical perspective have some reason to boycott fashion items using animal-based materials. A recent systematic literature review examines the psychological impact of slaughterhouse employment. Based on the findings of the study, “SHWs [slaughterhouse workers] have a higher prevalence rate of mental health issues, in particular depression and anxiety, in addition to violence-supportive attitudes (...) [and] there is some evidence that slaughterhouse work is associated with increased crime levels” (Slade & Alleyne, 2021: 1). By reducing the demand for fashion products that use animal-based materials, workers in the supply chains of the fashion industry may not be exposed to the physiological stress of slaughterhouse work. Can fashion be sustainable and ethical? To answer this question, I conducted a literature review focusing on holistic approaches to the garment industry.

The sustainable fashion movement emerged in the 1960s as a result of customers recognizing the ecologically destructive effects of the fashion industry (Jung & Jin, 2014). It is part of the slow fashion movement, which is often referred to as ethical-, green- or eco-fashion (Carey & Cervellon, 2014). While the interpretation of sustainable fashion is person- and context-dependent (Henninger et al., 2016), it is usually associated with the reduction of ecological footprint, fair and just working conditions, ethical business practices, eco-friendly and locally sourced materials, slower fashion cycles, and production processes. The fundamental values of environmentalism (Paehlke, 2000) include the preservation of ecosystems and biodiversity, the protection of human health, and sustainable resource use, which are well-aligned with the values of sustainable fashion.

According to a recent survey on the global perspectives of sustainable fashion, the “awareness of environmental issues is a concern” for many consumers though “sustainable fashion has yet to take a similar hold on their thinking and shopping habits when it comes to buying clothing, shoes and accessories” (Kwok-pan et al., 2018: 3). Data demonstrate how supportive the respondents were toward sustainable fashion by age group. Younger age groups show a more favorable attitude toward sustainable fashion.

How much more the respondents are willing to pay for sustainable fashion items? Based on the observed price sensitivity, most consumers are willing to pay a 10–25% higher price for sustainable fashion items (Kwok-pan et al., 2018).

In contrast to the cost-minimizing practices of fast fashion companies, the operating costs of eco-fashion companies are significantly higher. Reaching cost-sensitive consumers can be a significant challenge due to high product prices. In this case study, I prioritize the analysis of the price strategy.

Contemporary mainstream industry practices, including design, manufacturing, logistics, marketing, and retail lead to unsustainable consumption and resource use. The unsustainable growth of the fashion industry catalyzes the development of alternative approaches to the production, marketing, and retail of clothing items. Eco-conscious approaches to fashion have gained traction as environmental and ethical issues became more important to customers. The ecological footprint of the garment industry can be reduced during “fiber production, finishing, dyeing (..), printing processes, global logistics during manufacturing (...), sales, the use and the maintenance of the product, [and] disposal of the product” (Niinimäki, 2013: 13). Besides rethinking the prevailing mainstream manufacturing process, sustainable design may also contribute to the reduction of the negative ecological impact. These holistic, eco-friendly design strategies include (Black, 2011):

- repairing, repurposing, and reusing used clothing items;
- upcycling to reduce fashion waste;
- using recycled and reclaimed resources to create new fashion items;

- using materials such as organic cotton and hemp with lower environmental impact;
- using a single fiber material which allows for recycling;
- design for reduced or zero waste in the manufacturing process.

The mass production of cheap clothing items and aggressive marketing strategies lead to widespread consumerist behavior. The vicious circle of uncontrollable consumption and production is being questioned by holistic and ethical business models. Sustainable fashion is a step in the right direction to reduce the ecological footprint of the garment industry. However, some of its interpretations do not include the moral consideration of non-human animal beings.

While animal welfare advocates allow the use of animal products for fashion purposes as long as they are compatible with animal welfare standards, the animal rights approach advocates for the complete and immediate exploitation of non-human animals. Vegan fashion includes sentient non-human animals in the sphere of moral consideration. Hence, it refuses to exploit them for monetary gains. While there is a huge overlap between the principles and values of sustainable and vegan fashion, there are clear differences as well. To illustrate such a difference, the different ethical evaluation of fur is a crucial example. Sustainable fashion may support the manufacturing of long-lasting and durable fur products (Niinimäki, 2013) while vegan fashion would refuse the usage of any animal products. This paper aims to contribute to the literature by answering the following research question: what are the ethical implications of applying the principles of veganism to fashion?

The Case of Miomojo

This paper is exploratory and uses qualitative research methodologies, such as netnography and semi-structured interview, to explore the business model of Miomojo. (Netnography is an innovative research approach used to examine online communities and organizations. It usually involves observation, data collection, and analysis of online activities, such as blog social media communication and public chats.)

The main research questions are as follows:

1. How is value created for customers/clients in the company?
2. Which market segments are targeted by the organization?
3. What are the cost structure and profit potential of the organization, given its value proposition and targeted market segment?
4. What is the structure of the organization's value chain to create and distribute its offering?
5. What is the position of the organization within the value network?
6. What is the strategy of the organization and its positioning in its socio-economic space?
7. What aspects of their business model could be improved to reduce their environmental impact in harmony with the other business goals of the company?
8. What are the major challenges a vegan fashion brand has to face?
9. Could the vegan approach be utilized in different industries? If so, what would be the positive and negative consequences of excluding animal-based materials?

The prevalence of netnography in marketing research has significantly increased (Heinonen & Medberg, 2018). Among other potential benefits, it established itself as an acknowledged qualitative methodology to examine brand authenticity and value orientation (Heinonen & Medberg, 2018). The netnographic analysis data used in this study were collected from the Miomojo's official website and its social media platforms, including Facebook, Twitter, Instagram, YouTube, and LinkedIn. The method used to analyze the data in the netnographic research was the thematic analysis technique, which involved a process of becoming familiar with the data by reading and contextual interpretation, followed by the development of codes through the identification of recurrent phrases. As a result of the thematic analysis, the following categories emerged: animal welfare, veganism, sustainability, fairness, well-being, ecological, eco-conscious, ethical business practices, and innovation.

Besides analyzing textual data, a semi-structured interview was conducted with Elisa Di Lonardo, a representative of Miomojo. The

collected data were analyzed utilizing a seven-step process (Easterby-Smith et al., 2008) including familiarization, reflection, conceptualization, cataloguing concepts, re-coding, linking, and re-evaluation. The coding process was repeated multiple times to guarantee coherence and intelligibility. The thematic analysis resulted in the identification of several major categories, including veganism, animal ethics, sustainability, fairness, marketing advantages, ecological destruction, and market advantages.

It is crucial to acknowledge certain limitations when interpreting the results of the study; the small sample size and the lack of diversity in terms of geography and culture among the participants. It is recommended that future studies investigate whether the findings related to vegan fashion apply to a broader range of fashion brands.

Sustainable Value Creation

Miomojo creates value for consumers by transforming resources and labor into goods that not only fulfill material needs but also make ethical and value-oriented consumption possible. The Italian fashion brand produces bags, accessories, and other fashion items. The bags, which represent the company's most important products, can be classified into three major collections:

1. The pieces of the “La Prima Linea” collection are bags made of innovative, premium quality, plant-based materials. Among the remarkable fashion items, you can find small handbags, purses, and cross-body bags.
2. The items of the “Miomojo VeVé” collection are affordable, environmentally friendly vegan products.
3. The “MJ-0” collection consists of affordably priced, sporty backpacks and handbags, made from recycled materials.

In addition to bags, the company offers other fashion items such as sweaters, sportswear, T-shirts, and wallets. Although Miomojo products provide consumers with aesthetic and functional value, the company

delivers additional immaterial value as well. Consumer trends have changed rapidly and significantly. More shoppers avoid fast fashion companies due to their environmentally destructive and unsustainable business practices. Miomojo aims to act ethically and value-driven in all of its business practices, including design, production, logistics, marketing, and commercial processes. The company declares its ethical commitment as follows:

Miomojo is much more than a business though. We aspire to being a 100% ethical business, creating beautiful fashion pieces that value style, value lives – of animals and humans – and value our home, the planet. (...) Our relationship with nature is broken, but relationships can change. We believe in change. We believe that fashion can and must contribute to a different way of doing business, a different lifestyle, in which ethics meets aesthetics. (Miomojo, 2022a, 2022b, 2022c, 2022d, 2022e)

Miomojo goes against common fashion industry practices and strives to reduce its environmental impact as much as possible. Only innovative, environmentally friendly, plant-based materials are used in the production of their fashion items and they offset the carbon emissions generated during the transportation process. Moreover, animal welfare and social issues are also important to Miomojo and 10% of their profit is forwarded to animal welfare organizations, including FOUR PAWS International Animals Asia Foundation, PETA Germany, Mercy For Animals, and independent sanctuaries.

With these issues at the forefront of their operation, Miomojo also prioritizes sustainable value creation for every stakeholder. Elisa Di Lonardo emphasized how the core values of the company influence value creation, stating:

With the aim of disrupting the market and offering a high-quality, ethical alternative, we committed ourselves to researching, testing and using materials that have the lowest possible environmental impact. Over time, we have proved that a beautiful object doesn't have to come at the expense of other living beings or our planet. The added value to our products is that we are able to give our customers high quality, durability, and beauty,

Table 8.1 Miomojo's sustainable value creation process, broken down by the most important stakeholder groups

Stakeholder groups	Added value
Miomojo	Financial capital
Customers	Aesthetic and functional value of the products, the immaterial value of ethical consumer behavior
Oversea suppliers	Financial capital, long-term business partnership
Local suppliers	Financial capital, long-term business partnerships, and contribution to the local community
Charity organizations	Financial support
Competing fashion companies	Innovative, alternative business models which can be incorporated into their own strategies
Ecosystem	Reduction of destructive ecological impact
Non-human animals	Reduction of suffering

Source Author's construction

as well as unicity, as these next-gen materials we use are innovative and represent the future.

Table 8.1 presents the company's sustainable value creation process for the most important stakeholder groups.

Market Segments Targeted by Miomojo

The following are regularly recurring elements in Miomojo's marketing communication:

- environmental awareness
- social sensitivity and prosociality
- animal welfare and veganism
- sustainability
- justice and fairness
- love and kindness
- aesthetic value
- local production and short supply chains for the high-end product line

- cruelty-free production
- transparency and accountability.

Based on the communicated product and brand advantages, it can be assumed that consumers interested in alternative fashion are the main target group. The majority of their product range consists of women's pieces though they also sell a number of men's products. One of the possible reasons for this is that females are highly overrepresented in the vegan community (Faunalytics, 2019). Di Lonardo highlighted the inclusivity of the company's targeting strategy, saying,

Everyone can wear a Miomojo bag. We mainly have women's handbags, but we also have products for men, such as backpacks and duffle bags, and a gender-free collection that we plan to expand next year. We mainly try to reach the new generations, Millennials and Gen-Z, to educate them to wear something which can be both cool and kind to our planet and the animals.

Based on the pricing policy, the company's three major product collections aim to reach three distinct target audiences. The high-quality, locally made products in the "La Prima Linea" collection are priced similarly to the entry-level products of well-known Italian designer brands. These products target people who are less price-sensitive but are receptive to the values represented by Miomojo. The fashion items of the "Miomojo VeVé" collection are made from vegan, environmentally friendly materials. Their pricing of this collection is more favorable, so it can reach a wider target audience. The products of the "MJ-0" collection are made of recycled materials and are not manufactured in Italy. Due to their economical prices, they are available to a wider range of consumers. In order to produce items of the MJ-0 collection at lower prices, the fashion company outsourced parts of the production to Asian manufacturers, ensuring ethical behavior also extends to business partnerships. Miomojo elaborated on this process in a 2022 statement, explaining their ethical commitment to their business relations.

The more casual and sporty collections are ethically produced in carefully selected production facilities in Asia. The recycled fabrics from ghost nets and plastic bottles are locally sourced, and our factories are BSCI & SEDEX audited and certified under SA 8000. The fabrics and the factories are GRS certified. We guarantee that we support safe, fair working conditions across our supply chain, not only through consistent auditing from third parties but also through regular visits from our employees based in the Miomojo Hong Kong branch offices. Having global production allows us to reach different price targets and to give consumers the opportunity to choose a cruelty-free and recycled product. (Miomojo, 2022a, 2022b, 2022c, 2022d, 2022e)

Cost Structure and Profit Potential

Contrary to the conventional fast fashion model, which strives to make the circulation of goods faster with low prices and aggressive marketing strategies, Miomojo endorses a slower approach to fashion. Due to the company's strong ethical orientation, it interprets business success in a multidimensional manner. Consequently, profit realization is only one of the conditions for success. The use of high-quality, ethically sourced materials, donations to charity organizations, and the reduction of environmental impact increase costs. Despite the increased operating costs, the business model of the company is highly profitable. Table 8.2 shows the company's annual revenue and profit between 2017 and 2020. The company, which employs only six people, made a substantial profit during the entire period under review.

Table 8.2 The annual revenue and profit of Miomojo between 2017 and 2020 (Visura, 2022)

Fiscal year	2017	2018	2019	2020
Revenue (€)	2,293,289	3,400,670	2,831,654	2,848,614
Profit (€)	161,608	344,636	218,841	237,436

Source Author's construction

Extended Value Network Analysis

In the extended value network analysis, not only organizational members but all stakeholder groups are involved. The model presents the mutual and multidirectional value interactions of the stakeholder groups. When identifying interest groups, it is important to consider that the Italian fashion company deliberately keeps the supply chain as short as practically possible. The following declaration can be found on their website:

Both for environmental reasons and to contribute to our community, we have established a short supply chain for production of our Prima Linea collection here in Italy. Most of the materials (with few exceptions) are also made in Italy, and the entire supply chain from raw materials to finished goods, packaging and logistics is located within 300 km of our headquarters. This reduces our carbon footprint, allows great quality control and supports the local community. (Miomojo, [2022a](#), [2022b](#), [2022c](#), [2022d](#), [2022e](#))

The value interaction between stakeholder groups is shown in Fig. 8.1. The direction of the arrows indicates the direction of value creation, and the boxes represent the stakeholder groups.

As shown in Fig. 3, value creation between stakeholder members is in most cases bilateral. Mutual value creation is essential in the operation of the company. Sustainable value creation has not only ecological conditions but also cooperation based on long-term common interests. In the case of non-human animals, mutual value creation is one-sided. Miomojo's value orientation explains why it cares for non-human animals without self-interest. The vegan principle is one of the driving ethical principles of the company. Di Lonardo highlighted the importance of veganism in Miomojo's value orientation, stating:

Still using animal leather is outdated, as businesses now have many different opportunities that are more qualitative and durable than animal leather, as well as environmentally- friendly. In fact, next-gen materials use half of the natural resources used by animal leather and in a world where people are becoming aware and aware of the environmental issues, every business must evolve and go beyond the use of animal leather. (...) Each

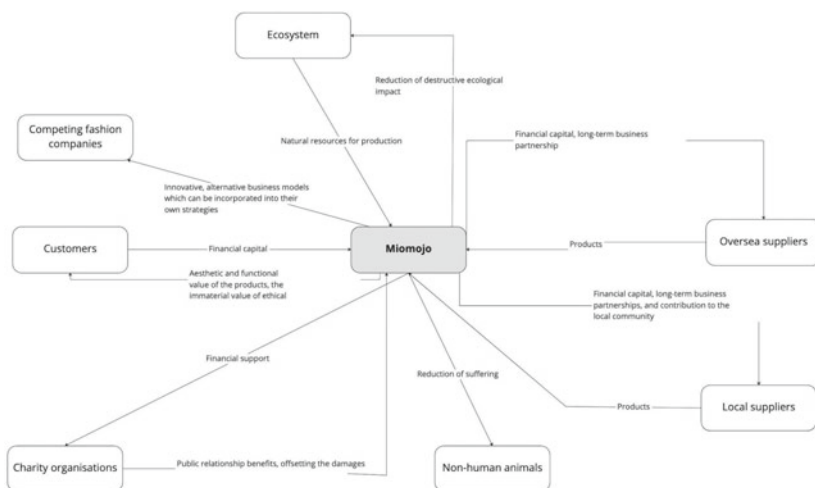


Fig. 8.1 Extended value network of Miomojo (Source Author's construction)

year, the global leather industry slaughters more than a billion animals and tans their skins and hides. These animals endure all the horrors of cruel factory farming. Turning skin into leather requires massive amounts of energy and dangerous chemicals. It is pointless still torture and kill animals for fashion purposes, when you can create something innovative from (...) We apply the principles of veganism in everything we do: in production, in our office life and in our connections. As for our products, we use the entire range of incredibly innovative, next-generation materials derived from plant-based resources, such as apples, corn, grapes, rice, wood and cactus.

Ethics and Sustainability as Fundamental Elements of Strategy

Examining Miomojo's business activities, it can be concluded that ethics is not a consequence of the strategy, but that the strategy is the result of fundamental ethical principles. From the foundation of the firm, it was committed to "creating a new paradigm for business, in which profit and purpose are intrinsically linked, creating a business as a force for

good” (Miomojo, 2022a, 2022b, 2022c, 2022d, 2022e). The company considers not only humans as subjects of moral consideration, but also non-human entities as well. An important part of the approach is the application of vegan principles in all its business operations. From design to the sale process, it avoids causing unnecessary suffering to non-human animals. Veganism can present some difficulties in the fashion scene. The representative of Miomojo drew attention to the following problems.

A huge challenge is that a large side of consumers still associates vegan and sustainable products to something not fashionable or boring and many of them are not aware of the vegan stylish alternatives. They only rely on brands that are widely known, such as Stella McCartney, but often people who buy its products don't even know that these bags are vegan and cruelty-free and they only look at the brand name.

The fact that the company sticks to its principles despite hardships is proof of its genuine ethical commitment. In order to reduce its negative environmental impact, Miomojo makes many efforts, from the selection of materials to the elimination of the carbon impact of transportation. In addition to human and non-human animals, it also considers the state of the ecosystem and future generations in its business operations.

It is also possible to extend the vegan business approach to other business models. Numerous examples in the alternative food industry show that an environmentally friendly and ethical approach can have a significant impact on profits. According to Di Lonardo, vegan stores may become important in the future, stating:

We think that a vegan approach should be utilized in every industry and it will be. If not, the Earth will collapse. There are only positive consequences in excluding animal-based materials for the animals, the environment, and ourselves. Leather production, for example, is catastrophic in terms of deforestation and biodiversity loss, as well as greenhouse gas emissions. It is extremely energy and water intensive to produce with lots of chemicals used in the tanning process.

Conclusion

This paper provided an overview of the main concerns about prevailing fashion industry practices, including the negative ecological, social, and ethical consequences. The challenges of the Anthropocene era call for the drastic and immediate transformation of the garment industry.

Alternative approaches to fashion emerged during the 1960s as a result of changing customer preferences. One of them is sustainable fashion, which questions the basic principles of mainstream manufacturing, logistics, retail, and marketing processes. The alternative business models of sustainable fashion can significantly lessen the negative environmental impacts while fulfilling the needs of customers. While the popularity of ethical fashion is rising, the market share of such companies is still reasonably low (Statista, 2023).

While there are clear advantages of sustainable fashion, it is still limited. Millions of animals die and suffer as a result of common practices in the fashion industry. Some interpretations of sustainable fashion do not include sentient non-human animals in the sphere of moral consideration. Vegan fashion, an alternative approach to ethical and sustainable fashion, excludes the use of animal-based products. It advocates using of recyclable, eco-friendly, plant-based materials. The number of vegan consumers is constantly growing globally. Hence, those companies who recognize the market potential of veganism earlier may have an advantage over their competitors.

The implementation of the vegan business approach is successful in multiple markets. An outstanding example is the food industry, where the vegan market share has increased significantly in several food categories. This can be partly explained by the changing consumer trends, the widening product range of plant-based alternatives, and the increased marketing activity of vegan companies. However, sustainable and vegan fashion brands face many hardships that hinder the widespread adoption of their business model. Based on this case study and literature analysis, these difficulties are:

- Satisfying complex consumer needs
 - Consumer price sensitivity
 - Negative consumer perception
 - Narrower product range
- Social barriers
 - Social expectations
 - Customs and traditions
- Significant competition.

Addressing these concerns requires a complex, holistic strategy that considers all stakeholders. The difficulties regarding consumer needs are twofold. On the one hand, the operating costs of vegan fashion companies are higher. The increased expenditure is unavoidable in some cases since cost reduction could lead to the violation of certain ethical principles. While in other situations, as the case study shows, it is possible to reduce costs without transgressing ethical foundations. On the other hand, improving consumer perception and broadening the product range requires the development of marketing and production strategies. The broad targeting strategy practiced by Miomojo helps products reach different consumer groups.

The social perception of veganism and eco-awareness may differ from macro-culture to macro-culture. The perception of veganism in each community can influence the perception of vegan products. In communities where veganism is characterized by a negative perception, it is recommended to focus the marketing positioning on other product properties. A localized marketing strategy can support more efficient business operations for ethical vegan brands.

One of the common criticisms directed at vegan fashion is the use of plastic materials, which raises significant ecological concerns. However, it is worth noting that non-vegan fashion brands also incorporate plastic into their products, indicating that this is not a problem exclusive to vegan fashion companies. In contrast, Miomojo has taken steps to

address this issue by utilizing numerous innovative, non-plastic materials (such as corn-, apple-, and cactus-based organic fabrics) that have minimal environmental impact during the production process and can be disposed of in an environmentally friendly manner.

Finally, sustainable and vegan fashion companies face a lot of competition from fast fashion brands. For small companies to compete efficiently with capital-intensive, environmentally and socially destructive fast fashion companies, state intervention may be necessary. One of the tools for this could be the modification of commercial and tax burdens for fast fashion companies, which could help to internalize the externalities. This can be supplemented by supporting sustainable and vegan companies with tax incentives.

This paper contributes to the field of sustainable business by identifying how Miomojo, an Italian vegan fashion brand, structure its business around environmentally friendly practices. The findings indicate that applying the principles of veganism to fashion may help to reduce negative environmental impacts, reduce unnecessary suffering inflicted on sentient non-human animals, and increase brand recognition and profitability at the same time. Veganism may be a key element of differentiation in the marketing strategy of fashion brands and utilizing these principles in different industries may be part of an ethical and effective marketing strategy.

The findings of this case study must be seen in the light of some limitations. The first limitation concerns the size of the sample, while the second limitation is the geographical and cultural non-diversity of the sample. Thus, it is suggested that future research examines whether the implications of vegan fashion hold true for a wider sample of fashion brands.

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9

'The Located Making Framework' for Sustainable Enterprise

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and Peter Humphreys

This paper presents a framework for supporting sustainable practices in small-scale maker enterprises. The development of the framework is based on findings from three funded research projects conducted in New Mexico, USA, which is renowned as a major centre of traditional crafts; in Cumbria, UK, where a number of traditional but endangered craft enterprises are located; and in the Yellow River Valley region in Central China, where UNESCO's (the United Nations Educational, Scientific and Cultural Organization) Intangible Cultural Heritage Convention plays a significant part in regional and national support of traditional practices. The field research examined the nature of traditional making enterprises, their processes, their products, their connections to the

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locale, and the values of the makers or enterprise owners. The research evaluates this information in terms of how the various components contribute to community building through the involvement of and commitment to local people, the use of local resources, and the fundamental ties of the enterprises to people, place, and planet, including the creation of fulfilling, meaningful work. It considers the cultural meanings and contributions of these enterprises, as well as new opportunities that arise when small, often very traditional, making enterprises work with designers.

This research helps to establish a geographically dispersed, highly diversified, resilient, and economically robust enterprise model that is culturally meaningful, offers good quality work, is rooted in context, and is fundamentally sustainable.

We begin by introducing the research context and we provide an overview of the key theories pertinent to this area of study, especially *sustainable entrepreneurship and location-specific making practices*. This is followed by the presentation of the primary field studies conducted with maker enterprises that produce a range of goods in three very different regions of the world—one in North America, one in Europe, and one in Asia. Key points extracted from the primary data are presented, and representative enterprise examples are included to illustrate the key findings.

Research Context: Sustainable Entrepreneurship

Sustainability became recognised as a long-term goal during the last quarter of the twentieth century, but even so, it is an expansive and elusive concept. The literature shows that the meaning of ‘sustainability’ is often interpreted differently according to the specialisms involved and their particular perspective, and over the intervening years, new connotations and explanations have been being included in the umbrella of sustainability. In general, contemporary sustainability-related theories can be categorised under three areas:

1. *Pillar-based understandings that originated in the world of management science*, e.g. Elkington's (1999: 70) Triple Bottom Line; Gibson's (2006: 17) arguments on relevant pillars in an intersecting way or in a concentric way;
2. *Eco-related theories that emerged from environmental science*, e.g. the improvement of resource efficiency through life cycle management proposed by McDonough and Braungart (2009: 76); Braungart et al. (2007);
3. *Integration of social sphere into sustainability*, e.g. the indices based on well-being and happiness—Human Development Index and the Gross National Happiness Index, that are developed to assess social sustainability, Kuhlman and Farrington (2010).

Of particular importance in this present discussion, in management research and practice, studies have shown that there are positive links between sustainable entrepreneurship and financial performance (Laplume et al., 2008). Consequently, many enterprises across a wide range of sectors and geographical regions have recognised the importance of sustainability, and have developed new business models and entrepreneurial opportunities that contribute to sustainable futures (Zollo et al., 2013). For example, Dutch enterprise owners have positively progressed sustainable entrepreneurship in four key areas: (1) sanitation and clean up; (2) pollution prevention; (3) improvement of eco-efficiency and resource productivity; and (4) optimised business strategies at multiple levels (Keijzers, 2002). In developing sustainability in business, many scholars highlight the importance of taking a more holistic approach that will facilitate *systematic* changes, such as managing and improving environmental, social, and economic performance throughout supply chains, stakeholder engagement, and product development, as well as inside the organisation itself (Foss et al., 2012; Zollo et al., 2013).

In this study, we focus on small, place-based maker enterprises. As design researchers, we are particularly interested in design and its role in furthering the sustainability of their businesses. Since 2014, we have conducted a series of projects, supported by the United Kingdom's Arts and Humanities Research Council (AHRC) and the associated

AHRC-Newton Fund. This research has examined the very essence of location-specific making practices, the products that are produced, the connections to place, the connections to community, and the values, priorities, and motivations of the makers and enterprise owners (for further details see Gateway to Research <https://gtr.ukri.org/> [2022a, 2022b, 2022c]). Consequently, the interpretation of sustainability we employ here is based on four key interrelated areas: place and environmental care; community and social contribution; personal fulfilment and values; and economic viability. Notably, this understanding of the term sustainability includes personal commitment and adherence to one's stated values and how these are expressed via the nature and practices of the enterprise. In addition, the fourth, economic component is seen as *means* to achieve the other three, rather than an *end in itself* (see Walker's *Quadruple Bottom Line of Design for Sustainability* in section "[Relationship of Craft Enterprises to Sustainability](#)").

Findings from this research reveal these kinds of enterprises generally have a strong commitment to and knowledge of the area where they work, the local community, and the traditions, roots, and cultural heritage of their practice. They also value the human expertise and recognise the intrinsic value of good quality, highly skilled, creative work, over and above the necessary monetary rewards (Mullagh et al., 2019; Walker et al., 2019a, 2022; Zhang, 2021). Because of these core principles, there appeared to be a strong relationship between place-based, often very traditional making practices and products and contemporary sustainability agendas. To determine if this was indeed the case, and demonstrably so, we developed the *Located Making Framework* that applies to "purposeful goods whose design, production and use are strongly related to the heritage, culture or geography of place". We aimed to develop a practical framework for illustrating the connections to a place of the maker enterprise and the values and priorities of the maker or enterprise owner. From this information, we were able to assess and visualise the relationship of the enterprise to sustainability in terms of environmental care, social contribution, personal fulfilment and relationship to the maker's expressed values, and economic viability. In addition, design opportunities that align with sustainability and that are tailored to the nature, needs and values of the enterprise were also visualised.

Research Question, Objectives, and Methods

This research is centred on the following research question:

How can design contribute to the sustainable development of small, often very traditional, maker enterprises?

To be able to answer this question, the following objectives were established, which provide direction for taking the study forward:

- OB1: *Determine the nature and key elements of small-scale, place-based maker enterprises and their practices* in terms of the connections to place and the values and priorities of the makers and/or enterprise owners.
- OB2: *Analyse the relationship of making enterprises to sustainability* in terms of:
- i. Place and environmental care via the use of local materials, markets, etc.
 - ii. Social commitment and community including employment and other social contributions.
 - iii. Personal fulfilment and values as expressed in the enterprise and its products.
 - iv. Economic viability of current practices and products.
- OB3: *Assess how design can make a positive contribution to the enterprise* through such means as product design, marketing, website, video design, etc., in ways that align with sustainable principles, commitments to place and community, and good work and personal values and motivations of the maker and/or enterprise owner—that is, determine how design can contribute the creation of sustainable value.

Because the research questions are open-ended, a qualitative form of research was adopted (Creswell, 2014: 4). Using semi-structured interviews and observational studies, primary data was collected in New Mexico, USA; in Cumbria, UK; and in the Yellow River Valley region,

China (Fig. 9.1). These regions were chosen as our primary field research because they are known to be flourishing arts and crafts community, and based on their geographical characteristics and cultural traditions, which has shaped the unique local craft/art forms.

With regard to the first case—Santa Fe, as a major centre of the arts within the USA, was appointed as the UNESCO Creative City in 2015, and the city has long been known for its Native American traditions and Spanish colonial folk art (UNESCO, 2022). We looked into the city's culturally significant products, designs, and practices, and we visited artists and makers who produce representative crafts in this region (see Fig. 9.2), including traditional Hispanic religious art in the form of Retablos, which is a small panel painting; and Bultos, which are small wooden religious sculptures; as well as Pueblo Pottery, which is traditionally made and decorated by women within the community, and each of them has its own distinctive style.

In the second project, we focused on small maker enterprises in Cumbria in northwest England. The heart of this region is an area of stunning natural beauty, which is contained within the Lake District National Park and the Yorkshire Dales National Park. The Cumbrian landscape nurtures a rich melting pot of talent and creativity, surrounded by the views and natural materials that inspire craft makers and artists.



Fig. 9.1 Locations of field studies conducted in three regions (Source Authors' construction)

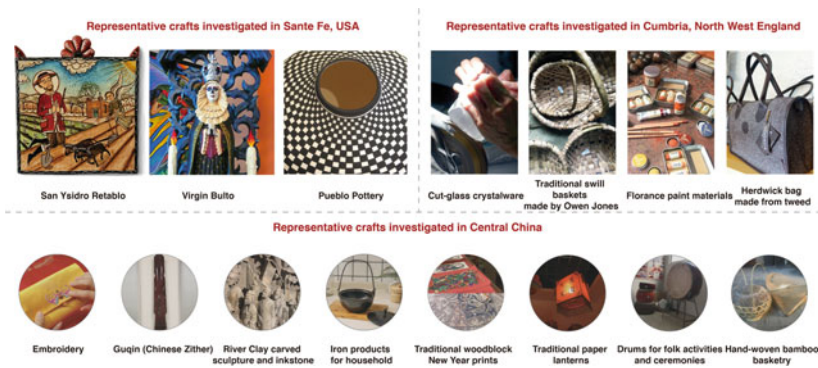


Fig. 9.2 Representative crafts investigated in three regions (Source Authors' construction)

We interviewed maker enterprises that produce a variety of goods, including glass, traditional baskets, fine-art paints, art materials, and wool-based crafts (Fig. 9.2). Also, this region is also well known for its sheep farming, and we conducted in-depth studies on local wool-based brands (Mullagh et al., 2019).

The third project focused on the heritage-based crafts of the Yellow River Valley in central China. This region has a long and rich craft history with fifty-seven local traditional crafts identified as having national significance under UNESCO's Intangible Cultural Heritage Convention (ICH China, 2020). Also, as a multi-cultural region where many ethnic groups are located, there are various unique crafts rooted in their distinct cultures. Of the interviewees, eighteen craft makers are designated *Intangible Cultural Heritage Inheritors* (a Chinese version of Japan's *Living Human Treasure*). They work in crafts in seven main areas: textiles, musical instruments, paper artefacts, metalwork, carving, porcelain, and purposeful crafts made from natural materials (e.g. straw and bamboo) (see representative examples of each craft category in Fig. 9.2).

In total, we carried out more than 50 interviews and a series of site visits in three regions. Participants included craft makers and artisans from a wide range of making practices, as well as enterprise owners

and craft-related stakeholders who work in creative and cultural industries. Typical craft enterprises were also selected from three fields, and a comparative technique was used to identify similarities and differences among the different examples.

Findings from the Field

Key findings from the field are structured according to the three principal research objectives (above). First, the findings related to the first research objective—to *examine the nature of small-scale, place-based making enterprises, and their practices* are summarised in Sect. “[Location Factors and Values that Influence Maker Enterprises](#)”. As the research presents the core principles and practices of the making practices are dependent on the ‘place’ and ‘people’, relevant factors are further developed to reveal their deeper connections. Second, *to examine the relationship of making enterprises to sustainability*, the *Quadruple Bottom Line of Design for Sustainability* by Walker (2011: 187–190; 2014: 92–93), is used as a lens, and related findings are presented in Sect. “[Relationship of Craft Enterprises to Sustainability](#)”. Third, primary *business models* for craft enterprises in three regions are summarised in Sect. “[Craft Businesses](#)”. Finally, design opportunities for sustainability and viability are discussed in Sect. “[Design Opportunities](#)”.

Location Factors and Values that Influence Maker Enterprises

In the first project, we analysed Santa Fe’s success as an arts-rich location and found this success did not happen overnight. Instead, it was the result of a long history and a unique geography combined with conscious decisions by many people over many years (Jung et al., 2016). Strong “people–place relationships” based on vibrant arts and craft tradition enable the community to thrive, and individual artists/craft makers are interrelated with galleries, museums, art fairs, and craft markets, as well as hotels, restaurants, national monuments as a whole (Counted, 2016).

Also, craft enterprises were directly or indirectly supported through tend interrelated areas of consideration: economy, history, geography, resources and suppliers, policy, hospitality, cultural events, communications, competencies, education, and training. All these elements help ensure the long-term sustainable development of local craft traditions, not least by attracting visitors and maintaining the market for products that craft makers produce. Such findings inspire us to consider the development of factors, which can help understand craft making practice in different contexts.

Our research into Cumbrian maker enterprise confirmed the relevance of traditional practices to people and place. During this project, we further developed and refined two key factors that support the local craft community: (1) *place-based factors*, and (2) *values-related factors*. The location factors include resources and supplies, professional development, cultural events, cultural organisations, policy, infrastructure, attractions, and the profile of the place (as described in Fig. 9.3). The values-related factors are developed from Schwartz's analysis of human values (2012), which are divided into four principal areas, i.e. innovation, conservation, self-advancement, and self-transcendence (See details in Fig. 9.3). These factors were employed in the assessment of maker enterprises in the Yellow River Valley, and the resulting visualisations have been affirmed by participating makers as useful assessment tools (Zhang, 2022).

The two later projects, in Cumbria and China, indicate the strength of effectively identifying the different factors at play. For example, our investigation of craft enterprises in the Yellow River Valley reveals that *resource availability* and *professional development* as two important location-specific factors, which affect local craft enterprises in developing their business. In addition, the past decade has seen significant improvements in the infrastructure of central China, and a comprehensive transportation network of airports, high-speed trains, highways, subways, and waterways has been built across this region, in addition to other fundamental facilities and communication systems. All these improvements are vital to the success of craft business; consequently, *infrastructure* as a place-based factor is important here. By comparison, the other five factors are rather less important in the Chinese



Fig. 9.3 Details of place-based factors and value-related factors (Source Authors' construction)

context, because the revival and re-appreciation of traditional crafts are strongly supported by the central government. These range from offering opportunities for profile-raising via different cultural events such as festivals and ceremonies, to financial support for training, education, and exhibitions. In response to the government's initiative, large companies, organisations, the media, museums and galleries, and academic

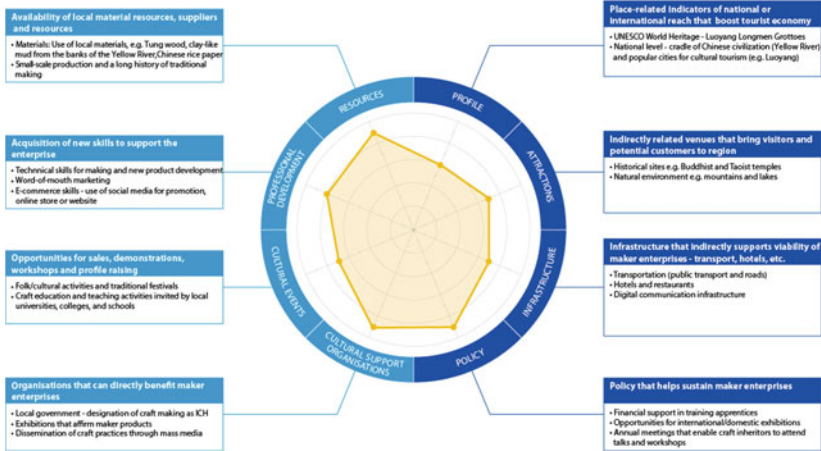
institutions also provide various forms of support, such as creative collaborations, opportunities for sales, and knowledge exchange. Figure 9.4 shows the relative importance of the different place-based factors that support the craft enterprises in the Yellow River Valley.

Similarly, by comparing the values that motivate craft makers and enterprise owners, the differences are indicative of the relative importance of the various factors in each case. For example, we compared the values of Cumbrian makers with the values of local economic development agencies. The values and priorities of those engaged in craft enterprises fall within the complete opposite cluster of values compared with the local agencies. For maker enterprises, there is an emphasis on strong connections to place and community, intrinsic human values, and cultural roots, which are inherent to many crafts. On the other hand, local economic development agencies give more emphasis to the economic impact of enterprise and encourage technological innovation to spur economic growth. A comparison between them is shown in

RELEVANCE OF PLACE TO MAKER ENTERPRISES:

The potential of context-based elements to support maker enterprises

LOCATION: YELLOW RIVER VALLEY



Note: the diagram is indicative rather than definitive

Fig. 9.4 Place-based factors that support the craft enterprises in the Yellow River Valley (Source Authors' construction)

COMPARISON OF VALUES: SMALL MAKER ENTERPRISES AND ECONOMIC DEVELOPMENT ORGANISATIONS

LOCATION: CUMBRIA



Fig. 9.5 Comparison of values: Cumbrian small maker enterprises & local development organisations (Source Authors' construction)

Fig. 9.5, which is a powerful visual indication of their very contrasting values and an indication of a need for better communication and understanding across these two sectors.

Relationship of Craft Enterprises to Sustainability

In order to assess the relationship of place-based making enterprises to contemporary understandings of sustainability, a meaning-based, sustainability-focused design approach was used, namely: *the Quadruple Bottom Line of Design for Sustainability* (QBL) (Walker, 2011, pp. 187–190, 2014, pp. 92–93). The design-based tool allowed us to investigate a range of interrelated factors relevant to making practices across very different regions and contexts. This approach comprises the following interrelated parts:

- *Practical Meaning*—actions that are context appropriate and serve utilitarian needs while taking into account and minimising negative environmental impacts;
- *Social Meaning*—the context-related social and ethical implications of craft practices and cultural continuance;
- *Personal Meaning*—priorities valued by craftspeople as individuals, including moral rectitude and conscience, a sense of contribution and spiritual significance, and inner values and well-being;
- *Economic Means*—ensuring the financial viability of the practice to ensure the first three elements can be maintained. (Walker, 2011: 187–190, 2014: 92–93).

The interviews and observations carried out with representative enterprises from field studies have been analysed through the lens of QBL in order to assess how their motivations, practices, and products aligned with the principles of design for sustainability. Key points emerging from the analysis demonstrate that most craft enterprises and their making practices embody the *Quadruple Bottom Line of Design for Sustainability* in the following four respects:

- Craft enterprises and their products and designs are frequently strongly place-based and context-related, and they serve practical purposes, which might be utilitarian or more spiritual, while taking into account the environmental implications and impacts.
- Important context-related social and ethical knowledge and practices, which are vital to cultural continuance and community development, are rooted in craft enterprises and craft practices. We found, for example, that small maker enterprises frequently show their work at local galleries and fairs, and use local suppliers or local natural resources, and they also create or support local employment.
- Important human values are conveyed through traditional crafts investigated in three areas, including a sense of responsibility to place, family- and/or community-based knowledge and skills; a commitment to their conservation and continuation; and personal well-being rooted in inner values and/or spiritual fulfilment.

- Handmade crafts are economically beneficial to local development, which make up the cultural or creative industries and contribute to economic development. Traditional craft heritage is also seen as a resource to develop the local tourism industry.

A detailed description of these factors in three different contexts is included in Table 9.1. From this, we also visualised the sustainability profile of three regions, and an indicative overall assessment of maker enterprises in different contexts is, respectively, attained. As shown in Fig. 9.6, the three regions put different emphasis on the development of local craft sector. In Santa Fe, its craft community spans generations and there are full-fledged, community-wide art festivals and craft markets that attract visitors from all around the world. The local craft community is strongly driven by a growth-based and consumption-oriented direction, which contributes to local economic growth and tourism development. In contrast, the enterprises we studied in Cumbria and central China are being developed in line with the enterprise owner's intrinsic values (contribution to community, culture, and social equity as well as self-transcending values), with economic viability being the means to support the enterprise and their creative work, rather than being the primary motivator.

Craft Businesses

Our research, based on various making enterprises from around the world, shows that a variety of different models are adopted by enterprise owners to develop their businesses. As defined by Osterwalder and Pigneur (2010: 14–15), “a business model describes the rationale of how an organisation creates, delivers and capture value”. To better understand the core values of business, different dimensions are suggested by scholars to assess value creation in different contexts (Rauhut et al., 2020). For example, three dimensions are proposed to facilitate the transition to a sustainable enterprise model: (1) at the organisational level (e.g. change in purpose and structure of the firm, stakeholder engagement); (2) at the functional level (e.g. improvement in environmental

Table 9.1 Relationship of craft enterprises to sustainability in three contexts

Practical meaning & environmental implications	Social meaning	Personal meaning	Economic viability
<p>Santa Fe Case</p> <ul style="list-style-type: none"> - Selection of local materials and use of local services - Primarily symbolic crafts that are rooted in traditional culture or have religious meanings, e.g. Spanish colonial forms of art and craft 	<ul style="list-style-type: none"> - Continuation and adaptation of practices handed down from their predecessors - Religious faith (e.g. Catholicism) is the important source for the work - Artists/craft makers in different fields work independently but also collaboratively - Local galleries, museums, shops, and artists/makers are interrelated, which contribute to a thriving craft community 	<ul style="list-style-type: none"> - Artisans and makers feel a sense of duty to continue traditional skills and heritage - Their work is also closely linked to the place and community, which contribute to a sense of belonging 	<ul style="list-style-type: none"> - As a thriving arts and crafts community, there are various craft markets, art festivals, and historical events which provide exhibition and sale opportunities for artisans and makers - Santa Fe Municipal Government has made considerable efforts to make the city as an attractive destination for visitors since the twentieth century

(continued)

Table 9.1 (continued)

Practical meaning & environmental implications	Social meaning	Personal meaning	Economic viability
Cumbria Case			
<ul style="list-style-type: none"> - Use of locally made or sourced renewable materials, e.g. use of local wool for fabric products - Use of recycled materials, e.g. upholstered recycled furniture - Environmental awareness, e.g. farmers no longer burn or bury wool - Continuation of classic design which is not based on the latest trends and 'fast fashion' - Primarily utilitarian crafts, e.g. bags, scarves, socks, blankets 	<ul style="list-style-type: none"> - Larger craft enterprises collaborate with local makers or traditional craft manufacturers - Craft enterprises care for local craft community by purchasing and using local materials - Some enterprise owners support charity and assist local makers. For example, one maker donates part of sale proceeds to local charity - Informal support networks are formed. For example, makers share best practices and issues with each other 	<ul style="list-style-type: none"> - Makers' practice links to their well-being, as they gain a sense of fulfilment through work and find creativity essential - Cumbrian landscape inspires the maker's design, and in turn, their products and branding are a combination of special features of the place, which include historical backgrounds, cultural traditions, and geographical features 	<ul style="list-style-type: none"> - Ethical pricing - Investing locally - Sharing of wealth through employing local people - Earning enough to ensure the future sustainment of the enterprise - Sense of sufficiency rather than profit maximisation

Practical meaning & environmental implications	Social meaning	Personal meaning	Economic viability
<p>Yellow River Valley Case</p> <ul style="list-style-type: none"> - Consideration of the product's functionality, e.g. rucksacks, bags, string instruments - Use of renewable materials, e.g. use of plants/flowers for dying and cotton fabric from the local area - Adoption of small-scale production - Improvement of environmental performance by using less polluting energy source and natural materials - Consideration of product's longevity - Mending/repair and customised services 	<ul style="list-style-type: none"> - Strong connections to the local community and culture, which contributes to a sense of belonging and cultural identity - Formal and informal supports are provided by enterprise owners to collaborated craft makers - Many craft enterprises shoulder social responsibility and promote social inclusion through supporting vulnerable groups and empowering crafts women in rural regions 	<ul style="list-style-type: none"> - The values and priorities of those engaged in traditional making practice tend to fall mainly within the cluster of intrinsic values - Craftspeople generally report a high level of personal satisfaction and well-being. This arises especially from the completion of an artefact, a sense of achievement from external recognition, and a sense of fulfilment from craft making and teaching activities 	<ul style="list-style-type: none"> - Various kinds of support are provided by the government, especially through the revival and the safeguard of craft heritage within China's ICH Programme - Craft economy is closely connected with tourism development within the Chinese context, and new economic opportunities are explored through innovative designs and the use of e-commerce trends

Source Authors' construction

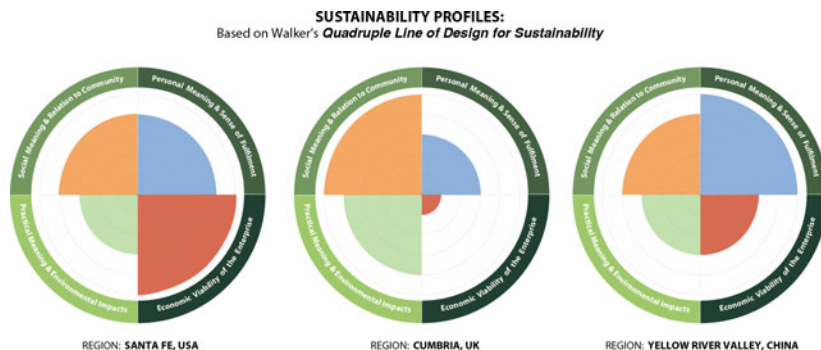


Fig. 9.6 Sustainability profile of three regions (Source Authors' construction)

performance by supply chain management); and (3) at the individual level (e.g. shared values and beliefs in relation to sustainability) (Foss et al., 2012; Zollo et al., 2013). These approaches are explored in this study to better understand the different business models in craft sector.

Based on our data analysis, it is found that seven key elements provide the basis for the development of a craft businesses, i.e. *enterprise size, product value, production, marketing and promotion, selling, customer service, design, and innovation* (see details in Table 9.2). As described in the business-related literature, these elements are often recognised as important “business model patterns”, which influence the success of a business (Rauhut et al., 2020). By placing these patterns in a broader context of “business dimensions” as discussed before, they can be further divided into three levels: (1) organisational level, (2) product-production level, and (3) business-strategy level. Table 9.2 presents key findings from the analysis, framed by three levels along with seven business model patterns.

Design Opportunities

As shown in Table 9.2, it was found that there are several areas where design has offered a positive contribution to the success of craft businesses. Here, we further developed a visualisation tool to explore future opportunities where design can contribute to the business based on their

Table 9.2 Analysis of craft businesses at three levels

Key elements extracted from the data	Description	Example
Organisational level Enterprise size	Individual artists and makers	In Santa Fe, there are many individual artists/makers, and their work is exhibited or sold in local galleries, shops, and markets
	Small-sized enterprises (less than 10 employees)	Located in a small village in south Cumbria, Herdwick Limited produces bags and accessories made from tweed
	Intermediate-sized craft companies (40–60 employees)	In a musical instrument company , there are about sixty employees, forty of whom are craftspeople. The making process has been divided into many steps, with the division of labour

(continued)

Table 9.2 (continued)

Key elements extracted from the data	Description	Example
Product-production level Product value	<i>Primarily functional values</i> that serve a practical end and daily utilitarian needs	<p>Pueblo pottery with distinctive patterns that are made by the indigenous Pueblo people in Northern Mexico</p> <p>Cumbrian oak swill baskets that are handmade from thin, flexible strips of split oak harvested from locally grown coppiced woodland</p> <p>Traditional string musical instruments, i.e. Qin and Ruan (Chinese zithers) that are widely used in cultural activities, ceremonies, rituals, and performances</p>
	<i>Primarily symbolic values</i> that include cultural, religious, ceremonial, or spiritual significance	<p>'Retablo' paintings which are small wooden religious panels</p> <p>'Bulto' carvings and Santos figures which are small wooden religious sculptures made by Hispanic people in Santa Fe</p> <p>Traditional paper dragon and lion heads for Chinese New Year and other festivals or big occasions, which means to bring good fortune and happiness, as well as chase away evil spirits</p>

Key elements extracted from the data

Description	Example
<p><i>Primarily aesthetic values</i> that are associated with decoration/ adornment, aesthetic gratification, or status symbol</p>	<p>Delicate art of ceramic/sculpture painting Decorative lacquer objects that are designed for niche market by using traditional stapling skills and lacquer techniques</p>
<p>Production</p> <p>Sole maker</p>	<p>Many of our interviewees are sole makers, and they design and make the goods on their own, normally by hand without the aid of machinery</p>
<p>Family-based model</p>	<p>A blacksmith, works with his father, to make iron farm tools and knives in busy periods. His mother and his wife are in charge of order processing and selling</p>
<p>Win-win cooperation between the designer and the craft-makers cooperative</p>	<p>Examples of this include several contemporary craft brands and enterprises. In these cases, the owner as designer or as the design manager leads a small team to develop new products and combines hand-making with machine production. A group of makers collaborate with them to produce goods, and they are paid by a fixed piece rate for each product</p>

(continued)

Table 9.2 (continued)
Key elements extracted from the data

	Description	Example
Business-strategy level Marketing and promotion	Word-of-mouth marketing	The marketing and promotion of place-based, often very traditional craft products is mainly via word-of-mouth among collectors and other buyers
	Promotion via social media	For many sole makers and craft enterprises , social media contribute to the promotion of their craft business through 'virtual word-of-mouth'
Selling and 'route to market'	Direct selling in shops and markets	For craft makers who create traditional, handmade artefacts, such as leather maker, Cumbrian basket maker , they prefer to sell their products through face-to-face interactions and maker reputation in shops, craft markets, festivals, and shows
	Online selling	All enterprises we interviewed use the Internet to some extent, and many of them sell their products via E-commerce platforms or their own websites

Key elements extracted from the data	Description	Example
Customer service	Franchising	<p>A craft brand owner, whose designs and products are hand-made by brass and iron (e.g. incense holders, tea sets), was contacted by one of the largest retail bookstores for collaborations. By franchising, a specific area is provided in the stores for exhibiting and selling his products</p> <p>In many cases, customisation services are provided to create crafts or design products specifically for the customer according to their requirements, such as customised wooden statues and sculptures, and oil-paper umbrellas</p>
Design and innovation	Branding and storytelling	<p>The Herdy Company, took the iconic Herdwick sheep found in the Lake District to develop its branding and built a distinctive narrative around it for the enterprise, and the products they produce</p>
	Product and pattern design	<p>One example of this is Lorna Singleton's adaptation of traditional oak swill basket-making to create a contemporary women's handbag</p>

(continued)

Table 9.2 (continued)
Key elements extracted from the data

Description	Example
Packaging and labelling	The story of the product, the value of branding, and the craftsmanship can be conveyed to customers by packaging and labelling, e.g. two fabric brands in central China
Craft mementos, souvenirs, and gifts	As the concepts of creative tourism and cultural tourism are promoted by local governments and economic organisations, some enterprises and makers develop mementos, souvenirs, and gifts for tourists, e.g. Herdy's classic mugs with its iconic sheep logo
Design for craft teaching	This is particularly important in the Chinese context, as many craft makers are designated as ICH inheritors. A kite maker created a two-hour practical course, and she designed kite kits for teaching

Source Authors' construction

product value/production cost profile. This is a quadrant-based assessment with a horizontal production cost axis ranging from low to high, and a vertical product value axis, ranging from low to high perceived value. The enterprise owner selects the most appropriate quadrant for the kind of product they are producing. Within this quadrant, opportunities are identified as to where design might make a useful contribution or, in some cases, where the use of design may be less appropriate (Walker et al., 2019b).

Figure 9.7 shows the application of the tool in the Chinese context. Based on the product value/production cost profile, craft enterprises investigated in the Yellow River Valley can be categorised into four types: (1) lucrative product—high perceived value product, low production cost; (2) exclusive product—high perceived value, high production cost; (3) everyday product—low perceived value, low production cost; (4) unviable product—low perceived value, high production cost. Examples of four categories of product types are listed in Fig. 9.7, and potential areas in which design can contribute to their future development are further explained. For example, within the group of lucrative products, design is considered to contribute by (1) helping to ensure the perceived value is maintained through effective, contemporary branding and packaging; effective communication of the product's provenance, connection to place, cultural, and/or historical significance; and by ensuring its contemporary usefulness, cultural relevance, or aesthetic qualities; (2) Identifying and developing appropriate processes and product design variations to ensure the product's continued relevance and viability (Walker et al., 2022).

Discussion and Conclusions

Based on the above analysis, key findings from the three regions fall under four main categories:

1. *Place-based factors* that influence small maker enterprises.
2. *Values and priorities* of the makers or enterprise owner.
3. *Sustainability profile* of an enterprise or a craft community.

DESIGN OPPORTUNITIES:

Potential for Designers to Contribute to Maker Enterprises Based on Value/Cost Profile

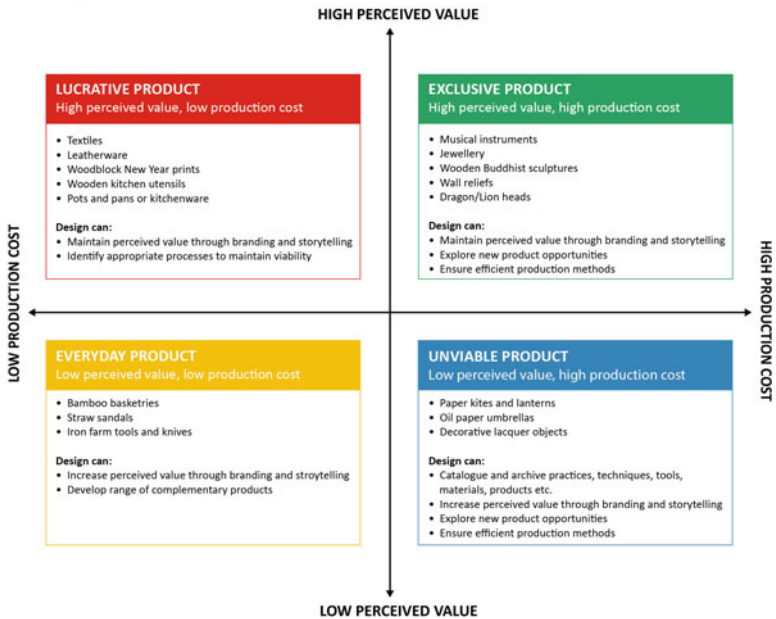


Fig. 9.7 Potential for designers to contribute to maker enterprises in the Yellow River Valley, central China (Walker et al. 2022) (Source Authors' construction)

4. *Design opportunities* for craft businesses.

Because of strong connections to 'place' and 'people', relevant components were identified to include in the framework that would allow us to examine the nature of craft enterprises around the two prime elements of 'place' and 'values':

Place-based factors that affect craft enterprises included access to resources; access to professional development; cultural events that offer opportunities for display and selling of work and that bring potential customers into the area; cultural support organisations; economic development policy that supports small entrepreneurs; infrastructure especially access to the area; attractions, national, and/or international profile.

Values-based factors that drive the nature of craft can be understood within the cluster of intrinsic values (Conservation and self-transcending values) or the cluster of extrinsic values (the innovation and self-advancement cluster of values) (Schwartz, 2012). The first is generally more aligned with sustainability than the second.

Relationship to Sustainability was also assessed. Craft enterprises and their making practices in all three regions tended to accord well with the four interdependent elements of Walker's *Quadruple Bottom Line of Design for Sustainability (QBL)* of (i) practical meaning incl. environmental care, (ii) social meaning, (iii) personal meaning, and (iv) economic viability, through:

- the product's functionality (i & ii);
- use of renewable materials (i);
- small-scale production (i & ii);
- a sense of cultural identity and belonging as well as contribution to community and cultural transmission (ii & iii);
- a sense of personal meaning, satisfaction, well-being, and fulfilment (iii);
- the creative and economic contribution to the development of local cultural and creative industries and tourism (ii & iii);
- an awareness and willingness to respond to new developments, market requirements and adapt their operation, products, and communication/marketing to remain economically viable (iv).

Some craft makers were producing traditional designs, which they did not wish to change. Others regarded their craft work as an expression of their own creativity, and did not wish to produce products that had been designed by others. However, there were several areas where design services could offer a constructive contribution in order to help ensure the success of craft businesses. These areas include:

- *Branding and storytelling*: This can be an important design contribution. The histories and stories of the crafts we investigated are fascinating and meaningful, but they can be more effectively presented and communicated by building distinctive brand identity for the

enterprises and their products. These heritage-based narratives can be conveyed to potential customers to better convey the relevance of crafts to place and people. This can be achieved through such means as websites, apps, brochures, high-quality photography, social media, and video display at the point of sale.

- *Product and Pattern design*: Design can be used to make appropriate and desirable contributions to the development of new designs through the adaption of products to contemporary needs; the development of new markets; and the representation of traditional patterns in contemporary goods.
- *Packaging and labelling*: package design and associated labelling can be used to enhance brand identity and convey craftsmanship, skills, and product heritage to customers.
- *Craft teaching and education*: In the Chinese context, as many enterprise owners are also Intangible Cultural Heritage (ICH) ‘inheritors’, heritage teaching and craft education are closely related to craft businesses. In some cases, they are exploring how to convey tradition and culture through branding and marketing, and are using new craft products in craft education.
- *Creation of culture and creative hubs*: Local governments and economic organisations in the three regions examined have an important role in supporting craft enterprises. This helps ensure marketable opportunities related to “creative tourism” are supported, including “ICH-based tourism” and “cultural tourism”. In keeping with these policy trends, design expertise has been used to develop crafts-based souvenirs and gifts that can be offered to tourists, in order to satisfy their desire for original, unique, and exclusive objects. This also contributes to local economic growth and tourism development.

Findings from this research led to the development of the *Located Making Framework* (Walker et al., 2022), and a summary video, available at: <https://vimeo.com/670767102>. The framework can be used to better understand traditional making practices, their relevance to place, their underlying values, their relationship to sustainability, and their future potential. The framework brings together all the different

elements that have been discussed above and presents them in an readily understandable graphic format. These include:

- *Context-related factors*—the relevance of place to the enterprises and the identification of opportunities.
- *The values of craft enterprises*—that drives the nature of the business and their economic success.
- *The sustainability factors*—the *Quadruple Bottom Line of Design for Sustainability* used to assess sustainable performance in terms of practical meaning & environmental implications, social meaning, personal meaning, and economic means.
- *Design Opportunities*—how and where design might constructively contribute to improve the viability of the enterprise while abiding by or improving its sustainability.

Significantly, as shown in Table 9.2, the core values embedded in craft products can be categorised into three types:

1. *Primarily functional values*, expressed in products for daily use;
2. *Primarily symbolic values* that result in products of cultural, religious, ceremonial, or spiritual significance;
3. *Primarily aesthetic values* that result in decorative or artistic objects rather than utilitarian crafts.

In many cases, these overlap and are interdependent. For example, in the case of New Year woodblock prints, these products have an important symbolic meaning while also having symbolic and aesthetic attributes and a social function. At New Year, they are pasted onto the doors of houses to bid farewell to the past year and welcome in the New Year. Thus, symbolism is at the heart of this artefact; this is more significant than their aesthetic qualities or even their social purpose. Such analysis, based on product values in three areas of functional, symbolic, and aesthetic, provides another way to understand craft making practices as “meaningful practices” (Walker et al., 2019a).

In addition, interviewees held different views about the benefits of online selling and e-commerce. Some prefer traditional ways of craft

selling through their own or local shops, or directly from their workshop. This means that they can better introduce the core values of handmade artefacts to customers, such as skill, time, and quality of workmanship that has gone into the product. Others take advantage of social media and online platforms to convey their aesthetic values and brand concepts, and then use multiple ways to ensure sales. For example, an enterprise owner we interviewed in the Yellow River Valley uses TikTok to produce short-form videos of embroidery stitches. After gaining a vast number of followers, she then successfully promoted her DIY embroidery kits via this same platform. Also, as China's livestreaming e-commerce is experiencing explosive growth (Greenwald, 2020), she has taken this opportunity to promote her products. By collaborating with a very popular live-streamer, her online Taobao store on Ali Baba (the largest Chinese e-commerce website) has achieved 20 million visits and she has doubled her product sales (The Paper, 2020). While technology-based communications can be a double-edged sword for craft development, it can also offer new opportunities for markets and selling their goods and conveying the associated history of the tradition, the processes, etc. Even so, this research has found that, in most cases, traditional values connected with place and heritage need to be more effectively communicated and need further development.

An important finding emerging from our business analysis is the importance of various areas of support within different policy frameworks. Local governments and economic organisations investigated in three regions can all have important roles in supporting—or inhibiting—craft enterprises in developing marketable opportunities. For example, by developing concepts such “creative tourism”, “ICH tourism”, and “cultural tourism”. Participation of craft makers in relevant business development classes and personalised consultations can all help in improving visitor engagements, as has been the case in Santa Fe (Pratt, 2016: 4). Similarly, in the Chinese context, since 2006, with an “ICH fever” sweeping Chinese society, emphasis has been changed to the development of “intangible cultural heritage tourism” (Maags & Holbig, 2016). Influenced by such growth-based and consumption-oriented policies, some craft enterprises and brands that were investigated in this study are being reshaped by modern markets and there is a trend

that craft objects turn to luxury and fashionable goods, which cater to consumers' externally oriented goals and extrinsic values. Because substantial evidence has shown that these extrinsic values are negatively associated with personal well-being and socially responsible behaviours, some problematic design interventions and innovations that lack cultural appropriateness and context-sensitive, sustainable considerations should be avoided (Bissett-Johnson & Moorhead, 2019; Murray, 2012).

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10

Digitalization and Social Innovation: The Case of ENVIENTA

Jozsef Veress 

Altered Patterns of Technology Enactment in the Anthropocene

The **ENVI**sioning & **EN**couraging Technological Alternatives, or ENVIENTA, initiative facilitates the reduction of environmental footprints in contexts of both consumption and production through a digital platform that provides services simultaneously for innovators, producers, and consumers enabling them to carry out innovative patterns of value creation. Seamless access to blueprints that the innovators' global network co-creates and stores in cloud-based global knowledge repository empowers producers to provide personalized products and services to their customers. Local producers, while cooperating with innovators can (re-) design the blueprints to align with the actual needs of users, enabling them to produce tailor-made products locally while

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using digital equipment. When the consumers pay for these personalized products, they initiate the execution of smart contracts (Prause, 2019) that automatically forward predetermined amounts for both (a) the local producers and (b) the innovators. This cosmo-localization (Ramos, 2015) scheme allows for a significant reduction of the environmental footprint of (i) the consumer(s) looking for tailor-made products, (ii) the local provider(s) of goods and services, and (iii) the (global networks of) innovators.

The information technology experts originally initiated to open up the source code of their software making it widely available so it's development could be advanced through self-organizing global mass cooperation. It allowed for the rapid co-creation of high-quality software as code errors or “bugs” could be promptly identified and corrections could be initiated through frequent, sometimes daily, releases. According to the free and open-source software (FOSS) philosophy (Stallman, 2002), anybody can freely use a co-created open software by also making their contributions to the collective effort freely available. ENVIENTA aims to extend such open-source approach from software co-creation for producing everything including hardware.

ENVIENTA proposes signing licence agreements between innovators and local producers of goods and services in which innovators would receive payments from every deal where local producers enact their blueprint. This model enables consumers and local economies to (i) focus on life quality improvements rather than boosting growth to chase profit/GDP growth, (ii) enhance individual and collective autonomy, (iii) follow a growingly regenerative approach, and (iv) systematically reduce the environmental footprint of every participant. It catalyses “glocalization” (Robertson, 1992) that facilitates radically altering both consumption and production through prosumption (Toffler, 1980). The transformation of consumers into prosumers can help facilitate to overcome the production–consumption dichotomy (Rifkin, 2011; Toffler, 1980). This arrangement fosters fulfilling genuine needs through personalized and durable products rather than boosting consumption following the dominant patterns of marketing and advertisement that generate path dependence bringing about growingly self-serving growth.

By combining advanced digital technologies, social innovations, and regenerative business models, the ENVIENTA model aims to simultaneously enact "...the positive dynamics of three interlocked practices for degrowth, the incentives for design-embedded sustainability, the possibilities of on-demand production, and the practices of sharing digital and physical productive infrastructures" (Kostakis et al., 2018: 1692). This "design global and manufacture local" or DGML model (Priavolou et al., 2022) turns frugality into a daily practice and focuses on quality by decreasing mass consumption "pulling" mass production. The combination of global design and local biophysical production enables the implementation of degrowth practices (Escobar, 2015) and wellbeing approaches providing operating alternatives to globalized mass production (Kostakis et al., 2018). Local producers can systematically co-create components and identify local materials, allowing them to replace those which would usually be outsourced. By cooperating with innovators, they can use shared global knowledge as an "ultimate substitute" (Veress, 2016) which can replace physical resources.

ENVIENTA aims to contribute in multiple ways to reducing global material and energy flows belonging to the largest causes of the climate crisis. By facilitating re-embedding the economy to both the society and the biosphere, this model can contribute to creating negentropic cycles facilitating the exit Anthropocene (Heikkurinen et al., 2017; Piques & Rizos, 2019; Sagan, 1973). To overcome established patterns and structures supporting, and simultaneously being (re-) generated, by the currently dominant growth mindset or "growthism" (Daly, 2019) requires robust and radical transformations of the socio-economic system. Although such paradigmatic changes mostly happen only under the threat of systemic collapse many diverse signals indicate that we approach moreover we generate such destructive situations. The managing director of the International Monetary Fund, arguing—unexpectedly—for fundamental changes, said that "in the pursuit of further progress, we must all adhere to a simple guiding principle: policies are for people. Instead of globalizing profits, we should act to localize the benefits of a connected world. Start with the communities in every country that lost out in the 'old globalization,' and were set back further by the pandemic: Invest in their health and education" (Georgieva et al.,

2022). The systematic reduction of our environmental footprint through the strengthening of local autonomies and sharing of global knowledge requires innovative alternatives like the model ENVIENTA envisions.

Enhanced Local Autonomy Through Open Source Everything and Cosmo-Localization

To propose an operational alternative to the conventional industrial model of mass production requires following a significantly different political economy that brings about robust alterations in technology enactment patterns, for example, by making everything open source and enhancing local autonomy deploying cosmo-localization. ENVIENTA, operating as an enhanced technological infrastructure, can facilitate co-creating non-rivalrous use value by enabling mass self-organizing by facilitating self-communication (Castells, 2009) and permission-less collaboration (Bauwens, 2005; Benkler, 2006; Bollier, 2016). Its quality-centred approach follows the economy of scope instead of the economy of scale. The envisioned platform does not have to promote the sale of any particular product to achieve profitability through productivity and efficiency. It can facilitate sustainable value creation unfolding in quasi-communities as Commons-based peer production (CBPP) (Bauwens, 2005; Benkler, 2006; Kostakis et al., 2016, 2018; Rifkin, 2014).

In commons “no single person has exclusive control over the use and disposition of any particular resource” (Benkler, 2006: 61). In local economies, the self-organizing peer production (Benkler, 2006) following a regenerative approach feeds back with life quality improvements, frugality, the environmental footprint’s systematic reduction, and the readiness to act as stewards and caretakers of the natural environment. In the commons, the governance of shared resources requires effective power-sharing instead of ossified hierarchies (Ostrom, 1990); the community members’ enhanced autonomy and responsibility interplays with their mutual collaborative empowerment. This helps to overcome sustainability that aims simply focusing damage to the environment and replaces it with regenerative approaches (Realliance, n.d.). These aim “...reversing the degradation of the planet’s living systems and

seeking to restore a healthy relationship between humans and other life. Regenerative development encourages us to design human systems that co-evolve with ecological systems to generate mutual benefits and greater expression of life and resilience” (Realliance, n.d.). The “...regenerative design seem quite compatible with the procedural basis of regenerative sustainability, at least at the level of existing practice. Most importantly, both suggest a reorientation of focus from reducing harm and damage to creating net-positive outcomes...” (Robinson & Cole, 2014: 8).

To “open source everything” including the co-creation of hardware (ENVIENTA, 2018), replaces proprietary innovation that requires significant institutional changes (Giddens, 1984). The association-prone dynamism of a more care and stewardship-driven economy can emerge by overcoming the institutional twin-dominance of the resource scarcity view and a zero-sum paradigm. The institutional dual primacy of interdependence and a non-zero-sum approach can be “pre-sensed” (Scharmer, 2007) and framed by the DGML model (Kostakis et al., 2018). However, to reshape the “taken for granted perceptions” driving recursive activities in everyday life (Perez, 2002) requires conscious institutional un-learning (Scharmer, 2007) in feedback with social and organizational innovations. Local providers can enact digital equipment by ensuring distributed access to the means of making (Kohtala & Hyysalo, 2015; Niaros, 2016), operating through maker spaces, “fablabs”, repair cafes, or other similar facilities of co-creation without establishing ownership.

Previous research shows (Fig. 10.1) (Bauwens & Kostakis, 2016) that in commons, collaborative daily activities can be effectively supported through trilateral cooperation with entrepreneurial coalitions and so-called “for benefit associations”. Recent practical experiences of the ENVIENTA core team confirm project cooperation with “friendly” entrepreneurial structures can provide effective financing and governance mechanisms. It serves as an operational alternative compared to investments from risk capital funds or other types of investors that mainstream approaches promote and often present as quasi-exclusive solutions and mechanisms.

Linking the enactment of cutting edge, mostly digital technologies, with social innovations and regenerative business models, as ENVIENTA suggests, can also serve as an innovative alternative in terms of the

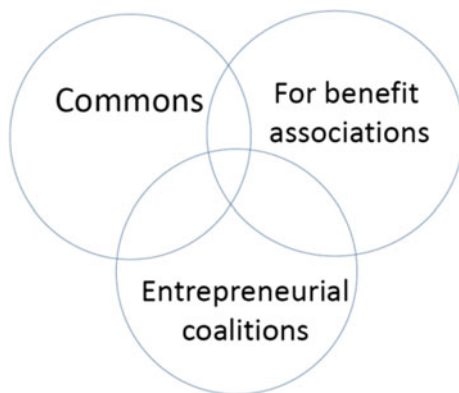


Fig. 10.1 The “micro-triarchy” of Commons-Based Peer Production (CBPP) (Source Author’s own work based upon Bauwens and Kostakis [2016])

corporate platforms’ growing dominance (Eeckhout, 2022; Zhu et al., 2022). As the cooptation or alienating transformation of the sharing economy indicates, these corporate mega-platforms follow a “winners take all” strategy and exhibit robust disruptive impacts (Chase, 2012; Scholz, 2021). These platforms operate as “inverse companies” that mobilize and orchestrate large and growing volumes of external resources, especially knowledge, without establishing their formal ownership; effectively capture and monetize the value that the external players’ activities generate by harvesting on average 30% of the profit (Van Alstyne & Parker, 2021). They strengthen their global dominance by extensively broadening, extending horizontally the geography of their markets, and intensively embracing vertically through “marketizing” and monetizing globally the needs of as many consumers as possible (Van Alstyne & Parker, 2021). Through platform governance, they grant enhanced access to global data flows and ensure the growingly sophisticated enactment of artificial intelligence, machine learning, and Big Data, forming a new technological “holy trinity”. By using robust global revenue streams, by driving and shaping new technology developments they transform themselves into dominant global players, frequently referred to as Big Tech. These corporate mega-platforms prevent the operation of even

some of the most crucial economic phenomena, such as the price signal (Eeckhout, 2022).

The developers of WEB3.0, a blockchain enabled, decentralized network of technologies and applications, announced their intention to overcome corporate mega-platforms' growing dominance (Wladawsky-Berger, 2022b). They aim to facilitate self-organizing with the emergence of Decentralized Autonomous Organizations (DAOs) (Singh & Kim, 2019) to enable a truly peer-to-peer digital economy, free from numerous middlemen. The DAOs (networks) can successfully create and orchestrate positive externalities by adding smart contracts and governing the related ecosystems (Van Alstyne, 2022; Wladawsky-Berger, 2022a). However, corporate players by setting up large firm-backed DAOs and orchestrating the ecosystem can simply “siphon” the revenues moving bottom-up transforming them into “traditional” shareholder value and profit (Van Alstyne, 2022; Wladawsky-Berger, 2022a). Following the logic of current dominant power structures, these firms can initiate the Web3-related technologies' commercialization turning it into their alienating transformation, cooptation (Wladawsky-Berger, 2022a). The dominant neoconservative, frequently coined as neoliberal approach or ideology (Galbraith, 1987) brings about the growth obsession of the current socio-economic settings at large what drives the emergence of Anthropocene (Daly, 2019). To handle its constitutive wicked problems (Conklin, 2006; Rittel & Webber, 1973; Waddock et al., 2015) have growing significance the initiatives that promote sustainable value creation and empowering associational dynamics similar to ENVIENTA.

The Case of ENVIENTA

The idea for ENVIENTA began in May 2015, when a team of designers developed an island mode, modular, affordable housing combined with a training facility to be located on the Canary Islands. It gradually transformed into a broad concept of “open source everything”, embracing hardware by implementing cosmo-localization in practice (Ramos, 2015). Table 10.1 summarizes the more significant steps of this process.

Table 10.1 A roadmap of emergence of the ENVIENTA initiative

Time	Event Initiative
May 2015	Plans of an affordable, island mode modular housing and training facility source
December 2015	Development of a guidebook on an ENVIENTA alternative lifestyle
January 2016	An education and internship program "Learn to do it yourself" https://sto.envienta.com/downloads/envienta_education_program.pdf
April 2016	Launch of a web-based news channel—with a focus on exponential technologies and open source, peer-to-peer (P2P) cooperatives for a next economy
January 2017	Rebranding of the initiative—with a focus shift to network connectivity between open source and self-sustaining communities
February 2017	Eco Logical Films Channel launched—to support the upcoming Open-Source Circular Economy Days
June 2017	Organizing the OSCE days in Budapest: How to catalyse an Open-Source Circular Economy?
August 2017	Participation in the "World of Work MoonShot 2017" hackathon on the future of work
Summer 2017	Contacts with Michel Bauwens and members of P2P community—co-creation of the idea of a digital platform and related services to connect innovators/idea owners, local producers, and consumers by deploying smart contracts and following open-source approach
September 2017	A proposal to issue Ethereum based coin for fundraising purposes (ICO)
January 2018	Participation in the "World Summit of change makers" in Playa Del Carmen (Mexico)
February 2018	Co-organizing the "Hack the water crisis" coalition and hackathon to address the water shortage in Cape Town (South Africa)
April 2018	Launch of the Kollabor (Békéscsaba—South Hungary)—an EU-funded quasi-maker space and experience-based training centre
May 2018	Postponement of the initial coin offering (ICO) due to market changes
December 2018	Workshop on the ethical framework of ENVIENTA—Budapest
January 2019	Backcasting workshop with researchers of Budapest Corvinus University
March 2019	3-month tour in Silicon Valley to contact potential investors
Summer 2019	HackHumanity initiative to launch Hackathon Zero and co-create a digital platform (https://hackhumanity.net/)

(continued)

Table 10.1 (continued)

Time	Event Initiative
March 2020	Face shields' one-piece flow 3D printing in the Kollabor for healthcare workers in hospitals during the COVID
March 2021	Participation in the first international post-COVID hackathon initiated by Estonia
April 2021	Mobile application as Minimum Viable Product (MVP) for short supply chain and local food production
May 2021	Cooperation with partners active in project-based STEM education (Békéscsaba—South Hungary)
Summer 2021	Partnership with developers of the Ethereum-based SWARM technology
Autumn 2021	Design of MVPs for enabling platform cooperation in food industry
July 2022	Project on digital validation for cosmo-localization in food industry
August 2022	Technology transfer support: Canadian greenhouse (SolaRoof) facilitating local/personal food production
December 2022	Research cooperation project with USA researchers—neurofeedback-related measurements

Source The author's elaboration based upon <https://sto.envienta.com/roadmap/>

The self-organizing quasi-commons of volunteers co-created a detailed ENVIENTA concept (ENVIENTA, 2018). It emphasized the importance of a digital platform that should facilitate the elaboration and service provision for patterns of sustainable value creation through cosmo-localization and free and open-source hardware (FOSH). The Open-Source Hardware Association (OSHWA, 2021) defines FOSH “as hardware whose design is made publicly available so that anyone can study, modify, distribute, make, and sell the design or hardware based on that design. The hardware’s source, the design from which it is made, is available in the preferred format for making modifications to it” (Franz & Pearce, 2023: 111). By implementing the FOSH concept, local producers can provide personalized products and services for customers through cloud or additive manufacturing (Bromberger et al., 2022; Liu et al., 2018) often as a one-piece production or flow (Apafaian et al., 2020). To do so, they need access (i) to blueprints and production documentation, also (ii) to 3D printers and digital equipment which are frequently available in maker spaces, fablabs, repair cafes,

or other locations of co-creation, and (iii) to suitable raw materials and components.

Consequently, the ENVIENTA platform, by providing complex enabling services, should promote sophisticated models of local development. These must facilitate life quality improvements, environmental footprint reduction, frugality, and the emergence of individual and collective autonomy—to name just a few of the most important aspects. To catalyse and orchestrate mass self-organizing unfolding through feedbacking complex processes simultaneously in multiple fields requires interplaying services that facilitate the following activities (Table 10.2).

To catalyse cooperation among innovators, local producers, and consumers the platform has to consider their various, frequently colliding, conflicting, and occasionally even confronting (Piezunka et al., 2018) interests and requirements. The *consumers* want to identify and select a provider who proposes the best, tailor-made, optimally personalized solution and whose platform should automatically pre-rank based upon its environmental footprint. The *local producers* want to receive requests from potential consumers and have seamless global access to a

Table 10.2 Indicative list of the ENVIENTA platform's primary services

-
- Build and operate a digital platform with related databases and services
 - Create and manage profiles of innovators, producers, consumers, and also products and services
 - Carry out targeted matchmaking services
 - Manage licencing system—based on Creative Commons, General Public License, and Peer License
 - Handle digital blueprints and production documentation—assure version tracking
 - Manage smart contracts and blockchain services
 - Co-create quality standards and provide quality assurance mechanisms
 - Ensure the fulfilment of the consumer protection rules
 - Generate and handle transparent reputation indexes
 - Measure and facilitate the systematic reduction of the environmental footprint
 - Provide non-disruptive innovation incubation services
 - Facilitate the provision of financial and investment services for innovators and local producers
 - Facilitate to establish local innovation hubs and cloud manufacturing sites
-

Source Author's construction

digital repository of blueprints and production documentation that the innovators continuously improve and upgrade. The *innovators* expect the platform to provide them with commons-based, digital, copyleft licences based mostly on Creative Commons or GNU General Public License (Lessig, 2004), cloud-based repositories for their digital blueprints, production documentation, and smart contracts.

Consequently, the platform has to provide enabling services (Fig. 10.2) that all stakeholders perceive as transparent and supportive. Therefore, an automated version tracking should continuously monitor and record changes to various digital documents including blueprints and production documentation. It must register the individual contributions and carry out a (partly automated) (re-) evaluation of the personal remunerations indicated as a concrete sum or a proportion of the (consumer's) payment in smart contracts.

The licencing that ENVIENTA proposes provides a new, innovative business model which is especially favourable for freelancer knowledge workers, including innovators and inventors. When consumers pay, they

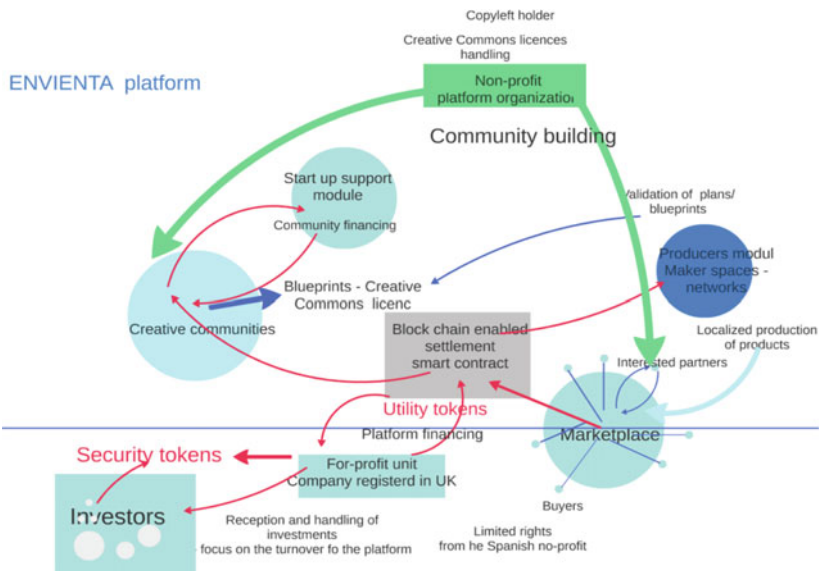


Fig. 10.2 The operational scheme of ENVIENTA (Source The author's own work)

trigger the smart contracts' automated execution which ensures that the innovators, through digital (micro-) payment schemes, receive fair remuneration for their intellectual contributions. Simultaneously, local producers receive payment for their products and services. Consequently, innovators can avoid the second enclosure trap (Boyle, 2002; Hess & Ostrom, 2007), they don't have to sell at a discounted rate to the intellectual property rights of their innovations in an early phase for investors or producers; neither do they need to try to bring them to the market by setting up start-ups and attempting to nurture them into unicorns (Jinzhi & Carrick, 2019). The licence allows them to focus on innovating and carrying out their preferred core activity.

The platform provides a reliable and mutually advantageous legal frame and operational mechanism through commons-based licences and smart contracts that facilitates seamless cooperation among consumers, producers, and innovators. This commons enabled value creation optimizes simultaneously the value of the networking group and its individual members, since "... in third sector, the relationships are an end in themselves, and are therefore imbued with intrinsic value rather than mere utility value ...[u]nlike the market, where relationships between people are predominantly instrumental and a means to an end - optimizing each person's material self-interest...[in commons] the core assumption... is that giving oneself to the larger networked community optimizes the value of the group as well as its individual members ...like the Internet" (Rifkin, 2011: 268). The more participants cooperate by relying on the platform the more value they can co-create and share "...since the more people are using a [digital common,] the more valuable it becomes (Benkler, 2006)" (Kostakis et al., 2018: 3).

The ENVIENTA concept recognizes that technologies are the instantiation of human relationships and that human interactions, with each other and with their environment, present intrinsic value. Therefore, the pattern of technology enactment (Orlikowski, 1992, 2000) is decisive for co-creating value and facilitating more associative dynamism in the social fields by enhancing harmony with nature. ENVIENTA aims to use technology which catalyses strong sustainability by design (IEEE, n.d.) to prevent disruptions in environmental, social, or ethical-institutional contexts as unexpected side effects. The ENVIENTA model assumes that

by properly enacting blockchain smart contracts, and tokens these can effectively facilitate the co-creation and sharing of truly sustainable values with the participation of many collaborating stakeholders.

Cryptocurrencies are frequently used to carry out ruthless speculation and Bitcoin mining has generated profound environmental disruptions what has triggered adverse public sentiments towards blockchain technologies in general. However, the proper enactment of blockchain allows transparent and reliable registration of individual contributions and immutable tracing of (inter) actions. The deployment of distributed ledger allowed Vietnam (TeFood, 2020) and the Walmart Corporation (Hyperledger Foundation, 2022) to establish and run large, complex, and reliable food security systems. Blockchain technology can serve as an extremely effective tool to establish and enhance trust, therefore, generalizing these schemes as “trustless” is misleading. The proper management of trust leads to mutually empowered relationships, facilitates broadening the scope of growingly complex interactions, and catalyses regenerative efforts and their aggregation into sustainable value creation.

In a quasi-ecosystem of self-organizing mass collaboration such as ENVIENTA, participating volunteers aim to mutually “be at service” as the “best resources for each other” (Stillman, 2006) which facilitates extending the radius of trust and collaboration well beyond the boundaries of each group (Fukuyama, 1999). The establishment and proper management of a strong trust base facilitates collective flow, feedback with empowering individuation (Grenier, 2006), and an intrinsic motivation to cooperate, co-create, and share value.

ENVIENTA follows an ethos characteristic for communities and commons that sets up and manages flow (Csikszentmihályi, 1990). This approach tries to overcome the predominant notion of economics that perceives the generation of profit as the sole task (Zsolnai, 2018). Although “...firms cannot exist without profit”, however, Nonaka et al. (2008: 243) further elaborate on the process theory of the knowledge-based firm and conclude that—some firms emphasize: “profit is a result of the firm’s pursuit of excellence and ideals not a purpose. What these firms pursue ultimately is the happiness of the community and themselves. This causes them to continuously question their *raison d’être* and seek their own absolute value in the context of their relationships in the

community and society. They have built unique communities of individuals driven by their own beliefs, shared dreams, and a vision relentlessly pursued to create unique value leading to happiness in the community and then profit". The quality focused service of the broader interest of the stakeholders of a larger community could bring about the capacity of sustainable value co-creation and also provide profitability.

For more than five years, ENVIENTA has worked to elaborate and implement an increasingly detailed vision. Considering post-COVID developments as well as the consequences of the war in Ukraine, a growing number of partners and observers have recently pointed out that this concept should be implemented without further delay. This represents a significant shift compared to the summer of 2019 when researchers from Stanford and MIT in unison estimated that the concept was "five years ahead of its time".

This change in perception indicates that the emergent concept can be a valuable one, which the ENVIENTA community can foster more effectively. An important contribution of the envisioned digital platform and the broad set of enabling services would be to facilitate matchmaking and effective cooperation among numerous local initiatives and innovative networks that seek out and provide local solutions for global challenges (Frazzetto & Frischknecht, 2003). Supporters of the ENVIENTA initiative perceive themselves as a (quasi-)community of innovators who are simultaneously active in multiple global networks promoting technology and social innovation. They actively catalyse information exchange and self-organized collaboration through systematic networking among various stakeholders such as innovators, technology experts, community leaders, entrepreneurs, practitioners, and academics, to name but a few. Their networking facilitates establishing and maintaining mutually beneficial collaboration that enables the co-creation and sharing of frequently self-multiplying soft resources, bringing about mutual empowerment. Such enhanced cooperation can simultaneously catalyse more collaborative relational kinetics also in their broader socio-economic environment and across the social fields (Veress, 2017).

The self-organizing communities committed to co-creating a common set of values can generate project identities which stem from and are driven by a common vision for the future (Castells, 1996). Such

quasi-commons can consciously approach becoming third degree, higher level communities whose members strive for achieving jointly agreed qualities and values (Vitányi, 2007). These positive dynamics enable—and even necessitate—a more active involvement of volunteers and focus on scaling up non-profit activities. An important lesson that the ENVIENTA core team has learned is that the effective self-organizing of volunteers requires professional knowledge and management capacities—that frequently have “short supply”. Therefore, global networking must consciously identify the required skills and capacities and acquire these through coordinated efforts. The team’s experiences also confirm that co-learning efforts often follow a trial and success pattern and can hardly avoid the necessity to handle temporal interpersonal tensions.

Although the ENVIENTA model has yet to be developed into a classical business model to drive its activities, its core team consciously monitors experiences and incorporates lessons learned. Recent experiences confirm that project-framed cooperation with “friendly” entrepreneurial structures can serve as effective resourcing and financing mechanism while also maintaining a (quasi-)commons type of operation and governance (Bauwens & Kostakis, 2016). This experience has also provided practical evidence that the ENVIENTA model cannot and should not follow the start-up financing model that the mainstream approach envisions and even prescribes. As recent research on FOSH indicates, business models can capitalize on patterns like the sale of customized products, related services, consumables, components, and kits, as well as related advertisements (Franz & Pearce, 2023). This confirms that a hybrid setup of revenue generation can use other patterns besides service provision on a project to contract basis. This encourages the core team’s intentions to capitalize on patterns similar to crowd funding campaigns, grant applications submitted in cooperation with civil society organization, and services facilitating to re-localize innovative technologies.

Conclusions for Further Action and Research

The team's vision of ENVIENTA is imbued with the recognition that in the Anthropocene, our mere collective survival depends on focusing on improving our quality of life while following frugality in perceiving and fulfilling our genuine needs. To achieve strong sustainability is crucial to adopt a regenerative approach. The reduction of one's environmental footprint is supported by the implementation of cosmo-localization and the mass deployment of cutting-edge technologies while operating with the idea of "open source everything". Such a qualitative approach and focus provide the capacity to generate profit as an outcome (Nonaka et al., 2008) rather than as a sole goal. The ENVIENTA experience so far has shown that the successful uptake of innovative technologies frequently requires social innovations and innovative business models, i.e. they have to follow patterns that differ from those typically established in market-type relations and interactions. Trust creation and management processes are most imperative for cooperative efforts required for the successful deployment of cutting-edge technologies while also serving sustainability. The (process of) structuration (Giddens, 1984) of the underlying institutional-cultural settings can be equally or even more decisive than the technical parameters and characteristics.

The ENVIENTA model's emergent broader quasi-ecosystem consists of volunteers who initiate and run mostly self-organizing projects that can capitalize on more "traditional" governance patterns characteristic of open-source communities, primarily by co-creating software. The project's participants select a coordinator to lead the teamwork between pre-agreed milestones, who is empowered to take professional decisions and organize their consequent implementation. Further research is required to shed more light on possible new components for hybrid patterns of governance. The interplay of altered economics that is willing and capable to re-incorporate ethics can provide a significantly improved context for the ENVIENTA model's practical implementation.

The investors who become acquainted with the ENVIENTA vision, who then act as quasi-validators, indicate in unison that the model's

underlying concepts aren't in line with the risk capital's profit primacy-driven perceptions and concepts. Its robust life quality focus is intertwined with the institutional dual primacy of non-zero-sum approach and the systematic implementation of interdependence. Moreover, it perceives power as shared and sharing, having a non-zero-sum character (Kreisberg, 1992) that exercises following lateral and associational patterns and facilitates mutual empowerment. The conscious overcoming of the oppressive hierarchies' dominant colliding, conflicting, and even confronting dynamism can lead to life quality improvements through facilitating strong sustainability by design (IEEE, n.d.).

The currently prevailing growth mindset—or “growthism” as Daly (2019) aptly coins it—foresees a continuous, exponential increase of consumption, including the overall volume of energy (Gray, 2022). However, the exponential growth of the basically hydrocarbon-related energy (over-) consumption will only exacerbate wicked problems constitutive of the Anthropocene what leads us to a civilization self-destruction (Herrington, 2021; IPCC, 2021; Meadows et al., 1972). As Gray (2022) points out the human race by enacting all available green energy can transform itself into a Kardashev Type I civilization (Gray, 2022; Kardashev, 1964; Sagan, 1973) capable to carry out “the acquisition and application of collective knowledge operating at a planetary scale” (Frank et al., 2022). It requires the conscious institutional promotion of “associationism” (Bauwens, 2010, 2016; Karatani, 2005). The primacy of cooperation simultaneously facilitates and presupposes to overcome the current dominance of second enclosure (Boyle, 2002; Hess & Ostrom, 2007) and cooptation (Coy, 2013; Selznick, 1949) aiming to capture and monetize value by turning them into shareholders' profit—at any price.

There seems to be a growing public recognition that the prevailing pattern of globalization is disruptive (IMF, 2022), it fuels climate crisis, ecosystem collapse, and enhanced/upgraded inequality. There is also a growing number of local initiatives and networks proposing effective solutions to these global challenges. However, their scaling up, transposition, and aggregation remain a task hard to achieve—partly due to their embeddedness (Granovetter, 1973). There is no universal single instruction that could drive the efforts aiming to scale up such vastly different cases as the women's village communities providing mutual

guarantees for the micro-financing from the Grameen Bank and the Finnish cooperative of wind energy farms. Therefore, the ENVIENTA model should probably pay closer attention to learning to serve as an effective matchmaker capable of connecting local initiatives to global networking efforts, enabling the co-creation of methods to aggregate and amplify their impacts. Due to such context-boundedness, the combined deployment of personalization, open sourcing, and cosmo-localization aiming to enhance local players' growing autonomy requires case-by-case patterning of the methods to be selected from a broadening "toolkit" developed on the platform.

ENVIENTA strives for an economy of scope, improving the quality of life through enhancing local autonomy instead of boosting consumption following the dominant economy of scale approach. In this context has major significance in catalysing continuous sharing of self-multiplying soft resources such as knowledge, information, creativity, and psychological energies (Veress, 2017) through broadening global networks of cooperators. It is important to recall that the enhanced autonomy interplays with, simultaneously presupposes, and catalyses the local players' seamless cooperation with global networks of innovators and knowledge creators. Therefore, the successful deployment of the ENVIENTA concept can also foster new forms of cooperation among practitioners and researchers (Shrivastava et al., 2020) that, from the possible broadest sources, can facilitate enacting relevant, often yet emerging knowledge.

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11

Integral Human Development Against Gender Inequality: Intersectional Value Creation of Veralab

Rosa Fioravante and Mara Del Baldo 

Integral Human Development and Intersectionality

As a comprehensive paradigm at personal, organizational, and institutional levels, Integral Human Development (Paul VI, 1967; Keleher, 2018) is still far from being adopted by most organizations, societies, and states. Meanwhile, social inequality remains one of the greatest challenges of our time (Atkinson, 1970; Böhm et al., 2022; Stiglitz, 2012). As inequality can be discussed from numerous and heterogeneous points of view, enrooted in a variety of philosophical, social, economic, and political thought traditions, we here refer specifically to inequality as a lack of capabilities (Nussbaum, 2003) and human flourishing (Melé,

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2014; Shrivastava & Zsolnai, 2022). This approach is consistent with the paradigm of Integral Human Development (IHD). The latter, as defined by Paul VI (Populorum Progressio, 1967), as well as by the tradition of development ethics in both its religious and secular streams (Keleher, 2018; Schlag & Ortiz, 2018), defines the concept of development beyond its macroeconomic aggregates and indexes. According to IHD, the development of the person is obtained only when “each person and all persons” are developed; *i.e.* when all levels of needs are fulfilled, from the basic subsistence to the higher needs of comfortable, rewarding relationships and meaningful spiritual life, autonomy of pursuing one’s talents and vocations is allowed (Keleher, 2018; Melé, 2015; Zsolnai, 2022). IHD holds that human progress and social and personal fulfillment are addressed only when all categories of human needs are satisfied, including but not limited to subsistence needs, comfort needs, and social and spiritual needs (Culebro Juárez & Gasper, 2021). Inequality, through social exclusion, presents a severe lack of IHD both at individual and social levels (Schlag & Melé, 2020).

Working organizations can play a key role in either reducing or reproducing it, whether by taking a holistic stance at its ideological and material levels (Amis et al., 2020; Bapuij et al. 2020; Fioravante & Del Baldo, 2021; Fontrodona & Melé, 2022; Spitzzeck, 2011) or by addressing specific aspects such as focusing organizational reform to address marginalized groups or foreseeing specific policies to face social shortcoming for disadvantaged communities (Heath et al., 2010; Tempels et al., 2020). Inasmuch IHD seeks to promote capabilities and flourishing on all constitutive levels of humans life (freedom, relationality, transcendence), inequality undermines IHD possibilities because of different socio-economic causes, depending on whether it relies on economic, racial, gender based, ethnic (among others) discrimination, exclusion, disadvantage. Research has shown that different sources of inequality (for example, racialized marginalization, gender imbalances, poverty, and others) are usually bound together and fuel social exclusion altogether (Atewologun, 2018).

One of the main sources of combined disadvantage undermining IHD on different levels is gender inequality, which is usually rooted in both economic and cultural motives. Gender inequality remains a global

issue (Bruni et al., 2004; Klasen, 2007); notwithstanding differences among countries, within which only a part have formalized recognizing gender equality constitutionally and with a coherent body of legislation, even in the most advanced legal systems, genders inequality remains a challenging goal for society. Moreover, crisis such as Covid-19 pandemic have shown a tendency to worsen women's conditions everywhere (see, among others: Alon et al., 2020; Dang & Nguyen, 2021; De Paz et al., 2020; Del Baldo, 2022; Graeber et al., 2021; Reichelt et al., 2021). Recent research has shown that women have paid a much higher price as a result of economic crisis compared to men in terms of employment (Collins et al., 2021; Churchill, 2021; Graeber, 2021), care burden (Power, 2020), and life choices (Clark et al., 2021). This makes achieving the United Nations' Sustainable Development Goals 5 (gender equality) and 8 (decent work and economic growth) more difficult. Scholars focusing on gender imbalances have underlined how cultural issues (Butler, 2004; Pullen & Vachhani, 2021), widespread physical and psychological violence (Grosser & Tyler, 2022), lack of recognition and subjectivation (Borgerson, 2007; McCarthy and Moon, 2018) can be studied as different parts of the same system, for example, the "matrix of domination" (Branch & Scherer, 2013).

Interconnectedness among different sources of inequality which results in systematic disadvantage is at the core of the intersectionality theory and approach (Hancock, 2016; Sobande, 2019). Originally coined to explain and address forms of disempowerment of a particular category (for example, women of color (Atewologun, 2018)), the term has now reached a wider meaning, referring to:

An analytic shift from addition of multiple independent strands of inequality toward a multiplication and thus transformation of their main effects into interactions; and a focus on seeing multiple institutions as overlapping in their co-determination of inequalities to produce complex configurations from the start, rather than "extra" interactive processes that are added onto main effects. (Choo & Ferree, 2010: 131)

Due to its ability to clearly address multiple sources of marginalization as combined, intersectionality can be valuable in complementing

IHD perspectives. Indeed, to successfully address IHD in contemporary society, it is necessary to adopt not only its anthropological assumptions (the Aristotelian-Tomistic view of men as *zoon politikon*; see: Melé, 2009; Solomon, 1992), and its moral implications in terms of pursuing the Common Good (Sison & Fontrodona, 2012), but also to discuss structural causes undermining it. Gender issues and imbalances hold primal importance among the latter (Dillon & Snow, 2018). Through this approach, combining IHD and intersectionality aims to address multiple-marginalized categories and groups considering sources of inequality and dynamics among the different sources that would not be effectively tackled by a gender free approach (Berges, 2015; Dillon, 2017). Gender inequality is thus discussed as the overlapping of reciprocal dynamics (Cooper, 2015) and consequently, as needing social and organizational practices to be reformed with a holistic view in order to yield positive outcomes for internal and external stakeholders (Duarte et al., 2010).

Intersectional Value Creation

Business ethics scholars have been challenged by feminist theories and gender studies (Baldarelli et al., 2016; Borgerson, 2007; Fotaki, 2022; Lim, 2018; Machold et al., 2008) on different levels. Scholarly debates focusing on gender-based approach within business ethics have been relevant in integrating stakeholder theory and some of its limits (Burton & Dunn, 1996; Palmer and Stoll, 2011; Wicks et al., 1994; Zsolnai, 2006), as well as in presenting a variety of possible approaches to the issue, such as the ones discussed within the “feminine firm” vs “feminist firm” scholars (Derry, 1996; Robin & Babin, 1997). The latter is still relevant for today’s discussion and has been recently refashioned by scholars dealing with corporate social responsibility (CSR) and female empowerment-related topics (Grosser et al., 2017; Kaufmann, 2021). Among the different approaches bridging business ethics and gender studies, a specific reflection has been conducted on feminist ethics and virtue ethics (Dillon & Snow, 2018; Tong, 1998) and its implications in terms of the Common Good (Kostera & Pirson, 2017;

Sison & Fontrodona, 2012; Solomon, 1992). Recent literature tackles how female engagement within working organizations impacts economic performance, organizational wellbeing, quality of stakeholders' relations; moreover, it mostly takes a "quantitative" approach in leveraging women's empowerment depending on their percentual presence within boards and executive positions (Bell et al., 2020; Fioravante & Del Baldo, 2023). At the same time, the topic of how working organizations can tackle gender inequalities through a comprehensive change in their structure of power (Johnstone-Louis, 2017; McCarthy, 2017) and by tacking an intersectionality approach is gaining attention but it is still under investigation (Insch et al., 2008; Liu, 2019; Pullen et al., 2019).

The adoption of feminist ethics and an intersectional approach can differ significantly from the use by organizations of gender equality messages, CSR policies, and gender-related practices and activities (Atewologun, 2018).

Scholarship on gender issues within business studies has highlighted how business and working organizations use feminism and gender equality messages and campaigns to increase their economic value more than to contribute to social change. Indeed, when feminist messages are used only for reputational and marketing goals (Gregoratti, 2016; Pope & Wæraas, 2016) are labeled as "femvertising" (Sterbenk et al., 2022) or "pinkwashing" (Lubitow & Davis, 2011; Orser et al., 2020). This kind of CSR and brand activism (Vredenburg et al., 2020) by companies and organizations refers to a form of "washing" which presents the same dynamics pertaining to other "washing" varieties, such as "greenwashing" when addressing sustainability and environmental issues and "rainbow washing" when tackling sexual orientation issues (Sobande, 2019; Walters, 2022). As "CSR washing" refers to "corporations use CSR programs and related marketing strategies to present themselves as environmentally friendly and to deflect criticism from harmful environmental practices" (Walters, 2022), and "the successful use of a false CSR claim to improve a company's competitive standing" (Pope and Wæraas, 2016: 175), gender washing, as peculiar declination of washing forms, does not hold a specific definition to this date. Nonetheless, it can be addressed on at least three levels. First, the use of gender equality messages and programs to distract the public

from harmful internal practices which perpetuate gender imbalances or other organizational practices potentially harmful to the organization's reputation (Pope & Wæraas, 2016; Walters, 2022). Second, the use of gender equality messages and programs framed in such a way to convey an idea of women's empowerment based on certain product or services consumption which would benefit the organization's economic performance (Lubitow & Davis, 2011; Sobande, 2019; Zeisler 2016). Third, the use of gender equality messages and programs to convey messages related to women's empowerment based on an individualized and neoliberal point of view, *i.e.* to convey a depoliticized vision of gender injustices (Flinders & Woods, 2015; Swyngedouw, 2014). According to the latter, individual willpower holds more relevance than collective activism (Eisenstein, 2017), and empowerment requires an individual struggle rather than a collective effort at social and political level to challenge current power structures (Johnstone-Louis, 2017; Grosser & McCarthy, 2019).

On the other hand, feminist ethics in business ethics scholarship has been addressed to overcome such forms of washing, by suggesting an emancipatory agenda for scholars and practitioners aimed to promote social change on individual, organizational, and social scales (Grosser & McCarthy, 2019). This stream of literature stems directly from the classical discussion on the feminist firm (Derry, 1996) and aims to suggesting how some key business ethics concepts, such as responsibility, care, relationality should be framed in feminist ethical terms (Borgerson, 2007). In particular, Derry's research agenda for feminist ethics within business ethics, remains a cornerstone reference, presented in three parts:

1. Feminist firms acknowledge why and how women have been marginalized and devalued in the past (and current).
2. Establish new standards for business for what is acceptable and what is not.
3. Creation of firms that value women regardless of their supposed more feminine aspects (caring, collaboration etc.). (Derry, 1996)

As mentioned above, among the “why and how” women have been marginalized, multiple sources of inequality may come into play and

yield different forms of exclusion that need to be tackled from an intersectionality perspective. Integrating such a research agenda within IHD scholarship aims to discuss which dimensions have to be considered to evaluate whether gender-related initiatives undertaken by organizations are aimed at “authentic” development (Keleher, 2018; Sen, 2014). Indeed, this kind of perspective guards gender inequality in its peculiar features while, at the same time, understanding it as a part of a wider and interconnected pattern of inequalities. As a result, intersectional value creation can be defined as value created on all dimensions of wellbeing considered by IHD: physical, moral, and psychological (Bouckaert & Zsolnai, 2011; Melé, 2015; Mongelli et al., 2018), when stemming from organizations actively engaged in addressing different sources of inequality at the same time (Dy et al., 2017; Romero & Valdez, 2016).

Cristina Fogazzi: From Accidental Entrepreneurship to Intersectional Value Creation

Cristina Fogazzi, founder and owner of skin care and cosmetic company Veralab (registered as Re.Forme S.R.L.) was born in 1974, and is based in Brescia, Italy. She is known to the wider public as *Estetista Cinica* (the cynical beautician). The market segment targeted by this organization is mainly represented by women. The value proposition of Veralab, as disclosed on the company website, is to build trusting relationships with impassioned women and men and to build solidarity and a sense of belonging triggered by fundamental values such as respect for the environment, inclusiveness, diversity, and transparency. Veralab reached a turnover of over 62.000 Euros in 2021 with 46 employees with a majority of female workers (Table 11.1).

The startup began its activities with 20.000 euro as social capital in 2015—is today considered among the top three best-selling brands of skin care products in Italy that host a district of cosmetic companies in

Table 11.1 Re-forme S.r.l. Turnover and number of employees

Year	Turnover (€)	Employees (n.)
2016	585.000	–
2017	1.300.000	19
2018	5.700.000	22
2019	22.000.000	31
2020	48.300.000	38
2021	62.700.00	46

Source Authors' elaboration from Atoka database

the province of Crema, Northern Italy. Fogazzi's business quickly developed into a gazelle, a young and fast-growing company (OECD, 2010; Henrekson & Johansson, 2010; Nicholls-Nixon, 2005).

Fogazzi's business is a case of the "accidental entrepreneur", which "results from specific processes where entrepreneurship often happens accidentally, when people are on their way to something else" (Milanesi, 2018: 425). Indeed, when in high school, she wanted to pursue a degree in modern art, which she was prevented from by her family's economic condition. Prior to VeraLab, she had been working in several precarious and low-skilled jobs and eventually ended up as a cosmetic consultant in a beauty center in Milan. When she founded her own line of skin care products, she had been recently fired due to the bankruptcy of the beauty center where she was previously. Her case represents a minority among successful female entrepreneurs: she did not inherit her business, nor did she have family-related economic, cultural, or relational capital to exploit (Paoloni & Dumay, 2015). She often discusses the topic of difficulties in women's entrepreneurial startup phase in public speeches and through her social media. In a 2019 speech, she states:

Let's talk about women. When a woman is successful it is always a matter of being the daughter of, the wife of, or someone has given her money. In my case, not being fit to be daughter of or wife of, [people said that] there were mysterious financiers, so I created Otto [Fogazzi's dog] as a mysterious financier. (Cristina Fogazzi, 12.04.19 at Santa Margherita Gruppo Vinicolo / Youtube)

In a 2021 Instagram post, she writes:

I have built a company which sells a skincare brand that might be among the 3 most sold in Italy (...) I did it in 5 years, the only European case. I tried to unite the beauty sector to tourism and local communities valorization, by bringing influencers in small Italian town [borghi] and by offering free tours in Rome to my community. I interviewed virologists during the pandemic. I took uncomfortable stances on uncomfortable matters. Having said that: I ended up on televideo [Italian news] because I showed my Bside, which, you know, is my core business and I said I weight more than I should. I wonder whether Diego della Valle [Tod's CEO] gets criticized by media because of his quotes on his weight or on the economy. I am not Diego della Valle but, you got it. (Cristina Fogazzi, Instagram post, 29.05.2021)

At the time of its foundation, Re-Forme S.r.l. was created to sustain Fogazzi's activity as a beautician by proposing to her clients a set of skin care products to use at home. To sustain her business as a beautician and to advertise her beauty center based in Milan, she used her passion for scientific dissemination on beauty products, treatments, and image-related problems of the female body, which she conveyed as dissemination content through a YouTube channel and a Facebook page under the satiric name of *Estetista Cinica*. Shortly after, her Instagram account @estetistacinica (today around 1 million followers and continuously growing). Additionally, Fogazzi started her own Beauty Center, Bellavera, now part of Re-Forme S.r.l.

The core message of her company, from the early stages of her entrepreneurial quest to today revolves around the idea that the beauty industry often tries to sell both a female body image that is dangerous for women's psychological and physical health, as well as products that are not able to live up to their marketing claims. Rather than becoming immediately known as a digital entrepreneur, she became popular online thanks to this role of hers in the demystification of core claims of the beauty industry (Dy et al., 2017). As for other skin care brands (see, for example, Drunk Elephant et al., 2021), Fogazzi's brand popularity grew as a result of her digital presence and marketing success. Indeed, in a

two-year span, Fogazzi was able to mobilize a wide social media community, nicknamed *le fagiane*, which translated literally, means pheasant. This figurative speech in Italian dialect means that someone is easy to be tricked, alluding to how easy it is for women to fall for the beauty industry's marketing tactics and promises. She compiled the core messages concerning female body images and beauty tips in her 2016 book *Guida Cinica alla Cellulite* written with a cosmetic surgeon (Fogazzi & Motta, 2020). Additionally, she continued to add to her online messages with content related to the difficulties and challenges of being a woman entrepreneur, commenting on advocacy campaigns, as well as civil rights mobilizations.

Relationality

The first organizational reform was undertaken when Veralab opened their first flagship store in Milan in 2019 and despite the challenges of the Covid-19 pandemic, in Rome in 2020. Distribution channels have been growing steadily since 2017, with Veralab-specific merchandise corners within perfumery shops and pharmacies all over Italy. The process of turning an exclusive e-commerce business into the collective mobilization of the community happened through a series of steps. Alongside the two flagship stores in Milan and Rome, Veralab organized summer tours throughout Italy, with Fogazzi and the participation of other digital influencers, to meet the community offline and support local tourism. In particular, in 2019 Veralab launched *Circo Cinico* (cynical circus; see <https://www.circocinico.it/>), a mobile popup store with activities designed to get people to know each other and have fun while getting advice on skin care and meeting Veralab staff. In 2021 the experience was renewed and improved as Veralab toured with Fogazzi and a “beauty truck” to some ancient city centers of Italy. Typically, the organization chose cities which are less known to the wider public for their art history and amenities, to counterbalance the mass tourism already occurring in other locations. Alongside the possibility of meeting other people from the community, the tour was designed to gift free tickets to local museums in Ancona, Taranto, and Matera to enlarge

their reach and grow the community. The experience of *bellezze al museo* (beauty in the museum) was repeated in 2022 with the aim to “narrate and promote an idea of beauty higher and wider. A beauty that speaks of uniqueness, details, peculiarity, and diversity”. Fogazzi continues to work to enhance the possibilities for her to meet her online followers in person and turn the community into a “real world” one.

Physical and Psychological Wellbeing

During the pandemic, Veralab has doubled its turnout from around 5 to 10,000,000 Euros. Having a strong e-commerce and digital presence, it was easier to overcome the main challenges posed by the pandemic. Nonetheless, the extraordinary success was due to other factors as well. Fogazzi was extraordinarily active in public sensibilization toward Covid-19 prevention. She supported local hospitals, both through direct donations and through a social media campaign of sensibilization in favor of universal access to vaccines, observing Covid-19-related restrictions to save elderly human lives and encouraging local communities to show support and ask the Government for more funding to public hospitals and medical workers. Fogazzi held weekly conversations on her Instagram profile with virologists and offered paid psychological sessions to her followers to provide mental health care during these challenging times. Sensibilization campaigns were run coherently with Veralab’s new policies to face the pandemic situation. Fogazzi adopted a safety protocol for Veralab workers, designed together with a virologist, which was stricter than the one recommended by the Ministry, aiming at workers’ safety. Although a significant part of her value chain is constituted by logistics, one of the sectors where the virus spread the most, nobody among the company’s workers was infected during the peak of the pandemic. This was trickling surprising taking into account that Northern Italy, where Fogazzi lives and Veralab activities are based, was the hardest hit region in Europe at the time. Physical wellbeing was ensured by responsible policymaking, which Fogazzi popularized on social media by repeating several times that people come before profit.

Previous study shows how Veralab gained in status of being an “authentic” brand thanks to coherence between employees’ wellbeing adopted policies, CSR actions, and social media spread message by Fogazzi. (Fioravante et al., 2021).

Employees’ wellbeing is at the center of Fogazzi’s message and Veralab’s public face. It is conceived as being both part of the moral duty of the entrepreneur and a distinctive feature compared to other organizations. In a 2019 speech, Fogazzi states:

I have always been hired with qualifications that were always three qualifications less than what I did in reality, I have been paid “in black” [...] and you always think that they sadly tell you that in Italy you cannot do business if you pay people what they should be paid. I’m telling you: I have 18 people hired and I pay them everything that I should and they are all hired with permanent contract. [...] I do not own a big engine car, I do not own four villas, I live in a rented house in Brescia but I sleep very sound at night.

[...] it is time to end it with entrepreneurs who cry desperate because it is impossible to hire people, it is possible to hire people, then, if your business does not generate income it is not a problem of your employee, it is a problem of your business; but if you do not generate income it’s not like your employee should be in charge of the fact that your business does not generate income. (Fogazzi, 17.04.19 at Il Sole 24 Ore, Youtube)

Moral Wellbeing/Transcendence

As Fogazzi has built her credibility on social media by debunking common sense beliefs concerning the beauty industry, she often intertwines messages concerning body positivity with messages on moral values and transcendence. In a 2022 Instagram story, Fogazzi states:

If a man is skin or fat the professional evaluation during a hiring interview does not change, if a woman is skin or fat the evaluation changes. This is because for women to be skin is a merit [...] I wanted to say: it is not. It is a merit to discover a cure for Covid, it is a merit to be good hearted people, to be skinny it is not. [...] To be beautiful does not give

happiness. What does? Happiness is given by having emotional adequate answers to the problems that life poses us. Being balanced people brings happiness, not be skinny. (Fogazzi, 07.06.2022 Instagram story)

Spirituality and intangible values complement her call for being less prone to physical prejudice and individualism. Attention to friendship and interpersonal relationships is at the core of Fogazzi's message both concerning her personal progress and her business development. In a 2021 Instagram post, she writes: "If it is true that one can change her destiny, it is also true that it is impossible to do it alone. Choose your people" (Fogazzi).

In a speech from two years prior, Fogazzi states:

When I started I had an initial financing for 20.000 euro and I had a whole network of suppliers. You usually pay suppliers at 90 days and I said "please help me". I started like this: with 20.000 euro and my historic supplier who rented me the machines. I said "Lorenzo, please, I will pay you, have faith in me" we knew each other very well so he said "don't worry" and this is how it started. (Fogazzi, at Sole24Ore, Youtube 17.04.2019)

Freedom

Fogazzi's ability to build an online community that grew into an offline community is due not only to her commitment to debunk beauty myths, but also to her dedication to civil rights issues, protection for universal health care access, advocacy for humanitarian causes, and encouragement of active citizenship (Table 11.2). In this way, she proposes a set of values that her followers and consumers, as well as Veralab's stakeholders, can recognize throughout the business model. As a result, they can evaluate the impact of these values in terms of social engagement. Fogazzi elaborates on these values in a 2022 Instagram story, stating:

I would benefit from talking about dark spots and mind my own business, but if what I have built does not guarantee the sacred freedom of expression, there is no purpose in having built it. Only to tell you which

Table 11.2 Main social media contents by Cristina Fogazzi

General topic	Main issues	Specific content
Business ethics	<p>Firm policies for employees and internal stakeholders</p> <p>Difficulties for women and low-income family entrepreneurs in entering the market</p> <p>Difficulties for women in business</p> <p>Critique of non-ethical entrepreneurship</p>	<p>Low turnout</p> <p>Work-life balance</p> <p>Female employment</p> <p>Prejudice against women</p> <p>No easy access to bank loans</p> <p>Initial personal sacrifices</p> <p>Prejudice against women</p> <ul style="list-style-type: none"> - Critique of entrepreneurial scandals (tax frauds, undignified work and employees, etc.) - Comparison between made in Italy and foreign competitors and policies - Tutorials based on scientific research on skin-related issues - Tutorials of products labels reading - Explanations on use and designed target - Discounts and promotions - Personalized advice through followers' questions - Explanation of how the product was conceived, designed, and distributed and troubles in the process - Preview of new products - Advocacy for civil rights - Sensibilization to turn out to vote for local and national elections - Support for peculiar electoral campaigns
Skin Care and Beauty Content	Dissemination of skin care practices and related scientific information	
Marketing	Placement of Veralab products	
Political content	Comments on political daily news	

General topic	Main issues	Specific content
Beauty Industry	How the industry works internally	<ul style="list-style-type: none"> - Italian competitors - International competitors - Value chain features - Positioning of Veralab - Narrative on how products are conceived and designed
	Critique of industry hoax and toxic narratives	<ul style="list-style-type: none"> - Critique of "miracle" products - Critique of idealized female body & unattainable standards
	Critique of other beauty-related industries, such as fashion industry	<ul style="list-style-type: none"> - Critique of fake advertising - Critique of unattainable physical model - Critique of female stereotypes promoted by certain trends - Critique of discriminatory advertising and body shaming content
Arts	Contents related to artistic sensitivity	<ul style="list-style-type: none"> - Exhibitions - Suggestions concerning art books - Suggestions concerning underrated museums or art spaces, less known to the wider public

Source Authors' elaboration

brand is the swimming-suit? I don't think so. (Fogazzi, Instagram story, 27-07-2022)

Despite its remarkable growth and its success, the challenges posed to the organization are significant. Fogazzi's exposure on social media is a continuous source of personal critique of her digital profile and her character. As a result, Fogazzi is often personally addressed by customers and media, as an "influencer" rather than a successful female entrepreneur. Although Veralab as a brand is imbued with values stemming from Fogazzi's ethical stances, a major challenge is to convey those values as central to the brand as well. The second major challenge posed to the organization is internationalization. As the entrepreneur has repeatedly discussed through her social media platforms, her willingness to open the brand to foreign markets (especially the UK), will entail significant challenges. The latter is to be foreseen due to the specific communication so far adopted to convey the brand's values, which are communicated in such a way (through Fogazzi's meeting with followers and customers, through her ability to seem spontaneous and authentic in discussing topic related to ethics and feminism) that might be difficult to reproduce as such to a different public and in different cultural contexts.

Conclusions

This paper contributes to the discussion about how working organizations contribute to Integral Human Development (IHD) with a specific focus on gender equality. Looking at Cristina Fogazzi, owner and founder of Veralab, as a case study, we discuss how a successful experience of female entrepreneurship has deployed intersectionality messages to build a community, both on- and offline, that promotes gender equality. The case study represents a case of IHD insofar as it shows effectiveness in enhancing all aspects of IHD, freedom, relationality, transcendence. Indeed, organizational goals and adopted policies are consistent with both the entrepreneur's and the brand values, which reflect both on how the internal structure of the organization is designed to tackle different sources of inequality, particularly gender inequality, as well as in how

they communicate with their audience to stress messages of empowerment and social justice. This coherence, as well as the continuous commitment to equality-related values, thus addressing gender inequalities as part of social inequalities, represents the intersectionality aspect of the case presented. We call this model intersectional value creation because it promotes a business model able to contrast social inequality with regard to gender issues through a holistic view and implementation. Intersectionality at Veralab is applied throughout its entire value chain by proposing business practices directly linked with those values which are the core of the entrepreneur's public messages. In this way, a coherent implementation of intersectionality is pursued in each step of the business model, from the design of the product to its production and distribution, as well as in all CSR policies and practices. Fogazzi's engagement with gender issues is thus conveyed through both a positioning within the beauty industry and her activism and criticism toward current mainstream views which are held responsible for impacting negatively on women's bodies, lives, and wellbeing. Nonetheless, gender issues are always addressed alongside social inequality at large, and Fogazzi's take on gender imbalance is always intertwined with deep reflections on business ethics and moral engagement of the organization toward internal and external stakeholders. The case presented here differs significantly from other experiences of female digital entrepreneurship within the cosmetic industry, such as the case of Drunk Elephant (Bilro et al., 2022). This is due to Fogazzi's commitment to keep the company based in Italy, employing a majority of female workers and distributing her products through her own channels or Italian-owned retailers. Moreover, although sharing the same passion toward building a niche for a non-mainstream cosmetic industry, this case differs from other similar companies analyzed (such as The Body Shop, see Gaines, 1993; Hartman & Beck-Dudley, 1999), insofar it proposes, alongside the product, a whole lifestyle campaign on empowerment of marginalized categories. Thus, tackling gender inequality fostered by harmful beauty standards, gender exclusion through raising awareness on women difficulties to become entrepreneur, social exclusion in promoting ethics of care and fiscal justice and fairness, and contents supporting campaigns against prejudices toward diversity of other kinds at the same time.

These features, as analyzed through the lenses of IHD and intersectionality, represent the main contributions to current literature, first, by proposing the very first analysis of a case study through IHD and intersectionality together. To our knowledge, there are no previous studies addressing this issue. Second, this is done through our presentation of a case study that looks at digital female entrepreneurship that is engaged in intersectional value creation (Martinez Dy et al., 2018; Romero & Valdez, 2016) by looking into how online and offline communities can interact. Thus, this contributes to business ethics and gender issues literature by looking into how feminist ethics and in particular, intersectionality, can be deployed to propose a model that differs from pinkwashing and femvertising value creation (Orser et al., 2020; Sobande, 2019). Third, we contribute to empirical research on Integral Human Development, by highlighting how organizations which are willing and able to foster IHD in all its dimensions can explicitly aim to foster at the same time gender equality (Mongelli & Versari, 2018).

The practical implications of this current work are also significant. We present a case that combines an extraordinary profitability within its sector, thus creating economic value, with a clear positioning in terms of CSR policies and sustainable-driven business model against gender inequality. This case can elicit a process of female entrepreneurship spillover as inspirational to other women in business. Moreover, it can be a blueprint for practitioners who aim to embed multiple social issues, such as gender-related issues, in their business models and value propositions. Moreover, it represents a successful case of stakeholder engagements and an innovative model of digital entrepreneurship, able to leverage between digital exposure and offline events and presence. Lastly, it represents a blueprint for gender-related communication by brands involved within sensible industries (such as cosmetics). Indeed, the proposed case can inspire valuable alternatives to femvertising and pinkwashing models. Furthermore, the present work aims to increase scholars, students, and the public's sensibility toward intersectionality and intersectional approaches.

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12

Principles and Models of Community Economies

Tamas Veress 

Autonomy Over Economic Activities and Everyday Practices in the Anthropocene

Currently, no country meets the basic needs of its citizens at a globally sustainable level of resource use (O'Neill et al., 2018). Contemporary trends will only deepen the ecological crisis while failing to eliminate social shortfalls (Fanning et al., 2022). However, by shifting towards sufficiency and equity, decent living standards (the enabling conditions for well-being) could be met for the global population with energy and material levels radically lower than current ones (Kikstra et al., 2021; Millward-Hopkins et al., 2020; Rao et al., 2019; Steinberger et al., 2020). So why is the necessary change lacking?

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One major reason is Growthism's dominant position in the Anthropocene. Growthism is an approach towards organizing economic activities and value creation. It is widely considered to be a costless, win-win solution to all problems—be it poverty, unemployment, environmental destruction, financial instability, etc.—, or at least the necessary precondition for any solution (Daly, 2019). Growthism's basic assumptions about the subject matter of economics are restricted to the monetized processes; while its value and goal system is materialistically oriented (Zsolnai, 2011). Within its premises social progress is achievable through the promotion of self-interest, the supposed positive outcomes of zero-sum competition, hierarchical wage labour, and by cultivating strong desires for financial profit, economic growth, and social power (Daly, 2021). Growthism's materialist orientation is reflected in the way it structures relationships among humans and other entities in the web of life. The guiding principle is to institutionalize arrangements capable of producing (economic) rents and/or profits and social power for those who are in the position to appropriate them—often with little regard towards the integrity and stability of ecological systems, and genuine social needs. Its widespread application is among the major factors why, despite the historically unprecedented absolute level of (financial) wealth created in the Anthropocene, and despite the total mass of the socio-economic systems outgrowing the mass of all nonhuman living organisms combined (Elhacham et al., 2020), still, the basic material needs of billions remain unmet, and global-scale ecological breakdown looms.

A manifestation of Growthism is the largest infrastructure ever built, the global fossil-dominated energy network. A multi-trillion-dollar asset system, with two centuries of technological development and related institutions, policies, and production-consumption patterns, the fossil energy network initiates its system-specific options and path dependencies while co-shaping various technical, institutional, and behavioural lock-in effects (Seto et al., 2016). With the spread of the fossil-based energy systems and its auxiliaries the livelihoods and everyday practices of billions become increasingly dependent and/or affected.

For example, industrial scale agricultural production is increasingly reliant on fossil-based inputs through chemical substances and automated machinery. Dominant industrial agricultural actors are applying their power in order to keep control over the supply chain and generate profits for the owners. In this process, seeds are being commodified (their genetic structure made fit for profit purposes), land ownership gets concentrated (driving small-scale farmers and farming practices out), reliance on high-input and capital-intensive materials and machinery increases (at the same time reducing farmers' autonomy over the production process), and the retail sector becomes ever more oligopolistic. Led by profit and control considerations, the industrial agricultural system causes detrimental social and ecological externalities as it drives (among other ills) deforestation, land grabs, soil erosion, and water pollution (Clapp & Fuchs, 2009). This system works in this way because powerful actors within the network are capable of setting the agenda on related international trade and subsidies, defining rules and narratives, and influencing consumer options and behaviour. It is designed to generate overconsumption and to resist changes targeting its destructive practices (Fuchs et al., 2016). Autonomy is a key issue—the destructive features of the supply chain are hidden away from consumers, and at the same time nor consumers, nor workers have the power to (at least without organized collective action) significantly influence what is produced or how elements are produced in the industrial agricultural system. Unsustainable options prevail because those with power are unwilling to change.

Similar power relations are present in other sectors as well: recently Sport Utility Vehicles (SUVs)—urban jeeps with unnecessarily high engine power and emissions—have conquered the automobile industry, despite the ever growing urgency for low-emission mobility options (Milman, 2020). Meanwhile, patent filings demonstrate that fossil industry corporations had the technology to reduce emissions as early as the 1970s but choose not to. Though they held patents for fuel cells and other clean transport technologies, Exxon did not market them but also did not fail to oppose government research funding for electric cars (CIEL, 2016). Such dynamics are captured by the concept of Unrepresentative Material Regimes (UMRs) (Whitaker, 2009). Instead of being

a “natural” product of the human species, environmental degradation is often an outcome of certain types of organizational dynamics—in the Anthropocene these are mainly the various strategies and practices of Growthism. Major entities, such as corporations, are often the subjects of law exemptions and state subsidies: in 2015 the fossil fuel industry was subsidized by 4.7 trillion USD (or 6.3% of global GDP (Coady et al., 2019), while the overwhelming majority of public resources directed towards farmers are financing the destructive practices of industrialized agriculture (Growing Better Report, 2019; Pe’er et al., 2020). In UMRs workers’ and consumers’ autonomy is restricted to options which mainly serve profit and power purposes against other considerations, such as social needs and ecological issues. UMRs lock-in individuals and communities into the iron cages of high energy and material dependent livelihoods and everyday practices. Therefore, a central issue in the Anthropocene is whether other-than-materialistic considerations can gain power to have genuine influence on what is produced and how.

Community Economies Approach to Imagine and Enact Sustainable Livelihoods

Community Economies (CE) is a possible entry point to imagine and enact non-destructive forms of economic arrangements. CE is an approach towards organizing economic activities and value creation. Its subject matter is the total economic process (exceeding Growthism’s narrow focus on monetary transactions), and its value and goal systems are oriented towards sustainable livelihoods. The CE approach focuses on social arrangements which are re-embedding the most important livelihood supporting systems into the local.

This means that those who are locally affected can avoid having the most important means of livelihood being dependent on exploitative and harmful arrangements, while at the same time gain power and autonomy to co-organize crucial dimensions of their material necessities better suited to their needs. In CE arrangements, world commodity prices, the wants of distant markets, and/or managers who answer to absentee owners have little or no significance on what and how are goods

and services produced (Zsolnai, 2002). Community, in this approach, refers to the active, ongoing negotiation of interdependence with all life forms, human and nonhuman. This negotiation is not intended to fulfil a pre-specified blueprint, or any abstract generalized theory. The concept of community is therefore constantly evolving through a series of engagements in complex relations of power (CERN, 2022). This invites a diversity of different cosmologies, rationalities, and ethics to organize economic activities (Gibson-Graham & Dombroski, 2019).

Ostrom's (1990) work has shown that organizational questions regarding the sustainable use of natural resources should overcome the state/market dichotomy. Their work demonstrates how local communities have relied on resources, in some instances for centuries, without over-exploiting those, while providing access to livelihood means. In these successful cases, communities are proven to be capable of self-organizing around crucial resources by designing their own rules, arranging the monitoring and enforcing of conflict-resolution mechanisms, while maintaining their resilience against external and internal challenges. This means that by adopting the patterns of these autonomy-oriented measures, communities can often become significantly better stewards of natural resources than what market and/or state coordination could achieve, while meeting the material needs of locals at much lower costs and levels of externalities.

Autonomy, therefore, is a key issue: who has power and capabilities to structure, to influence the fabric and texture of everyday life in the given locality? Who can have a genuine influence on what is produced and how, and how are the fruits of labour distributed? In the CE approach, local communities are in the driver's seat. The primacy of providing livelihood is the feature with the highest leverage on the way collective action is organized in CE arrangements. Ownership or legal architecture is a key trait of organizing collective action. In CE arrangements the root of control is in the hands of people who have a natural interest in the health of their communities and local ecosystems; while in Growthism models the ownership structure provides legal power to (often absentee) owners and managers to operate exploitative arrangements while minimizing their liabilities. A fitting ownership structure can help communities practice their autonomy, where they can set their own goals for economic

activities and decide on success factors, thus having control over the major dimensions of collective actions. Table 12.1 contrasts the two approaches of Community Economies and Growthism when it comes to organizing economic activities and value creation.

In CE arrangements, access to products and services is often made possible through other-than-monetary means. For example, through reciprocity, in kind, or barter-based agreements. The aim is to find ways to provide livelihoods while maintaining the integrity of community members in the provision of basic needs so no one is pushed into being dependent on donations, where one cannot be in the position to contribute to the betterment of the community. CE arrangements

Table 12.1 Juxtaposing Community Economies and Growthism—two ideal types of value creation and sets of principles for organizing economic activities

	Community economies	Growthism
Subject matter	Total economic process	Monetized processes
Value and goal system	Sustainable livelihood	Materialistically oriented
Ownership/Legal structure	To safeguard social-ecological mission	Skew control and resources to owners/managers, limit liability
Decision making	Open to community members	(Absentee) owners and managers
Success	Multidimensional, social, and ecological considerations	Materialistic
Access to goods and services	Through multiple types of contributions, (non-monetary) engagements	Function of purchasing power
Engagement with the local	Genuine, through community mechanisms	Exploitative
Surplus	Shared	Scarcity is constructed
Technology	Appropriate, nonviolent	High energy and material demand
Knowledge	Shared, open	Patented, commodified
Limits	Sufficiency-based, self-imposed, and ecological	market demand, ability to draw capital

Source Author's construction

usually have genuine community mechanisms in place (such as meetings, hearings, informal relationships, and the likes), which make it possible for community members to raise their concerns or share their ideas regarding community matters. In Growthism, arrangements such as focus groups are organized to understand and manipulate consumer preferences (Featherstone, 2017). Surplus in CE arrangements is often shared and made accessible to those who need it; in the framework of Growthism scarcity is constructed to restrict access. Regarding technology, CE arrangements usually enhance the innovation and application of appropriate technology. Subordinated to autonomy and livelihood concerns these technologies aim for nonviolence and to be amendable and customizable by their users. In comparison, the technologies used in Growthism arrangements are reliant on high energy and material demanding infrastructures and inputs. When it comes to knowledge, in the framework of CE it is often shared, open-sourced, and decommodified; while in the realm of Growthism knowledge is commodified and often restricted through intellectual property rights. In CE arrangements limits are self-imposed in relation to the local ecological context and community livelihood needs with sufficiency as a common approach when it comes to production and consumption. In the Growthism framework, ecological limits are not respected, and in general, economic activities are bounded only by materialistic considerations, such as market demand and ability to draw capital.

Community Economies Models

Health in Harmony

Health in Harmony (HH) is an international non-profit organization that reverses rainforest deforestation by meeting the health and livelihood needs of surrounding communities. It began its work in 2007 around Indonesian Borneo's Gunung Palung National Park. HH collects donations and uses them to operate a medical centre, midwifery services, a dental clinic, tuberculosis treatment, and an ambulance for a population of 120,000. Today it is present in Madagascar and Brazil as well.

The essence of HH's approach towards rainforest nurturing and community building manifests in the practice of radical listening. In radical listening sessions a random group of 15–50 people in each village is invited to share thoughts on why illegal logging is practised and what could be done to protect the forest. In these sessions, villagers showed a high level of understanding that the health of the forest in/directly affects their families' health (for example deforestation leads to higher levels of malaria spread and causes soil erosion). However, most households are still dependent on illegal logging because other means of income are scarce and income is necessary, especially for the payment of health-care related expenses. The numerous radical listening meetings arrived to the same conclusions. For villagers to stop illegal logging and become "mandiri" (autonomous, self-sufficient) three needs should be met: access to good healthcare, self-sufficiency in food production, and access to clean water. Villagers said that with these things accessible, they would not have to log the forest, nor would they need to sell the remaining forest to palm oil companies, and could avoid "becoming slaves to them" (Webb, 2021). Baccini et al. (2017) found that 69% of the loss of carbon in tropical forests is actually due to the degrading of forest through individuals logging or fire. It doesn't mean that agribusiness driven clear-cutting (e.g. palm oil) is not important, it certainly is, but a significant amount of the problem is due to individual/household logging (which has its structural drivers).

The community-embeddedness of HH doesn't stop at listening. Villagers are invited to design the details of the programmes which help households to steer their livelihoods away from logging and establish sustainable ways of living. Through the Chainsaw Buyback programme HH purchases chainsaws from loggers and provides additional start-up capital for the seller's family to start their own micro business. HH requires both the husband and the wife to start a business and provides training for them both. The start-up capital works as an interest-free angel investment: HH is a joint owner of the businesses until the investment is paid off by the family members. Similarly initiated by the locals, HH helps to organize organic farming training to help villagers become self-sufficient regarding food production. Training participants learn to produce their own organic fertilizer at a significantly lower cost than

chemical-based fertilizers and to produce food without destroying the forest. Also, in rural Borneo, wives whose husbands have died or abandoned the family are left with few options for making a living, through the Goats-for-Widows programme the community fundraises a mated pair of goats which allows widows to sell kid goats and manure, providing them with small but steady income to afford education for their children. All these initiatives help locals avoid logging and become positive contributors in their communities. The contract between the communities and HH is framed as mutual gift-giving: locals have a gift to give the world as guardians of the precious rainforest, and they might receive gifts such as healthcare and knowledge on organic food production in return (Webb, 2021).

HH offers tiered discount to communities that decrease illegal logging. Villages that stop or significantly reduce logging receive discount (the higher the level of reduction the higher the discount)—this helps build social pressure to encourage loggers to switch to other occupations. Also, healthcare services can be accessed either through low prices or through various non-monetary contributions (for example planting seedlings, doing odd jobs around the clinic, providing manure, providing food, etc.). Overall, the cost of healthcare is about a third compared to the options available prior to the establishment of HH. The monitoring process over villages regarding logging is also designed and run by locals, the Forest Guardians. The Forest Guardians are people who have grown up in one of the local villages who speak the specific language of their village and therefore add to the capacity of HH to engage with local communities. Moreover, these individuals know exactly who is logging and what the important issues influencing the villagers' lives are (Webb, 2021). Since the beginning of HH's operation, there has been an estimated 90% decline in the number of illegal loggers, while infant mortality dropped 67% from the baseline level (with a concomitant 55% reduction in the birth rate) (Jones et al., 2020).

When designing and constructing the clinic building the connection with nature and the community was a guiding principle. The main clinic area was built around a landscaped courtyard and each room looks out on trees. As a planetary healing centre, it wants to represent and help people to understand the interconnectedness of nature and health. HH's

conservation team was responsible for ensuring the materials sourced were ecologically conscious. HH also required the contracting company to hire as many local labourers as possible, especially loggers. This way, loggers not only earned money but learned marketable construction skills. Next to the building is the seedling nursery where the patients put the seedling brought in for the healthcare they receive, and the organic garden, that serves as an illustration for those interested in organic farming methods (Webb, 2021).

HH is led primarily by women and empowers many women through its various programmes. One of the community health workers has even become the first female village chief after saving so many lives in her village (Webb, 2021).

Sustainable Food Network

This section aims to outline the basic contours of a possible sustainable food network with focus directed towards the social-organizational elements of such a system. The various elements of this hypothetical system come from real-world cases (organizations and models)—for the sake of illustration, they are structured within this section into a consciously designed, coherent network. The aim of this network (Sustainable Food Network—SFN) is to achieve food sovereignty: the right and capability “of peoples to healthy and culturally appropriate food produced through ecologically sound and sustainable methods, and their right to define their own food and agriculture systems” (Forum for Food Sovereignty, 2007). This is in contrast with the industrial food systems which are constructed for the sake of maximizing owner profits and provide corporate control over supply chains. Figures 12.1 and 12.2 capture the violent character of agrarian struggles, illustrating the multitude of links between seemingly distant places and production systems, and the consequences for his places and living creatures—while conveying the experiences of rural life, ecocide, and people living in urban centres due to dispossession.

For such purposes agroecology, as a science and a movement, is of crucial importance. Agroecology is built upon the rejection of the main



Fig. 12.1 Biofuels (Source Boy Dominguez Collection, Journal of Peasant Studies. <https://www.peasantjournal.org/gallery/> reproduced with permission)

tenets of the Green Revolution, that high-input dependent monoculture plantation based agricultural methods generating enormous negative externalities are the most efficient ways to produce food. Agroecology aspires to rely on the use of local resources, including knowledge regarding local specificities, and the mimicking of complex feedback and balancing relationships among agroecosystem components. Agroecology is also socially sensitive, that is its design is concerned with the well-being of all stakeholders: from the farmers all the way to the consumers (Rosset & Barbosa, 2021).

The following section considers the main components/elements of a food system and describes how CE arrangements could be applied.

Seeds and their genetic code have become increasingly commodified—a process which adds significantly to turning farmers into passive receivers of corporate seeds and their supporting chemicals. Therefore, in SFN seed commons are organized. The aim of the seed commons is



Fig. 12.2 Climate change (Source Boy Dominguez Collection, Journal of Peasant Studies. <https://www.peasantjournal.org/gallery/> reproduced with permission)

to attune seed production to the local community's needs and environment specific development. The goal of seed propagation is to improve local varieties' resilience towards local circumstances and to meet the community's demands. For example, in Ghana, farmers, consumers, and scientists have propagated local maize varieties "Obatampa" (good mother in local Twi dialect) for high yield, early maturation, resistance to heat, and dryness and open pollination (enabling farmers to select their own varieties to plant after each season); while local consumers have shown their preference for ease of cooking and fruit (pea) size and colour (Ruivenkamp, 2017). Seed commons also allow farmers to have access to seeds without the need to buy new ones each season.

As a result of urban and infrastructure development, large-scale monoculture farming (not exclusively for food but timber, biofuels, and fibres) land is ever more concentrated on large, intensive farms while small farms are disappearing. Land is becoming increasingly scarce, partly because of waves of land grabs, (Zoomers, 2010) therefore farmers who are

willing and committed to applying agroecological methods face significant obstacles. *Terre-en-vue* is a non-profit which aims to put land into commons and provide access to farmers who are willing to follow agroecological practices. The organization collects capital and uses it to purchase land and put it into commons for perpetuity (*Terre-en-vue*, 2022).

Besides land, farmers also need help when it comes to applying agroecological knowledge. In Cuba, The National Association of Small Farmers (ANAP) is one of the best self-organized farmer-to-farmer networks in the world, spreading agroecological practices. Teaching and learning occur “in the furrow” and on the farm. Innovations are collected and are openly shared and promoted to motivate others to strengthen and expand agroecological production (Val et al., 2019). A farmer-to-farmer participatory methodology has been developed to integrate and transmit both social and technological methodological elements. The basic principles are that those involved in the teaching–learning process are peers, they know each other’s social realities and can talk to and relate to each other easily. Through the years, a slow, gradual process has been designed to help farmers/families who are new to agroecological methods to adapt such measures by learning from their peers and through real life examples, a high level of trust is developed among the parties. Thanks to ANAP, the education of agroecology has penetrated the Cuban credit and banking sector as well. Bank technocrats receive basic level knowledge on agroecology—therefore banks in Cuba do not require the use of destructive substances and methods to grant credit and/or insurance but understand that food can be efficiently grown without such measures. ANAP promotes the mix of low-tech methods such as animal traction, worm composting, and high-tech solutions such as the decentralized design of solar panels and biogas digesters. The agroecological approach reduces the drudgery of farm work, it tends to require creativity from the farmers. Thus, farming became an interesting vocation. In this system, all family members have important roles to fulfil (in comparison to the men favouring setup of monoculture-based arrangements). In Cuba, farmers have access to various markets and obligations to produce and sell certain amount of produce at a set price, which combination provides a high level of income stability (Sosa et al., 2013).

Tools and machines supporting sustainable farming are also crucial parts of an autonomous food system. L'Atelier Paysan (AP, in English the Farmer's Workshop) is a non-profit cooperative that builds open-source tools for small-scale organic farming. Its aim is to empower farmers to gain control over the tools, machines, and knowledge required when it comes to agroecology-compatible machinery. AP is an innovation and educational centre. Farmers are invited to participate in workshops which target the specific problems the participants face in their fields. Farmers therefore bring the problem, the challenge, and AP provides the space to meet, the expertise, and the material requirements to tackle the problem. Farmers are involved in the complete process of problem formulation, innovation, prototyping, testing, use, and dissemination. All tools designed and manufactured in AP are open-sourced, the blueprints and the related explanatory materials are part of the knowledge commons. Introducing new tools to farms can rarely be done through "copy-pasting", as local specificities such as terrain characteristic, microclimatic conditions, farmers' capabilities, etc., can vary on a broad scale. Therefore, embedding a tool into a farming site requires both technical practice and social endeavour. Tools are not "born" open-sourced, it requires a lot of work through connectivity, accessibility, adaptability, and conviviality (Pantazis & Meyer, 2020). AP's organizational structure is designed to keep its community-embedded character. As a cooperative, its owners are organizations and individual farmers supporting the autonomy-driven open-source movement. AP hierarchy imitates an inverted pyramid: the cooperative is at the top, the core group in the middle, and the executive team implementing the action plans (decided by the general assembly) at the bottom. Its main financial income comes from the state, but the organization receives solidarity funding from supportive organizations and earns income through the workshops. AP also buys raw materials in bulk and resells them to farmers charging a small rate of profit. AP doesn't pay out dividends, all above-cost-income is reinvested, or supports farmers unable to pay for workshop participation (Giotistas, 2021).

In terms of consumption, multiple arrangements can be designed to organize access to healthy, local food while supporting farmers following agroecological practices. Community Supported Agriculture (CSA) is one possible scheme. CSAs are long-term partnerships between a group

of consumers and the farmer(s)—consumers pre-finance their consumption, while farmers are responsive to community needs (what to produce, how, etc.). CSA serves as a risk sharing instrument, as pre-finance can cover half a year or a complete year, allowing farmers to plan for possible losses. One of the major benefits of a CSA-type cooperation is that local communities can gain control over the food system. By reducing the gap through personal relationships, consumers learn about food and achieve a higher level of food literacy, often shifting their diet to include more local, seasonal produce. Producers can also gain a better understanding of the community's needs. A major challenge is to balance out the seasonally shifting workload on the farms and to help farmers with other-than-farming tasks which include collecting and delivering the produce and maintaining relationships with community members. CSAs work well if non-farmer members significantly contribute to making the arrangement work, while farmers must maintain a high level of openness and willingness to cooperate (Balázs et al., 2016).

Another successful arrangement is the model of food store cooperatives. The flagship organization of the model is the Park Slope Food Coop (PSFC) in Brooklyn, New York. Legally a labour cooperative, PSFC is designed to decommodify the single biggest cost item occurring in a food store, labour. PSFC is at once a physical space, social institution, and infrastructure of distribution. Members (owners) of the coop are required to contribute a certain amount of time and effort: currently the 17,000 members each are required to work 2 hours and 45 minutes per month to operate the system. Membership can be purchased and only members are allowed to buy at the store. With the membership comes the obligation to contribute. This obligation is non-transferable, the members must fulfil their roles themselves, others cannot do it for them. Members are required to work in teams where they perform basic tasks of arranging products on the shelves, organize procurement, cleaning, managing the cashier, and so on. The teams rotate, so members get to know their peers through time. This model requires a minimum size of membership, otherwise the store cannot be open every day of the week, or cannot perform its basic functions regularly. This is why most of the food cooperatives have a relatively low number of employees with fixed schedules. The fewer employees a food cooperative has to

employ, the more costs can be reduced. Food co-ops are usually organized into work groups where the groups are responsible for a specific area. Members are free to join the working groups, and the groups have the obligation to make their processes and decisions transparent for all members. Since food cooperatives are organized to minimize costs while maintaining access to healthy, local food, they usually apply a single mark-up for the products to sell; not following the tactics of profit-maximizing stores where many products are sold at loss in order to win customers, while using higher mark-ups for other products. Food co-ops are usually commercial free spaces. This model can significantly reduce food expenditures; Park Slope Food Coop manages to provide 40% food expenditure cost reduction for members (Helfrich & Bollier, 2019).

Both the CSA and food cooperative models can be arrangements to shorter and localize food systems and make them more personal, allowing non-price considerations to gain importance. Due to their focus on fairness and reciprocity-based social relations, these models are highly dependent on contributions difficult to quantify and require a proactive stance from the members. On the producers' side, farmers must price not only quantity but quality as well, keeping in mind the purchasing power and needs of the community. On the consumers' side members must be sensitive to the everyday and seasonal challenges of the farmers. Without such sensitivity and proactivity, often too big a portion of the workload gets left to highly engaged members who will face various forms of burnout as time proceeds. Also, both models require a minimum size of consumers, as without it farmers don't receive enough income; while consumers must help farmers coordinate their production to avoid growing too much of the same food item. If too few farmers in the area are following agroecological practices the consumer communities might compromise, at least for a time, and bond with farmers applying non-sustainable methods.

Conclusion

The aim of this chapter is not to uncritically romanticize the approach of Community Economies or community-based organizing. Just like other forms of collective actions, community-oriented economic organizing is no panacea: ecological carrying capacities can be wrongly estimated, monitoring systems and rule enforcement may break down (Ostrom, 1990), and organizations can drift away from their missions (Ebrahim et al., 2014). Communities can also be places of suppression and exploitation; the community, by its very nature, poses threat to the individuals' liberties and absolute rights, and consequently to individuality itself (Bruni, 2017). Recognizing its dangers and vulnerabilities, CE can serve as a non-destructive approach towards organizing economic activities and value creation. It fits Karl Polanyi's (1944) programme to re-embed the economy within the society; to organize the means of securing the necessities of everyday life anchored into the local, that is with care and dignity regarding the health and welfare of the particular locality and the communities living there (Shrivastava & Kennelly, 2013).

CE arrangements can be, and are applied in various fields of economic life, such as housing (the model of federation of housing commons, as the *Mietshäuser Syndikat*), healthcare (the communitarian-cooperative integral healthcare model of *Cecosola*), energy (the community owned and operated cooperative model of *EWS Schönau*), mobility (the community e-car sharing model of *The Mobility Factory*), finance (the model of cooperative banking of *ZEF*), and many others, all over the globe. But these solutions are always context specific, place- and community-based, therefore one successful arrangement rarely can be applied into one locality from another. Rather, CE arrangements should be considered as patterns of community-based organizing which require to be careful embedding or emergence from the local. In the core of these arrangements is autonomy over the means of livelihoods—to allow other-than-monetary considerations to be incorporated. Autonomy is practised through community mechanisms (as radical listening at *HH*), the mediating spaces where those involved in and/or affected by the activities of the community can have a voice. These community practices

are radically different from consultations, boss-employee relationships, or focus groups, which are at best shallow encounters to legitimize business-as-usual at worst are tools for manipulation, as they provide genuine involvement into how things are organized. So, in CE arrangements the focus is not only on outcomes, but also on the process, to respect the dignity of those who are affected and involved. The importance of autonomy-supportive social arrangements is backed by psychological research as well: environments that support the experience of autonomy facilitate humans' innate inclinations to be prosocial, whereas controlling environments reduce individuals' prosocial tendencies, and often catalyse antisocial behaviours (Donald et al., 2021). The existence and long-term functioning of CE arrangements proves that non-destructive forms of livelihoods can be imagined and enacted.

So, why and how relations based ultimately on violence and domination are normalized, packaged, and widely accepted as the only (legitimate) ways to create value? For example, industrial agricultural systems are widely considered to be the “developed” forms of food production and value creation, despite forcing globally 70% of people to draw their food provisions primarily from the peasant food web (i.e. from small and subsistence farmers and livestock keepers, combined with sources of fishing, hunting and urban growing), and not from the grocery stores and long links of the industrial food chain (ETC Group, 2022). To have CE arrangements set as the default on a societal scale over the means of livelihoods is, first and foremost, a function of power. Currently Growthism-driven arrangements command vast social and ecological resources—to channel those into CE arrangements is an issue of social struggle. In this sense—applying Polanyi's (1944) framework—CE organizations and networks could be seen as collective actions of self-defence, in an attempt to avoid the antisocial effects of UMRs. Which raises the question: what could be the “essential” pathways for transforming Growthism into a system that supports CE arrangements?

Among the first steps should be the mapping and understanding process of how and why UMRs are created and maintained and what locally and systemically relevant driving forces push people and communities into such arrangements. This inquiry invites a systems approach, asking how transformation could be leveraged, and what could and

should be the realms of leverage. Based on their transformational power, Meadows (1999) distinguishes four levels of leverage points: intent, design, feedbacks, and parameters. The level of intent consists of the values, goals, and world views of actors that shape the emergent direction a system is oriented (Abson et al., 2017). Accordingly, the goal of economic activities is, by sustainable and just prosperity, to provide livelihood for those who are involved (Zsolnai, 2018). The design level relates to the power to add, change, or self-organize system structure, to influence the rules of the system, and structure information flows where design reflects intent (or the absence of it). The design level could instruct to consider the purposeful destabilization of unsustainable institutions and the abolition or radical restriction of corporate power (mainly its legal personhood and the institution of limited liability), the introduction of compulsory profit-caps, the significant reduction of working time, and the establishment of Universal Basic Income. Feedbacks are the interactions between elements within a system that drive internal dynamics. At this level, participatory democratizing elements such as the Radical Listening at Health in Harmony should be introduced, as various forms of stakeholder ownership structures, citizens' juries, participatory budgeting processes, and so on. A basic principle would be to slow down and enforce deliberation, the ability to effectively/influentially articulate one's needs and experiences, and to avoid the emergence of dominant positions. Also, to avoid the harms of short-termism, the institution of quarterly corporate report could be abolished. Parameters, to support CE arrangements, need to be able to capture more holistically the performance of the economy. Many such parameters are already developed, such as the Genuine Progress Indicator, Bhutan's Gross National Happiness Index, the Better Life Index, and the Happy Planet Index. On the micro level the r3.0 initiative offers a range of accounting methods to measure absolute, and not relative, sustainability. These interventions aim to push the system towards a lower material and energy regime while providing basic needs—it is a qualitatively different system from the one where cut-throat competition and megalomania is supported and rewarded by design.

Archaeological and anthropological research shows that throughout history many complex societies were structured on the basis that power

was dispersed or distributed in flexible ways across different elements of society, or at different scales of integration, or indeed across different times of year within the same society; serving as a reminder that people did actually live in those ways, often for many centuries, even millennia (Graeber & Wengrow, 2021). In the Anthropocene, when it comes to autonomy, a central issue is whether individuals and communities can experience social freedom by meeting necessities of everyday life without living at other's—humans, nonhumans, and future generations—expense (Brand et al., 2021). The Community Economies approach can be among the inspiring and helpful tools for such endeavours.

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Part III

Enabling Policies for Socio-Ecological Wellbeing



13

The Sufficiency Economy Philosophy as an Approach to Social Innovation: Case Studies of Local Governments in Thailand

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and James E. Hoopes

Introduction

There have been no prior studies on the relation between innovation and the Sufficiency Economy Philosophy (SEP) which was formulated by the late Thai King Bhumibol Adulyadej (1946–2016). Responding to the Asian financial crisis of 1997, the King questioned whether the search for “ever more efficient technological solutions” would “provide prosperity and happiness” (Avery & Bergsteiner, 2016: 398). Drawing on the Buddhist concept of the middle path, the King proposed that the Thai people localize whatever production is needed for material sufficiency.

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He also proposed that Thais moderate increases in national production through recognition that a limitless desire for more material goods is a source not of happiness but of suffering.

SEP has stirred significant innovation in Thailand in both the public and private sectors. In the private sector, innovation drives long-term profit by producing change to grow the market. In our era of climate change, innovation has only grown in importance as it has come to be seen as a way to make sustainability cost effective.

Innovation in the public sector is gaining in importance as a means to efficiently promote welfare and sustainability objectives (Osborne & Brown, 2013; Saari et al., 2015). As in the private sector, public sector innovation is often seen as a process of creating new ideas and turning them into public value (Bason, 2010: 34). This approach has been a main tool of the New Public Management (NPM) since the late 1980s.

This paper proposes a more complex relationship between ideas and action than is allowed for in the now-traditional New Public Management approach. It argues that the innovation process for SEP in Thailand has amounted to more than new ideas leading to new behavior. It's also that new behavior leads to a new mindset. The Thai SEP innovation process has involved a reciprocal relationship between changes in behavior and in mindset, with both sides of the dynamic process proceeding at the same time.

The current public sector paradigm has been influenced by the belief that where public goods and services can be delivered through markets, they should be privatized. According to this model, functions that remain within the public sector should be designed to make them behave as if they were subject to market forces and to become more "business like." This has resulted in considerable redesign of public sector organizations, institutions, and public policy to make them more efficient, effective, and economic, and to deliver value for money to the taxpayer (Parsons, 2006).

A recent review of the literature has confirmed that a business model that includes stakeholders in an interdependent relationship with private enterprise has not yet been applied to the public sector (see Axelson et al., 2017). Popular business models rarely include innovation into public organization because there are two economic challenges related

to state involvement in the economy. The first is an incentive problem: the influence of the self-interested behavior of voters, interest groups, politicians, and government officials. The second is an information problem: governments cannot centralize knowledge and therefore, in the absence of market feedback, struggle to make accurate measurements and assessments (Axelson et al., 2017).

Although there is a growing amount of recognition and awards to highlight the best examples of public sector innovations, especially in the USA and Europe, the actual ability of governments to innovate remains quite limited. There are calls for governments to find better ways to foster innovation, such as the ability of governments to reinvent themselves in order to adapt to new challenges and opportunities. In the face of inherent resistance to change of public bureaucracy, it will take practice to embed innovation as a core activity in public organizations (Bason, 2010).

Another challenge is to enhance the role of government as a facilitator of learning. This would involve gathering both knowledge of “how things are” and “how things ought to be” in regard to the capacity to learn, to transform themselves, to be resilient, and to be creative—to allow emergence to occur (Parsons, 2006: 3). These practices can generate collaboration and mutual learning within groups and communities. It requires building capacity among leaders and employees in order to enable this transformative function to take place.

Public organization usually involves a dual leadership of politicians and public managers, especially in local government. The implementation of innovation therefore requires the support and joint action of both parties. The majority of empirical studies of public organization and innovation focus on political actors rather than administrative ones. Political actors are incentivized to advocate innovation by its political benefits such as an improved reputation and better prospects in upcoming elections (Korac et al., 2017). For example, the mayor of Seoul ran a successful “Social Innovation Plan” from 2006 to 2010 to improve the city on the basis of brainstorming ideas from staff and stakeholders (Berman & Chan-Gon, 2010).

The Thai experience with innovation and the Sufficiency Economy Philosophy offers important lessons in meeting the above challenges of

popular participation, incentives, information, and control. The King's appeal for a sufficiency economy fell on open ears not just because he was monarch but because he drew on Buddhism, Thailand's national religion. Other parts of the world wishing to employ innovation in the cause of sustainability might do well to think of the challenge as more than a process of managing a change in mindset. Elements of the needed mindset may already exist in the local culture.

Innovation and sufficiency are at the heart of Thailand 4.0, a model for enhancing the competitiveness of the country, in order to achieve the goal of becoming a developed country with security, prosperity, and sustainability in accordance with the teachings of His Majesty King Bhumibol Adulyadej the Great. Innovation and sufficiency also figure largely in the 20-year National Strategy (2018–2037). Various SEP guidelines aim to promote awareness, to embed social values and culture through family upbringing, and to encourage public sector personnel to engage in opportunities for innovation in their day-to-day jobs.

As well as mobilizing Sufficiency Economy Philosophy at the national level, the government also encourages local administrative units to apply SEP. Some local governments received the Royal Award from the Late King in 2010 for the use of SEP as a new public management tool. Some used both SEP and innovation to address community problems for which their limited budget had previously proved inadequate. The community and innovation element are both necessary qualifications for a Good Governance Award from the national government (ODLOC, 2022). Some local governments received both Good Governance and Royal Awards, with SEP being the most important qualification for the latter.

Such innovative use of SEP is illustrated by three exploratory case studies of local government in Thailand. Data was collected through observations of activities of local government and in-depth interviews with leaders of politicians, public managers, and community.

The next section of this paper features the results of a research program on a mobilization of Sufficiency Economy Philosophy among local administrative organizations in all regions of Thailand. Three case studies

of innovative development are offered, from three different local governments. Finally, the paper concludes with suggestions for creating value in order to cultivate interdependent happiness.

The Sufficiency Economy Philosophy

King Bhumibol Adulyadej proposed the Sufficiency Economy Philosophy (SEP) to counter the negative effects of unrestricted globalization. Non-sustainable practices, often a feature of western planning, are responsible for many social and economic ills. The 20-year National Strategy for 2018 to 2037 summarizes the Sufficiency Economy Philosophy” as follows:

Sufficiency Economy is the Philosophy that addresses the way of living and practice of the public in general from the family unit and the community, to the national level, in development and management of the country towards the middle path especially in developing the economy to keep up with the world in the era of globalisation.

The word “sufficiency” means moderation and reasonableness including the need to have self-immunity to be ready against any internal and external shocks. In addition, the application of theories in planning and implementation requires great care and good judgment at every stage. At the same time, all members of the nation –especially officials, intellectuals, and business people – need to develop their commitment to the importance of knowledge, ethical, integrity, and honesty to conduct their lives with perseverance, toleration, Sati and Pañña (wisdom and knowledge), and precaution so that the country has the strength and balance to respond to rapid and widespread changes materialistically, socially, environmentally, and culturally from the outside world. (Puntasen, 2017: 39)

Sufficiency Economy Philosophy (SEP) is meant to protect against short-term thinking by infusing sustainability with the Buddhist teachings of knowledge, wisdom, and the middle way. SEP is also in line with the Western scholar Thomas Princen’s view that sufficiency arises from a home-grown sense that “there can be enough and there can be too much”

(2005: 6). Luk Bouckaert et al. (2008: 3) similarly define frugality as an ideal and an art de vivre, which implies low material consumption and a simple lifestyle, to open the mind for spiritual goods as inner freedom, social peace, and justice or the quest for God or “ultimate reality.” However, human beings generally are unable to acknowledge that they have “enough” of some things, and proceed to “too muchness” or excess. Economists must reintroduce frugality as a spiritual or rational virtue to enhance happiness (Bouckaert et al., 2008).

Practical implementation of SEP began more than 30 years ago with the late king’s experiment in creating a self-sufficient garden on his palace grounds. His Majesty also ran this garden as a learning center where visitors could see a working example of an alternative to mainstream community development. Some business organizations followed up on the King’s efforts by incorporating SEP into their risk management practices (Puntasen et al., 2003).

SEP is holistic and flexible enough to deal with virtually any situation (Feigenblatt et al., 2020: 310). It can be applied in consumption, production, and exchange as shown in Fig. 13.1. SEP has therefore become an official part of the National Strategy.

Figure 13.1 shows two conditions for SEP—(1) knowledge and (2) ethical integrity. Knowledge consists of wisdom (*Pañña*), due to consideration and prudence (*Sati*). This necessary condition of knowledge can be interpreted as *Pañña* working under the control of mindfulness or *Sati*. Mindfulness in turn is a necessary condition for the cultivation of ethical integrity which is the other necessary condition for the process of Sufficiency Economy. This is because without *Pañña* being controlled by *Sati*, ethical integrity will not make much sense to those who are strongly wealth-oriented. If *Pañña* is controlled by *Sati*, it will be very difficult to justify the accumulation of wealth at all cost. On the other hand, ethical integrity can be classified further into honesty, patience, diligence, and compassion. These are the four qualities of a person who acts with compassion in an ethical and honest way not only for his own good but also for the good of others.

The condition of ethical integrity is sufficient for continuing the process that can be called the middle path—the path or core process

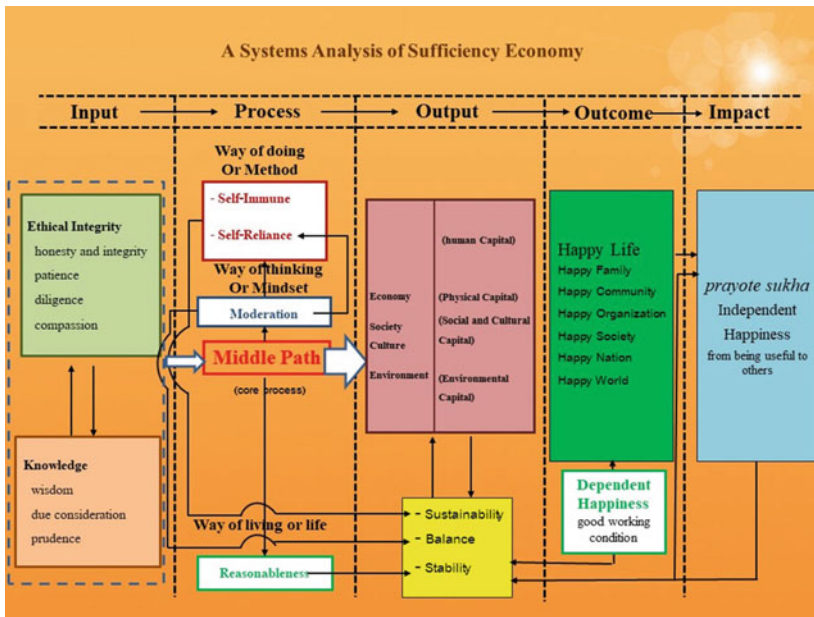


Fig. 13.1 A systems analysis of sufficiency economy philosophy (Puntasen, 2017) (Source Authors' construction)

that does not involve the two extremes that work against the development of *Pañña*. Within this middle path in Buddha Dhamma there are three interrelated sub-processes. The most practical and easy sub-process is the “way of doing” or being self-immune and self-reliant. The “way of thinking” is the understanding of the concept of sufficiency or moderation and the regular practicing of the concept until it becomes “the way of living”—the component known as awareness of causal relationships. These three components are formed into one process known as the middle path.

The main goal of a self-immune, self-reliant “way of doing” is the ability to face unforeseeable events and still flourish in the long run. It may be called a risk aversion attitude or behavior, and serves purely for the sake of protection. Once one has begun to practice the “way of doing” one has begun the “partial practice” of Sufficiency Economy.

A larger, more complete understanding of Sufficiency Economy involves the practice of moderation. Anything that is either too little or too much is not beneficial for any life. Having too little food is not good for life and neither is having too much. A moderate amount of food is good for the body and the life involved. We can think of almost anything relating to life in these terms: too little or too much rest, too little or too much exercise, too little clothing or too much clothing. This, of course, applies also to too little wealth and too much wealth. If a person's mind is controlled by ignorance and/or greed, he would try to accumulate more than what is optimal for his life out of insecurity. This unnecessary accumulation is part of the global crises nowadays. It requires *Pañña* controlled by *Sati* to be able to determine the point at which having something is optimal for one's life. If sufficiency or moderation is understood this way, it can be considered a "way of thinking" or "comprehension" which is the second step along the path to Sufficiency Economy.

With such a thorough understanding of Sufficiency Economy, a person may cultivate good causes and good supporting factors in order to achieve good results in return. Through such practice, they will come to understand the reasonableness or "awareness of causal relationships" or from his good deed, which is the last process in the Middle Path of Sufficiency Economy. Having experienced prior good consequences, a person becomes both logically and habitually inclined to continue this practice as his "way of living." This level of practice of the Sufficiency Economy may also be called an "inspiration" (Puntasen, 2017). The understanding and practicing of ethical integrity as a way of living with the aim to avoid any undesirable results will most likely yield right livelihood. It can be seen as an ideal way to live one's life.

All the three components discussed are part of the process of the Middle Path, that will lead to the output from the Sufficiency Economy process. Output of this nature is the same as sustainable development that consists of the balanced development of the four pillars, namely, economy, society, culture, and environment. As for Sufficiency Economy, it is the process leading to the output of sustainable development in such a way that the economy, society, culture, and environment are sustainable, balanced, and stable.

The Sufficiency Economy process increases and maintains four forms of capital—human capital, social capital, environmental capital, and physical capital. Of those four, human capital is the most important for happiness. Human capital leads to an increase in human knowledge, skill, and work satisfaction. All those in turn lead to an increase in productivity.

Social capital results from social interaction. Social capital includes culture which is an important determinant of the way people interact. For instance, in Western culture trust is a highly valued form of social capital because it results in significant reduction of transaction costs in the market. In Thailand, apart from trust, the more important aspects of social capital are compassion, mutual help or assistance, and unity or social cohesion. These various kinds of social capital all have inherent worth while contributing to increased productivity in social organizations.

Some capitalist philosophies regard physical capital, which includes financial capital, as the only relevant form. Of course, environmental capital sometimes weighs heavily in such a scheme. After all, without the environment there could be no physical and financial capital.

Sufficiency Economy Philosophy ranks physical and environmental capital as less important than human and social capital. Physical capital and, one hopes, environmental capital can be regenerated on the basis of human and social capital. Therefore, Sufficiency Economy ranks—in order of importance—human capital, social capital, environment capital, and physical capital. An increase in at least one form of capital while the rest are unreduced is a sustainable output in SEP.

SEP can be adopted for practical purposes at all levels of every unit, starting from an individual, a family, a community, an organization, a society, a nation, and the world. Happiness is the desired outcome at all levels, a happy life at the individual level, a happy family at the family level, and so on. However, Sufficiency Economy's emphasis is mainly on inputs and processes in order to ensure sustainable development.

Sustainability is accompanied by happiness when the Sufficiency Economic Philosophy is practiced as a way of living. The concept of reasonableness or awareness of causal relationships will bring about happiness not only for the one who practices it but also for others who

are still suffering or unhappy for various reasons. If an increasing number of persons constantly do good things not only for themselves but also for others, the community and the society will achieve stability from “*prayote sukha*” or interdependent happiness from being useful to others.

Local Practice of SEP

The analysis of SEP in the above section draws on A. Puntasen’s, 2017 classification of three levels of SEP: (1) partial practice or the method of prudence; (2) comprehension or the method of moderation; and (3) inspiration or SEP as a way of living (Fig. 13.2). This section aims to follow three cases of local implementation as participants moved successfully from partial practice to comprehension to inspiration or SEP as a way of living.

The research program on “Mobilization of Sufficiency Economy Philosophy among Local Administrative Organizations (LAO) in all Regions of Thailand” was conducted to identify SEP successes which can serve as models for other LAOs (Puntasen, 2022). The focus was on how well LAOs succeeded in applying SEP in continuously phased periods since 2018. So far, the SEP activities of 302 LAOs have been assessed. Of

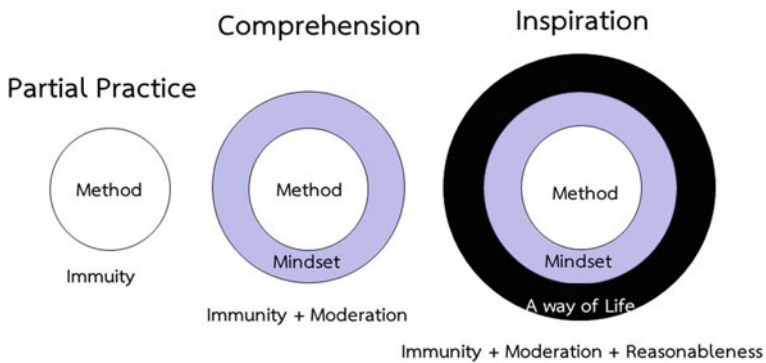


Fig. 13.2 Levels of sufficiency economy philosophy (Puntasen, 2017) (Source Authors’ construction)

those, 62 LAOs achieved the Inspiration level, 180 achieved the Comprehension level, and the remainder were either at the Partial Practice level or else not practicing SEP at all. The aim of this research program is to continually study SEP-LAOs to see whether there is a critical number of LAOs practicing at the Inspiration level to make SEP self-sustaining as a way of life which brings community members interdependent happiness.

The three LAOs with the highest SEP index scores in the research program are presented as case studies in this paper. These three local governments are each responsible for a provincial sub-district. They are in three different provinces located in lower north and upper central region of Thailand (Fig. 13.3). Methods used to calculate the SEP index scores included participatory action, focus group interviews, an individual interview, participatory and non-participatory observations. Triangulation was used to test the validity and reliability of the data sets. Descriptive and content analysis were employed to study SEP innovations and how they are affected by SEP index factors such as incentives, strategy, conditions (enabling environment), resources, and the process of networking and collaboration.

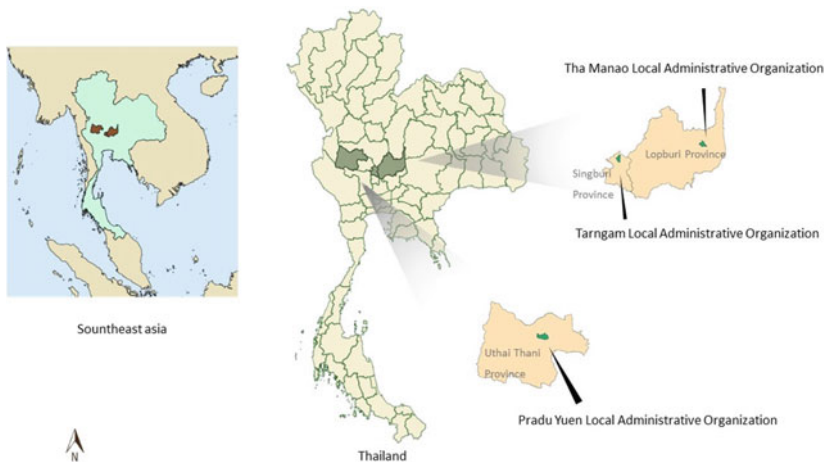


Fig. 13.3 Location of the three studied of local administrative organization in Thailand (Source Authors' construction adapted from Google Maps, 2022)

Tha Manao Local Administrative Organization (TM-LAO)

The Tha Manao LAO has a population of about 3,000 people or 1,400 households who are mainly farmers. TM-LAO is a small local government with an annual budget of less than one million US dollars. The current mayor used to be the appointed head of the sub-district and, after the establishment of the LAO, has been elected continuously since. Prior to being a local political leader, he formed and was a leader of informal and voluntary groups of young people in Tha Manao which supported volunteer and merit activities for the community, in the same way his father and his ancestors did.

Tha Manao is a pig-farming community. Pig farming enables farmers to diversify and reduce the risk of relying solely on growing rice or other crops. Unfortunately, pig farming has negative environmental and social impacts mainly driven by the spread of faeces and waste to surrounding neighborhoods which are subject to foul air and water pollution.

Instead of using a restricted zoning law or not allowing a pig farm to operate in an existing location, TM-LAO found an innovative solution based on co-creation and co-production by stakeholders and people in the community. The process began with a survey of about a fourth of the households in Tha Manao. “This was part of a Corporate Social Responsibility (CSR) project by PTT Public Company Limited, a Thai state-owned SET-listed oil and gas company, called 84 Tambon (or sub-district) under the Sufficiency Economy’ project.” The project was initiated in 2011 on the 84th birthday of His Majesty the late King Bhumibol Adulyadej the Great.

The project management team adopted the royal philosophy of the Sufficiency Economy as its core operating principle (PTT, 2010). The ordinary mindset of a large public company might well have led to a project for lifting the TM-LAO community to a higher level of economic development which would have meant the eventual abandonment of pig farming. It would also have meant bringing TM-LAO into greater integration with the global economy, violating the principle of local self-sufficiency which is key to SEP.

The PPT company listened to the needs of the TM-LAO people as expressed in their household survey. Rather than working to move the local people to a supposedly higher level of economic development, PPT worked at making pig farming a still more sufficient part of the local economy. The household survey had identified the unpleasant odor of pig farms as a major concern of the people of Tha Manao. PTT introduced the idea of turning pig waste into biogas for use in cooking, which would have the additional environmental benefit of replacing bottled cooking gas and charcoal.

This idea was not implemented as a one-off project but as part of a continuously integrated development program. The process began by constructing a biogas system and gas lines from a few pig farms to deliver biogas as a cheaper, cleaner, and safer cooking gas to nearby households. As the benefit of reduced odor and locally produced cooking gas became apparent to other villagers, additional pig farms adopted the new methods. In TM-LAO, the Sufficiency Economy Philosophy moved from Partial Practice to Comprehension, to Inspiration of a Way of Life.

Such continuity, linkage, and focus on expanding positive outcomes has made TM-LAO a well-known model of community enterprise. TM-LAO is a model for how to build a biogas solution to cover a whole sub-district. It has accumulated knowledge about carbon credits through the Thailand Voluntary Emission Reduction Program (T-VER) (TGO, 2016) and has passed the program savings on to the community as extra income. In addition, TM-LAO has initiated the use of solar cell panels to reduce energy costs for government administrative offices, for many local residents, and for farm operations.

All of the follow-on work from the initial pig farm projects provides tangible evidence that Tha Manao and its people have reached the level of “Inspiration.” They have embraced SEP as a way of life which fosters resiliency in their community. They have localized the Sustainable Development Goal (SDG) to tackle climate change.

TM-LAO is spreading the word. There are now 15 learning places for other communities and people to learn about SEP and the ways it is practiced and lived in Tha Manao. These learning sites are managed by volunteers from the teams operating the energy saving projects. The

Sufficiency Economy Philosophy is a way of life for the TM-LAO mayor, his staff, and the community.

Tar-Ngam Local Administrative Organization (TN-LAO)

The elders of Tar-Ngam say that the first residents of the area came to the area from what is now Laos about 170 years ago. Today, there are about 5,000 people or 2,000 households, mainly farmers. TG-LAO is a small-to-medium sized government with an annual budget of about one and a half million US dollars. Although the current mayor was born in the area, he left for Bangkok in order to obtain education and work experience. He returned in order to look after his ailing and bedridden grandmother. His father, a head of the village, supported him to become elected as a member of the council of TN-LAO. He was elected as vice-chairman of the council, and has now been mayor for four terms or 17 years.

Although Thailand has some schemes for social welfare and insurance programs, they do not provide universal coverage. More than 10 million Thais are not covered, especially farmers and people in rural areas. The Thailand Social Investment Fund, with assistance from the World Bank, was created after the Tom Yum Kung financial crisis of 1997. Its mission is to encourage social capital formation after traditional social bonds were thought to have been frayed by the financial crisis and ongoing economic development.

Soon after TN-LAO's mayor heard that the national government had backed the idea, he set out to create a social welfare fund in Tar-Ngam. On the surface Tar-Ngam is a non-descript place of unaffiliated people without any prominent local cultural assets. A survey was undertaken to gather local wisdom from each village of the sub-district. It was also aimed at learning how much ability and interest people would have in participating in the establishment of a social welfare fund in the community. Elders who participated in the survey helped set up the fund.

The project for "Valuable Giving and Receiving with Dignity" began with the establishment of a funeral fund. Funerals don't even make the

bottom of the list of traditional development programs. But funerals contribute powerfully to human capital. They play an important role in the dignity not only of the deceased but also, perhaps even more importantly, in the dignity and confidence of surviving family members. Community members contributed one baht a day, or 30 baht (US\$1) per month (Petmark, 2007). The national government matched the community contribution, and TG-LAO's mayor arranged for the local annual budget to match it as well. As a result, every baht contributed by a community member adds 3 baht to the fund.

As the fund successfully began to meet the need for decent funerals, community members accumulated non-tangible but real human capital. They saw that they could meet other needs through interdependent self-sufficiency. The fund began to cover births, illnesses, and other emergencies. From there it moved on to creating innovative welfare programs during emergencies such as floods or the Covid-19 crisis. The fund started with about 300 members 15 years ago and now has 1,700 or about half the total residents in the sub-district. The total amount in this fund is now about 5 million baht (US\$133,000).

With these accumulated successes in providing insurance needs, fund members not only gained financial capital but further human capital. They gained the confidence to take on community development projects. For example, the fund provides loans for entrepreneurial projects such as purchasing new varieties of seeds and plants, digging wells, and providing Tar-Ngam residents with good quality drinking water. The fund also operates a coffee shop near the TN-Lao administrative headquarters. Finally, a savings group has been formed. By putting away one baht a day, residents learn saving discipline and reduce their chances of incurring future debt.

The exemplary success of Tar-Ngam's community welfare fund has been recognized by several national awards. TN-LAO's mayor values the fund as a way to reduce inequality. All of the work has been carried on with transparent and honest management as well as a high level of resident participation, all of which are necessary conditions of the Sufficiency Economy Philosophy. SEP has clearly moved from Partial Practice and Comprehension to Inspiration or a way of life for the TN-LAO community.

Pradu Yuen Local Administrative Organization (PY-LAO)

The area of Pradu Yuen Local Administrative Organization was originally heavily forested and was settled by migration from the nearby countryside. There is a population of about 6,000 people or 2,300 households, who are mainly farmers. PY-LAO is a small-medium local government with about two million US dollars as an annual budget. The current mayor used to be a vice mayor and was elected mayor after the death of his predecessor.

The Thai national government committed to decentralization in 1991, but progress has been slow. The 2007 Decentralization Action Plan called for transfer of responsibility from national to local government units along with associated financial and human resources. In 2016, the Thai government issued the National Plan of Community Solid Waste Management. Local administrative organizations were obligated to undertake this policy, but they were slow to do so because they lacked the staff and essential equipment such as garbage trucks. This was the case with the PY-LAO.

The mayor and his team attended a workshop on how to manage waste without garbage bins and trucks. The aim was to develop an innovative project for managing households' solid waste at the source instead of recruiting more staff and purchasing a garbage truck, which was the conventional method. PY-LAO's mayor invited official and unofficial local leaders to make study visits to other communities that had successful programs for solid waste management. He also organized a contest for residents of PY-LAO to present ideas for handling solid waste.

More than 70% of households participated, resulting in a 13% decrease in solid waste in the first year and even more in the second year. As opposed to capital-intensive investments in heavy equipment, villagers focused on the "3Rs"—reducing, reusing, and recycling. Villagers understood—i.e. the "Comprehension" stage of SEP—that they were developing human and social capital as opposed to physical capital. Recognition awards were established, and Pradu Yuen became a learning center for solid waste management with visits from community members in other parts of Thailand. The people of Pradu Yuen demonstrated their

increased level of human capital by not waiting for further top-down government action but initiating the building of a 3R learning center in each village in the LAO.

Pradu Yuen's new human and social capital, formed by working on the solid waste problem, led to new projects in other areas. One exemplary project resulted from a household survey. Based on the TM-LAO model, the survey itself demonstrates the building of SEP human capital across district lines. In this case, the survey resulted in a farmer cooperative to produce several products such as fish sauce and curry paste. The farmer cooperative also operated a community gas station to further reduce farmers' common daily expenses.

Pradu Yuen villagers also started, on their own initiative, a community saving group and a community welfare fund similar to those in TN-LAO. The goal was to develop Pradu Yuen as a role model of a self-reliant community, showing that its people were following the Sufficiency Economy Philosophy as a way of life.

Conclusion and Recommendation

The sub-districts studied here vary by location and by the processes used to address their unique problems and outcomes. Nevertheless, they share some commonalities. All three mayors have led by honest example and worked to understand the needs of the people. The people, in their turn, did far more than follow the lead of the mayors. The people already possessed a significant degree of human capital thanks to their Buddhist culture which aligned well with SEP goals and techniques. The leaders and community members worked together toward the goal of interdependent happiness by bringing in other stakeholders and outside organizations to participate and assist them in the process of co-creating and co-producing social innovations.

These innovations were not undertaken with fixed plans at the onset. Innovations developed through adjustments over time on the basis of available entrepreneurial talent, similar to the effectuation approach described by Sarasvathy (2001). All three leaders had a talent for teaching entrepreneurial action to their residents, their staff, and other local

leaders. Participants themselves brought a considerable degree of human capital to the innovation process in the form of traditional understanding, skills, and behavior. The people improved their aptitude for innovation by learning from their mistakes and limitations. With the new reserves of human capital in their communities, the mayor built innovation into future development plans and confidently raised funds from outside sources and partnerships in order to supplement their limited budgets.

While there has certainly been top-down leadership in SEP implementation in Thailand, there has also been bottom-up innovation as well. The late King Bhumibol Adulyadej who first articulated SEP was and remains revered by the Thai people not just for his royal position but because of the depth and sincerity of his Buddhist practice and teaching. The King did not impose SEP on the people. He sparked the tinder of the people's own Buddhist virtues.

A vague Cartesian dualism leads some observers to consider SEP as first of all a way of *thinking*. This reflects Western management's atavistic method of *culture change* where new "mindsets" supposedly precede and provoke new action which in the case of SEP "is likely to take several generations" (Avery & Bergsteiner, 2016: 420). But the Thai people are acting right now. When the Buddha put "right view" and "right intention" at the start of the Noble Eightfold Path, that didn't they had to be perfected before one could start on "right speech, right action," etc. Thai culture contains an implicitly anti-Cartesian unity of thought and action which makes Thailand an expected, not an "unexpected role model" for sustainability (Avery & Bergsteiner, 2016: 736).

The success of SEP in reaching the level of Inspiration or Way of Living in Thailand may suggest hope for other nations. Surely, there are elements of many local cultures which are at least implicitly supportive of sustainable development. If so, then the people of those regions may be ready not just to be cajoled, educated, and hectorred into adopting new ideas as preparation for acting in the future. They may already possess enough human capital, like the people of the three LAOs studied in this paper, to begin taking action right now. That would be "promising," as one scholar of Buddhist economics says, "because rather than having to wait for radical change through some sort of democratic process, which

is unlikely to happen, each of us can begin the process of change now” (Zsolnai, 2008: 287).

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14

Wellbeing Policies for Countries and Cities

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The Problem: Economic Growth and Wealth Creation

The current era of capitalism is associated with two basic challenges that suggest consideration of the need for economics to be refocused on wellbeing. First, mainstream businesses and markets generate enormous financial and material wealth but unintentionally also create risks and ecological destruction. Further, they deliberately skew the distribution of wealth in favor of investors and those who are already wealthy, causing profound and unsustainable inequalities in society (Shrivastava & Zsolnai, 2022). Post-1950s, a great acceleration of ecological degradation occurred, commensurate with an increasing population and related economic and social activity (Steffen et al., 2015). The extent of the respective changes to ecosystems are causing climate change, reducing

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biodiversity, and threatening to exceed several “planetary boundaries” (Rockström et al., 2009). Second, current business and market mechanisms have, over the past century, led to the creation of extreme inequality in wealth and income distribution (Piketty, 2015). While the world economy has continued to grow over the past half-century, this has led to the bifurcation of society, with the result that less than 1% of the population now controls the majority (over 50%) of the world’s wealth. In light of these trends, we need an anchoring concept that can ensure the wellbeing of the population of ten billion that is expected to inhabit the earth by 2050. Universal wellbeing may be the concept, that is responsive to the key challenges of the Anthropocene (climate change, biodiversity loss, and rising inequality).

Mainstream economics suggests that the ultimate goal of the economic system is growth measured in GDP, and the main function of economic policy is to foster this economic growth. Gross Domestic Product (GDP) is a monetary measure of the market value of all the final goods and services produced in a specific period by national economies.

However, there are many problems with using GDP as an indicator. For example, Clair Brown (2017: 107) argues that...

because GDP uses only income to measure economic growth, income has become a country’s primary focus. Unfortunately, this encourages individuals to focus on what they buy and the country to pay little attention to inequality and sustainability, and the flawed measure of economic performance leads to flawed national policies that can lead us in the wrong direction.

Another problem with economic growth policies is that they do not take into account harm caused to the natural environment. Also, GDP does not capture the state of human health and the level of education in society (Drèze & Sen, 2013). Similarly, GDP does not include the value of household and other unpaid work (Nussbaum, 2013). Finally, GDP

...focuses on flows, not stocks. As a result, an economy can run down its assets yet, at the same time, record important levels of GDP growth until a point is reached where the depleted assets act as a check on future growth. (Natural Capital Committee, 2012)

Since the publication of the *Limits to Growth* report of the Club of Rome (Meadows et al., 1972), there have been many criticisms of unlimited economic growth and growth-oriented economic policies. Ecological critiques include the claim that infinite economic growth is not possible in a finite environment, such as the Earth (Daly, 1996, 2007). Social critiques include the claim that economic growth necessarily produces inequality within societies and globally. Further, psychological studies show that at above a certain level of development, economic growth does not contribute to the happiness and wellbeing of people but actually decreases it (Easterlin, 2005).

The Happy Planet Index (2019) measures sustainable wellbeing of countries. The index multiplies subjective life satisfaction and life expectancy at birth and divides that by the ecological footprint (the amount of land required per person to sustain a country's consumption over time). Costa Rica, Vanuatu, Columbia, Switzerland, and Ecuador score highest on sustainable wellbeing. However, the results show that none of today's economies can meet the criteria of providing wellbeing for all people and functioning in an ecologically sustainable way (Table 14.1).

Table 14.1 Top-scoring Countries on the Happy Planet Index in 2019

Country	Happy Planet Score	Life Expectancy	Life Satisfaction	Ecological Footprint
Costa Rica	62.1	+	+	-
Vanuatu	60.4	-	+	-
Columbia	60.2	+	+	-
Switzerland	60.1	+	+	- -
Ecuador	58.8	+	-	+

+ indicates good performance, - indicates underperformance, and - - indicates strong underperformance

Source Authors' construction based on Happy Planet Index (2019)

Wellbeing Economics

It is no surprise that novel approaches suggest abandoning policies that strive for economic growth. No-growth theories suggest that ecological sustainability and social wellbeing can only be achieved if economies change their development trajectories.

American ecological economist Herman Daly (1996, 2007) forcefully criticized modern growth economics. He claimed that the present trajectory of economic growth is “uneconomic” in many countries because it makes individuals poorer, not richer. Instead, Daly favored a steady-state economy where the stock of physical wealth and the population size are constant. In effect, such an economy does not grow over time.

In an influential book, *Prosperity without Growth*, British economist Tim Jackson (2009) argues for a sustainable economy. Based on empirical evidence, he states that beyond a certain point, economic growth does not increase human wellbeing. Jackson argues that our present economic growth models are not sustainable as they strain our planet’s resources to breaking point and cause climate change, environmental damage, and psychological harm. He shows the possibility and the necessity of post-growth economic policies that increase widespread prosperity without economic growth.

French economist and philosopher Serge Latouche (2010) argued for rethinking the basic idea that our societies should be based on growth. He offered a radical alternative to economic growth—namely, “de-growth.” Latouche suggested that while many realize that the never-ending pursuit of growth is incompatible with a finite planet, we must recognize the implications of this. We need to produce less and consume less. If we do not change course, ecological and human disasters will occur.

Oxford-based economist Kate Raworth (2017) developed the so-called “doughnut economy” model, which consists of two concentric rings: a social foundation to ensure that no one falls short of life’s essentials and an ecological ceiling to ensure that humanity does not collectively overshoot the planetary boundaries that protect Earth’s life-supporting systems. Cities including Amsterdam, Brussels, Copenhagen, Berlin, and

Cambridge are experimenting with Raworth's doughnut model in their efforts to tackle the climate crisis and ecological collapse.

Wellbeing reflects the convergence of good human life (physical, mental, and spiritual), equity and fairness, a peaceful community, and supporting social relationships within a flourishing natural environment (Shrivastava & Zsolnai, 2022). A wellbeing economy is scaled to remain within planetary biophysical boundaries and the capacity of local ecological life support systems to meet human needs. It is designed to supply the human needs for food, water, health, education, shelter, energy, dignity, security, voice, and purpose (Costanza et al., 2018). A principal value of the wellbeing economy is equity and fairness in the distribution of resources, income, and wealth. Collective flourishing requires the efficient allocation of common ecological and social capital, the goal of a wellbeing economy. Such an economic approach incorporates governance and institutions that are fair, responsive, just, and accountable (Costanza et al., 2020).

Utility or profit is a one-dimensional outcome, but wellbeing can be represented by a multicomponent vector that contains material and non-material elements. Various stocks and flows together determine how human and non-human beings flourish. Chilean economist Manfred Max-Neef (1989) developed a matrix of needs and satisfiers that shows the manifold aspects of human wellbeing. The matrix contains existential needs ("being," "having," "doing," and "interacting") and axiological needs ("subsistence," "protection," "affection," "understanding," "participation," and "idleness") and classifies dozens of corresponding satisfiers.

Positive psychology and happiness studies reveal that material and non-material factors contribute to one's wellbeing or illbeing. Utility is a poor and incomplete measure of how well a person is functioning. Similarly, psychologists identified a number of strategies by which people can systematically undermine and destroy their own wellbeing and the wellbeing of others. Certainly, satisfaction of current preferences may have disastrous consequences for the persons involved (Skidelsky & Skidelsky, 2012).

In modern economies, the role of economic policy is much more complex than using standard policy toolboxes like taxes and subsidies, government regulations, quotas, remuneration schemes, and other monetary incentives.

An enabling mechanism associated with the wellbeing economy is the system of measurement and accounting. Wellbeing is not identical to aggregate income or wealth measured in GDP or GNP. Today, more holistic measures of economic performance have already been developed. Among them are the Genuine Progress Indicator, the Human Development Index, and the OECD Better Life Index.

The Genuine Progress Indicator (GPI) is a single-value measure that expands on GDP by adding in the value of nonmarket benefits (e.g., child-rearing and leisure) and subtracting the value of nonmarket costs (e.g., environmental degradation and the depletion of natural capital). It also adjusts for inequality across the population.

The Human Development Index (2022) is a summary indicator of average achievement in key dimensions such as a long and healthy life, being knowledgeable, and having a decent standard of living. The health dimension is assessed by life expectancy at birth; the education dimension is measured by the mean years of schooling for adults aged 25 years and older and expected years of schooling for children of school-starting age. Finally, the standard of living dimension is measured by GNP per capita. The Human Development Index is the geometric mean of normalized indices for each of the three dimensions.

The OECD Better Life Index (BLI) uses a dashboard of indicators: income, jobs, community, education, housing, environment, governance, health, life satisfaction, safety, and work-life balance. It is based on surveys that ask people their perceptions about their lives, health, and government.

These developments suggest that the primary function of economic policy is to enable wellbeing creation, and the performance of the economy should be evaluated in relation to the overall wellbeing of nature and society, which is how the economy serves the flourishing of life on Earth (human and non-human, present and future).

Wellbeing Focused Countries and Cities

Wellbeing focused policy frameworks are practiced in countries like Bhutan, Costa Rica, and New Zealand, and in cities like Amsterdam in The Netherlands. This new policy framework abandons the idea of GDP-centered economic growth and directly targets human wellbeing and ecological regeneration. It encourages business and social activities and programs that create socio-ecological wellbeing and discourages or even punishes those activities and programs that create illbeing for humans and nature.

Gross National Happiness of Bhutan

The approach and principles of creating genuine wellbeing and progress have been successfully applied in the Himalayan Kingdom of Bhutan through the country's unique holistic development model called "Gross National Happiness" (GNH). The GNH model has been the basis for the gradual and careful opening, modernization, and economic and social development of Bhutan, with its Buddhist culture, since the 1980s, with a strong emphasis on centuries-old traditions and the preservation of the natural environment. The birth of the concept of GNH can be traced back to King Jigme Singye Wangchuck, who believed that his country's own traditional values and the dominant principles of the global economic and political system could only be reconciled within a comprehensive development framework based on Buddhist spiritual values, long-term holistic sustainability, emphasis on the preservation of the natural environment and local culture, and a focus on economic management that goes beyond GDP-centered solutions. (Valcsicsák, 2015).

Over the past decades, as the primary institutions of constitutional monarchy and parliamentary democracy have been built up in Bhutan, GNH has gradually been institutionalized. It has been given a scientific and professional background with the involvement of foreign experts and has been integrated into the country's administration. The first Bhutanese constitution adopted in 2008 refers to it as a guiding goal

for development and an important public policymaking tool of the government. In 2012, at the initiative of Bhutan, the UN organized a high-level meeting entitled “Well-being and happiness: defining a new economic paradigm,” which encouraged member states to introduce alternative measures for including happiness in public policy goals. The first World Happiness Report, published for the meeting, provides a detailed description of the origins and cultural and historical embeddedness of GNH and how the concept is being put into practice (Ura et al., 2012).

The model of GNH is based on four pillars, which are (1) equitable and sustainable socioeconomic development, (2) the preservation and promotion of culture, (3) environmental conservation, and (4) good governance (See Fig. 14.1). The achievement of these four pillars is measured and assessed in nine dimensions, which are: (i) the psychological wellbeing of citizens (which includes life satisfaction, emotional balance, and the experience of spirituality); (ii) physical and mental health; (iii) participation in the education system; (iv) cultural knowledge and participation in cultural life; (v) personal time management (including work/rest balance); (vi) good governance (which includes political participation, access to essential services, and government performance); (vii) small community and family vitality; (viii) the impact and changes in the natural and urban environment; and (ix) living standards (which includes income, assets, and housing conditions) (Centre for Bhutan Studies & GNH Research, 2016; Kovács, 2016).

In the early 2000s, the Centre for Bhutan and GNH Studies designed a measurement system to quantify GNH and track changes in the GNH index to be developed over time. The metrics they have created convert the results of a questionnaire-based GNH survey of the population, carried out at intervals, into a number between “0” and “1” (the GNH Index for the period). The measurement of GNH incorporates both subjective and objective factors and examines what both modern science and Buddhism consider to be the essential conditions for human happiness (Ura et al., 2012).

GNH surveys were conducted in Bhutan in 2010 and 2015 on a representative sample. Data were collected by assigning eight subjective and twenty-five objective indicators (33 in total) with 124 variables in



Fig. 14.1 Dimensions of gross national happiness (Source Authors's own elaboration)

nine dimensions. The GNH index uses a dual threshold (cutoff) method. Each indicator is assigned a sufficiency threshold, which indicates the level above which the individual who is being surveyed can be considered happy with respect to that indicator. The cross-dimensional happiness threshold indicates the proportion of indicators that the individual has to cross ("sufficiency thresholds") to be considered happy overall (Ura et al., 2012).

The country's GNH index increased from 0.743 in 2010 to 0.756 in 2015. In the most recent GNH survey in 2015, 91.2% of the 7153 respondents were at least somewhat happy, and 43.4% were deeply happy. The application of GNH aims to inform public policymaking to create economic and social conditions that help more people who are

not at all happy to become happier (Centre for Bhutan Studies & GNH Research, 2016).

The government of Bhutan includes GNH indicators in its five-year national planning. It uses GNH policy screening tools for vetting policies. Current Five-Year Plans use sixteen key baseline indicators, primarily to track changes in ecology, culture, socio-economy, and good governance (Ura, 2015).

GNH is a macro-level, multidimensional, values-based approach that focuses on long-term sustainable and harmonious economic and social development while emphasizing the importance of preserving the mental balance of individuals, spiritual traditions, and the natural environment. It builds on values found in Buddhism, such as interconnectedness and compassion, responsibility for the community and nature, moderation, mindfulness, balance, and reducing the suffering of sentient beings.

National Decarbonization in Costa Rica

Costa Rica continuously outperforms Western countries on the Happy Planet Index (HPI) (Abdallah et al., 2021) and excels in human development relative to other countries with a similar level of income (Saborío et al., 2019).

Costa Rica is located in Central America, between Nicaragua and Panama. It has fewer than five million inhabitants. One-quarter of the country's territory is under official protection as a national park or biological reserve (Goehl, 1996), and it shelters about five percent of the known biodiversity in the world (Weil, 2007). The country is recognized as a natural paradise (Grenier, 2020).

Following the civil war in 1948, the Costa Rican government adopted a progressive constitution that allowed the country to pursue a unique social and environmental development path (Helmuth, 2000; Saborío et al., 2019) by expanding military expenses on education, health care, and environmental conservation (Goehl, 1996). As a result, compared to other developing countries, Costa Rica's public education system is associated with a high literacy rate (Porter, 2019), and its healthcare system

creates a long average life expectancy (Saborío et al., 2019). In addition, investment in natural capital contributed to the success story of ecotourism in Costa Rica as early as the late 1980s, with great emphasis on its characterization as a “green country” as a differentiating factor in the tourism industry (Dominguez, 2018; Government of Costa Rica, 2019; Horton, 2009; Miller, 2012).

By the early 1980s, Costa Rica had the highest rate of deforestation in Latin America (Honey, 2008). In response to this, the country implemented a progressive forest law in the mid-1990s and introduced its pioneering Payments for Environmental Services (PES) program, thereby establishing a financial mechanism that promotes forest ecosystem conservation and combats land degradation. PES is a country-wide program that involves charging the users of environmental services for the services they receive. Landowners with sustainable forest management plans can participate in the program and receive direct payments for the environmental services that their lands produce if they adopt sustainable land use and forest management techniques. The program is funded through Costa Rica’s fuel tax and water charge (Pagiola, 2008, United Nations Climate Change, n.d.). Because of PES, deforestation in Costa Rica reversed in the early 2000s (Pagiola, 2008), and according to Barton (2013), because of the program, forest cover has now increased to more than 50% of the country’s territory.

Costa Rica is also famous for its simple yet happy, relational lifestyle—referred to as *pura vida* (Wellbeing Economy Alliance, n.d.), which means “pure life.” The deeper meaning refers to cultural identity and a national ethos dedicated to the enjoyment of the Costa Rican lifestyle (Weil, 2007). *Pura vida* embodies the deep interconnectedness of the Costa Rican communities (Dominguez, 2018). This also influences the country’s development strategy, which is aimed at decarbonizing the entire economy by 2050 (Government of Costa Rica, 2019).

In his inaugural speech in 2018, President Carlos Alvarado expressed the country’s aspiration to become decarbonized and resilient. In line with its strategic goals, Costa Rica published a National Decarbonization Plan, through which the country aspires to create a green, resilient, and equitable economy without emissions. The focal areas of decarbonization are (i) transport and sustainable mobility, (ii) energy use,

green buildings and industry, (iii) integrated waste management, and (iv) agriculture, land use change, and nature-based solutions. In addition, the plan recognizes eight institutional requirements for transformation (so-called cross-cutting strategies), which are (i) the comprehensive reform of institutionalization, (ii) a green tax reform, (iii) funding strategies and investment attraction for transformation, (iv) digitalization and a knowledge-based economic strategy, (v) labor strategies for a “just transition,” (vi) inclusion, human rights, and the promotion of gender equality, (vii) transparency, and an open data strategy, and (viii) an educational and cultural strategy for a fossil-fuel-free Costa Rica. Decarbonization and resilience are recognized as the means of transforming the current economic development model into an inclusive economy that enhances the wellbeing of all citizens (Government of Costa Rica, 2019).

The Wellbeing Budget of New Zealand

New Zealand is known for its pristine wilderness and the unique culture of the Māori people, who initially settled in the country’s islands around seven centuries ago. New Zealand is now among the most developed countries in the world (Blyth et al., 2022). However, the price of economic development has been growing social difficulties and the degradation of the natural environment.

New Zealand performs well on numerous measures of wellbeing relative to most countries, but it is among the worst, for instance, for family and sexual violence, affordable rental housing, wellbeing and income for minority society (Māori), and child wellbeing and poverty. In 2020, more than 210,000 children were living in poverty (18.4%), and the suicide rate of young people has been among the highest in the OECD (GoNZ, 2020; Jaquiere, 2022). Ecological harm, to a considerable extent, has been due to economic growth. The country was one of the worst performers in terms of growth in emissions, as the latter grew by 57% between 1990 and 2018 (McClure, 2021).

In 2017 New Zealand took an extraordinary step when it passed a groundbreaking law granting personhood status to the Whanganui River, revered as sacred by the Māori people (Fig. 14.2). The law declares

that the river is a living whole, from the mountains to the sea, incorporating all its physical and metaphysical elements. The river is represented by officials, one from the Crown and one from the Māori community, who have been provided with NZ\$80 million as financial redress and a NZ\$30 million fund for restoring the river's health (Davison, 2017).

In early 2019, Prime Minister Jacinda Ardern declared that short-term political thinking must be replaced by the concept of “environmental stewardship” derived from the ancient Māori philosophy and that the state budget should be based on empathy, kindness, and altruism to improve people's quality of life (Makortoff, 2019; Parker, 2019). Later in 2019, New Zealand's government announced the world-first “wellbeing” budget aimed at tackling the social and environmental challenges of the country (GoNZ, 2020; WEA, 2019).

The main goals of Jacinda Ardern's government are to ensure the wellbeing of everyone and take effective action against climate change. The Wellbeing Budget of New Zealand creates a holistic framework that



Fig. 14.2 Whanganui River (Source http://en.wikipedia.org/wiki/Image:Whanganui_River.jpg, Licensed under the Creative Commons Attribution-Share Alike 4.0 International)

focuses on priorities that broaden how New Zealand defines its success, including reporting in line with a more comprehensive set of wellbeing indicators. This incorporates not only the health of the economy but also the health of natural resources, people, and communities and allocates billions of NZ\$ to achieve measurable results (GoNZ, 2020; Jaquier, 2022; WEA, 2019).

The priority areas on which the Wellbeing Budget focuses are the following.

Taking Mental Health Seriously: New Zealand intends to support mental wellbeing for all New Zealanders, with particular focus on under-24-year-olds. A new frontal service for mental health programs will provide access to 325,000 people by 2023/2024.

Improving Child Wellbeing: the country is striving to reduce child poverty and child illbeing, including eliminating family violence. Specialist services are introduced to address family and sexual violence.

Supporting Māori and Pasifika Aspirations: the budget assists with increasing Māori and Pacific incomes, skills, and opportunities—an additional 2,200 young people are included in the Pacific Employment Support Service.

Building a Productive Nation: in the digital age, the thriving of the whole nation is to be supported through innovation and social and economic opportunities. Bridging the venture capital gap so start-ups can grow and succeed is a goal.

Transforming the Economy: creating opportunities for productive businesses, regions, iwi (the largest social unit in Māori society), and others to transition to a sustainable and low-emissions economy. Encouraging sustainable land use (GoNZ, 2020).

In 2022, New Zealand published its first National Wellbeing Report. The report finds that wellbeing is improving in terms of income, health, life satisfaction, social cohesion, and trust. However, in other areas such as housing, education, mental health, risks associated with climate change, and other natural shocks, the country is still underperforming, especially since young generations are hit hard. This clearly shows that

for improving the wellbeing of New Zealanders, the systemic and long-standing challenges of intergenerational inequity and transitioning to a low-carbon and resilient economy should be tackled while prioritizing dignity, purpose, ecology, fairness, and participation (GoNZ, 2020; WEA, 2022).

Amsterdam's "Doughnut Economy"

The city of Amsterdam, known by many as the home of the painters Rembrandt and Van Gogh, will soon celebrate its 750th "birthday" in 2025. Over the centuries, the once small fishing village became the most populous city in the Netherlands and one of the world's most important centers for finance, business, culture, and art. Having a long tradition of openness, liberalism, tolerance, and innovation, Amsterdam is now trying to become an inspirational example of twenty-first-century transformation in action (Bloomberg, 2018; DEAL, 2020).

In 2018, Femke Halsema was appointed Mayor of Amsterdam, and the coalition city government agreed on a plan entitled "A new spring and a new voice" to assist in the practical implementation of action centered on six main ambitions. Based on the principles of openness, transparency, and inclusivity, Amsterdam aims to (i) promote equal opportunities and offer support to those who need it most; (ii) to develop an open and tolerant city; (iii) build pleasant neighborhoods and a livable city; (iv) ensure the right to freedom and safety; (v) transform into a healthy and sustainable city; and (vi) improve democratic participation through offering everyone accessible digital services (CoA, 2019).

To help meet its goals and to cope with the challenges caused by the worsening ecological crisis and the coronavirus pandemic, Amsterdam called on the "doughnut economy model" (Fig. 14.3). The concept was developed by Oxford economist Kate Raworth, who argues that humanity's activities should be conducted within an ecologically safe and socially just space (the "doughnut") where human and planetary wellbeing is balanced (Boffey, 2020; Nugent, 2021; Raworth, 2017).

Based on the United Nations' Sustainable Development Goals, the inner ring of the model includes the minimum social requirements for a



Fig. 14.3 The Doughnut economy model (Source [https://commons.m.wikimedia.org/wiki/File:Doughnut_\(economic_model\).jpg#mw-jump-to-license](https://commons.m.wikimedia.org/wiki/File:Doughnut_(economic_model).jpg#mw-jump-to-license), Licensed under the Creative Commons Attribution-Share Alike 4.0 International)

“good life,” or the Social Foundation. Shortfalls in this area in adequate food, health, education, income and work, peace and justice, political voice, social equity, gender equality, housing, energy, and safe water create deprivation for humanity. The outer ring of the doughnut designates the ecological ceiling defined by the nine planetary boundaries, as specified by Rockström and colleagues (2009). Ecological overshoot means that humanity is transgressing planetary boundaries and damaging climate, oceans, freshwater, soil, abundant biodiversity, air, and the ozone layer, or radically changing natural nitrogen and phosphorus cycles

and excessively emitting artificial chemical pollutants (Nugent, 2021; Raworth, 2017).

Amsterdam formally embraced doughnut economics to support public policy decisions in April 2020—the first city in the world to do so. Initially, it served as a tool for guiding the city’s social and economic recovery from the COVID-19 pandemic. Through intensively collaborating with civil society, city officials then started to apply this approach to help implement their most ambitious initiative of developing a 100% circular economy by 2050. This is a holistic snapshot of Amsterdam’s complex interconnections with the world in which it is embedded, which involves consideration of its local aspirations (thriving of people and place) and global social and ecological responsibilities (DEAL, 2020).

From an analysis of Amsterdam’s own “doughnut” and the economic difficulties caused by the pandemic, adequate housing for citizens seemed to be one of the most pressing problems. Almost 20% of city tenants were unable to cover their basic needs after paying their rent, and just 12% of about 60,000 online applicants for social housing were successful. In parallel, environmental limits have been violated at many points, such as with the increase in carbon dioxide emissions, air pollution, excessive land use and fertilization, overfishing, and wastage of drinking water (Boffey, 2020).

By 2030, Amsterdam aims to be completely emissions-free; this will involve cutting the raw materials it needs to operate by half, allowing only electric vehicles, and using solar and wind sources to generate 80% of the electricity used by households. To improve air quality, the city will replace natural gas with renewable energy by 2040. The city plans to decrease carbon dioxide emissions by 55% by 2030 and 95% by 2050 compared to the level of 1990. Amsterdam is determined to achieve climate neutrality and promote adaptability, use all suitable rooftops as solar power plants, and become a fully “circular city” by 2050 (CoA, 2022).

Conclusions

The examples of Gross National Happiness of Bhutan, Costa Rica's National Decarbonization, the Wellbeing budget of New Zealand, and the "doughnut economy" of Amsterdam represent novel approaches to and working models of wellbeing policies.

Bhutan, Costa Rica, New Zealand, and Amsterdam have special socioeconomic histories and unique "indigenous" cultures. Nevertheless, their wellbeing policies and models are deeply rooted in their histories and cultures, so these practices cannot be exported to other places without modifications. Instead, they represent "meta-models" that suggest useable guiding principles and values for creating appropriate policy frameworks in different contexts.

Scale is a critical issue. Bhutan, Costa Rica, and New Zealand are smaller and isolated countries. The question is whether a wellbeing framework can work in large countries or even middle-sized ones. Another question is how the notions of wellbeing can be adjusted or modified to apply to the political-economic complexity and value diversity of large and medium-sized countries.

The example of Amsterdam is instructive because it is a large, modern city. Its embrace of doughnut economics implies a progressive social movement that supports vulnerable segments of society. The city's climate action plan is ambitious. First, however, changes in policy direction must be institutionalized in terms of new standards, laws, regulations, accounting systems, measures, etc.

The Wellbeing Economy Alliance (2020) has created a policy design guide for developing economic policies that put the wellbeing of people and the planet first. They identified some core principles are as follows:

1. Dignity: Everyone should have enough resources to live in comfort, safety, and happiness.
2. Nature: The natural world should be restored for the flourishing of all life.
3. Connection: A sense of belonging and institutions should be created to serve the common good.

4. Fairness: Justice in all its dimensions is at the heart of economic systems, and the gap between the richest and poorest should be reduced.
5. Participation: Citizens should be actively engaged in their communities and locally rooted economies.

Countries, cities, and other economic units can develop their own wellbeing-centered policy frameworks rooted in their own history and culture and conjointly support the flourishing of human and non-human beings on Earth.

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