

Chapter 26

Stakeholders' Strategic Thinking for Sustainable Development

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Abstract This article analyzes interdependencies of main stakeholders of sustainable development process based on innovative improvement and collective action. I start from the meaning of sustainable development in the cross-sector relations, examining to what extent lack of interdisciplinary strategic thinking and innovative attitude can be main obstacles in sustainable development of innovative economy. Technological gap in the sense of new ways of construction, distribution, and utilization of collaborative knowledge supporting sustainable development placed the whole economy below the potential sustainable growth level.

Keywords Sustainable development · Stakeholder analysis · Innovative improvement · Collective action · Innovative economy

Introduction

Improving an economy's sustainability is an important challenge, especially for the post-transition countries like Poland. Following the creation of the post-communist state, Poland has had to face competition from knowledge-based economies. Because the basic cost advantage is not working anymore, further development depends mostly on the ability to produce a creative and sustainable economy. Increasingly apparent limitations of traditional economic growth models, based on resources and production factors, show that a balanced approach, based on integrated values, may be the only alternative in building a new variety of the welfare state model.

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However, in the case of Poland, the main obstacle to achieving this goal is the lack of cooperation and strategic attitude between main the stakeholders: inefficient public sector, society with growing but still low awareness of sustainability, and underdeveloped education and research industries. The emerging grassroots social movements increasingly emphasize the need for sustainable development with transparency, value, and trust, taking into account the common good of society, which seems to be optimistic.

This article analyzes the interdependencies of main stakeholders in the sustainable development process based on innovative improvement. I start with the meaning of sustainable development in cross-sector relations, examining to what extent a lack of interdisciplinary strategic thinking and innovative attitude can be an obstacle to the sustainable development of an innovative economy. The technological gap in the sense of new ways of construction, distribution, and utilization of collaborative knowledge supporting sustainable development has placed the whole economy below the potential sustainable growth level.

Experience over the past years shows that there is no discretion to treat imbalances as the driving force of the economy. The ability to develop sustainably with cross-sector cooperation is quite substantial. However, this potential is used in line with the institutional order on the rational behavior base, instead of the mindfulness-developing process. The main reason for this is the existence of systemic barriers and the lack of cooperation and strategic attitude. However, the successive generations that have been bred in the Internet age seem to be increasingly aware of the environmental consequences of economic activities and the strength of their impact on the global level—sustainability also means a balance among generations (environment, labor market, and public debt).

Systemic change toward a pro-sustainable approach can help to better organize cross-sector cooperation, improving strategic attitudes. Limited public resources can be better located thanks to civil society's involvement and active role in the R&D sector. These goals can be achieved by balancing a creative sustainability approach with the interdisciplinary strategic thinking. The sustainable solutions on a macroscale can be implemented only with awareness and cooperation of stakeholders.

What's Wrong with the Global Economy?

The financial crisis of 2008 and the subsequent tsunami waves in the real economy are unprecedented and only to some extent can be explained using the classical theory of economics. The world of the twenty-first century no longer behaves in accordance with the principle of general equilibrium in particular countries and reacts with unpredictable barriers generated at the global level, where even open-economies analysis is not adequate.

The question is whether we really know what happened to the so perfectly self-perpetuating machine of the global economy, and whether it is indeed a

perpetual-motion machine, in which we so dearly wanted to believe (e.g., financial markets seemed to believe in cheap financing for ever). This painful economic collapse is a symptom of the disease of civilization (generally having a chronic course), which we earned in either an active or passive way. So what is the difference between this wave of recession cycles and the turbulence of twentieth century?

The clearest consequence of the economic and financial crisis is the change in the balance of power in the world's major economies. Although the USA maintained its leadership position, its prevalence is melting quickly, and even in this decade, the main force of the global economy as envisaged will be in Asia (Czarczyńska 2012a). The crisis of recent years was, in this case, a kind of catalyst for change, which can be observed from the end of the last century. In addition, this catalyst also speeds up the pace of change in the geopolitical world.

This strong turbulence resulted in the strengthening of asymmetric costs and benefits, as financial markets mourned the loss of millions of price-takers' funds. The feasibility of a quick profit for a small group of price-setters directly affected the condition of the world market, and transitional difficulties in dominant countries became unbalanced at the expense of small countries (in terms of impact on the global economy).

Large countries have a much larger arsenal for a rapid response and a much larger portfolio of assets that can run (including the printing of money and influence due to seniority, which is carefully used in the USA). More than in times of recession, we hunt for "black swans" and broaden its sphere of influence, realizing the long-term strategy of taking control over natural resources in different parts of the world (especially in the field of rare elements), as does China (Moran 2010).

In sum, crisis accelerates change, showing the natural tendencies of individual countries (including the over-indebtedness as in the case of Greece), as well as the voracious and predatory nature of both the financiers and the great powers that compete for the palm (Friedman 2005). The only question after such turmoil is what is under the table and whether the prosperity of global competition still helps to solve the problems of humanity.

Globalization and What Next? Manuel Castells is identifying and analyzing the determinants of the emergence of the global economy pointed in its political origins (Castell 2010, s.109–170). Building a network society was based primarily on the spread of information and communication technologies, but the process was largely based on political support of the interaction between markets and governments and financial institutions. Universally dominant "only correct" neoliberal ideology has been reinforced by policy-makers interested in personally pursuing profit opportunities, both during and after their time in office, through a network of contacts (e.g., ex-politicians advise the Nord Stream Company), and to control access to particular markets (various forms of bribes and corrupt lobbying from Russia to the European Parliament).

According to the Maslow's law, if we are holding an instrument in the shape of a hammer, we treat every problem like a nail. From a liberal global economy, supported by technological advances, we expect a miraculous solution to human

problems at both the economic and institutional, which is in itself a contradiction. However, while it was relatively easy to promote the progress of globalization on the political-institutional level, it is difficult at the same level to reduce the avalanche nature of the process once it is started.

The current global economy is a network of interrelated market segments, key national actors playing the roles of relay nodes. The exclusion of such a node within a global network causes the power to be cut in the form of information, technology, and production factors, which is a de facto power cut to development. For the rest of the system, such exclusion is not relevant for all countries outside the USA and China. This means that in the new global system, all countries, except for the two largest countries, are small in terms of international economic relations, which does not affect the functioning of the system as a whole and also works perfectly when a node is bypassed. However, note that the separation of the economy from a single system at a fast pace can result in necrosis.

Globalization in this form leaves no alternative to the ideology of efficiency at all costs, which becomes the core of the new economy (Beck 2001). A chance to change the direction of the avalanche process of commercialization is paradoxically a shock caused by the collapse of financial markets and to realize the separation of the real economy at the local level. The changing geopolitical balance of power and the emergence of centripetal force acts on individual economies as a particular form of response to globalization and the crisis in its broadest sense, including financial markets, environmental risks, and uncertainties in energy markets (Sachs and Warner 2007).

Gradually, however, there are an increasing number of trends and initiatives that promote collective action to gain independence from global flows based on entirely different values and local potential, both socially and economically. We are on the way from an information society to a stakeholder society, where members of a society have both rights from it, and duties or responsibilities to it. In this new era, we have to treat society not only as a rule taker, but also as a rule setter by the direct creation of the reality (Czarczyńska 2012b).

The common denominator in the crisis of recent years, appearing on many interdependent levels, is a crisis of confidence in the institutions and authorities responsible for economic and social order of the modern world (Yunus 2007). The reasons for departing from a sustainable development path can be traced not only to the economic factors of production, but also to the environmental factors, funding current needs at the expense of future generations, and the ethical aspects of human economic activity. The global crisis in the area of value not only led to the financial losses of millions of people, but also increased the sense of danger from the financial markets, geopolitical stability, and natural hazards due, to a large extent, to the lack of ecological balance, which led to a growing sense of dissatisfaction. Money no longer guarantees the safety, and the redistribution of public resources in many countries is no longer based on the principle of equivalence.

The record of economic relations, both extremely selfish behavior (particularly common in post-communist countries, where the system of internal moral scheme has largely been destroyed) and altruistic behavior, does describe the typical way

of using economic instruments, nor the economic consequences. At the macro-level, too much inequality leads to social unrest, where we are ready to accept the loss of one's own in the name of the struggle for social justice.

The effect of economic activities depends not only on economic calculations, but also on the value we choose. We make a choice when spending our money on goods and services produced by the company on terms consistent with our beliefs, and also by engaging in activities, which give us a sense of meaning in the labor market ("selling" your work to some extent the buyer can choose). Behavior consistent with our values takes into account economic relations as the basis for successful transactions in the future, where mutual trust allows us to reduce the cost of protection against the risk. Trust lowers transaction costs, and the observation of this fact makes the pursuit of values based on direct contacts and trust (Walsh 2011).

The concept of fair plays an increasingly important role in the distribution of social goods, especially in the sphere of relations producer–consumer and the level of government–society. Moreover, not only is the result of the process is important (e.g., blocking Acta), but also the process (consultation, treatment partners). Contemporary politics, and thus the economy, must be managed by the appropriate narrative. People pay attention to the final decision announced officially, but in its assessment of itself even more strongly emphasize the integrity of the process of generating a given position. Classical models of production based on factors such as raw materials, labor, and capital do not depend so much on the condition of the human mind and the knowledge economy. The basis for such an economy is to create an intellectual resource and share it, which is not easily achieved without the voluntary cooperation (Chan and Mauborgne 2002). This approach goes far beyond simply improving the efficiency of the economy and optimal resource allocation through the mechanisms of supervision and control, and rewards the desired behavior of the premium system.

Wealth creation (which is much more than the production process), even according to classical economics, is a social process, rather than an individual process. Adam Smith recognized the division of labor as the foundation of value creation, so that you can achieve higher profits at both the scale of production and international trade (Kennedy 2005). Each individual enrichment strategy is also based on social interaction and exchange (Fukuyama 1996). So, our prosperity depends on our relationship with the environment, which in turn is a reflection of the level of maturity and emotional intelligence unit. Paradoxically, both the individual and society gain more if we are focused on economic cooperation with partners and do not seek to profit at the expense of operating and social costs (Eisler 2007).

An integrated approach enhances the welfare of all and restricts activities harmful to society (similarly as it did in traditional economic theory, except that the spectrum of relevant factors is much higher, because it includes the effects of tangible and intangible). Contribution to social development is assessed on the basis of taking into account the net effect of external costs in the bill pulled, which shows whether the positive economic growth is offset by an excessive and harmful

to the environment consumption. Such perceptions of the economy are based on the paradigm of integral perception of reality, which is also part of the economic activity of man.

Power Diffusion

Social transformation changing the balance of power is true not only in the international sphere, but also in social relations. And in this respect, the crisis has become a catalyst of change initiated by the IT revolution and reinforced by the processes of globalization. The main direction of change offsets the impact of government for social actors and individual actors by obtaining access to the same information as the group already monopolizing information. Joseph Nye has called this phenomenon the diffusion of power (Nye 2011), due to the impact of technology, especially information on creating opportunities for participation in international events by de facto eliminating the costs of such participation. Rapid technological progress and the dramatic fall in prices of telecommunications services virtually abolished the barriers to entry on the global market for goods and services, but also enabled access to global data, which weakened the government position based on information asymmetry. Information as a commodity is highly valued by the market and was previously reserved for large organizations, governments, and transnational organizations (often cooperating with the government), because of the high cost of obtaining it.

Changing the balance of power has a huge impact not only on the global political relations of governments, but also, and above all, on the nations and the awareness of open economies. The worldwide wealth of information is not considered sacred, which is clearly shown in the WikiLeaks example. Almost every day in the media we can find examples of authorities in the international arena, which in reality are addressed to national audiences. This shows the growing awareness of the interdependence of the authorities and a number of small social and economic actors causing the only appropriate ad hoc coalitions and merging.

Existing policy-makers are losing the race in the monopolization of information. Increasingly, their success depends on the skills of dialogue and establishing effective and transparent cooperation (one false note is quickly intercepted) with distributed external entities, which have no institutional leverage. Hitherto regarded as fundamental, values and mechanisms of interaction used by the ruling no longer work. Entering into adulthood is generation Y, subjected to the dictates of stick and carrot, which see many other ways to meet their needs. The dominant need for freedom is fulfilled mainly on the Internet, which is regarded as an essential part of human rights (EU funds supporting broadband infrastructure, legally guaranteed access in some countries). The new generation carefully reviews the mechanisms of power and quickly obtains an information advantage.

A decline in the importance of governance is a universal phenomenon, regardless of the political system, wherever we are not dealing with an isolated society.

Even so, it is evident that the value of democracy has ceased to be an asset to developed countries. Democracy is the most attractive system if given the chance for a fairer redistribution of income, which has improved the quality of life. An example of the development path of China's economy shows that democracy itself ceases to be a value if the public has access to a growing number of distribution of goods, among which is the dissemination of ICT technology. Its social impact strengthens social capital (*guanxi* networking) as the foundation of the release Chinese capitalism.

Processes occurring in many countries, both internal and external, are very similar in nature. The common external threats force us to find a formula of cooperation independent of ideology. The sphere of the real economy through successive crises atomizes movement toward decision-making centers and multi-dimensional society *homo agens* (Chmielewski 2011, s.317–343). The elements of this society are less and less the subjects, and operators are increasingly changing their environment, including institutional environments. Strongly individualized social actors (both physical and legal), on the one hand, are an essential component of the community and, on the other hand, are becoming, more and more, creators—thanks to a better utilized ability to create a social organism, which puts them in a dual role in the system. The activities of these new social forces manifest themselves in many new forms, including not only civil and political impact, but also the new pro-environmental initiatives, regional, and self-help in the form of organizations, associations, and movements for purposes of ad hoc one issue (e.g., anti-Acta).

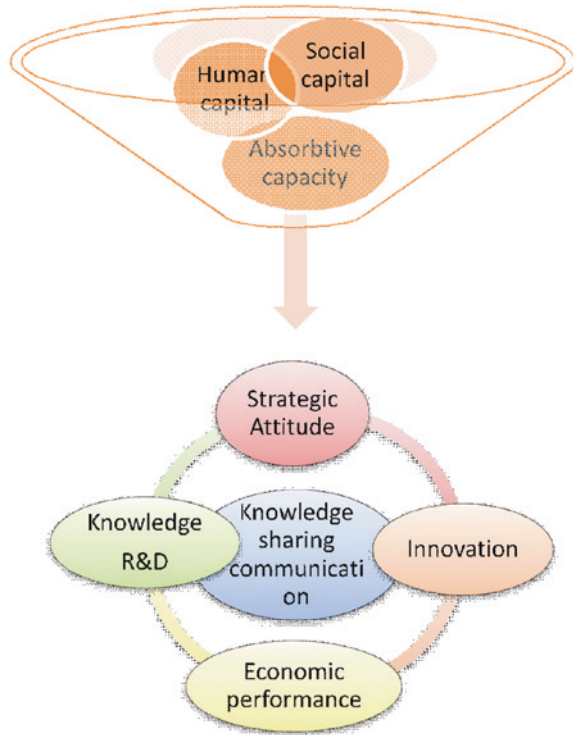
Knowledge Environment

The beginning of twenty-first century has been characterized by a radical transformation of different sectors of economy, which, so far, have operated on the national and global area in a traditional manner, whereby the search for possibilities of creating and developing high-value innovative operations is clearly marked. Currently, the research orientation is taking into account the latest trends related to the change of paradigm in social sciences, as a consequence of the development of global network organizations, importance of intangible assets, and the growing role of new information and communication technologies (Fig. 26.1).

The most interesting field of research in this context is posed by innovative, flexible, high-value societies, as they are able to most efficiently adjust to the challenges of a changing and increasingly uncertain environment. For transformational change in knowledge management based on value policy, it is necessary to identify key stakeholder-related sectors that influence stakeholders' participation and the domains where the integration takes place in innovation diffusion.

The recipe for a knowledge environment has three main components: social capital in the sense of network quality and diversity, human capital as a sense making resources, and absorptive capacity in the meaning of systems, structures,

Fig. 26.1 Knowledge environment scheme



and routines. With such a background, the society is able to create the potential for effective economic performance based on R&D knowledge and innovation. However, a high level of innovation and strong research system is not enough when there is a lack of strategic attitudes and effective knowledge-sharing communication channels based on competencies (the combined skills acquired during the course of training which condition the efficient performance of tasks in a job, based on the knowledge, experience, and predisposition of an individual, and displayed in a sequence of behavior) (Baczynska 2015).

An inclusive and innovated global society is under construction, but the entire process is based on the new evolution of knowledge with three pillars:

- *Human Capital* ability to communicate ideas to a range of people, both internal and external, in a language they understand;
- *Social Capital* ability to access learning and knowledge from others through the number and quality of relationships in both formalized networks and informal contacts;
- *Absorptive Capacity* ability to embed routines for knowledge exploration, reshaping, and retention of knowledge.

The role of open technologies in encouraging the sharing and utilizing of innovations more effectively is crucial. The question is how institutional or governmental

policies should support this movement. Ways in which public institutions and private sector are effectively working together around new ideas and technologies depend on the channels of collaboration.

Innovation impact is totally different on personal development, public-sector improvement, and business-sector profitability. The measures of innovation impact are well developed in the last group; however, the interaction among these three kinds of stakeholders and the spillover level determining the innovation culture at the national level is not easily measurable (Huntington 2003).

Various state management models have the potential to reduce barriers and produce sustainable outcomes for innovative performance (Wojtowicz and Olejniczak 2015). However, with the positive socioeconomic consequences of innovation, there is a growing recognition of the need for sustainable approaches to strategic development. While innovation has been acknowledged as a tool for growth and for creating a knowledge-sharing culture, it is presumably that conflicting interests of multiple stakeholder groups can hinder innovation in equally achieving social and economic objectives. The integrated approach to a innovation environment combines institutional background, business management tools, and personal attitude to provide a holistic and collaborative innovation system.

Summary

The recent crisis is a signal transition toward a new order of interdependence. It showed the significant limitations of money as a measure of value, detached from the real size, which, through its virtual nature, has value in itself. Moving away from shareholders to stakeholders is the moment of transition from value management in the interest of the owner to the integration of virtual management value by including all stakeholders to the process of creating added value.

A key element of transformation is a return to fundamental values, such as trust, direct contact, and the natural environment, and is not detrimental to the character of goods and services in the economy. Creativity is triggered by the values of the integrated unit activity in not only the professional area, but also mental, emotional, physical, spiritual, cultural, social, and environmental sustainability (Wilber 2001). The value in this approach is not so much the material level (although this is mostly true, or for an individual at a higher level of transformation ceases to be so important), but is widely understood as participation in sustainable development performance, far beyond the classic well-being.

In modern society we have to redefine power, not as good or bad per se; however, too much power can be bad because it can lead to mistaken strategy. That's why so important is to keep a balanced distribution of power and a create win-win situation to deal with challenges that we face. Due to power diffusion, things once restricted to very large organizations, like governments or corporations, are now available to anyone. Information technology is very powerful and important in this process.

Due to globalization, local cooperation is more and more important. Regions become suboptimum, delivering synergy. However, the needs for institutional solutions are still very strong. Regions have an ability to adjust to global competition, but this is a task for politics to determine how to establish rules of cooperation, how to develop potential in the creative sector, and how to have a leading global role in the innovation system for sustainable solutions. There is a time for new ideas based on GET development: governance, education, and trust.

Stakeholders' strategic thinking for sustainable development means building a good community of prosperity in a stakeholder society where members of a society have both rights from it, and duties or responsibilities to it. The background for sustainable development means, in this approach, an attempt to better link together key concepts: knowledge, environment, innovation diffusion, sharing of knowledge and a strong commitment to the implementation of the agreed actions. Innovation, education, or research as the parameters of modern economy topics of the knowledge triangle are not enough to achieve development. The key concept is to create interaction between research, education, and innovation as the key drivers of a knowledge-based society. Stakeholders for sustainability care about sustainable—people centered—technology created on a participatory base of technology-creation process facilitated by state.

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