Building a better world Together
"As for the future, your task is not to foresee it, but to enable it."

Antoine de Saint-Exupéry

We are living in a world full of changes. More than that: we are living in a world that demands changes. From the climate crisis to rising socioeconomic inequality around the globe, our societies face unprecedented challenges. Here at ESSEC, we see these challenges as an opportunity to build a better world together.

The ESSEC motto is “Enlighten. Lead. Change”. We are dedicated to training the leaders of tomorrow and to conducting innovative, high-quality research that takes on important societal questions. We believe in harnessing the power of knowledge and curiosity to make a difference in the world.

We also believe that it is our responsibility as a business school to take part in facing global challenges and contribute to building a more inclusive, just, and sustainable society. To that end, we launched our RISE strategy in October 2020, with three foundational pillars: Together, a strategic initiative for social and environmental transition; the Metalab, a multidisciplinary ecosystem at the intersection of data, technology and society; and Enlightening Entrepreneurship, a platform for supporting and training the next generation of entrepreneurs.

In this special issue, ESSEC Knowledge explores the issues addressed in the Together initiative. Designed to guide ESSEC through its social and environmental transition, Together provides opportunities for staff, students, and professors to actively contribute to the transition of the school. It has a three-pronged approach: environmental commitments, to provide solutions to the most pressing problems facing the planet; social and regional commitments, to contribute to the fight against social inequalities; and societal commitments, to spark positive change within the business school ecosystem and, more broadly, in our societies. Research in these areas is key to understanding and giving momentum to this transition. The articles selected for this special issue all highlight our pedagogical and academic commitment to this transformation.

Twenty-two ESSEC professors shared their insights for this special issue: experts in management, social innovation, operations research, finance, economics, workplace management, public and private policy, economics, gender equality, and information sciences. They provided their expert analyses on topics ranging from the responsibility of business schools to make a difference (a topic naturally very close to our hearts), building a philanthropic strategy, corporate sustainability initiatives, responsible innovation, the transformation of the agri-food industry, sustainable city logistics, green finance, gender equality, and the future of offices. The research looks at how topics like equality and the environment permeate different areas of business and our daily lives, and how these issues can be addressed in myriad ways across sectors.

With this special issue, we aim to spark a conversation on how social and environmental issues can be tackled using research and innovation. The world is changing quickly, and we all have a role to play in building a better future.

Julia Smith, Editor-in-Chief of ESSEC Knowledge
Together Initiative
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TAKING THE LEAD IN
MAKING A DIFFERENCE:
THE ROLE OF BUSINESS SCHOOLS

Laurent Bibard is a professor of management at ESSEC Business School. He holds PhDs in both Socio-economics (EHESS) and Philosophy (Université Paris IV Sorbonne). Laurent was at the head of the Edgar Morin Chair on Complexity from 2014-2019. His research examines gender, focusing on gender-related political stakes, as well as on how high reliability organizations manage for resilience.

Written with Julia Smith, Editor-in-Chief of ESSEC Knowledge.

Stefan Gröschl is a professor at ESSEC. He is widely known for his expertise in responsible leadership, sustainability, diversity management, international human resources management, and organizational behavior. He has shared this expertise in academic and public arenas and has published books on responsible leadership, diversity management, and international human resources management. His research has been published in chapters and articles in the international trade and academic press. His research and teaching have taken him to a range of academic institutions around the world. He is an editorial board member and reviewer for numerous international academic management journals. Stefan has worked with governmental organizations and companies in the private sector and has developed and conducted training programs for firms in France and internationally.

Teamwork makes the dream work: improving society requires the contributions of private businesses, government, and private citizens alike. The global pandemic is amplifying the challenges facing our society, from socioeconomic inequality, to healthcare accessibility, to gender equality, and more. To date, the impact of many private businesses have been limited to corporate social responsibility initiatives, but there is an opportunity to make a greater difference. To that end, Stefan Gröschl and Laurent Bibard of ESSEC and Patricia Gabaldon of IE Business School explored how business schools can contribute in a chapter for the Research Handbook of Global Leadership.

What kind of difference are we talking about?

It’s no secret that the advances society has made in the last century have been a double-edged sword: while technological advancements and economic growth have flourished, this progress comes with serious consequences for wealth distribution and the environment. While these factors used to be dictated by the actions of sovereign states, globalization and technological developments have created a situation where corporations have a powerful influence on shaping our world. This means it is critical to understand the role of these actors and how business schools and educators can prepare the leaders of tomorrow.

The world is facing complex, layered problems, but to simplify matters, let’s consider these two main goals to keep in mind when trying to make a difference:

1. Decoupling environmental destruction and economic growth.

Of course, these are complex, multi-faceted problems, ones that have existed for decades and that have irreversible consequences on a global scale. So what kind of responsibility do private businesses have, and what role should they take?

Why should businesses contribute?

That businesses have a duty to society is not a new idea. As the researchers point out, “Whether or not a corporation has deeper pockets than Spain and Australia (1). What’s more, the organizational structures of private businesses might allow for more flexibility and less bureaucracy when implementing strategic decisions and sustainable policies, and their actions have the capacity to go beyond land borders.

Indeed, many private businesses do engage in sustainable actions at the global level, but these are often driven more by market and image needs rather than a sense of moral obligation. More progress might be seen if legal obligations are established to regulate company actions. But what can be done in the absence of such obligations?

Taking a lead in making a difference

This brings us to the role of business schools. We all have a role to play in improving our world, and we believe that individuals have the power to make a difference. Organizational leaders can change institutional constraints, modify organizational norms, commit to sustainability, and connect with future generations to ensure continuous change. To do so, these leaders need to understand the complex issues facing our world and feel empowered to dare to make a difference. This calls for a new type of leadership, and openness to change is a key trait. So is courage: making a change requires bravery.

The next generation of leaders will include graduates of business schools and of the higher education system. It is our responsibility as educators to reconsider how we train these future leaders to embrace the role of business schools in making a difference.

leaders. Traditionally, universities have emphasized the economic side: how to maximize profits, how to outdo the competition, how to cut costs. Now, we need to center the “human” in the equation and teach students to evaluate not only the economic terms but also the social, ethical and moral ones. To do so, we should encourage students to reflect on their purpose and their guiding values and their responsibilities and contributions toward the common good.

There are frameworks in place already: in 2007, the United Nations Compact Developments and an international task force introduced principles for responsible management education. At ESSEC, we are guided by our values: humanism, innovation, responsibility, excellence, and diversity. One of our strategic pillars is Together, an initiative that focuses on our environmental and social transformation. As of fall 2020, all students will be trained in these social and environmental challenges. We are not the only university that recognizes the important role we have to play: many others have begun to offer courses on business ethics, CSR, social entrepreneurship, and more, highlighting the fact that traditional business models and managerial roles are being challenged.

But the work cannot stop here: business schools should encourage a humanist perspective. The United Nations Brundtland Commission identified a “triple bottom line” comprising the economic, social, and environmental stakes at play: these need to be combined with other disciplines to nurture said humanist perspective. For example, this calls for more diverse scholarly activities, research, and academic disciplines. Including activities such as the arts, philosophy, languages, literature, and history confront students with new ways of thinking and imagining, encouraging openness, creativity, and critical thinking: the tools needed for addressing our global challenges. Learning methods should also go beyond pure memorization and encourage understanding. To understand complex challenges, we need to develop interdisciplinary courses to offer a holistic perspective of the issue and help students understand their actions within and across systems so that they can better understand how their decisions affect different parts of a system and the system as a whole.

How can we go about this? One way is to include individuals with different experiences and perspectives, including non-traditional business school profiles and people with liberal arts degrees and backgrounds. This can help students think outside the box when considering their own roles, purpose, and goals, and those of their future organizations. The work cannot stop here: business schools should encourage a humanist perspective. The United Nations Brundtland Commission identified a “triple bottom line” comprising the economic, social, and environmental stakes at play: these need to be combined with other disciplines to nurture said humanist perspective. For example, this calls for more diverse scholarly activities, research, and academic disciplines. Including activities such as the arts, philosophy, languages, literature, and history confront students with new ways of thinking and imagining, encouraging openness, creativity, and critical thinking: the tools needed for addressing our global challenges.

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The world is facing daunting challenges: the global climate crisis and widening social inequality will not improve without action. We cannot leave it up to politicians to take action: we need private businesses to act, too, and that includes universities and business schools. Business schools can reply to this call to action by training future leaders to be open-minded, flexible, and brave, through different strategies including broader course offerings and challenging traditional ways of thinking.

Does this sound a little too perfect? Maybe. But as Aristotle said, “let us build a utopia, and see how we can approach it with temperance”.}

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Does this sound a little too perfect? Maybe. But as Aristotle said, “let us build a utopia, and see how we can approach it with temperance”.
In their new book «Vers une philanthropie stratégique» (Odile Jacob), Anne-Claire Pache and Arthur Gautier adapt the philanthropic model developed by Peter Frumkin (University of Pennsylvania) to a French context and explain how to develop a philanthropic strategy that can optimise one's positive impact on society. In this interview, they share key insights from the book and discuss how philanthropists, be they beginners or experts, can make use of these takeaways. Because it’s not just about “doing good”, it’s about “doing it well”!

What do you mean by “strategic philanthropy”?

To start, it’s important to understand that when we say philanthropy, we mean all voluntary donations by private actors (individuals or organizations) for the common good. The word “philanthropy” generally refers to an organized approach (for example, the creation of a foundation or substantial, repeated donations). When we talk about giving to others, we often think of emotion, of spontaneity, of reacting to requests. The idea of “strategic philanthropy” offers another vision of generosity by applying the notion of strategy to a domain where such a concept is rarely used.

The concept of strategy has its roots in the military and is widespread in management. In its simplest form, it consists of defining goals and finding the means to achieve those goals. While there are countless books on business strategy, until recently there were virtually none that tackled strategy for charitable or nonprofit organizations. This changed with the publication of Peter Frumkin’s book, The Essence of Strategic Giving, that we have now adapted to a French context.

The main thesis of our work is that to be “strategic”, philanthropists must answer five main questions:

1. What has value, for society and for me?
2. What kind of interventions would have the biggest impact?
3. What level of engagement and visibility do I want to have?
4. When and how frequently should I donate?
5. What kind of vehicle should I choose to channel my giving?

Anne-Claire Pache is Professor in Social Innovation at ESSEC. She is the chair holder of the ESSEC Philanthropy Chair. She graduated from ESSEC, holds an MPA from the John F. Kennedy School of Government (Harvard) and a Ph.D. in Organizational Behavior from INSEAD. Her research interests lie at the intersection of organizational theory and social innovation, with an emphasis on pluralistic environments, hybrid organizations, and organizational scaling-up processes. She has conducted qualitative studies on social enterprises, corporate philanthropy and private foundations. She has published in prestigious journals such as Academy of Management Review and Academy of Management Journal. She is currently Associate Dean for Strategy and Sustainability and was previously Dean for Academic Programs (2014-2017). She is Associate Editor at Journal of Organization Design.

Arthur Gautier Executive Director of the ESSEC Philanthropy Chair, Arthur is Assistant Professor at ESSEC Business School in the Public and Private Policy Department. He has taught in the Master in Management program since 2015 and is the Academic Director of the French Fundraising Certificate since 2016. He holds a Ph.D. in Business Administration from Conservatoire National des Arts et Métiers (CNAM) de Paris (2009) and is an alumnus from ESSEC School of Management (2005). His research focuses on philanthropy and more broadly on private initiatives for the common good, from organizational, sociological, psychological and historical perspectives. He studies the emergence and the institutionalization of individual and corporate philanthropy, both as concepts and practices.

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What does such an approach look like? What are examples of strategic philanthropy?

There is no one strategy that is better than all others and that can be replicated everywhere. The central idea of the book is that there are many ways to build a strategy that satisfies those five main dimensions. The way that philanthropists think of and develop their strategy to address each dimension is just as important as the strategy they ultimately adopt.

An interesting example we discuss in the book is that of Atlantic Philanthropies, the foundation created by Chuck Feeney, an Irish-American entrepreneur who became a billionaire in the 1980s with the sale of his company Duty Free Shoppers. By nature modest and discreet, Feeney anonymously supported progressive causes until 1997, when his identity was revealed by a New York Times article. Convinced that the causes he supported (human rights, social injustice, public health...) immediately required help before they deteriorated further, he adopted an approach called “giving while living”: spending his foundation’s assets during his lifetime, rather than donating only the revenues from these assets and letting the foundation survive him. To that end, he decided in 2001 to donate the entirety of his fortune progressively until 2016 and to permanently shut down his foundation in 2020. Atlantic Philanthropies distributed more than eight billion dollars, which permitted it to finance “big bets”: ambitious gambles on a few high-impact projects.

While Chuck Feeney was extraordinary given the sums involved and his unusual choices, he illustrates the idea of philanthropic strategy with his coherent approach to giving: his values and personality aligned with the simple and discreet style in which he acted, and the present-focused timing of his philanthropy was reflected in the logic model and the vehicles he set up at Atlantic Philanthropies.

How is it important to be “strategic” when giving? Is there a problem with giving spontaneously and without a defined strategy?

In 2019, the incredible outpouring of generosity following the Notre-Dame fire in Paris was swiftly followed by controversy surrounding the donations given by the wealthy and corporations: was it not too much money? Are there not more urgent causes, in which human lives are at stake? Can we be certain that these pledges will be honoured and if yes, when? Who will receive and use the money, and to fund what exactly? Aren’t these billionaires above all searching for fanfare and positive press? These questions recall the five central dimensions of our book: value, logic model, style, time horizon, and vehicle.

The critics appear when a philanthropic engagement seems hasty, poorly planned, or likely to have negative effects on the beneficiaries and society. The critiques may not always hold water, but they do sometimes point to a lack of strategic thinking. Certainly, not all philanthropy needs to be strategic: the world will always need spontaneous donations, inspired by moral principles or in reaction to natural catastrophes. However, adopting a strategic approach is important when you want to maximize your impact and when there are substantial resources at stake. This is the case for the majority of foundations, which are confronted with challenges regarding the effectiveness, accountability, and the legitimacy of their actions within a democratic society.

How can one get involved in a strategic philanthropic approach? What are the steps to take for those who want to optimise their philanthropic impact?

Strategic philanthropy is an ongoing process and a path upon which a person can embark at any time. That being said, it is easiest to ask yourself these five questions before making commitments that may be harder to change later on, such as creating a foundation with a specific mission. The five dimensions that we discuss in the book do not have to be considered in any particular order. Some philanthropists may start with a very precise idea of the general cause they want to support, while others start with a clear vision of the visibility that they want to have.

What matters is to think through each dimension and then how to build a coherent approach that will address all five. In the end, developing such a strategy requires time and energy, and it is thus important to share the work with others: close friends and family, other donors, professionals with expertise in one or more dimensions, etc. Philanthropy isn’t just a solo adventure, it can benefit from collective intelligence!

Reference

Entrepreneurship and social knowledge

Stefan Linder is associate professor at ESSEC’s Department of Accounting and Management Control. He teaches in the BBA Program, the MM Grande Ecole, Executive Education, and Ph.D programs. In his research, he studies the role of management accounting and control (MAC) systems for entrepreneurial behaviors, for the prevention of undesirable and unethical behaviors, and for the well-being of managers and employees subjected to exactly these MAC systems and how a non-maleficent, humanistic internal control can be designed. His work has been published, among others in European Accounting Review, IEEE Engineering Management, Journal of Banking & Finance, Journal of Business Ethics and Journal of Management. Prior to returning to academia, he worked as a management consultant.

Improving society requires a collective effort, and social entrepreneurship aims to do its part: it refers to individuals and organizations that use business to tackle a societal issue. The concept has been around since the 1950s, but has only begun to garner significant research attention in the last decade. The rapid growth and emerging nature of social entrepreneurship research, coupled with the fact that social entrepreneurship builds on different disciplines and fields (entrepreneurship, sociology, economics, ethics) has led to a disjointed literature without dominant frameworks.

Professors Tina Saebi (Norwegian School of Economics), Nicolai Foss (Copenhagen Business School) and Stefan Linder (ESSEC Business School) analyzed existing research to develop a framework and outline future directions, highlighting the need for a holistic approach.

What makes social entrepreneurship unique?

What sets social entrepreneurship apart from other related phenomena like CSR, philanthropy, and sustainability? Saebi, Foss, and Linder focused on identifying commonalities among the existing definitions. They found that social entrepreneurship’s hybrid nature sets it apart. Commercial entrepreneurship focuses on the economic side of creating value: opportunity identification, resource mobilization, etc. In social entrepreneurship, profitability goes hand-in-hand with solving a social problem. Similarly, social entrepreneurship differs from CSR in that the latter is an extension of a firm’s traditional business activity to reach out to its stakeholders and increase profit. Charitable and not-for-profit organizations are also different, because their funding is usually from external sources. Consequently, their social initiatives do not compete for resources with profit-seeking ones.

As such, the researchers explored the idea that “the dual mission of social and economic value creation reflects the core characteristic of social entrepreneurship” (Saebi et al., 2019, p.22).

Classifying social entrepreneurship

Social entrepreneurship can be classified according to its social and economic missions.

The social dimension is whether or not the beneficiaries are active participants in the social entrepreneurship’s model. Aravind, which offers free vision care in rural India, is an example where social value is created for the beneficiaries. In the other model, value is created with beneficiaries, such as Unicus, a Norwegian consultancy that employs people diagnosed with Asperger’s syndrome.

The economic dimension is the extent of integration of social and commercial activities. For example, commercial activities may subsidise social ones. Alternatively, social activity captures economic value, as in the case of award-winning Grameen Bank, which provides collateral-free small loans to the rural population in Bangladesh.

Combining these two dimensions creates a four-quadrant matrix, illustrated in Figure 1.

Figure 1. A typology of social entrepreneurship.

In Quadrant A are social enterprises with a ‘two-sided value model’, such as TOMS shoes, which gives one pair of shoes to a child in need for every pair purchased. In Quadrant B, enterprises employ beneficiaries to produce goods or services sold in the commercial marketplace. For example, British restaurateur Jamie Oliver trained and employed disadvantaged youths in his restaurant and funded the training program with the revenue. In Quadrant C, the beneficiaries are paying customers. Last, in Quadrant D, is when the beneficiaries are both internal and external customers—VisionSpring sells quality eyewear at affordable prices and also employs them in sales and distribution.

To shed light on the multi-faceted nature of social entrepreneurship, the researchers examined 395 articles, focusing exclusively on social entrepreneurship.
entrepreneurship and excluding articles on sustainable, developmental, institutional entrepreneurship, or entrepreneurship in general. The researchers identified the factors that affected social entrepreneurship at three distinct levels—individual, organizational, and institutional—and gaps in the research.

As management phenomena are often multidimensional, the researchers developed a multistage and multilevel framework to integrate the various levels of analysis. Drawing on theory, this is divided into two stages—before and after the venture is formed.

With this framework, the research team linked the effect of the macro-environment and the individual’s goals and beliefs (situational mechanisms), the effect of these goals on individual behavior (action-formation mechanisms), and the effect of these in bringing about broader changes (transformational mechanisms).

These describe the relationships that affect the three levels of analysis. Pursuing these mechanisms further, both before and after the venture’s creation, is necessary to fill existing research gaps and to find out what makes social enterprises tick.

### Breaking down the levels of analysis

At the individual level, theory suggests that a key trait of social entrepreneurs is a prosocial personality (the inclination to empathize with others), coupled with qualities that promote an entrepreneurial spirit, like self-efficacy and work history with social organizations.

The difference is between action and intent. Social entrepreneurs need to seek resources, gain support, and act to form their ventures. It is also of interest to study how the entrepreneur creates value after getting the go-ahead by examining organizational-level factors at the venture formation phase.

Organizational-level analyses have focused on the ability to finance a venture, the importance of networking, and marketing capability. Given the case-based nature of this research, little is known about the common features that can make or break a social venture, and whether these factors are different for commercial ones.

The hybrid nature leads to shifts that need to be addressed for the venture to thrive. This can be done in various ways, such as hiring managers who embrace this hybridity. Social entrepreneurship’s mandate requires examining existing kinds of social ventures and potential problems.

Other questions include the link between the type of venture model and the legal and organizational structure, venture management, the choice of a particular model, and the impact of model choice on venture success.

Research shows that when the private sector does not meet societal demands, social enterprises are formed. These tackle a wide range of problems, including reducing poverty, empowering women, and inclusive growth.

Measuring the impact of different kinds of social ventures varies between ventures, but all social ventures share the same broad goal: addressing a social problem while remaining profitable. To this end, it is imperative to develop a common framework to gauge and assess the effectiveness of such enterprises. This void can be filled by institutions, which social enterprises can work in and with, and thus establish key metrics accepted by academia and applicable to multiple contexts.

### The big picture

More work is needed to understand potential negatives to social entrepreneurship, but we must not lose sight of the bigger picture: social ventures exist to improve society, one step at a time.

To this end, research should also look at if and how these ventures change society by creating value rather than redistributing it from one group to the other. The framework outlined here provides a basis for future research and for social enterprises to help build our understanding of social entrepreneurship.

### What’s next?

Individuals can have a big impact, and they are influenced by personal experience, which impacts the role they want to play, the problem they want to solve, and their ability to identify an opportunity and take action. More research is needed to understand how exactly an individual impacts a venture and the process they follow.

Research has largely focused upon individuals rather than entrepreneurial teams. This leaves a gap in research on how team dynamics affect the kind of social mission selected, design of the social venture, motivation, and the ability to secure funding and translate thought into action. It’s also critical to study how different levels, like individual and organizational factors, interact with each other.

Reference


A version of this article was first published in the Council of Business and Society.
Corporate social responsibility is an increasingly popular topic in the corporate world and beyond, highlighting a need for best practices and a stronger understanding of what it really means to be a sustainable business. For this to occur, we need ways of measuring corporate sustainability; social accounting is one way of doing so. Adrian Zicari, professor at ESSEC, explains its merits, as well as its limitations, in a recent chapter in the Handbook on Ethics in Finance.

First, a primer: social accounting refers to the measurement of an organization’s social and environmental performance, recognizing the need to go beyond measuring economic impact only. There are a number of indicators that can be used, for example the disclosure of pollution information or the composition of the company’s workforce, among others. The list of indicators goes on, as assessing social and environmental information is a complex matter. This makes the scope of social accounting quite broad, and also leads to the question of balancing comprehensiveness and comprehension: more information is not necessarily better, as it can make reports hard to understand. Many of these indicators are not measurable in financial terms, so practitioners of social accounting need to go beyond conventional accounting and gather information from different sources. This requires a significant investment. As a result, social reports are more common in bigger companies.

Dr. Zicari explored five issues (1):

1. The motivation behind corporate disclosure of social & environmental information
2. The use of social accounting internally for management purposes
3. The link between social accounting and financial performance
4. Whether or not regulation contributes to sustainability
5. The potential that social accounting has for contributing to sustainable practices

Disclosure on social and environmental information

Today, the disclosure of social and environmental information is usually voluntary, though some European countries have recently implemented regulations. For instance, some companies in France have to present a “déclaration de performance extra-financière”. This means that many cases, companies can pick and choose what, how, and when they disclose. This makes it difficult to compare companies, as there are many different frameworks in use.

Should disclosure be mandatory?

Corporate social responsibility initiatives and social accounting alike are typically voluntary, but there are increasingly calls for more mandatory reporting. This would be beneficial in that it could increase comparability, standardize reporting, boost the scope of information shared, result in better-informed consumers.

One way to increase regulation is through “soft-law” initiatives, meaning the use of frameworks that are voluntary, but provide structure, like GRI, SASB, and Integrated Reporting. If a company says it complies with one of those, then it has to abide by that and provide the according data. This could also boost stakeholder engagement by providing a reference point and also make it easier to compare companies, as currently comparisons are hindered by the many different frameworks out there. Another option is the use of “hard-law”, legally-binding regulations. One example of this is the Directive 2014/95/EU of the European Union, under which companies with over 500 employees disclosure non-financial information. Some initial research suggests that this could have a negative impact on information quality, as companies prefer to share good news.

Increased regulations on social reporting could help, but regulation alone will not ensure disclosure, nor does increased disclosure lead to increased sustainability. This suggests that while regulation could be useful, it does not replace the need for stakeholders to advocate for sustainability.

Using social accounting internally

Much of the discussion has focused on disclosure to external parties. What about the goings-on inside the company? Internal indicators can help managers make decisions that align with CSR indicators. However, since the indicators can be hard to decipher, managers may struggle to work with them, especially as CSR work can be siloed within the organization.

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Written with Julia Smith, Editor-in-Chief of ESSEC Knowledge.
Companies use different approaches when using social accounting internally. An “inside-out” approach highlights the use of internal social accounting information by managers in their decision-making processes; this can be combined with the “outside-in” perspective, wherein external stakeholders use report information to inform their decisions (5). Both of these perspectives are important in striving for sustainability. To facilitate this process, perspectives are important in striving for sustainability. To facilitate this process, perspectives are important in striving for sustainability. To facilitate this process, perspectives are important in striving for sustainability. To facilitate this process, perspectives are important in striving for sustainability. To facilitate this process, perspectives are important in striving for sustainability.

What is the link between social accounting and financial performance?
Social accounting is not interchangeable with conventional accounting: how exactly do they relate? Their scopes are different, but there is a lot of overlap, both in content and in audience. For example, perhaps a firm makes an expenditure to make a process greener; this will be reported in Profit and Loss Statements (the cost) and in social reports (the effect of the green initiative). An investor may read both these statements, as the financial statements help evaluate the company’s potential and social reports show its environmental impact.

Can social accounting lead to organizational change?
Even if the link between sustainability and financial performance is unclear, incremental improvements, these could inform long-term changes to conventional business practices. For example, mining: by definition a polluting activity, but nevertheless one that is necessary for industrial production. Using social accounting could give managers and stakeholders information that could help reduce the environmental impact as a short-term strategy, while preserving the need to look for long-term solutions that are better for the planet. Social accounting is necessary and helpful for improving business models. Increased disclosure illuminates managers: how the company can improve and informs the company’s efforts to be socially responsible. More transparency will benefit stakeholders and empower the public. We need to remember that social accounting remains a means to an end, and it will be tested by how effectively it creates measurable change in corporate practices.


References
BUSINESS FOR GOOD: WHAT PLACE DOES SOCIAL IMPACT HAVE IN CORPORATE VALUE CREATION?


This serves as an agenda for relevant stakeholders, including businesses, which are increasingly concerned with their social impact and value creation. As such, corporations are duly recognizing social impact as a major challenge, meaning what society would be like without the company, and assessed by looking at the changes enacted by the company’s value creation chain and by its direct and indirect stakeholders. It can be both negative and positive, and is inextricably intertwined with corporate value creation. Companies need to measure their social impact for many reasons, including addressing regulations, informing partners and stakeholders, communicating about policies, and especially, sustaining activities.

In France, a positivity index was established in 2015 to measure company activity. Companies receive a grade between 0 and 100 that assesses 35 indicators in 5 different dimensions: their environmental footprint, work conditions, sharing value, research and training, and their long-term strategic vision. The index focuses on long-term improvement and tracks progress. It is designed to be a universal tool that does not discriminate based on company size, sector, or location. If companies want to be recognized as having a positive impact on society, they need to prove that they indeed have a positive social impact, so they need valid, reliable measurement tools.

To investigate further, Jean-Marie Peretti (ESSEC Business School) and Soulyane Frimousse (associated researcher, ESSEC Business School) consulted 70 experts in France and across the globe, talking to researchers, consultants, business leaders, and human resources experts, asking them: What place does social (or societal) impact have in corporate value creation?

Among the experts consulted were professors and researchers from ESSEC. Professors Viviane de Beaufort and Stefan Göschl provided their insight, as did researchers Yves Le Bihan (ESSEC Change Management Chair) and Elena de Preville (ESSEC Change Management Chair).

Viviane de Beaufort asks: “Why do we still have to ask ourselves what the place is of social/societal impact in corporate value creation?” For Dr. de Beaufort, a company’s value lies in its human capital, rather than in their financial statements. Motivated, happy employees are good for a company. What’s more, the generation entering the workforce now cares about the values the companies they work for, and they want to make sure that values are aligned to serving societal good.

As Dr. Stefan Göschl notes, our society is facing urgent global challenges, making it critical for companies to consider their impact on society and the environment. “Business as usual” cannot go on: let’s move toward business as unusual, and focus both on societal impact and the bottom line. For this to happen, companies need to prioritize decoupling economic growth from natural resources and reducing socio-economic inequality. While this will be no easy feat, stakeholders and shareholders are increasingly clamoring for sustainable business models, where profits are directed to serving societal good. This will require leaders of a certain ilk, with a strong vision, strong values, and self-awareness; creative leaders who have strong critical thinking skills and are open to change. In short, business as usual requires a paradigm shift in our priorities and the qualities we look for in leaders.

More work is needed to understand how leadership can impact transformation and which tools are most effective in change management. Elena de Preville discusses the idea that some companies, like B Corp certified organizations, seek to be not the best companies in the world, but rather the best companies for the world. Companies are increasingly reflecting on the best way to contribute to society, and consumers on whether or not companies reflect their values. Companies are recognizing that having a societal purpose does not detract from the bottom line, and in fact that having such a mission can improve productivity by boosting stakeholder commitment.
While the experts have different takes on the nature of social impact, there is a clear emerging message: companies need to prioritize their social impact and actively measure it. What’s more, employees and consumers alike are paying attention to how companies impact society, and may decide not to work somewhere or shop somewhere if corporate values don’t line up with their personal ones.

This suggests that committing to having a positive social and societal impact is beneficial for the company’s economic status. Through Dr. Peretti’s and Dr. Frimousse’s work, we can gain insight as to how experts representing a range of different fields see the future of corporate value creation and what steps we need to take to attain the 2030 goal of a better society for all.

Reference
**Anticipating in a World of Uncertainty—How to Responsibly Innovate**

**Time is Money.** In our highly competitive reality, companies and managers, in order to survive, are often competing with time and running after money. They cannot take the chance to wait and see, to evaluate the consequences of the innovations they introduce on the market. In this article, ESSEC Professor Xavier Pavie reflects on the notion of responsible innovation.

**Anticipation and Awareness Are Key**

There is a plethora of innovation opportunities out there just waiting to be seized. It is true that scientific and technological progress has made them easy (or at least, easier) to grasp. Unfortunately, these opportunities do not necessarily benefit customers or society in the long run, given the fact that they do not take into account the impact and potential threat to society. Thus, developing a deeper understanding of responsibility in the field of innovation is crucial. In fact, responsibility should not be limited to the scope of social business and micro-projects, it should be considered by managers as a major determinant to innovation; it should be integrated into both the innovation models and the decision-making process.

**The Road to Opportunity Is Paved with Risks**

The word “innovation” comes from the Latin innovationem, noun of action from innovare, in - novare: “in” for inside, “novare” for change. It is important to know that innovation was initially seen as the process that renews something that exists (or not) and is commonly assumed as the introduction of something new. Newness often implies uncertainty and uncertainty implies risks. Innovating is good for business but innovation opportunities, while being numerous, might present a risk and threaten the integrity of ecosystems upon which human society depends.

**Incremental and Disruptive**

While incremental innovation has a minor impact on the market and does not radically change conditions of use, disruptive innovation consists of designing for a different set of consumers. Disruptive innovations have by nature an unexpected impact on the market. They usually imply a radical technical or technological change.

**Diffusing Innovations**

Trapped between visionaries (early adopters) and pragmatists (early majority), it is difficult to predict how the “personal story” of a product (or service) will unfold. In order to penetrate the market, innovations need to be adopted by pragmatists. But pragmatists are hard to convince, they need references and they do not necessarily trust early adopters.

In terms of responsibility and for the sake of responsible innovation, two specific challenges have to be addressed as far as the two categories of disruptive innovation are concerned:

- **Low-end disruptions** allow a wide range of people to access a product/service they could not previously afford. However, this generalization could pose a threat to the global balance. This is just one example of many but it is really wise to widen access to cars in developing countries given the damages caused by CO2 emissions?

- **New-market disruption** is about developing new markets. On the one hand, it is difficult to forecast the results, on the other, they can take us by surprise. But one has to keep in mind that even if we knew if the product (or service) would be adopted, uncertainty as to the consequences of disruptive innovations would remain.

**The Knowledge Gap**

Disruptive innovations rely on new techniques and technologies, for which scientific knowledge remains limited, and for which all consequences cannot always be foreseen.

Let us look at nanotechnologies. They are widely used in many consumer products even though, at this point, their health and environmental impact cannot be measured. They are an example of the dilemma innovators face: choosing between the economic potential of a technology and different ethical guidelines such as the inability to anticipate the consequences. It is urgent that responsibility become a key element of the innovation process.

**Is Catalytic Innovation the Answer?**

Catalytic innovations are a subset of disruptive innovations focusing on social development. Let us look into the example of Eko in India. It reveals how using a very simple interface on mobile phones provides access to basic banking services to a large part of Indian society. That is all very well but social innovations account for a very small part of responsible innovations. Responsible innovations cover a much larger scope and social is definitely not a synonym of responsible.
How Decision-makers Understand and Implement Responsibility: Results of a Survey

The results of the survey [1] show that decision-makers have a clearer vision on the potential impacts of innovations launched by their company in the short-term rather than in the long-term.

- In the short-term, 29% of decision-makers declare they can anticipate precisely the impacts on society, and 23% the impact on the environment.
- In the medium-term, only 16% have a precise idea about the social impact and 13% about the environmental one.
- In the long-term, only 9% are able to anticipate the social impacts and 8% those on the environment.

Despite the decision-makers’ inability to anticipate the precise social impact, even in the short-term, almost 47% of them choose to innovate anyhow no matter the environmental impact.

Harder, Better, Faster, Stronger

Companies receive a strong demand from markets for quicker product or service development. As CEOs and managers are rewarded for making quicker decisions in complex situations, they no longer devote enough time for in-depth study and review before making choices. Unfortunately, if they do not act, someone else will.

Among the top leadership qualities, creativity is ranked at the top position, followed by integrity and global thinking. Focus on sustainability, humility and fairness stand at the bottom of the list (IBM 2010). The more creative the leader, the quicker the decisions and... the greater the need for responsibility to counterbalance the negative effects. Therefore, leaders, being aware of time constraints and market pressure, should keep responsibility as a concern in the process.

Nonetheless, three major issues can be identified and should be questioned:
- Market demand and the mass consumption of innovative products as an accelerator of innovation processes.
- The complexity of forecasting and anticipation: an in-depth analysis of all consequences should be performed before the implementation.
- The identification of new societal risks: innovation can cause major damage to the people and the planet. Managers should be able to step back in case of adverse impacts.

Reference

1. The survey was initially sent to a large range of managers, mostly from French companies, and with an interest in innovation. Over a period of 4 months, between January and April 2011, 62 people out of 78 respondents completed the entire survey. There were 5 “profile” questions: Gender, Company size, Function, Sector of the company and Innovation decision-making involvement.

Further reading


AGRI-FOOD: A WORLD OF TRANSITIONS

The agri-food sector is currently facing several simultaneous transitions. We can look at these as though we were physicists, and see each transition like a phase change, like how liquid changes to gas. In agri-food, though, we don’t yet know what their duration will be, what paths they will take, what their consequences will be... or what the final phase will look like.

What do these transitions entail? In early 2021, we saw the dramatic consequences of alternating periods of warm weather and frost on orchards and vineyards. Climate change is the main transition weighing on agriculture and the food industry. While the industry does produce greenhouse gases, agriculture can also reduce atmospheric CO2 by increasing soil carbon sequestration. In addition to the initiatives to fight climate change, agriculture also urgently needs to adapt to climate change as it risks jeopardizing access to affordable food for much of the population. For example, national wheat production in France was at 42 million tonnes in 2015 and lowered to 29 millions of tonnes in 2016, a decrease of around 30%.

The second transition is demographic. The countryside and agriculture jobs don’t attract young people – but around 50% of farmers will be retiring over the next 10 years. [2] Dietary and nutritional transitions are also in motion. The dietary transition is typically a slow-moving phenomenon: it has taken us from a hunter-gatherer diet to one heavy in beef, and shifted the balance between animal and vegetable proteins in favor of the former. While some countries made this transition over several centuries - in 17th-century France, King Henri IV designated poule au pot (chicken stew) a national dish – the transition was much faster in China and occurred over the course of a few short decades. The nutritional transition refers to eating differently to maintain one’s health; it is ongoing, as obesity remains prevalent in many countries. Other transitions are also underway: a social transition (for example, preferring local products), a technological transition (using digital technologies in the food industry) and an energy transition. An energy transition refers to the production of green energy. Livestock farmers are potential energy producers: by transforming manure into methane via methanation and then burning the methane, they produce electricity, heat, water, and carbon dioxide, the latter three of which can be used in greenhouses. In the south of France, wine producers are witnessing their vines dying of thirst. To avoid evapotranspiration, some are covering their vines with solar panels (e.g., www.ombrea.fr).

Energy transitions are also in motion. The dietary transition refers to eating differently to maintain one’s health: it is ongoing, as obesity remains prevalent in many countries. A dairy products brand could imagine transitioning to vegan cheeses, but for farmers, who have less flexibility, the transition poses more of a difficulty.

In such a situation, what stance do companies take? The first stance is one of denial and hope, based on a belief that existing problems are only temporary and will disappear from one day to the next. Those with this stance use history to back it up: “We have already been impacted by drought. It’s nothing new, and we’ve survived it before.” In other words, we just have to wait patiently for the calm after the storm. We have the impression that this stance is increasingly uncommon.

Others go a step further and are getting ready for the next storm by increasing their resilience. They believe that it is not possible to continue business as usual. It’s true, but what should we do? Here, too, we’ve observed different strategies. The first consists of developing a transformation plan, founded on strong convictions and with ambitious environmental and social objectives. Such is the case for three of the partners of the Food Business Challenges Chair, namely Bel, Lesaffre, and METRO. Where there’s a will, there’s a way!

The second strategy consists of not putting all one’s eggs in the same basket: in other words, intelligently diversifying one’s activities. By intelligently, we...
mean something like growing a variety of plants that react differently to environmental hazards. This is the strategy that the geographer Gould observed in 1960s Ghana. A region in Ghana experienced enormous variability in precipitation in the 1960s. Traditionally, the region’s main crops were yams, millet, maize, cassava, and certain types of rice. Unfortunately, all of these crops are sensitive to climatic conditions. For example, yam production varies by a multiple of 8 between dry years and those with optimal precipitation. In response, local farmers decided to vary their crops by also planting species that like rain, species that thrive in drought, and species that react poorly under extreme conditions.[4]

The third approach uses an intensive experimental phase. Jean-François Loiseau, President of the cereal cooperative Axiéral and partner of the Chair, shares the same ambition as our other three partners. However, for a large agricultural cooperative with members spread out over different regions, the first step is finding solutions. There is no single best solution; the key is to prepare for a “diversified future”. “To get there, we will need to create, compare, make mistakes and, above all, discover… sometimes giving up old habits”. [5] A process that our colleagues at the ESSEC Center for Entrepreneurship and Innovation would likely class as entrepreneurial! For our part, we compare this statement to the approach of Amazon’s Jeff Bezos, a pro in experimentation, and who essentially says: “Today, we need to take chances. Some will pay off, others won’t. But in all cases, we will still win, because we will learn from our failures”. [5]

All these challenges fueled the creation of the Food Business Challenges chair, and continue to fuel our drive to support companies in the many transformations facing the food industry!

References
1. Source FAOSTAT - Compilation par les auteurs.
3. Étude prospective sur les comportements alimentaires de demain (Bleazat Consulting, Crédoc, Deloitte Développement Durabile), disponible sur le site agriculture.gouv.fr
**DOING GOOD WHILE DOING WELL:**

**THE CASE OF BUSINESS IT INITIATIVES**

**Yan Li** teaches in a variety of programs at ESSEC. Her current research interests include digital transformation and big data analytics. Her research papers have appeared in top-tier information systems conferences and journals such as *Journal of the Association of Information Systems* etc. She has been giving master classes to the public and at renowned universities and providing executive training for enterprises such as Singapore Press Holdings, Resort World Sentosa, Danone and senior managers from Singapore, Hong Kong, Malaysia, Arabic Gulf region, France, China and Mauritius. Yan has also been very actively involved in industrial consulting projects and a number of her case studies of eight organizations in China and Singapore and identified three types of strategic drivers that influence the green IT decisions that organizations make. They also found that the two goals become aligned when considering short-term investment and long-term benefit, designing an appropriate strategy, and reaching in response to external pressure. This information can help organizations plan their sustainability initiatives more effectively.

**All that glitters is not green**

Information technology (IT) is a major driver of economic and social development, but such advancement comes at a high environmental cost. Organizations’ reliance on IT has led to increased computing power and the development of large data centers that provide analytics and cloud computing services. These result in increased energy consumption, higher carbon emissions, and more electronic waste. This has led to the development of green IT initiatives to address the environmental consequences, meaning IT products and services that reduce the negative impact and improve sustainability. The existing research supports the idea that launching green IT efforts can improve sustainability outcomes, for example by managing energy consumption. Other examples of green IT initiatives include powering data centers with renewable energy sources, reducing waste from out-of-date computing equipment, and encouraging telecommuting/remote administration for reduced transportation-related emissions. There are a number of ways to go about a green IT initiative, but they all require a concerted effort from staff and involving IT processes and IT products.

This is likely to be a significant technological trend with wide-reaching social implications. However, all that glitters is not green, and implementing green IT measures comes with complications such as disruption to existing systems, unpredictable returns and market demand, cost, and how stakeholders will react. This leads to the dilemma between doing good while doing well: while companies may wish to do good by implementing green IT initiatives, they may have legitimate concerns about how this will affect their bottom line (doing well). Indeed, much of the research has focused on the sustainability implications and less on the economic ones.

This dilemma led the researchers to examine the drivers that impact an organization’s motivation to adopt green IT initiatives and their link to this reconciliation between sustainability and profit.

**What drives this process?**

To explore this question, the researchers conducted a qualitative study on eight organizations in China and Singapore, as it is crucial to explore how green IT implementation plays out in the real world as opposed to an experimental setting. The companies operated in telecommunications and IT-related industries. All eight were large companies with over 3000 employees, and all eight were pioneers of green technology. The research team used a multi-prong data collection approach, conducting interviews and clarifying information via emails and phone calls, field observations, and archival data.

They looked at both internal and external drivers, separating them into three categories: competitiveness, legitimation, and ecological responsibility. Internal drivers, or organizational drivers, include factors like stakeholders’ attitudes, economic considerations, and technology skills. External drivers include factors like policy and industry pressures, like regulations on waste disposal and energy consumption. Breaking it down further, competitiveness is the link between ecological actions and long-term profitability; legitimation is the organization’s drive to align its actions within a certain set of norms or regulations; and ecological responsibility refers to an organization’s thoughts about its duty to society and its values.

Looking at the results, the researchers found that green IT practices were seen as essential strategic considerations for these companies. They also found that organizations did not always manage to reconcile the gap between sustainability and profit through meeting the objectives of competitiveness, legitimation, and ecological responsibility. For companies that noted a significant amount of government pressure, an external driver, only a middling level of reconciliation was achieved. Organizations tended to have one main driver, like government pressure for Chinese companies and corporate social responsibility for the Singaporean companies, but were also motivated by the other drivers. Overall, the organizations tended to be most motivated by cost reduction, market drivers, government pressure, and corporate social responsibility.

For reconciliation of sustainability and profit, the researchers found that the time frame matters: while IT initiatives tend to require a short-term investment, they will bring long-term benefits that surpass the initial investment. The strategy deployed also plays a role: one company invested in hybrid cloud computing, which set them apart from...
the competition, which will ultimately improve profits. Having a green image is also a competitive advantage, as it can boost customer satisfaction. Additionally, the dilemma becomes less of an issue in cases where companies experience external pressure, like from the government or external stakeholders. If going green is essential for market success, the financial investments become less of a consideration and more of a requirement. This shows that the dilemma can play out in different ways, and it is important to consider how both internal and external factors will impact the implementation of a green IT strategy.

**Takeaways**

IT services are ubiquitous in business and management, meaning that organizations and managers need to prioritize the implementation of green IT. Organizations may have different motivations for doing so, motivations that may fall into the categories of competitiveness (economic pressure), legitimation (shifting norms), or ecological responsibility (doing the right thing). These categories can include both external and internal factors.

In practice, this highlights two main ways to motivate companies to implement green IT practices:

1. A combination of pressure from the government and corporate social responsibility obligations
2. Aligning green IT measures with the goal of improving profits by satisfying market demand and reducing operating costs

The researchers note that the latter is more sustainable, but that the former may be able to stimulate progress by implementing incentives (tax breaks) or punishments (high energy costs).

The climate crisis is increasingly urgent, and helping the environment requires an “all-hands on deck” approach. With soaring IT needs and their accompanying environmental consequences, green IT processes are likely to be a trend that won’t go away any time soon. With this research, we gain a better understanding of what motivates organizations to take on green IT initiatives and how they can reconcile “doing good” with “doing well,” enriching our understanding of the drivers of business IT initiatives, an understanding that can help organizations seeking to take such initiatives themselves.

**Further reading**

Claudia Archetti is an Associate Professor in Operations Research and a Full Professor from September 2021. She is a member of the Operations Management & Operations Research (OMOR) Research Cluster. She teaches Decision Analysis, Optimal Decision Making, Advanced Optimization and Math Refreshing in ESSEC MSc- and PhD programs. Prior to joining ESSEC in 2018, she was appointed at the University of Brescia as Assistant Professor in 2005 and as Associate Professor in 2014. Her research interests include models and algorithms for vehicle routing problems; mixed integer mathematical programming models for the minimization of the sum of inventory and transportation costs in logistic networks; exact and heuristic algorithms and models and algorithms for vehicle routing problems; mixed integer programming models for the minimization of the sum of inventory and transportation costs in logistic networks; exact and heuristic algorithms and mixed integer mathematical programming models for the minimization of the sum of inventory and transportation costs in logistic networks.

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SUSTAINABLE CITY LOGISTICS

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W hat are emerging technologies for urban and last-mile deliveries?

E-commerce has experienced exponential growth in the last few years. Recent statistics have shown that, while retail e-commerce sales were around 1 billion dollars in 2014, they are estimated to reach 5 billion dollars in 2021. While this represents a huge business opportunity for companies in almost all fields, it also raises dramatic issues in terms of managing the operations related to satisfying customer orders on time. In particular, focusing on the last leg of the supply chain, the e-commerce explosion has put a spotlight on last-mile delivery. In fact, customers are becoming more and more demanding in terms of delivery speed. On one hand, offering services like ‘same-day delivery’ or ‘delivery within the next day’ represents a prime opportunity for increasing revenues and obtaining customer loyalty. On the other hand, this means reducing consolidation opportunities and time for delivery planning.

The main consequence is a massive increase in the number of commercial vehicles going around road networks for deliveries: given the short delivery time requested by customers, parcels are sent out as soon as they are available, with little to no consolidation. This means having a lot of almost empty vans on roads, which leads to pollution, congestion, and deterioration of quality of life. A big portion of this traffic is condensed in urban areas, and, consequently, the negative outcomes explode in this context.

These booming e-commerce activities (representing, 8.4% of annual growth in France, source: https://www.statista.com/outlook/dmo/ecommerce/france), along with the increasing demand to reduce CO2 emissions within city boundaries, are inevitably inducing a paradigm shift in the daily operations of logistic service providers (LSPs). LSPs are looking for innovative strategies and business models for improving the status quo and making last-mile deliveries environmentally friendly and sustainable.

Crowdshipping

The “sharing economy” is a term that identifies emerging activities, services and initiatives, whereby people and organizations share their available resources with potential users to obtain a mutual benefit. This also happens in city logistics where ordinary people, i.e., not professional drivers, offer their time and resources to provide transportation services. This phenomenon is called “crowdshipping”. One prominent example is Amazon Flex, which was introduced in 2013 and, nowadays, is
widespread use in the US and starting to be used in Europe. Crowdsourcing is also associated with the term Uberization which means that ordinary people make available their time and resources (car, fuel, ...) to other transportation services (either for transporting people or freight). Indeed, Uber has launched two projects associated with freight transportation: Uber Freight and Uber Eats.

Why is crowdsourcing becoming so popular? The main reason is that it is cost-effective: indeed, companies can cut down fixed costs related to hiring and wages, while paying just for the service provided. It thus represents a great business opportunity. However, this does not come for free: the organization of the distribution process becomes much more complex when dealing with crowdsourced drivers that reveal their profiles and availability shortly before the service is provided. As a consequence, an optimized distribution plan needs to be foreseen in order to avoid wasting the benefits coming from fixed-cost savings. Optimization technologies represent the right tool while taking into account all part of the distribution process and passenger flows to promote higher utilization rates for the public transport network is known as Freight on Transit (FOT) [2, 3]. In FOT, public transport operators cover the “first leg” of transportation which is then combined with green modalities performing the “last leg”.

Freight on Transit (FOT)

In 2014, freight deliveries accounted for 15% of urban traffic. With the explosion of same-day delivery service in the last few years, we can expect this statistic to have increased dramatically. As the foundational piece in building a smart city, city logistics plays an important role in reducing the fossil fuels consumption caused by freight transportation.

In our Sustainable Smart City Operations (SISCO) research project funded by the CY Initiative of Excellence [1], we propose leveraging existing public transportation services during off-peak hours, when the vehicles are typically under-utilized, to help LSPs deliver packages in the urban areas. The novel logistics concept of integrating goods and passenger flows to promote higher utilization rates for the public transport network is known as Freight on Transit (FOT) [2, 3]. In FOT, public transport operators cover the “first leg” of transportation which is then combined with green modalities performing the “last leg”.

This novel logistics concept of integrating goods and passenger flows to promote higher utilization rates for the public transport network is known as Freight on Transit (FOT) [2, 3]. In FOT, public transport operators cover the “first leg” of transportation which is then combined with green modalities performing the “last leg”.

The Monoprix project showcases great potential for other LSPs in implementing a similar FOT concept. Besides the two major stakeholders (i.e., the public transport operators and LSPs), the last-mile delivery may also involve the third-party logistics providers operating with drones/robots, micro-logistics operators, or individuals (crowdshipping).

Due to its complexity and the traditional organizational structures, the adoption of the FOT may be a challenging task for the two major stakeholders. To overcome these barriers, the goal of our project is to provide decision making tools which can be used to estimate expected environmental impacts, and to answer important strategic, tactical or operational questions, such as which lines should be used for freight transportation, which stations should be the entry and exit points, the size of the required fleet, and how to route the packages for the last-mile delivery. These important managerial insights will help the decision-makers make informed decisions based on data, optimization and analytics.

In 2016, the cost of global parcel delivery excluding pickup, line-haul, and sorting totaled approximately 70 billion euros. According to the McKinsey report [5], over the next ten years, market volumes in Germany and the US might reach 5 billion and 25 billion parcels per year, respectively. The biggest share (often higher than 50%) in total parcel delivery cost goes to last-mile delivery. This is why the large and highly dynamic parcel delivery market is constantly being disrupted. Innovative last-mile concepts have been proposed to cope with the increasing demand for logistics efficiency and competitive prices. Among them, one can now find pickup points networks, integrated public and freight transportation, deliveries directly into the customer’s c trunk, crowdshipping, and more recently, the use of unmanned aerial vehicles (drones) and self-driving autonomous robots.
From a regulation point of view, the adoption of drones has been rendered increasingly difficult around the world due to the adoption of stricter rules concerning their operation and safety, especially in urban areas. In this context, self-driving robots have an advantage as they are designed to operate at low speeds, e.g., pedestrian speed, so that they can safely share existing sidewalks and bike lanes with people. Self-driving delivery robots were introduced much later than drones, nevertheless, many initiatives can now be found where robots are deployed for deliveries. For example, the self-driving robots developed by e-novia (2020), Starship (2020), and Twinswheel (2020) have been tested in many cities around the world. More recently, Amazon also announced the development of their own self-driving delivery robots, called Scout (Amazon, 2020). FedEx tested a six-wheeled, autonomous robot, called the SameDay Bot, in summer 2019.

In this context, several operational decisions and network design problems arise. One is the selection of robot stations for the last-mile delivery of parcels via robots and the optimal routing of the truck transporting parcels to these selected stations from a central depot (Alfandari, Ljubic, Melo da Silva, 2020) [6,7]. This paper proposes mathematical models and methods to optimize Quality of Service (which means to minimize tardiness relatively to customers’ due dates). Given the complexity and large problem size (tens of potential robot stations and hundreds of customers), the paper proposes efficient methods (namely, Benders decomposition) that can find optimal strategies and enable to explore insightful what-if scenarios (with respect to impact of robot speed, robot range, network structure) that are relevant for practitioners and companies. For example, increasing the speed of robots from 5 km/h to 15 km/h, results in annual savings of 675 kg CO2, for a single urban area represented by a 10 km square grid considered in our study. For the given instance the truck route is reduced by more than 50%, whereas the average distance traveled by robots increases by 45%, and fewer facilities are visited. Increasing the coverage radius of robots from 30 to 60 minutes has the highest environmental impact with 750 kg annual CO2 emissions savings for the 10 km square grid considered in our study.

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MAKE BUSINESS GREEN AGAIN: THE ROLE OF FINANCIAL MARKETS

Professor of Finance at the ESSEC Business School Paris-Singapore, Roméo Tédongap is an experienced academic expert in empirical asset pricing and portfolio choice. He holds a Ph.D. in Economics from the Université de Montréal. Professor Tédongap is very active in the fields of macrofinance, financial modeling and econometrics, where he has published in several top-rated scientific journals. His current work focuses on asymmetric investors’ attitude towards risk in the presence of economic uncertainty and systemic changes, and their implications for asset prices and investment decisions. Many applications relate to the evaluation of ultra-long investments such as public infrastructure, climate, and energy transition. Professor Tédongap currently serves as editorial board member of the Pan-African Scientific Research Council (PASRC).

The effects of climate change and the associated natural disasters, consequences of pollution and human overexploitation of the environment, have probably never been more obvious. Cities, states, and companies all around the world are taking steps towards a sustainable future for our planet.

Green is the New Black, or... Is It?

Europe is working hard to cut down its greenhouse gas emissions while encouraging other nations and regions to do likewise. Government officials in many countries took turns in suggesting increased environmental taxation. It appears that both consumers and investors are showing a rising interest in sustainability and environmental impact of firms. To address the problem, the European Environment Agency introduced the carbon emission market. Going green appears to be trendy in today’s market. The fact is that green products have never been as attractive to consumers as they are today, which implies a rapid development of environment-friendly industries. As a result, the market for green products has become a source of innovation and growth. Despite this tendency, companies which work towards a sustainable economy see their stocks in a difficult position. “Green” stocks have generally lower returns than stocks issued by traditional firms, i.e. firms whose strategy does not include environmental awareness. The latter do not and will not hesitate to exploit natural resources for profits. Consequently, these “dirty” stocks generally present higher returns than green stocks. It may seem absurd but this process is self-feeding, i.e. dirty stocks have higher returns, which implies that the firm has more value, more capital, and more opportunities to keep using dirty resources, which again will make the firm even more profitable.

But what if another scenario were possible? What if there were a way to make green stocks more attractive than dirty stocks? What if stocks were taxed according to the environmental impact of the firm? In other words, what if environmental awareness were introduced earlier in the process, way before the “introduction” of consumer education?

This is what professor of finance Roméo Tédongap suggests in his research project. The idea is simple and relates to the existing classification of consumer products according to their level of energy efficiency. For instance, a fridge using small amounts of energy is a class A whereas a less efficient fridge will obtain a lower rating such as B, C, or D. As we all know, products that are ranked A are the most expensive. This means that consumers have to pay the additional cost if they want to be greener, i.e. the cost of environmentally-friendly behavior is put on the end consumer. At the same time, firms keep having an incentive to produce cheap and energy inefficient products as lower prices are more attractive to consumers. Bottom line, consumers are currently being financially penalized for wanting to join the green side of the force.

Getting around the System

Professor Tédongap suggests that the financial burden should be laid on the company producing the product instead of the consumers. Thus, instead of labeling the final products according to their energy efficiency, Professor Tédongap advocates that firms be classified instead according to their sustainability. This label would not be based on the energy efficiency of the final product but it would capture the Environmental Impact (EI) of the firm business ranging from the inputs used, the technology employed, all the way to the ecological quality of the final product or services. By introducing the tax upstream, the EI of a firm becomes a key determinant of the stock returns of that company. The EI may be assessed through an Environmental Performance Index (EPI) that would account for the Global sustainability strategy of the firm, the Renewable vs. non-renewable, the Energy efficiency of the production process, the Ecosystem of the firm and the Non-harmful exploitation of the environment. This is what he calls the GREEN criteria. In practice, these criteria could be established and evaluated by an independent agency.

More precisely, an upstream taxation would compel profit-driven investors to reallocate their portfolio towards more sustainable companies. Consider for instance a firm whose stock has a low GREEN rating. The firm business is clearly bad for the environment. Each time this stock is sold, the buyer should pay a tax. In other words, each time a stock with a bad rating is sold, the buyer would have to pay not only the stock but also an environmental tax depending on the stock’s GREEN label, making the asset less attractive in terms of returns. Conversely, if an investor buys a stock with a good GREEN rating, i.e. the underlying firm is respectful of the environment, the buyer should be compensated for example in the form of a lower tax rate on dividends, whereas the dirty stock dividend should be subject to a more important taxation. The tax surpluses could either serve as a subsidy for green technologies or face real negative externalities on society. In either case, the tax would represent a wealth transfer from the financial markets to the real economy. We know that financial markets react quicker than the real economy. In short, the GREEN label would not only allow the transfer of the tax burden but would also improve the reactivity to the tax policy.

The climate crisis is increasingly urgent, and needs to be addressed by all sectors. Innovative solutions, like the one proposed by Dr. Tédongap, are critical in the fight to protect our environment and our society.

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NON-FINANCIAL RATING: A FINANCIAL TECHNIQUE THAT SUPPORTS CORPORATE SUSTAINABILITY

Non-financial rating, or ESG rating (for Environmental, Social, and Governance), highlights the way that a technique originally conceived for traditional finance can be used to support companies in improving their corporate social responsibility behavior.

Ratings, i.e. the evaluation and granting of a given indication (note, label, categorization, etc.) by an external organization to the evaluated entity, is a technique that has become established for analyzing credit risk. In concrete terms, companies, financial institutions and public authorities wishing to finance themselves by issuing bonds must first have the securities and the issuer evaluated by credit rating agencies, so that investors know the risk they are exposing themselves. The rationale of this rating was originally strictly financial.

Given the extent of debt (of corporations, but also countries and local governments) in today’s economy, the role of credit rating agencies has entered public discourse. One doesn’t need to be a finance expert to know that the loss of a “triple A” rating or the classification of a government bond as “speculative” can have significant consequences on a country’s economic policy.

Two conceptions on non-financial rating

Non-financial rating was developed as a consequence of two distinct concerns.

Some investors realized that an organization’s profitability (long-term profitability implies the company’s longevity) relied not only on financial factors (profitability, sustainable debt, sufficient cash flow) but also on non-financial factors, like its ability to attract and retain employees, management quality and effective corporate governance, and its risk management policy, including management of social and environmental risks. These investors wanted to be sure that not only could the company make money, but also that it could do so without its social practices, impact on the environment, and governance hampering its development.

There are also investors (especially in socially responsible investing - SRI) and interest groups that are principally concerned with the company’s impact on its natural human and/or institutional environment. They want exemplary companies in which it is possible to invest and thus contribute positively to diverse causes (empowering women or minorities, animal wellbeing, renewable energy, etc.). Conversely, the stigmatisation of companies with poor environmental, social or societal performance tends to force the affected companies to change their strategies and practices.

A virtuous dynamic based on non-financial rating

In the current climate, companies know the advantages of presenting themselves as virtuous actors, if only to avoid being singled out in the media or in the courts, which would damage their image.

In addition, governments are careful to promote “good behavior” by companies through the use of incentives rather than coercive measures. Beyond traditional regulation, the government is increasingly looking to influence behavior using disclosure. Companies are required to share their practices and non-financial performance, for example by publishing data on their social policies, their energy consumption, or their waste production, which complements the accounting and financial data.

The conditions of credible and useful non-financial rating

For this virtuous dynamic to produce the anticipated effects, information on the situation and non-financial performance must be reliable and usable. This is not always the case because companies may be tempted to disclose information that makes them look good, regardless of whether this presents the whole truth. The ghost of greenwashing hovers close by. It is not always easy to compare the information given by different companies given different rating frameworks, so stakeholders may have a hard time making informed decisions. In concrete terms, the extra-financial information must be produced, processed, synthesized and, at the very least, audited by third parties who are sufficiently independent from the entities being assessed and who have the resources (access to data, capacity to process and analyze data, robust and relevant methodology, etc.) to do a good job.

However, the situation of non-financial rating agencies is quite different from that of financial rating agencies. The financial rating market is monopolized...
by a few international agencies (S&P, Moody’s and Fitch). These agencies are paid by the rated entities, which in practice can hardly access bond financing without using their services. The credit rating agencies are thus recognized, powerful and very profitable companies. This situation consolidates their independence from issuers. Following their involvement in the subprime crisis, credit rating agencies are now regulated, which has not weakened them. They remain key players in finance.

In contrast, non-financial rating agencies appear vulnerable today. The market is fragmented, and agencies tend to operate in a limited geographical region or on a particular theme. Their economic models are diverse and fragile. It is rare that they are directly compensated for their rating by the issuers. Most of the time, they need to provide additional services (advice to issuers, running a stock market index, managing investment funds, disseminating economic information, monitoring controversies, analyzing portfolios, etc.) which can lead to conflicts of interest. Their relative fragility impairs their independence. The diverse methods they use and the heterogeneity of their results damage their credibility.

At a time when sustainable finance increasingly needs to use secure, usable non-financial ratings, it is essential to strengthen non-financial rating agencies. This support could come from the market or from regulation.

Quite logically, the non-financial rating industry is undergoing major changes, driven by the growing use of new technologies (AI, Big Data, etc.), and market consolidation, notably to the benefit of credit rating agencies or players dominating the financial information market. The French non-financial rating agency Arese, which became Vigeo, merged with the Belgian agency Ethibel, then merged with the British agency Eiris before the Moody’s group took control in 2019. There is therefore a risk that the non-financial rating agencies integrated into the large traditional financial groups will give up part of their vocation. Aware of these issues, some European regulatory authorities, such as the AMF, have begun to think about strengthening the non-financial data supply industry through a regulation that could guarantee the quality and transparency of ratings and thus strengthen the base of independent European players.

Further reading
SUSTAINABLE INVESTING: SHAPING THE FUTURE OF FINANCE

Francis Declerck teaches Corporate Finance and Agricultural Futures Markets. He co-moderates the agrifood track and the Energy and Commodity Finance track (ECOMP) for the Grande École program. Francis is academic director for the Anrée program of general management for the farm cooperatives’ paid executives. His research interests focus on finance applied to the food business dynamics. He wrote a book on the Champagne commodity futures markets. In addition, he teaches Corporate Finance at ESSEC (Paris-Singapore). She is associate editor of the European Journal of Finance. Sofia Ramos holds a PhD in finance from the Swiss Finance Institute - University of Lausanne. Her main interests are in the field of mutual funds, portfolio management, responsible finance, energy finance and international finance. Her work has been published in various internationally recognized journals. She is co-director of the chair “Shaping the future of finance” and Academic Director of the Global MBA.

“Doing well while doing good” is the new mantra in finance. After years and years of piling up risky and no value-added investment practices, taking excessive risks, and being absurd for taxpayers, the finance sector seems to be back to basics, the efficient allocation of capital to promote the sustainable development of the economy.

A tectonic shift in society

Sustainability is shifting finance just as it is changing consumption. Millennials’ consumption habits reveal that they care about sustainability, whether they are buying recycled sneakers or making financial investments. Studies like Schroders’ Global Investor Study 2020 (September 2020) find that a vast majority of investors are not willing to compromise on their personal beliefs when putting their money to work, even if returns are higher.

The year 2020 was a record year for funds that use non-financial criteria such as environmental, social, and governance (ESG) criteria to generate financial return and a broader societal impact. 2020 was also a year where financial investors showed great interest in social and green bonds and more governments and corporations committed to investments with an environmental and social impact. In March 2021, Italy raised a record $8.5bn from green bonds. The bond was 10 times oversubscribed. During the second half of 2020, USD 17Bn (€149 bn) worth of green bonds were added, almost double that of the first semester. Green bonds were issued in 24 currencies, and almost half were EUR denominated according to data from Climate Bond Initiative. The pandemic, along with climate change urgency and the movement for racial justice, have been and will likely continue to be catalysts for investors wanting to search for investments with environmental and social impact.

The European Green Deal is another engine of the transformation as it aims to make the EU’s economy sustainable. The investment necessary for the transition to make the EU-climate neutral by 2050 is estimated at between €175 to €290 billion in addition to yearly investments in the next decades. Regulators want to ensure that both public investments and private investments are dedicated to this goal. Therefore, the European Commission has published a set of measures enforcing the consideration of sustainability when making financial decisions.

Fighting Greenwashing

As sustainable investing has become increasingly mainstream, the appeal of greenwashing grows. Unfortunately, statements in reports or websites saying that a firm cares about stakeholders or the environment does not represent a true commitment. Investors and stakeholders ask for a clarification of what is sustainable. The problem is worsened by the absence of clear, agreed-upon sustainable investment definitions.

Thus, besides giving strong direction about the financing of the economy, regulation is promoting disclosure, transparency and certification of sustainable products. Both non-financial and financial companies have been encouraged to disclose non-financial information. But because there was still too much ambiguity about what is a sustainable investment, the EU taxonomy has given a step further and provides a classification of what constitutes a sustainable activity, becoming a strong guide for investors’ decisions.
Is sustainable investing profitable?

The utmost question is whether sustainable investing is profitable? Can we do well by doing good? As in other areas, the answer is not unequivocally a yes or a no. There are profitable and non-profitable sustainable investments. Like any other investment, sustainable investments have risks. There is nevertheless consensus that the acknowledgement and integration of environmental, social and governance factors can enhance returns and reduce risk, not only because of the growing materiality of non-financial risks but also because they can offer attractive returns. The green economy is en marche, and new investment opportunities are emerging.

Shaping Finance – the agenda

Recentering the attention of finance in the basics, the efficient allocation of capital is primordial. This time, the focus needs to be in creating value for all stakeholders and not only shareholders. The new approach in finance considers the impact of investing for society, in particular creating value for all stakeholders to make a resilient and inclusive economy. Efficiency and resiliency in the financial system is a source of positive externalities for society.

ESSEC chair “Shaping the future of finance”

The recently launched “Shaping the Future of Finance” Chair aims to attract talented students and train them as future responsible leaders to manage the income challenges. The chair partners are financial institutions that have a strong commitment and show a strong leadership in sustainable finance. They do not see sustainable investing as a trend but rather as an intrinsic part of their way of operating. The first partner is AXA IM Alts, a global leader in asset management.

The Chair aims at operating as a think tank to raise awareness on the importance of sustainability in finance, to identify the best practices in the financial industry to spread positive changes and to promote a long-term view of value creation.
**Gender Equality in Finance**

François Longin is a professor of finance at ESSEC Business School. He pursues a career in banking and financial by allying consulting, research and training. He is a trusted risk management advisor to financial institutions and firms. François Longin’s research interests include extreme events in finance and their management firms.

Estefania Santacreu-Vasut obtained a PhD in Economics from UC Berkeley. She is an associate professor of economics at ESSEC Business School and THEM. Her research focuses on gender and institutions and has been published in outlets such as the Journal of Development Economics, Journal of Economic Behavior and Organization, among others. She is a consultant for the OECD, co-founder of the project Gender & Finance and the co-author, together with Tom Gamble, of the popular press book ‘The nature of goods and the nature of finance, ESSEC professors François Longin and Estefania Santacreu-Vasut established the Gender and Finance project, aiming to shed light and share information on gender in finance.

**A tale of two CEOs**

One of their research efforts explored the stock market reaction to the appointment of female CEOs (3-4). Stock markets tend to react poorly to female CEO appointments, and Longin and Santacreu-Vasut sought to better understand this phenomenon. They used a lab experiment in which participants (business school students) used SimTrade, a simulation trading platform developed by Dr. Longin, and compared how male and female participants reacted to the appointment of a male vs. a female CEO, i.e. whether they bought or sold stocks. Their experimental approach was designed to “unblind” finance: since it was conducted in a controlled environment, the researchers were able to identify the traders (and their gender), and able to control contextual information like what they knew about the company and when they learned about the CEO appointment.

Data analysis revealed that when a female CEO was appointed, female participants tended to buy stocks, while males tended to sell stocks. The reverse occurred following the appointment of a male CEO: women sold stocks and men bought them. The researchers also calculated the critical threshold that is required for a “neutral” market reaction: for a neutral reaction after a female CEO is appointed, a critical threshold of 82% female is required, whereas for a neutral reaction after a male CEO is appointed, the critical threshold falls to 43% female, showing that the market gender bias is greater for female CEOs. This shows clearly that women and men react differently to the appointment of female CEOs.

These results highlight the impact of the market’s gender composition: as the financial market is still dominated by men, a company’s stock could suffer following the appointment of a female CEO. It also shows that this could become a self-fulfilling prophecy: if stockbrokers expect stock prices to behave in a certain way after the appointment of a CEO, they might decide to buy or sell accordingly. This could perpetuate gender stereotypes and gender inequality. By raising awareness about this phenomenon, particularly in management education, it is possible to combat stereotyping and bring about positive change.

**The language of microfinance**

Dr. Santacreu-Vasut continued to shed light on gender in finance in a 2020 paper examining the global microfinance industry (5), co-written with Israeli Drori (Department of Organization Studies, Vrije Universiteit Amsterdam), Ronny Manos (School of Business, College of Management Academic Studies, Israel), and Amir Shoham (Fox School of Business, Temple University). In their recent study, they examined how the global microfinance industry determined its targeting strategy in cultures with different gender values, using male/female grammatical distinctions as a proxy. Microfinance is an innovative strategy for combating inequality: it consists of providing financial services, like loans, to individuals who are unable to access traditional banking services. There is a particular focus on empowering women, the idea being that it encourages entrepreneurship and therefore self-reliance and improved financial circumstances. It follows, then, that microfinance institutions will develop their targeting strategies accordingly in order to adapt to the local cultural context and optimize their social benefit.
To explore this question, the researchers looked at data from three sources: data on language and the gender index classifying gendermarking (6), data on microfinance institutions, and data on the countries in which microfinance institutions operate. All in all, the sample included over 2200 microfinance institutions representing 101 countries over a 15-year period from 2003-2017.

The researchers found that cultural values do influence the targeting strategy taken by microfinance institutions, in that they do tend to target women in locations where they are especially likely to be excluded from traditional financial services, and less likely to target women in regions where discrimination is lower. They found that languages with higher degrees of gender marking, meaning where speakers have to make male vs. female distinctions more frequently, are associated with higher degrees of gender discrimination; this method for measuring cultural values offers a methodologically sound way to measure culture. These findings show that microfinance institutions adapt to best serve their overarching mission of empowering women, and focus their efforts on contexts where women are especially discriminated against and unable to access traditional banking services.

Knowledge is power

To combat gender inequality, we need to understand how it plays out in different settings. With their gender and finance project, Dr. Longin and Dr. Santacreu-Vasut seek to understand the interplay of gender and finance to identify and debunk stereotypes and raise awareness in the leaders of tomorrow. Thanks to the microfinance research of Dr. Santacreu-Vasut and her colleagues, we also gain understanding of how cultural context impacts how financial outreach unfolds in a real-world setting. Research on gender and finance, like the studies discussed here, provides insights for the fight for equality.

Reference


Gender equality is a fundamental value of France: it’s even alluded to in the national motto, “Liberté, égalité, fraternité” (Liberty, Equality, Fraternity). It’s also one of the 17 development objectives outlined by the United Nations. While we have made strides in recent years, achieving true equality is still a lofty ambition and work needs to be done in all sectors. In France, recent laws have led to change: Viviane de Beaufort analyzes the effect of these laws, recent updates in France and the European Union, and next steps for the path towards equality in the workplace.

**The current state of affairs**

In 2011, the Assemblée Nationale in France adopted the Copé-Zimmermann law, which imposed quotas to promote balanced representation of women on corporate boards, which has applied to companies with more than 250 employees since January 2020. While the implementation of quotas raised some eyebrows, the law has achieved its goal for the larger enterprises. The Copé/Zimmermann law did not have the expected effect on the management bodies. There is only one female leader of a CAC40 company (Catherine MacGregor, Engie), and the proportion of women in management bodies is clearly insufficient. In the words of Elisabeth Moreno, Minister for Equality between Women and Men: “The CAC40 is still a club for men in grey suits!” Unfortunately, this is also true for the SBF120. What should be done? The bill introduced by Marie-Pierre Rixain, MP, and adopted on May 12th at the National Assembly proposes a further step towards economic equality. It includes, in addition to a series of provisions relating to single-parent families, 70% of which are headed by women, and the implementation of measures related to improved access to funding granted by the BPI funds for projects led by entrepreneurs, and increased reporting on establishing gender equality in management positions with a quota of 30% raised to 40% later. Some criticize the text for a lack of ambition due to the scope concerned: companies with more than 1000 employees and the far-off deadlines (2028 then 2030), while others see it as an unacceptable and unenforceable measure. The details, as is often the case in France, will be settled by decree, and the devil is in the details, as is often said. Whatever one thinks of the text, let’s take it as the result of a compromise and a possible legal lever for change likely to create the desired ripple effect, because attacking the citadel of management obviously requires that companies that have not done so, or that have done so inadequately, rework their HR policy in terms of gender equality from A to Z. Note that article 5 deals with the actions of the Grandes Écoles in terms of gender equality. What is the relationship? A close relationship because if companies are able to attract more young girls in so-called male fields and if stereotypes are not deconstructed or at least made aware, a virtuous spiral is established between these female students and their counterparts of the opposite sex, who are the future managers. If the work is carried out previously, the company’s policy is facilitated.

On a European level, the European Commission has also launched the Gender Equality Strategy 2020-
von der Leyen, “women must be at the heart of the gains of past decades, but also to ensure that the needs of women be considered in any strategy to make adjustments, especially considering the plethora of challenges facing companies today: COVID-19, climate change, CSR.

- Grant companies flexibility in defining their management body and the qualification of management positions;
- If there is a sanction, because it is not the ultimate goal. In this respect, creating incentives for those who are less impressive in terms of gender equality or those who objectively have difficulties (size of the company and sector concerned) seems more interesting. This is where equal-conditional policies are used, which consists of: giving advantage or giving preference to exemplary companies for public contracts and the granting of subsidies.

Next steps

France has made significant progress toward gender equality in recent years, but still has more work to do. Notably, gender equality has taken a hit thanks to the COVID-19 pandemic, with many women taking on a heavier load of the domestic burden and disproportionately impacting women in the workforce. Antonio Guterres, UN Secretary-General, warned that progress made in recent decades is at risk of being nullified thanks to the pandemic (8). Policy-makers must prioritize gender equality in the post-crisis period through deliberate legislation and policies that reshape public attitudes and accelerate progress.

It is also important to integrate gender and an intersectional perspective into crisis stimulus packages: the post-crisis period should focus on green initiatives and redistribute resources in an equitable manner. Viviane de Beaufort and Martin Richer of Terra Nova (9) have proposed several solutions for decision-makers to support and encourage gender equality in the workplace.

For public policies:

- Limit the length of board terms and the number of terms a person can hold at any one time, to allow for change;
- Be flexible, not lax, in the implementation of quotas; and
- Be aware of the impact on the gender mix of teams in SMEs and startups. One would have hoped that this progress would be the result of proactive approaches. By encouraging this progress with a policy of equal opportunities proposed by the HCE, which Viviane de Beaufort supports, the State and the European Union could make considerable progress. Incentives rather than sanctions!

For company policies:

- Encourage participation in women’s or mixed professional networks, both internal and external, as women still neglect these career levers (due to lack of time);
- Ensure that promotion criteria counter gender bias and ask managers to encourage women to apply for jobs.

* The starred measures are also strong levers for improving socioeconomic, cultural, and gender diversity.

Gender equality has come a long way, but now we must all be more ambitious. It is with inclusive, diverse leadership that we can beat the complex challenges our world faces as we emerge from the COVID-19 crisis and continue to battle the climate crisis.

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AFTER loi Copé/Zimmermann au-delà d’une Féminisation des Boards, l’impératif d’un modèle global équitable, Viviane de Beaufort, Journal Spécial des Sociétés - 10 mars 2021 - N°19
WHAT WOMEN WANT (FROM THEIR OFFICE SPACE)

The world is beginning to cautiously emerge from the COVID-19 crisis, with vaccines increasingly available and stay-at-home orders slowly lifting. Millions of people around the world began to work from home due to the COVID-19 crisis, and now some of them might be looking at going back to the office in the not-so-distant future. How are people reacting to this? What will the office look like after the COVID-19 crisis? Professor Ingrid Nappi, chaired professor of the Workplace Management Chair, has studied the future of offices and what the post-COVID-19 office could look like. In her latest research, she studied how employee preferences differ by gender and by age.

Who participated?
The Workplace Management Chair has conducted three studies to date focusing on the future of the office after the confinement, as the lockdowns and closures are referred to in France. In these, Ingrid Nappi surveys French office workers on what their workplaces looked like before and during the lockdown, and what their expectations are for the present and future. In the third version, she delved into the data to see if men and women responded differently, finding that men generally had a more positive experience.

Ingrid Nappi is a professor of real estate economics and real estate management at ESSEC. She holds the Real Estate and Sustainable Development Chair and the Workplace Management Chair. Her research focuses on real estate markets and the management of corporate real estate and workspaces. She has published in several journals including Real Estate Economics, Urban Studies and Journal of Corporate Real Estate Research. Her latest works include L’immobilier d’entreprise. analyse économique des marchés et Révolutions de bureaux.

Written with Julia Smith, Editor-in-Chief of ESSEC Knowledge.

In the third and latest iteration of “Le bureau post-confinement” (the office after the lockdown), over 1800 people participated in the survey between April 21st and April 30th, 2021. Of these, 58% were women, with an average age of 39 years old, Respondents were from Paris (25%), greater Paris (32%) and elsewhere in France (43%). There were more men in managerial or director positions than women, with women more often in team member roles.

Before the first confinement in March 2020, most participants worked in a space with an assigned workplace (90%), with a smaller number in a flex office (6%) and 4% in another arrangement (coworking, remote work). More women had previously been in the habit of remote work (54% of women vs. 45% of men). With the forced pivot to remote work in March 2020, 55% of men in an employee position reported a positive experience, compared to 44% of women in similar roles. Notably, men had a more positive experience – perhaps linked to the increased mental load women tend to experience, with household duties and childcare.

While employers have previously been wary about productivity in remote work, the results suggest that those fears are without basis: 44% of the respondents felt like they were more productive working from home.

Is the future of the office gendered?
This period of forced remote work has caused many people and employers to reflect on the future of offices and workspaces. Some have sounded the death knell for office spaces, while others are keen to get back to it. Dr. Nappi examined people’s expectations of the office in the present time and for the future as well. She found that the COVID-19 crisis has indeed shaped people’s expectations, with particular emphasis on being able to safely distance from colleagues and the adaptation of collective spaces to respect hygiene and safety regulations.

Dr. Nappi also identified gender differences in what people are looking for from the office. Women prefer remote work to a greater extent than men, while more men noted their preference for flex office. Additionally, women wish to spend more of their work week working from home than do men, who reported a preference at another, non-office location (such as coworking spaces).

Did this impact how men and women see their office space? Yes: more men tended to see the office’s main function as a space for creativity, whereas women tended to see the office as a spot to facilitate social interaction and participation in organizational life. And what about going back to the office? There were significant differences here: too, men were more likely to report that they wanted to go back to their prior office spaces.

Does your professional status matter?
Dr. Nappi and her research team went even further and explored if a women’s hierarchical position influenced her responses, comparing women in leadership roles (34%) to those in team member roles (65%). Before the lockdown, women in leadership roles worked remotely to a greater extent than those in teamwork roles. Women in leadership roles also felt like they were more effective during the confinement and were better able to organize their work, compared to women in non-managerial roles. While there was no real difference concerning their desire to head back to the office, female leaders reported a preference for individual offices or flex offices, while female employees reported a preference for closed, shared offices and remote work. Female managers were also more likely to prefer continuing to work remotely. This may be due to the fact that those in more senior positions may have work tasks that are better suited to remote work, and also that they may have the means to afford more space and a dedicated workspace compared to more junior employees.

Generation office
The findings also varied by age group. The older generations (Gen X and the baby boomers) reported the most positive experience working remotely during the lockdown, while millennials (Gen Y) and Gen Z had a more difficult time. The youngest generation, Gen Z, also reported hating the hardest time

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organizing their work during the crisis, with 32% reporting having had trouble, compared to only 8% of baby boomers.

What’s more, the Gen Z employees noted more of a preference for returning to the office in person and spending more of their work time at the office compared to their older counterparts. This may be surprising considering we view Gen Z as digital natives who, at first glance, seem perfectly suited for remote work, but participants reported wanting to build their professional network and develop their skills, which is challenging at a distance. Additionally, younger workers may be working in smaller spaces or in family homes without a dedicated workspace, another barrier to productivity.

What does this mean for the future of the office?

Not so fast to those who are saying that COVID-19 has heralded the end of the office - but nor is everyone keen to get back. Male and female employees reported different preferences for their work space after the crisis, with women preferring to continue remote work and seeing offices as a space for fostering social connections, whereas men see it as a creativity source. There are also differences between different generations and even professional categories, with younger workers and those in non-managerial roles more keen to resume in-person work and do more work in person. These varying needs and professional goals tell us that there is no one ideal office and no one-size-fits-all option. On the other hand, everyone agrees on the office’s social benefits: the conviviality and shared experiences that we find there.

This suggests that employers should take into account the differing needs and varying demographics of their employees when planning next steps of the return to the office. Employers could consider offering different options for employees, such as a hybrid model, different office space options, and flexible work hours. The office isn’t dead but it does need to be reinvented.

To learn more about this study and others conducted by the Workplace Management Chair, check out their website.
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