

# **Creating Sustainable Value through Stakeholder Inclusive Responses to Climate Change: An Historical-Institutional Perspective**

David Wheeler, Jacqueline  
Medalye and Michelle Adams

# Two Questions

- ***Can we synthesize stakeholder inclusion and sustainable wealth creation with entrepreneurial approaches to climate change adaptation and mitigation?***
- ***What institutions are required to support the synthesis?***

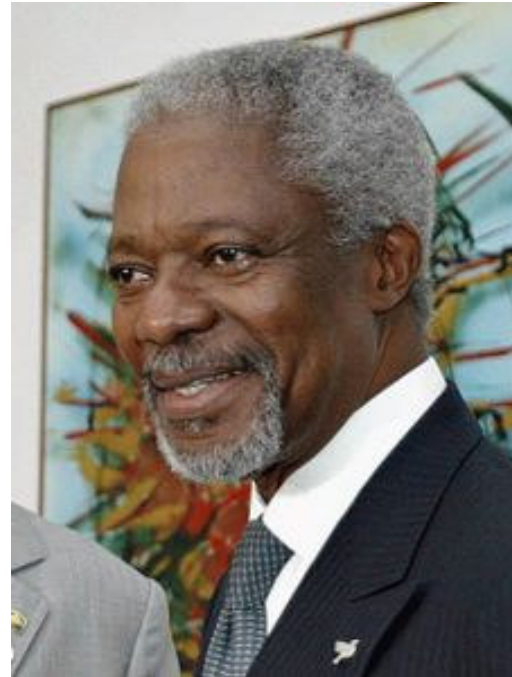
# Reasons for 'Plan B'

- Relaxation of agreed deadlines by the United Nations
- Decreasing confidence in the US political process to deliver a federal Climate Bill
- Beginning of new opposition from EU business to cap and trade system
- Declining interest of banks to lend to carbon offsetting projects, coupled with political uncertainty is now starting to harm the price of carbon credits.

# Kofi Atta Annan

7<sup>th</sup> Secretary-General of the United Nations (1997 – 2007)  
2001 Noble Peace Prize Winner

*“We cannot wait for governments to do it all. Globalization operates on Internet time. Governments tend to be slow moving by nature, because they have to build political support for every step.”*



(Kofi Annan, 2002)

# Kofi Annan on Climate Change

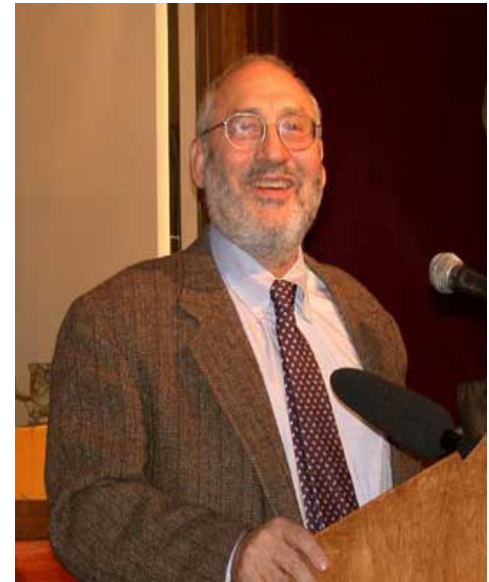
*“There is still time for all our societies to change course. We must not fear the voters, or underestimate their willingness to make large investments and long-term changes. People are yearning to do what it takes to address this threat, and move to a safer and sounder model of development. More and more businesses are eager to do more, and only await the right incentives.”*



(Kofi Annan, 2006)

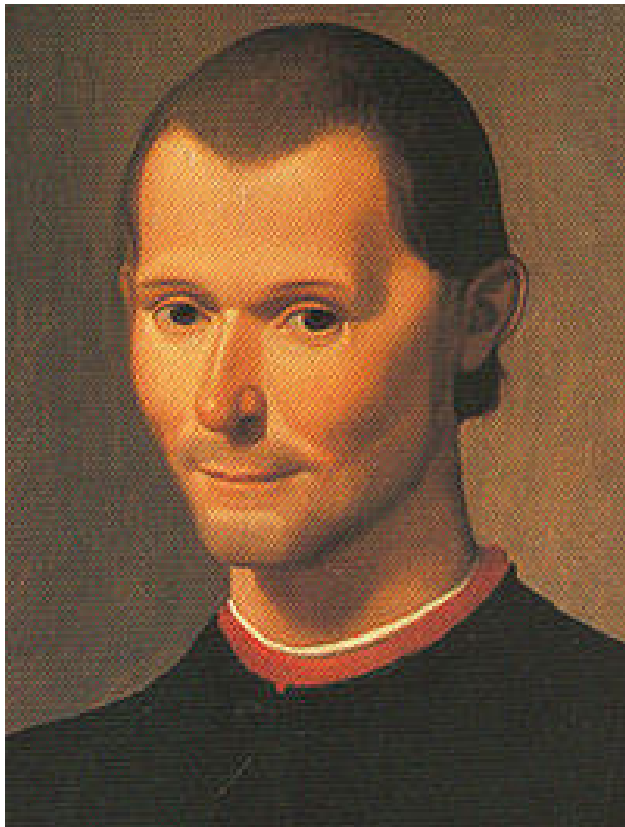
# Joseph Stiglitz on Climate Change

*We have to eliminate the large numbers of market distortions which in effect contribute to global warming, such as America's subsidies to the oil industry. Second, we have to make individuals face the true costs of the environmental impact of their actions, through the imposition of environmental charges (carbon taxes). Third, the government will need to think more about how to structure our society in a more sustainable way...*



***If it is so obvious, why  
are multilateral agencies  
and nation states failing  
so badly?***

# Niccolò di Bernardo dei Machiavelli (1469 – 1527)



*The one who adapts his policy to the times prospers, and likewise that the one whose policy clashes with the demands of the times does not.*

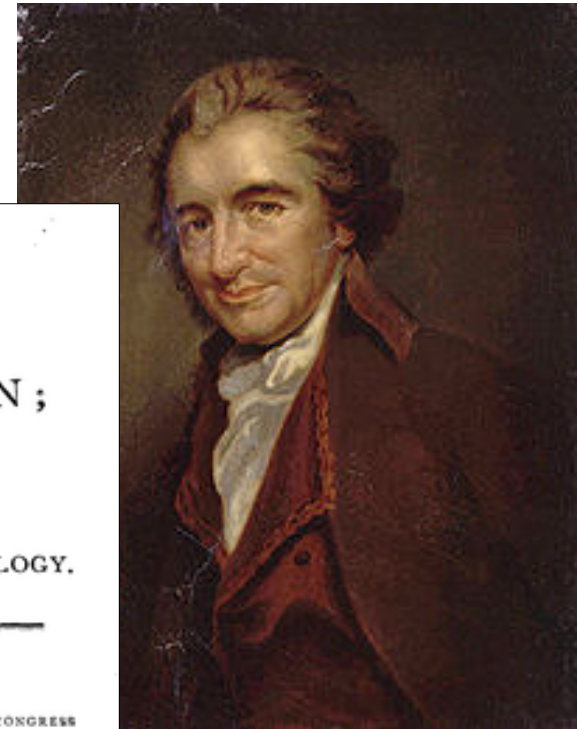
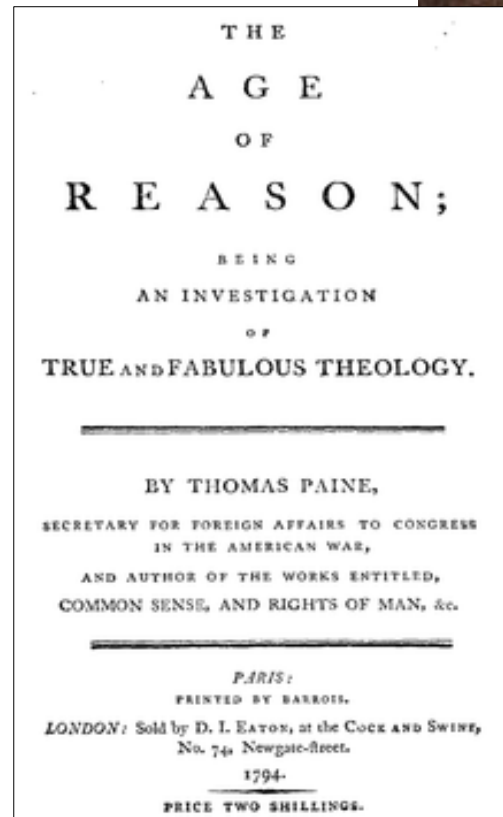


# ***Discorsi sopra la prima deca di Tito Livio*** (1513-1517)

***“.... government  
consists mainly  
in so keeping  
your subjects that  
they shall be  
neither able nor  
disposed to injure  
you”...***



# Montesquieu and Paine – The Advent of ‘Legitimate Government’



# Maximilian Carl Emil Weber

(1864 – 1920)

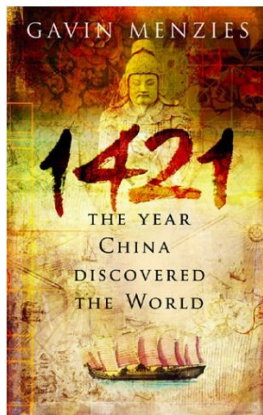
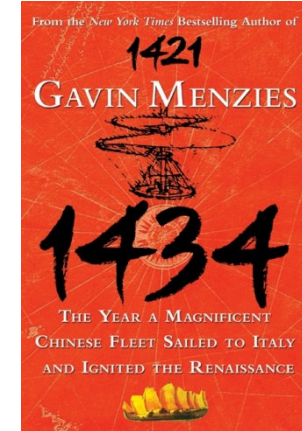
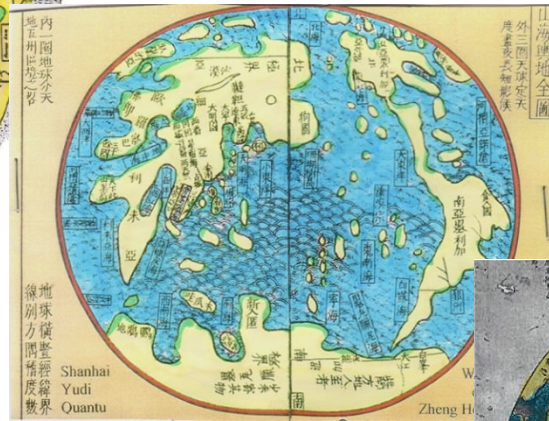
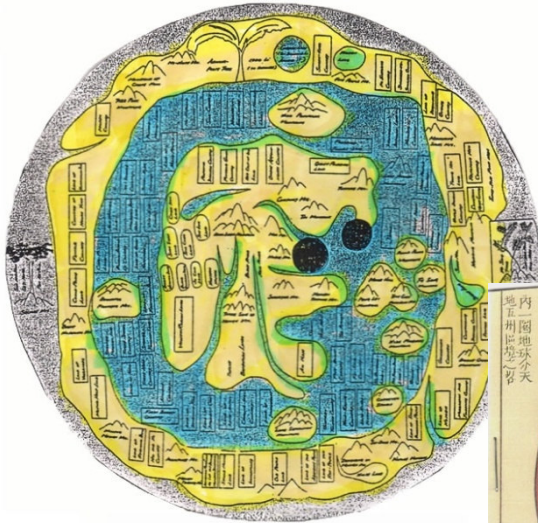


## Three types of legitimate authority :

- *charismatic domination (familial and religious)*
- *traditional domination (patriarchs, feudalism)*
- *legal domination (modern law & state bureaucracy)*  
*“the polar night of icy darkness”*

*But is there a legitimate  
role for the 'anti-authority':  
the revolutionary, the  
change agent or the  
wealth creating  
entrepreneur?*

# The Chinese 'Global Entrepreneurs'



# Some of the Early European 'Global Entrepreneurs'



# A Political ‘Social Entrepreneur’: Giuseppe Garibaldi

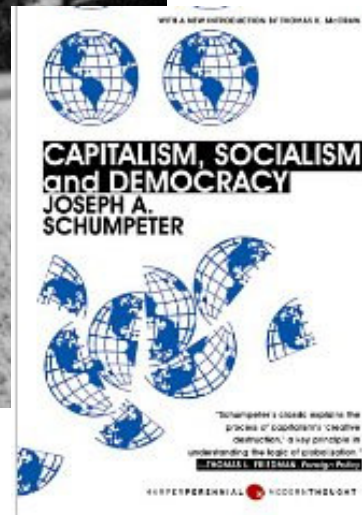
(July 4, 1807 – June 2, 1882)



*“the only wholly  
admirable  
figure in  
modern  
history”*

A J P Taylor

# Joseph A Schumpeter on Creative Destruction



*The problem that is usually being visualised is how capitalism administers existing structures, whereas the relevant problem is how it creates and destroys them.*

A handwritten signature in black ink, which appears to be 'Joseph A. Schumpeter'. The signature is written in a cursive style with a long, sweeping tail.

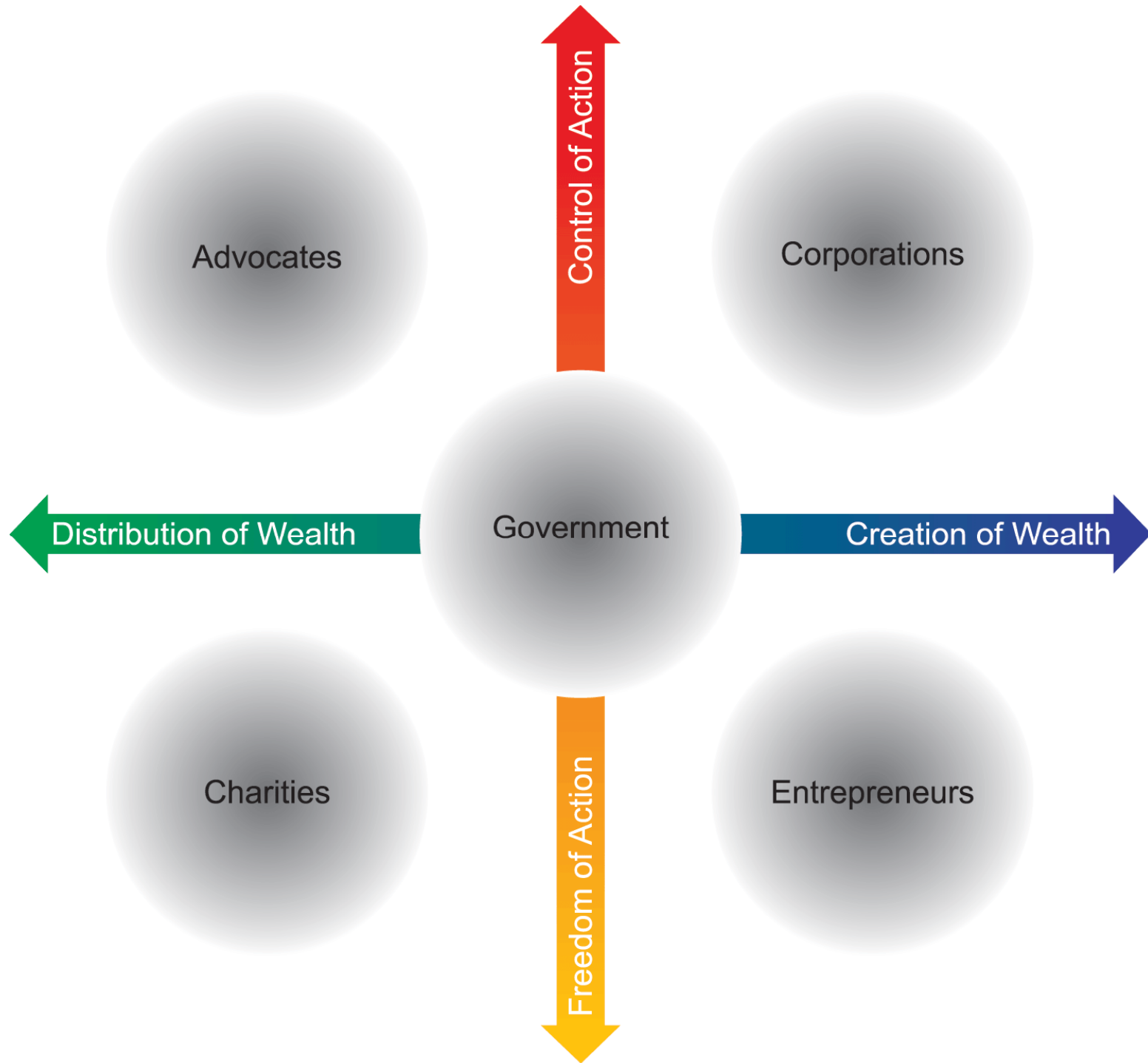


# Stakeholder Capitalism

*“Stakeholder capitalism sets a high standard, recognizes the common-sense practical world of global business today, and asks managers to get on with the task of creating value for all stakeholders.”*

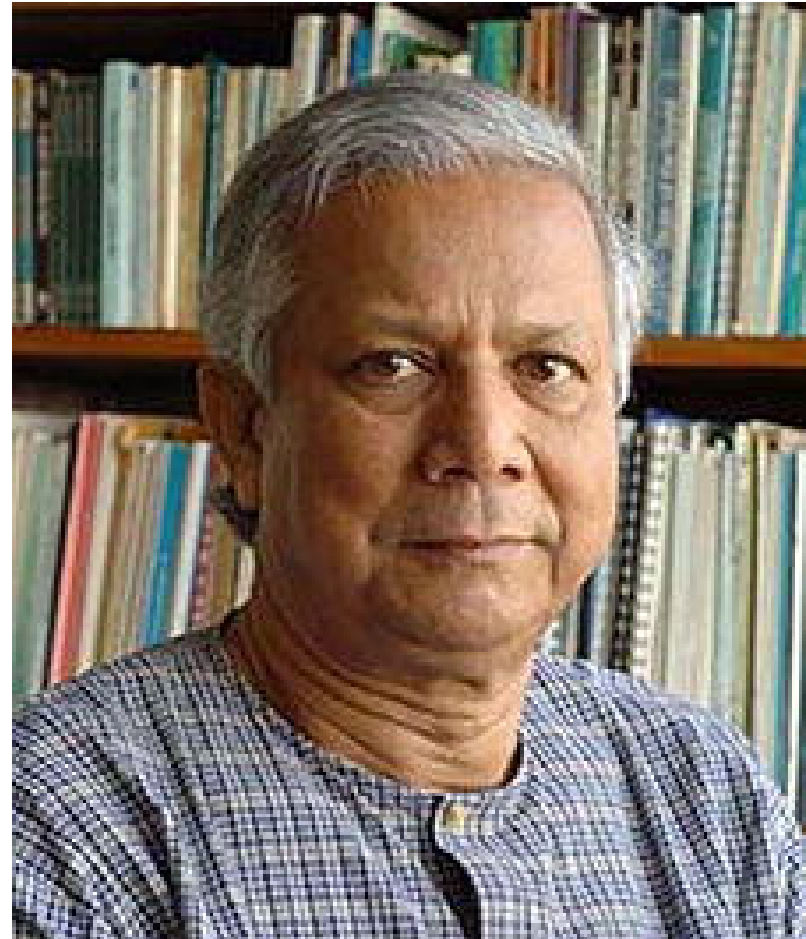


R Edward Freeman, 2000



# The Muhammad Yunus Model

***“My greatest challenge has been to change the mindset of people. Mindsets play strange tricks on us. We see things the way our minds have instructed our eyes to see.”***



# National Industrial Symbiosis Programme (UK)

- Exemplar of entrepreneurial initiative “to bring about long term business culture change through profitable actions that result in measurable environmental and social benefits thus making a significant contribution to international sustainability” (Laybourn & Morrissey, 2009)
- Past 5 years NISP in England has:
  - Grown to +8000 industrial member companies
  - Facilitated synergies between members such that activities have saved ~6 million tonnes of CO<sub>2</sub>e
  - Generated (gross) £176m of sales and £156m of cost savings for participating companies
  - Over 8,000 jobs being safeguarded and created

# Transition Network

- Community-based initiative
- Founders believed there was a need for increased stakeholder participation to deal with the complexity of such issues
  - Focused on transitioning towns into low-carbon economies
  - Began with Transition Town Totnes (Devon UK) in 2006
    - Grassroots response to the concepts of peak oil and climate change
  - Purpose to support community-driven actions generating awareness and engagement
    - Providing the “how to” of carbon emission reductions
  - Parallel goal to build resiliency in the face of “peak oil”
- Today involves 300 communities in over 20 countries.....



# Independent Demand Side Management Agencies

By 2008 the Energy Trust of Oregon had:

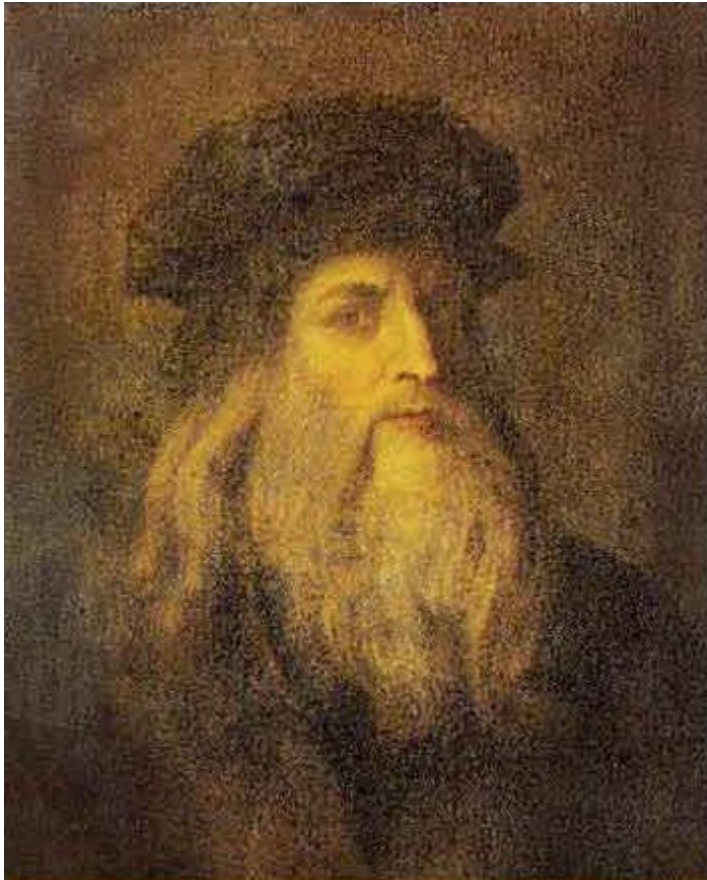
- Kept over 2 billion pounds of carbon dioxide out of the atmosphere
  - Equal to planting 3,400 acres of trees or taking 180,000 cars off the road.
- Attracted 800+ trade allies
- Paid \$11.8 million in wages
- Stimulated \$2.9M in new business income
- Generated 400 new jobs
- Paid over \$100M in incentives

# Max Weber

***“The fate of our times is characterized by rationalization and intellectualization and, above all, by the disenchantment of the world.”***



# Leonardo da Vinci on Entrepreneurship



***“I have been impressed with the urgency of doing. Knowing is not enough; we must apply. Being willing is not enough; we must do.”***

Leonardo da Vinci