A service–system paradigm for governing corporate sustainability: the (forgotten) role of governing body in shaping sustainability and context

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Abstract: Corporate sustainability (CS), as an evolutionary concept, covers better many open questions and scientific confusion of corporate social responsibility (CSR). While CSR has not well defined the concept of environment, CS has recovered this gap ignoring at the same time the fundamental passage from environment to context and the context’s architect/designer (i.e., the governing body, GB). Therefore, this study, after reviewing the barriers of a corporate–context sustainability, shows how the GB, influenced by the components of information variety (i.e., information units, interpretation schemes and categorical values), contextualises the sustainability. A service-system conceptual model, based on viable systems approach (VSA) and service-dominant logic, constructs the foundations for consonance and value cocreation between the GB, context’s suprasystems, general environment (e.g., other stakeholders) and international standards (e.g., GRI, Global Compact, etc.). The model integrates also the GRI-G4 report with subjective elements of the GB.
1 Introduction

The general purpose of this study is to provide a comprehensive approach in governing corporate sustainability (CS) from a service-systems perspective (i.e., the perspectives of viable systems approach (VSA) and service science), focusing the attention basically on consonance, resonance and value cocreation between the corporate governing body (CGB), context’s suprasystems, general environment (e.g., other stakeholders) and international standards (e.g., GRI, global compact, etc.).
Precisely, the present work’s aims are: governing (systemically), modelling (conceptually) and reporting (objectively and subjectively) a corporate–context sustainability through the lens of VSA with the support of service science.

The general purpose is disclosed in specific objectives, as follows:

- Integrating the GRI-G4 report with subjective elements (those of the CGB and those of organisational culture).
- Understanding how the CGB, influenced by the components of information variety (i.e., information units, interpretation schemes and categorical values), observes and designs the context as an extraction operation from the general environment.
- Understanding how the GB’s governance action (i.e., the decision-making process), based on cognitive frames and values, affects ethical and sustainable corporate citizenship behaviours.
- Identify, categorise and integrate the responsible subjects for the definition of sustainability norms, standards and thresholds, in accordance to the international arena (e.g., international organisms like GRI, UN Global Compact, etc.), specific territorial ambits (e.g., regional or local policy makers) and context (subjectively perceived by the CGB).
- Translating the general international standards and principles (e.g., GRI, Global Compact, etc.) into context-specific criteria (derived by the negotiations between the CGB and relevant suprasystems).
- Qualifying the consonance (i.e., compatibility degree) between different governing bodies (CGB – context GBs or suprasystems) in terms of general and synthesis interpretation schemes.
- Applying the picture apperception value test (PAVT) as a new way to understand GB’s values, and to shape consonance (as an indicator of CS) between the governing bodies (CGB – context GBs or suprasystems) in reference to their respective categorical values.
- Conceptualising the sustainability for organisations (i.e., organisational sustainability), remembering that the corporation is only a species of this category.
- Projecting the corporate evolution from the embryonic state (sporadic presence of GB) to the accomplished state (consolidated GB and operative structure), aiming a shift from the survival of a single viable system to the well-being of the context’s viable sustainable systems.

2 The research problem: a brief literature review between actual limits and future prospects

CS is an evolutionary concept that covers better many open questions and scientific confusion (in terms of definition) of corporate social responsibility (CSR) (Frankental, 2001; Frederick, 1994; Welford, 2005). While CSR has not well defined the concept of environment, or failed in trying to do so (Fukukawa and Moon, 2004; Willard, 2002), the CS has recovered this gap ignoring at the same time the fundamental passage from...
environment to context. However, recent initiatives tend to include context in CS analysis and reporting without specifying so far its meaning (G4 sustainability reporting guidelines – www.globalreporting.org). A conceptual route from GRI’s ‘sustainability context’ to ‘context-based sustainability’ has been made (McElroy and van Engelen, 2012), but the specification of context here is based on objective norms, standards and thresholds of a particular territory/culture; they (i.e., the criteria) are ‘subjective’ only in the sense of affiliation to a local area. Although the sustainability approach should be personalised in territories/cultures where norms, values and economic progress vary (Rock, 2002; Ruud, 2002), on the other hand, the responsible subjects (i.e., governing bodies) of the ad hoc sustainability actions should be identified. In other words, up to now it has ignored the context’s architect/designer (i.e., the CGB) who, with his observation (first) and with his design (after), influences the context dynamics determining the viability and the well-being of stakeholders (Golinelli and Volpe, 2012). As a consequence, the problems of absolutism, standardisation and objectivity arise. This happens owing to the literature’s difficulty in categorisation and integration of context’s meanings, as well as in difficulties of considering the CGB as a legal and technical entity, without reflecting their personality as human beings composed by cognitive frames and moral values (Barile et al., 2013).

One view, offered by international organisations (e.g., GRI, Global Compact, etc.), interprets the context as an international arena where sustainability must respect objective standards and principles (Rasche and Kell, 2010). This viewpoint is in contradiction with the globalisation itself, which bases not only on absolute standards, but also on relative ones, as underlined by its slogan: “standardise where is possible and adapt when is necessary”.

A second view (Mohan, 2001; Moon, 2002; Chambers et al., 2003; McElroy and van Engelen, 2012) defines context as a territorial ambit with distinguished cultural, economic and political features where sustainability can occur. The latter vision refers to a context (i.e., general environment) of laws, norms, rules, constraints and conducts, defined by both policy makers and surrounding community. The problem here consists in a non-voluntary exclusion (i.e., negligence) of the CGB.

A third view (in coherence with the perspective of this study), coming from the VSA (Golinelli, 2010; Barile et al., 2011; www.asvsa.org), considers the CS does not refer to the corporation in se and per se, limited to autopoietic properties (Maturana and Varela, 1980), but to the corporation as a structure in movement (i.e., dynamic viable system) pushed forward by its governing body (GB). Therefore, the sustainability of the organisation is the mirror of decisions, choices and actions of its GB with butterfly effects on the context. Here, the context has a constructivist meaning (Piaget, 1954; Vygotsky, 1962; Bateson, 1972; Bandler and Grinder, 1982; Watzlawick, 1984; Foerster, 2003); it is the opera of GB that extracts it as a portion from the general environment with the intention of future interactions with relevant suprasystems, by them identified and selected, once the conditions of consonance between GB and suprasystems (e.g., stakeholders) are established. In this decisional act, the CGB is influenced by the components of the information variety: information units, interpretations schemes and categorical values (Barile, 2009). Since “emotions can express meanings and understanding because strong judgements and values are anchored in emotions and struggling” (Härtel et al., 2005, p.29), then, the decision making of CGB (influenced by personal values), is as well affected by the bounded rationality (Simon, 1947). In synthesis: CS is context specific because the organisation interacts with a sort of
environment (i.e., context); context is subjectively designed by the CGB, influenced both by emotional elements (e.g., categorical values) and rational ones (e.g., information units). Thus, CS is context specific and subjective,1 with both rationale and emotional nuances. Until now, these two elements (in the sense expressed here) are absent in the literature of CS.

Support for the third view comes from the service-dominant logic (the theoretical foundation of service science – Maglio et al., 2012). For service scholars, value is a relational concept developed through a network of many-to-many relationships (Gummesson, 2008) and can only be proposed via dialogue and cocreated via participation (Lusch et al., 2008). The effectiveness of value cocreation is tested by its use in a defined context (i.e., \textit{value-in-context}) (Vargo et al., 2008). Since different authors sustain that corporate citizenship and sustainability depends on the effective allocation of values and resources (Crane et al., 2008; Waddock and Rasche, 2012; Golinelli and Volpe, 2012), and because the effective allocation of value is measured in context (i.e., value in context), it means that CS is context specific. On the other hand, since the CS depends on the abilities of CGB to harmonise the different value propositions of the involved suprasystems, then, CS is subjective. The subjective perspective is reinforced also by the pro tempore amounts of relevance that CGB attributes to different suprasystems which come from different sustainability dimensions/contexts (i.e., economic, social and ecologic).

Beyond the above identification of ‘contexts’ – international arena, general environment and context – and responsible subjects, until now there is no attempt to integrate contexts and, as a consequence, the revelation of any integrative approach that integrates during analysis and reporting objective elements (e.g., GRI’s principles) with subjective ones (schemes and values of CGB) is absent. The integration is mandatory, because a \textit{company stakeholder responsibility} should not be based on the ‘separation thesis’ (Freeman and Velamuri, 2006).

Considering that sustainability itself is a systemic concept, another aspect is the problem of modelling and measuring CS from a systems perspective. For instance, the VSA has made efforts to create sustainability models which are not tested yet within a context (Barile et al., 2014). Other tentative proposals have been made, but restricted to social cohesion and employee engagement (Hysa, 2014). Moreover, even though some efforts have been made to create sustainability indicators from a systems perspective (Hak et al., 2007; Bell and Morse, 2008), models and indicators that include simultaneously objective and subjective elements are absent.

Summary of research problems:

- sustainability principles and guidelines free of context (i.e., subjective design context)
- lack of identification, categorisation and integration of context’s meanings
- sustainability principles and guidelines without consideration of subjective interpretations by respective GBs (e.g., a great problem aroused when \textit{Enron} used global compact as a public-relation instrument to create public ‘brainwashing’ through green-wash and blue-wash attempts, hiding the real attempts of its CGB based on personal schemes and values)
- negligence about the identification, categorisation and integration of contexts’ representatives (i.e., different governing bodies)
to a specific entity of a defined context
- lack of integrative indicators for CS that include both objective and subjective elements.

3 Research approach and methodology

The present research type is a conceptual research based on the interpretivist paradigm. From the ontological viewpoint, this research relies on constructivism and relativism, emphasising the role of the observer: for example, that of the governing body (GB). Therefore, it overcomes the ‘objective belief’ that exists only one reality. Furthermore, it shows as a dangerous illusion the fact of perceiving only one reality (Nardone and Watzlawick, 2005). Instead, it promotes the philosophy of multiple realities and invented ones (Corbetta, 1999; Watzlawick, 1984).

From epistemological standpoint, the present research focuses on non-dualism, subjectivism, holism, quest of the possible. Thus, the effort is made to search for the meaning of phenomena and not precise laws of experimentation.

From the methodological perspective, the focus is on constructivism and constructed realities. Hence, the concentration is on the empathy of interaction between the observing system and the observed one (Foerster, 1981).

In summary, this study uses the qualitative methodology and the methods of literature review and theory development through the conceptual modelling.

4 Standards and guidelines: the sustainability reporting

The aim of this research is to contextualise the sustainability through the decision-making process of the respective CGB in relationship with international standards and subjective ones. Essentially, if we consider standards we need to consider also reports in order to understand if standards are respected. This is the case of sustainability reporting, a non-financial procedure of reporting activities related with economic, social and environmental performance.

Looking through an historical viewpoint, most of the organisations started to integrate the social responsibilities on their annual reports, and by a survey conducted by Ernst and Young in mid-1970s, it was found that only 1% of Fortune 500 companies provided separate social responsibility booklets along with annual reports (Buhr, 2007). However, important initiatives and developments on the field increased the attention and awareness of being responsible organisations. The responsibility (sustainability) movement started in 1972 with the Stockholm Conference on Environment Deterioration. After that, followed: Brundtland Commission Reporting – Our Common Future (United Nations), 1987; UN Conference on Environment, Social, and Economic Development, Rio de Janeiro, 1992; Global reporting initiative (GRI) for Environmental Protection, 1997; United Nations Global Compact, 2000 (e.g., circles of sustainability); World Summit on
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Sustainable Development, Johannesburg, 2002; Global reporting initiative (GRI), 2002: sustainability principles, guidelines, and reporting; etc. Because of this tendency, it becomes ‘mandatory’ to create activities within every institution related with CS.

In the academic setting, the most well-known approach of CS is the triple bottom line (TBL) approach (Elkington, 1997, 2008). It is focused on the economic, social and environmental performance of the organisation, respecting the slogan ‘people-planet-profit’.

Long-term factors like resource scarcity, climate changes and demographic shifts can redefine societal expectations and regulatory framework in business environments and investment outcomes. Corporations must foresee and manage current and future economic aspects to report in the proper level. Different businesses all over the world now use several standards to improve the quality and performance of their products, with the main aim to reduce risk and support reputations. Standards which can be defined as ‘agreed ways of doing things’ have provided firms with the main guidance to help them create effective procedures to minimise risks and operate more efficiently. Particularly in the corporations of developed countries, what matters most in the guidance of success are standards that have been key agents in preventing pollution, supporting good stakeholder solutions and meeting regulatory compliances including quality and safety. The headlines of sustainability contain facts of risk management, environmental and stakeholder management and consequently the main question is: how are businesses using standards to support sustainability?

In the past two decades, developed countries’ entrepreneurs have build sustainability programs to manage the TBL strategy. The main issue is that different corporations have different strategies and different perception of the sustainability reputational issues. According to a study of Verdantix (2012), in UK and EU level, businesses describe the sustainability in four different perspectives:

- for 70% of the corporations, sustainability is well established and recognised by top executives as a driver for innovation and growth
- for 25% of the corporations, sustainability is seen as a growth driver by only a limited number of executives and is not integrated within the overall business strategy
- for 5% of the corporations, sustainability is consider as a minor reputational issue and receives little executive attention
- for 1% of the corporations, sustainability is a new concept for their business.

However, even in its embryonic stage, sustainability awareness and importance is increasing. For example, nearly all of the 150 largest corporations in the world had a Chief Sustainability Officer (CSO) with the rank of vice president or higher, and numerous MBA programs had incorporated sustainability training (www.extension.harvard.edu; Willard, 2005).

But what is meant by sustainability reporting and which are the prominent organisations offering this service?

“A sustainability report is a report published by a company or organisation about the economic, environmental and social impacts caused by its everyday activities” (www.globalreporting.org). It is a key tool to help corporations set goals, measure progress and manage sustainability. The organisation that has pioneered and developed
wide range of sustainability reporting framework is the global reporting initiative (GRI), which provides the sustainability standards for the corporations; it is a non-profit organisation and aims to attract as many corporations as possible on the sustainability reporting framework. It is intended to be applied in every corporation, no matter the type, size or sector in which it operates. Reporting may contribute to corporations to evade natural and societal risks that can cause different negative impacts on the monetary-related issues.

During reporting preparation attention must be focused on the TBL approach which includes economic, social and environmental indicators on the development of corporations in a long-term perspective (Elkington, 1997). In economic indicators can be included factors related to the creation of long-term fruitfulness and establishment of an ethical corporate working environment, such as economic performance, market presence, etc. Social indicators are based on the internal aspects including the labour force, corporate responsibility and subordinates responsibility and also external aspects that are related directly to the stakeholders. The growth rate of the world population tends to increase day-by-day but in some countries like Italy it has come to a standstill. In the industrialised countries, better saying in most industrialised countries constantly reduce resources that seems to be crucial like water and energy. While economy needs a highly increase growth, the environment needs a sustainable development and this can be reached through anthropoid process. Thus, relevant environmental factors can include water, energy, emissions, etc. Figure 1 is a summary.

**Figure 1** Sustainability reporting variables (see online version for colours)

![Sustainability reporting variables](www.globalreporting.org)
A last point to be clarified is that CS and sustainability reporting are not only for big businesses. It is more correct to talk about ‘organisational sustainability’ rather than ‘corporate sustainability’. Nevertheless, the influence of classical economic thought, based on profit maximisation, is still relevant today. It is relevant because the managerial activity is thought to be an exclusive activity of businesses, forgetting the role of other organisations (e.g., non-profit organisations, social businesses, benefit corporations, cultural associations, etc.). For example, the non-profit has been, is and will be one of the most important megatrends (by purpose or by organisational type) of higher education industry. The non-profit is not so much ‘naïve’ as it seems. “Many non-profits operate just like for-profit businesses. They make huge profits, pay handsome salaries, build office towers, invest billions of dollars in stocks and bonds, employ lobbyists and use political action committees to influence legislation” (Gaul and Borowski, 1993, p.4).

Given the importance, the non-profit sector has too much to explain to the business sector in terms of mission, environment, community, gratification of human resources, etc. (Drucker, 1989, 2001). This is to say that every kind of organisation, profit or not-for-profit, should see beyond the financial boundaries in order to be responsible and to show sensitiveness towards society and environment. On the other side, the profit is not an end itself, but it is a test of the overall organisational performance that today is not simply based on the financial indicators, but also in economic, social and environmental ones.

5 A conceptual modelling for the ‘subjective-contextual sustainability’

As was said previously, the sustainable development principles applied to organisations should take into consideration the actions of the GB. In accordance with the VSA, every organisation in action cannot be conceived beyond the cognitive frames, information and values of its GB. It is exactly the GB that defines the movement of the organisational structure. Without its intervention the organisation remains a static structure. Thus, the GB is responsible for designing the structure first, and for activating the structure, pushing it forward, and transforming it into a dynamic system. But in shaping organisational dynamics the GB deals with subsystems and suprasystems (e.g., stakeholders). During this negotiation process, the GB extracts from the general environment a sort of task environment that in VSA’s perspective is called context and has a constructivist meaning. The constructivist viewpoint derives from the fact that every GB belonging to different organisations, or the same one operating in different timeframes, extract/s different contexts in accordance to his or their knowledge background and the system of moral values. Recent developments of VSA with the theory of information variety define every viable system (like there is also the GB) as a construct of information units (U.inf), interpretation schemes (S.int) and categorical values (C.val) (Barile, 2009).

This theory helps us understanding how the decision-making process of the GB, based on cognitive frames and values, affects ethical and sustainable corporate citizenship behaviours. With the U.inf the GB is able to get the necessary knowledge input for acting. With the S.int the GB filters the U.inf in order to produce a solution to a problem. But this is only the technical part of GB as an entity. What conditions guarantee us that the GB will be enough responsible for his actions? In this case we have to see the inner part of the person, his personality and character. In other words, we should learn about
his moral values (i.e., C.val) because these are responsible for accepting or refusing a certain action. Therefore, if we limit the attention only on standards (that coincides with U.inf) or guidelines (that coincides with S.int), than we think about the GB as a *homo economicus* or as a rational calcus. Nonetheless, history and research have shown that the rationality is bounded (Simon, 1947) and a considerable part of the decision-making process is based on intuition, emotions and values (Barile, 2013).

Consequently, it becomes mandatory to integrate standards and guidelines with the information variety’s elements of the GB that affect decision making. At the end, it is all about decision making. Even the GRI recently has changed the logo highlighting the efforts for empowering sustainable decisions through standards, guidelines, connectivity and collaboration. This is not enough if the GB is considered only from juridical and technical perspective, ignoring at the same time personality and values. However, in accordance to GRI-G4 Reporting Principles and Standard Disclosures (Global Reporting Initiative, 2013), elements about governance are considered in the guidelines as follows:

- the governance structure and its composition
- the role of the highest governance body in setting the organisation’s purpose, values and strategy
- the competencies and performance evaluation of the highest governance body
- the role of the highest governance body in risk management
- the role of the highest governance body in sustainability reporting
- the role of the highest governance body in evaluating economic, environmental and social performance
- remuneration and incentives.

The above elements are very important for getting information about the role of the GB in an organisation. The role, differently from the function, refers to the behaviour of a viable system (e.g., GB) in relation to a particular context with which he designs (first) and interacts (later). But since the behaviour can be manipulated and contingently modified, this does not tell us everything about implicit intentions of the GB. Studies from the field of social psychology have shown how it is possible to manage impression conveying unclear and not real identity to the eyes of the public (Aronson et al., 2010). Also, studies about organisational behaviour have shown different techniques for behaviour modification (Luthans and Kreitner, 1975). For example, as mentioned previously, a great problem arose when Enron Corporation used Global Compact as a public-relation instrument to create public ‘brainwashing’ through green-wash and blue-wash attempts, hiding the real attempts of its GB based on personal schemes and values. Therefore, another item should be added to GRI-G4 guidelines: “*The information variety of the Governing Body, or the GB as an entity composed by information units (U.inf), interpretation schemes (S.int) and categorical values (C.val)*”. Information units and interpretation schemes are good technical reference points for understanding the GB’s general knowledge background (i.e., the ‘database’ or the know-what dimension) and knowledge interpretation and implementation (i.e., know-how). The interpretation schemes can be classified also as conceptual, technical and interpersonal skills (Katz, 1955). If the information units and interpretation schemes can be used prevalently in rational decision making, and as a consequence can rationally be manipulated, on the
other hand the categorical values are that (relatively) unchangeable part that tells who you really are. They influence the decision making in times of ‘crisis’ (when there is a lack of information and not enough time to think before acting).

Now a question arises naturally: how to understand the values of a GB? Firstly, studies in decision making and values have shown similarities in listing universal human values to be taken for analysis (Barile, 2011; Schwartz, 1999). Secondly, studies have shown that “emotions can express meanings and understanding because strong judgements and values are anchored in emotions and struggling” (Härtel et al., 2005, p.29). Thirdly, studies have shown that it is possible to use a kind of test (i.e., PAVT), that starting from picture projection it can be stimulated the brain visual cortex that is responsible for emotions, and then from emotion it is possible to catch out the human values in a scale of semantic differential (Hysa, 2014).

Another relevant feature is that of context’s meaning. In GRI-G4 guidelines there is a section called ‘sustainability context’. With this term, GRI means the organisation’s performance in the wider context of sustainability, or the information about performance placed in context. “Reports should therefore seek to present performance in relation to broader concepts of sustainability. This involves discussing the performance of the organisation in the context of the limits and demands placed on environmental or social resources at the sector, local, regional or global level” (Global Reporting Initiative, 2013, p.17). The context of GRI in the perspective of the VSA is that of the environment, which is something objective and broader comparing with context itself. GRI’s ‘sustainability context’ refers to the TBL (i.e., economy, society, ecology), but nothing has been pronounced about observation, design and extraction of the context from the general environment. In VSA’s perspective, the context has a constructivist meaning, because it is the GB that perceives it in accordance to his own personal schemes and values. Therefore, in this new perspective the context becomes more subjective and the sustainability more contextual.

For objective necessities of conceptualising and modelling a subjective-contextual sustainability, we need to identify, categorise and integrate the responsible subjects for the definition of sustainability norms, standards and thresholds, in accordance to the international arena (e.g., international organisms like GRI, UN Global Compact, etc.), specific territorial ambits (e.g., regional or local policy makers) and context (subjectively perceived by the CGB). After that, the general international standards and principles (e.g., GRI, global compact, etc.) should be converted into context-specific criteria derived by the negotiations between the CGB and relevant suprasystems. During the negotiation process it is required to evaluate the consonance (i.e., compatibility degree) between different governing bodies (CGB – context GBs or suprasystems) in terms of the specific components of respective information varieties of each GB (i.e., U.inf, S.int and C.val).

Regarding the identification and categorisation of the mentioned responsible subjects, we should refer to the TBL perspective by identifying these subjects in accordance with three areas: economic, social and environmental. This is just a conceptual classification, but this is not the focus of the present study to identify and classify every organism presented in these areas. Below it is shown a synthesis with some examples.

In the international arena, standards and thresholds have been defined by international organisms like GRI, United Nations Global Compact, Organisation for Economic Cooperation and Development (OECD), Office of the High Commissioner for human Rights (OHCHR), United Nations Environment Program (UNEP), International Labour
Organisation (ILO), United Nation Development Program, UNCTAD, UNICEF, Kyoto Protocol, etc.

Within the level of territorial ambits, regional and local policy makers should be identified. Important regional and local policy makers can be the European Commission, European Central Bank, Presidents of the Region (for countries divided in different regions), the Head of Municipality (i.e., the Mayor), environmentalist lobbies, other agencies about social rights, etc.

At the context level there are all the stakeholders subjectively perceived as relevant by the GB. These can be suppliers, creditors, distributors, consumers, etc. The GB observes the environment of suprasystems (stakeholders) with which there is an interest connection and extracts from it a limited part (i.e., the context) with which he feels more consonance (empathy) and believes to fulfil better the organisational objectives.

Once the sustainability actors – responsible for defining global, regional, and/or local standards, are identified and categorised in accordance to their operational area, then a negotiation process starts between CGB and other GBs representing international, regional or local institutions. During this process, the CGB aims to find the consonance with other GBs in order to facilitate the negotiation process and to customise standards and guidelines in accordance to organisation’s conditions and market and society’s conditions. The process of consonance seeking needs first of all to understand how is composed (i.e., ‘with which U.inf, S.int, C.val?’) the information variety of each participating GB. After that, the consonance can be measured. One way of measuring consonance is also the PAVT that indicates the cohesiveness between different actors. If the cohesiveness is low, then probably the behaviour will be disrespectful towards stakeholders coming from economic, social and environmental lobby. As a consequence, the corporate sustainability registered level would be low.

Because the purpose of consonant relationships between viable systems is that of generating value cocreation, then the service-dominant logic is applied (Vargo and Lusch, 2006). The systems perspective is completed with the service-dominant logic, because every viable system that is part of a defined network behaves as a service provider. In other words, it proposes value within the network and cocreates value with other viable systems as part of a certain relational network. For instance, the S-D logic has been used to study the networks of inter-firm partnerships with the aim of value cocreation (Paulin et al., 2011). In addition, from the consumer’s perspective it is relevant to understand its context because the value cocreation is a contextualised process (Vargo et al., 2008). Thus, in one hand there is the value proposition from a viable service system (e.g., the service provider organisation represented by its CGB), and on the other hand there is a value-in-context or value-in-use on behalf of the consumer (e.g., citizen, community, society or any other stakeholder represented by its GB) that can be described as a feedback of a satisfied or unsatisfied experience. All the actors of every network are viable systems that provide, (co)create and consume (use) service. The service provider offers as a first step a value proposition that in the S-D logic is the substitute of price (Lusch et al., 2008). If the value proposition is accepted by the service cocreator and the future service consumer (e.g., any component of the society), then we have an initial level of trust that produces an initial level of consonance, initial value cocreation and embryonic purchase intention. The present stage, said in terms of Granovetter, is characterised by quasi-absent ties in its’ initially phase, where the service systems (providers and consumers) are presented in the environment as a flow of chaotic connections having weak ties between them. According to Granovetter (1973, p.1361),
“the strength of a tie is a (probably linear) combination of the amount of time, the emotional intensity, the intimacy (mutual confiding) and the reciprocal services which characterise the tie”. In other words, a tie in order to be strong should be based on emotional intensity and mutual confiding. This can be guaranteed by harmonic integration (i.e., consonance) of the information varieties’ structures of each GB part of the interacting network at any level (international arena, territorial ambits or extracted context). In other words, the integration of information (U.inf), schemes (S.int) and values (C.val).

Once this initial determinant stage is concluded, begins the real interaction between the viable service systems for amplifying the value cocreation. Because of the resonance (i.e., the interaction) the confidence between viable systems is reinforced, and this influence also the value-in-context. The value-in-context is seen always from the perspective of the beneficiary. It is only the beneficiary that defines a value proposition as sustainable for its context of use. For example, a car maker can produce and distribute electric cars in a city with electricity problems and without charging point locations for electric vehicles. Itself these cars are very sustainable from the environmental standpoint, but value-in-use or the value-in-context is very low because there is not an appropriate infrastructure for the beneficiary. This is a typical example why sustainability is context specific. As a result, all the sustainability actors – international, regional, local and/or individual entities – should negotiate in order to adapt standards, thresholds and guidelines for different contexts which are designed by the service provider and the beneficiary in accordance with the logic of value cocreation.

6 Discussion and implications

In conclusion to this conceptual study, since every context or sustainability dimension (e.g., social, economic, ecological) is a container of different entities (e.g., associations, businesses, institutions, etc.), and every entity is represented by a GB (e.g., Chair, Mayor, etc.), then, it seems mandatory to consider the sustainability as an equilibrium (i.e., consonance) between corporate GB’s actions and suprasystems’ expectations. To do so, “those who lead the way will be able to see the big picture [i.e., the system or the gestalt], mapping the future and engaging a wide range of decision-makers and other stakeholders in the process, while simultaneously being able to drill down to the detail [i.e., structural mechanics], to the critical points where the rubber hits the road” (Elkington, 2008, p.12).

Table 1 and Figure 2 are a schematised synthesis of the subjective-contextual sustainability and the role of GB in shaping sustainability and context.

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<th>Economic, social, environmental entities</th>
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<th>Local GBs</th>
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Source: Authors’ elaboration
Figure 2  Summary of the conceptual model ‘subjective-contextual sustainability’

Once the subjects coming from different areas are identified, then it is required to analyse them as viable system or as information varieties composed by information units (U.inf), interpretation schemes (S.int) and categorical values (C.val). This is a requisite because of the necessity to ensure a consonant relationship between them. In the network of relationships there are service providers that propose value and beneficiaries that accept value. Once the consonance between the components of their information varieties is ensured, then it starts the value co-creation between parties. After that begins the real interaction (i.e., resonance) that produces a value-in-context after the service is received and used in a specific context by the beneficiary. Then, the beneficiary sends a value feedback which can be either negative or positive. If positive, the value-in-context is sustainable, otherwise it is not.
A service–system paradigm for governing corporate sustainability

Regarding the implications that this research can bring, there are both academic and professional implications.

For academics: CS scholars can develop the concept of context from a constructivist standpoint. They can also expand more sophisticated systemic models that integrate objective elements with subjective ones, taking into account the active role of the CGB, both as social human beings and *homo economicus*.

For practitioners: Since CS can be evaluated as an equilibrium between CGB actions and suprasystems’ expectations, corporate governing bodies of various organisations can use the model proposed here in order to evaluate the consonance between CGB and suprasystems, understanding the compatibility degree in terms of cognitive and behavioural schemes and values. In addition, using the VSA’s conceptual framework, CGBs can understand better how to observe and design the context, being aware of the powerful impact that their schemes and values have on the overall corporate–context sustainability.

References


A service–system paradigm for governing corporate sustainability


Notes

1For example, recent research in the field of corporate sustainability launches the concern of 'subjective sustainability' and the derived responsibility, aiming the creation of a new figure labelled as Chief Sustainability Officer (CSO) (Strand, 2014). Indirect references are also: Sunstein and Reisch (2014) (‘active choosing vs. green default’; interpretation: subjectivity vs. external standards); Pedersen and Gwozdz (2014) (‘stake-holder groups that shape strategic responses to CSR pressures’; interpretation: context-specific CSR and subjective reactions) and Guthey and Morsing (2014) (‘CSR as adaptable, resilient, and meaningful to diverse interests’; interpretation: consonance and context-specific sustainability).

2This is a democratic configuration, because democracy is a system of representation. Individuals, as members of a community (or other organisations) gain power when they are represented by a governing body. Only in this case the social mechanisms – as sustained by Rousseau, Durkheim, Le Bon, Rawls, and others – become fluid.

Websites

http://www.extension.harvard.edu/professional-certificates/corporate-sustainability-innovation-certificate


https://www.globalreporting.org

www.asvsa.org