

Sustainable Business 2016

Results of a survey of sustainable business leaders undertaken by the University of Auckland Business School's Sustainable Business Programme between July and September 2016.

Executive summary

New Zealand businesses are mostly taking tentative steps into the world of sustainability, targeting projects that deliver clear payback in areas such as improved energy efficiency and reduced waste.

However, the sustainable business leaders surveyed here are expecting the focus to shift to more ambitious spheres such as reducing environmental impacts and carbon emissions over the next few years.

Few businesses report significant investor, stakeholder or staff pressure to lift their act. Recent media revelations about KiwiSaver investment in cluster ammunitions could spur an increase in such pressures, but for now sustainable business is being driven from the executive suite and the boardroom rather than the street and the stock market.

Businesses see competitive benefits from acting sustainably, however. They spy future market opportunities in the area and are seizing on sustainability as a driver of product and process innovation.

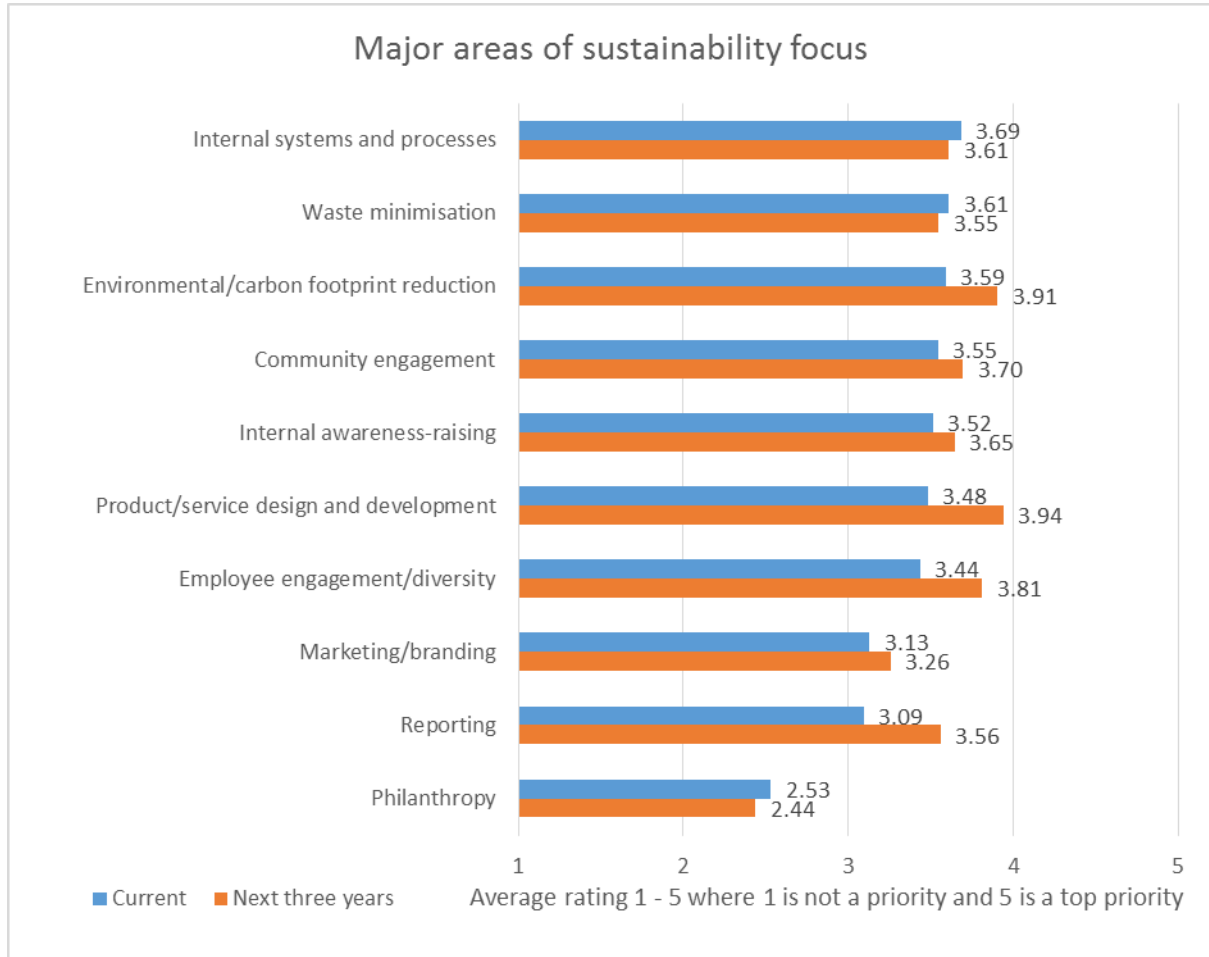
Many are aiming to seize sustainability leadership in their sectors over the medium term, especially through product design and development, reporting and increased employee engagement and diversity.

Our research shows universities have a role to play in helping them realise those ambitions. Sustainable business leaders are looking to universities to ensure graduates have at least a basic understanding of sustainable business practices and concepts and to raise public awareness about the business case for sustainability.

Contact the Business School's Sustainable Business team at sustainablebusiness@auckland.ac.nz

Results in detail

Q1. What are the major areas of focus for your organisation’s work on sustainability for the following time periods (rate 1 – 5 where 1 is not a priority and 5 is a top priority)?



Highlights

Organisations have been focused to date on improving internal systems and processes and reducing wastage.

However, over the next three years sustainability leaders expect that emphasis to shift to sustainable product design and development, sustainable reporting, employee engagement and diversity and reduced impact on the environment and reduced carbon emissions.

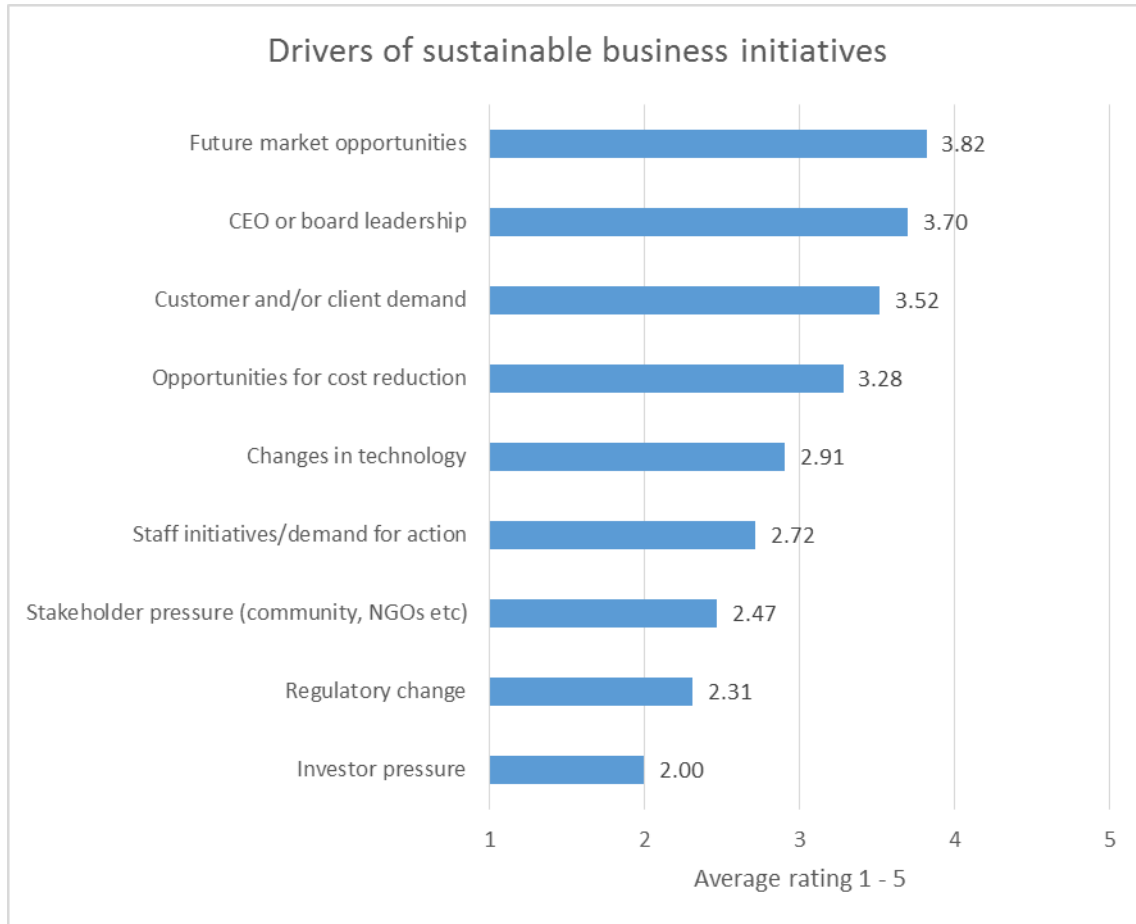
In New Zealand, philanthropy is a low priority as a sustainable business strategy and this is only expected to diminish over the next three years.

Other areas of focus were reported as free text responses:

“Water stewardship and energy are key areas of focus for next five years. Anticipate biodiversity to increase in profile in a few years’ time.” “Product Stewardship is our highest priority by far.”

“Recycled content of products.” “Sustainability strategy development and fusion in to business strategy.” “Affordability; water; biodiversity; safety.” Ethical conduct/ being a responsible, purpose-led business, transition to a decarbonised economy.”

Q2. What is driving your sustainable business initiatives? (rate 1 – 5 where 1 = not a driver and 5 is a powerful driver)



Highlights

Customer and client demand for sustainable products and services in New Zealand is significant at least in some areas and that appears to be sending a message to business leadership.

The primary driver of sustainable business is the future market opportunities it offers and efforts to seize those opportunities are being led right from the top – from the chief executive and the board.

Q3. What are the major sustainability challenges that your organisation faces? (rate 1 – 5 where 1 = not a challenge and 5 = a huge challenge)



Highlights

Lack of incentives and regulatory barriers are the biggest obstacles businesses with ambitions to become more sustainable have to overcome.

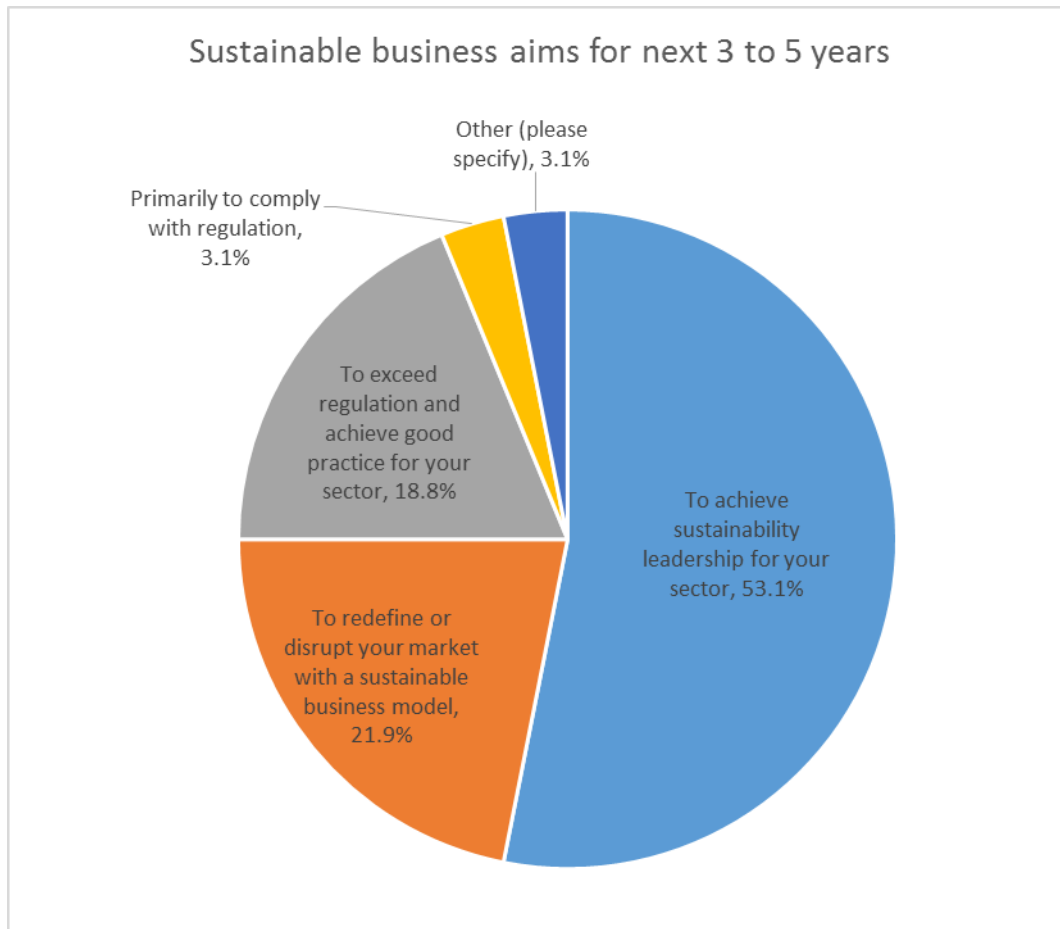
However, insufficient customer demand is also mentioned, in contrast with the results in the previous question. Clearly such demand needs to grow to command action from business but it is also likely customer demand is patchy across different categories of products and services.

Cost is also a factor as is resistance from middle managers and staff and being able to make a business case for sustainability. Other challenges appear relatively insignificant.

Challenges mentioned in free text responses:

“Whilst there is will throughout the business, all projects must have a strong business case and ROI to compete for available capital.” *“Resistance in all cases comes mostly from lack of education on sustainability.”* *“Understanding how our global sustainability strategy fits in with the NZ market”* *“Cost of landfill vs product repurpose or recycling”* *“Conflicting priorities. Day to day workload taking precedent.”* *“Lack of providers, e.g. food waste collection.”* *“Understanding where is best to focus our efforts i.e. can't do everything, weighing profit-making with social good within the business.”*

Q4. What is your organisation's agreed business aim over the next three to five years for sustainability?



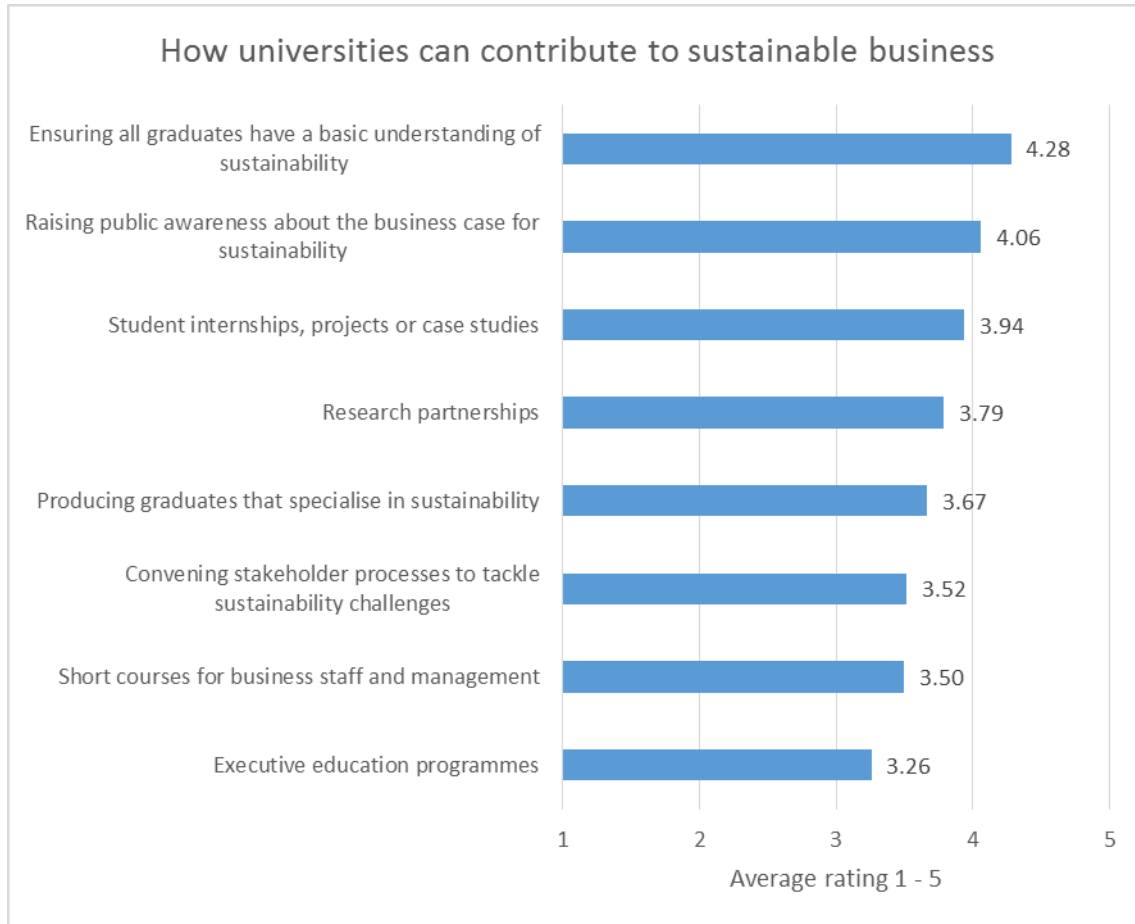
Highlights

Despite the challenges they face, sustainability leaders in New Zealand businesses are pursuing significantly ambitious goals for their organisations.

22% seek to use sustainability to redefine or disrupt their markets while over half (53%) aim to at least claim leadership in their sectors.

Only a quarter of the respondents are seeking best practice for their sector or lower standards such as merely complying with regulation.

Q5. How do you think universities can best contribute to your sustainability work? (rate 1 to 5 where 1 = not important and 5 = vitally important)



Highlights

Universities can contribute to sustainable business through a range of activities. Primarily business wants all graduates to possess at least a basic understanding of the concept.

However, sustainable business leaders are also looking to universities to raise awareness of the business case for sustainability and to offer student internships and case study opportunities to deepen student knowledge and engagement.

Research partnerships are also desirable is the production of specialist graduates in sustainable business.

Short courses for staff and management and executive education rated surprisingly low.

Free text responses included:

“So great to see my Alma Mater prioritising sustainability in this way!” “Showing how sustainability will be commercially beneficial.”

Q6. What other issues would you would like to see the Business School's Sustainability Programme focus on? (free text responses)

- *Corporate social responsibility MBA*
- *Sustainable business models in a capital world. Whilst basic sustainable business knowledge is useful the sustainability team in a company can only be successful with specialised technical input e.g engineers, IT specialists, marketing specialists. Just like business itself sustainable education needs to permeate all departments, functions and topics to be effective.*
- *End-of-life recycling, circular economy.*
- *Systems approach to sustainability; keeping practitioners honest.*
- *How to get business schools and businesses working more collaboratively to help tackle some of the pressing sustainability issues of our time.*
- *How to start... teach people small steps and show all make a difference.*
- *Putting pressure on huge corporates to spend more R&D on 'real' sustainable projects not just lip service sustainability. Technology needs to unlock the commercial challenges we have at the moment.*
- *Biofuels - why are people not demanding/using them?*
- *There is a lack of leadership and ownership to sustainable and environmental responsibilities. How are you going to impact on NZ business in the future? What is your method to lead change?*
- *How to create momentum for national policy change and focus.*
- *Understand the working relationship with business.*
- *Product stewardship. at the end of the day, if it ends up in a landfill we have failed.*
- *Consumer resistance.*
- *Collaboration opportunities.*
- *Coordination and facilitation of project work across sectors to ensure change is streamlined and fast-tracked, for example Auckland University sharing knowledge and resources with the Sustainable Business Network.*
- *The economics of sustainability - how to put an economic value to sustainability issues.*
- *Best practice/case studies, separate out environmental sustainability from community sustainability/social initiatives, shared value discussion vs traditional CSR, moving beyond 'environmental footprint' to active promotion/business leadership on sustainability.*
- *Central and local government engagement.*
- *How NZ Inc. can benefit from a more coordinated voice in support of sustainable business practice.*

Methodology

This was a highly targeted survey aiming to highlight the objectives and challenges faced by New Zealand businesses with ambitions to become more sustainable. It was also designed to help the University of Auckland Business School's Sustainable Business Programme focus on areas where we can be of most relevant to such businesses.

Through desk research, the University of Auckland Business School's Sustainable Business Programme team identified around 150 leaders in organisations that have made at least some moves towards sustainability.

These were invited to participate in the online survey and 33 responded, a high response rate of 22%. Despite that, this survey has a high margin of error due to its small target population. Results, therefore, should be treated as indicative only.