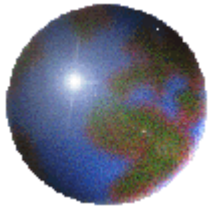


# **NINETY-FIRST INTERNATIONAL ATLANTIC ECONOMIC EUROPEAN CONFERENCE**



## **INTRODUCTION**

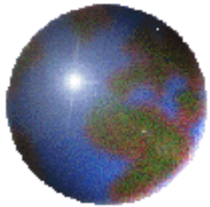
**KATHERINE S. VIRGO**

**EXECUTIVE VICE PRESIDENT**

*INTERNATIONAL ATLANTIC ECONOMIC SOCIETY*

*19-22 May 2021*

# **NINETY-FIRST INTERNATIONAL ATLANTIC ECONOMIC EUROPEAN CONFERENCE**



**Chair**

**Roland Bardy**

**BardyConsult**

***19-22 May 2021***

# Public Goods, Sustainable Development and the Contribution of Business



PUBLIC GOODS,  
SUSTAINABLE  
DEVELOPMENT  
&  
THE CONTRIBUTION OF  
BUSINESS

*The link between, corporate  
responsibility & sustainable  
development*

ROLAND BARDY, ARTHUR RUBENS,  
RAYMOND SANER, & LICHIA YIU

## *The Link Between Corporate Responsibility and Sustainable Development*

### Presenters

Roland Bardy

Arthur Rubens

Raymond Saner

Lichia Yiu



*BardyConsult, Mannheim, Germany*

*Florida Gulf Coast University, Fort Myers, FL, USA*

*Centre for Socio-Economic Development, Geneva,  
Switzerland*

*International Atlantic Economic Society Conference  
May 19 – 21, 2021*

# Discussant Authors



- ✦ Dr. Roland Bardy, former executive at BASF, owner of BardyConsult (Mannheim, Germany), and Executive Professor at Florida Gulf Coast University.



- ✦ Dr. Arthur Rubens, Professor Emeritus and former Professor of Management at Florida Gulf Coast University in Fort Myers, Florida. He is presently a Visiting Professor at Audencia Business School in Nantes, France.



- ✦ Dr. Raymond Saner, Titular Professor at Basle University and teaches environmental conflict resolution and sustainable development and consults with OECD and various UN agencies.

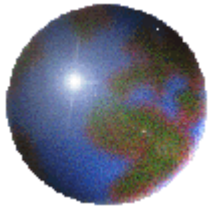


- ✦ Dr. Lichia Yiu, co-founder of CSEND, Geneva, teaches organizational development, leadership and stakeholder management in Europe, Asia as well as in North-and South-America.



# Public Goods, Sustainable Development and the Contribution of Business

***There is an inherent linkage between the public goods theme, sustainable development and corporate responsibility. Improving the current and future welfare of communities at home and abroad intrinsically depends on this link.***



*Sustainable development is equal to **preserving and maintaining public goods**. Consequently, whoever uses public goods is liable for their preservation, their maintenance and, where they are underdeveloped, for their expansion. The successful delivery, now and in the future, depends on a positive relationship of the public sector with the private sector.*

*Scholars and policy makers in the field of sustainable development must join with business leaders in order to close the **gap between the public and the private sectors**. By building a common understanding and common methodologies, governments and businesses will foster implementation and measurement of sustainable development in the macro- and the micro-sphere.*



# Public Goods, Sustainable Development and the Contribution of Business



*This book admirably serves the purpose of framing and shaping the public and commercial discourse on both's use of public goods ... Jerome Katz, Brockhaus Chair of Entrepreneurship, Chaifetz School of Business, Saint Louis University*



*The pandemic that washed over the globe in 2020 demonstrated that the provision of public goods is still central to civilized societies. Businesses have a share in this, and their contribution is essential to achieving sustainable development ... Jerry Davis, Gilbert & Ruth Whitaker Professor of Management, Michigan Ross School of Business*



*A very timely and unique perspective on how sustainability matters in the use of public goods by consumers and producers ... Jagdish Sheth, Charles H. Kellstadt Professor of Business, Goizueta Business School, Emory University*



*The themes of the book are all key contributors to attaining Sustainable Development Goals. This book is timely and provides a holistic view ... Victor van Vuuren, Director, Enterprises Department, International Labor Organization*



*There is an enormous gap between the macro-ambition of creating public goods and the micro-translation of this into strategies. This book clearly serves the purpose of that translation ... Rob van Tulder, Rotterdam School of Management, Erasmus University*



*At last! A book that makes business a critical element of the conversation about sustainable development in a multi-institutional environment ... R. Edward Freedman, Professor of Management, Darden School, University of Virginia*





# Public Goods, Sustainable Development and the Contribution of Business

## Part 1: Accessing Public Goods Phenomenon

- ❖ Three Basic Approaches
- ❖ Policy Consequences
- ❖ Finding an Operational Definition
- ❖ Argumentations and shaping the path from Operationality
- ❖ Defining Value
- ❖ Cost Consequences

## Part 3: Public Goods & the Business Environment

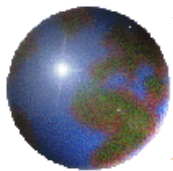
- ❖ Private Sector Reporting: SD
- ❖ Corporate Policy/Business Responsibility
- ❖ Responsible Business in Practice
- ❖ Multiple forms of Capital/Value Creation
- ❖ Businesses Using Public Goods
- ❖ Expanding EVA to Measure Business Performance
- ❖ Industrial Policies: Stakeholder Acceptance

## Part 2: Public Goods/Public Statistics

- ❖ Environmental/Social-System of National Accounts
- ❖ Defining Social Capital
- ❖ Regional & Local Level Assessments

## Part 4: Policies for Improving Macro-Micro Linkage

- ❖ Objecting the Involvement of Business
- ❖ Business Involvement-Public Goods Provision
- ❖ Business World, SDGs, UN 2030 Agenda
- ❖ Performance Control for Public Goods Provision



# Why is the Public Goods theme so important now?

Arthur Rubens

## The World we live in ...

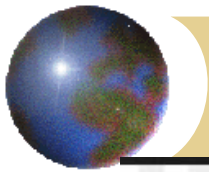
## Will Require

- ✦ **Simultaneous accelerations in technology and globalization**
- ✦ **Biggest problems today are global problems and require global solutions; e.g.: climate, trade, technology, contagion, etc.**

- ✦ **Strong institutions**
- ✦ **Keeping a firm, a country, etc. 'open' to many flows of possible innovation.**
- ✦ **Having an Open Systems to people, trade, etc.**
  - ✦ See changes first and quickly respond to them
- ✦ **Being part of a larger Coalition**

*International Atlantic Economic Society Conference  
May 19 – 21, 2021*





# Millennium Project



## Global Challenges

**Intersecting Business & Public Goods**



# What are Public Goods?

- ❖ **Public Goods** are goods that largely benefit society, that serve a “*collective public purpose*” and would generally have to be provided by the state. **Pure public goods** are goods that are perfectly non-rival in consumption and are non-excludable (Samuelson, Buchanan).
  - ❖ Non-rival in consumption: One individual’s consumption of a good does not affect another’s opportunity to consume the good. Once produced the goods are available to ALL in equal amount – the marginal cost to providing the public goods to additional users is “zero”!
  - ❖ Non-excludable: Individuals cannot deny each other the opportunity to consume a good and individuals who cannot or will not pay for the good are not debarred or excluded from using the public good.



**Vaccinations**



**Sanitation Plants**



**Flood Defense**



**Public Broadcasts**



**Parks,  
atmosphere,  
beaches, ocean...**



**National Defense**

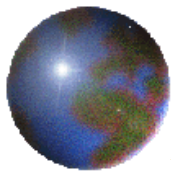


**Police**



**Street Lights**





# Private Goods

✦ **Private goods** are goods or services which are both rivalrous and excludable, and a person will be excluded from owning or using if they don't pay for it.



Milk example: Milk is a product that is consumed, therefore, if someone has a glass of milk, he or she is not generally obligated to share it and once it is drunk, it is not available for others. Thus, milk is excludable and rivalrous.

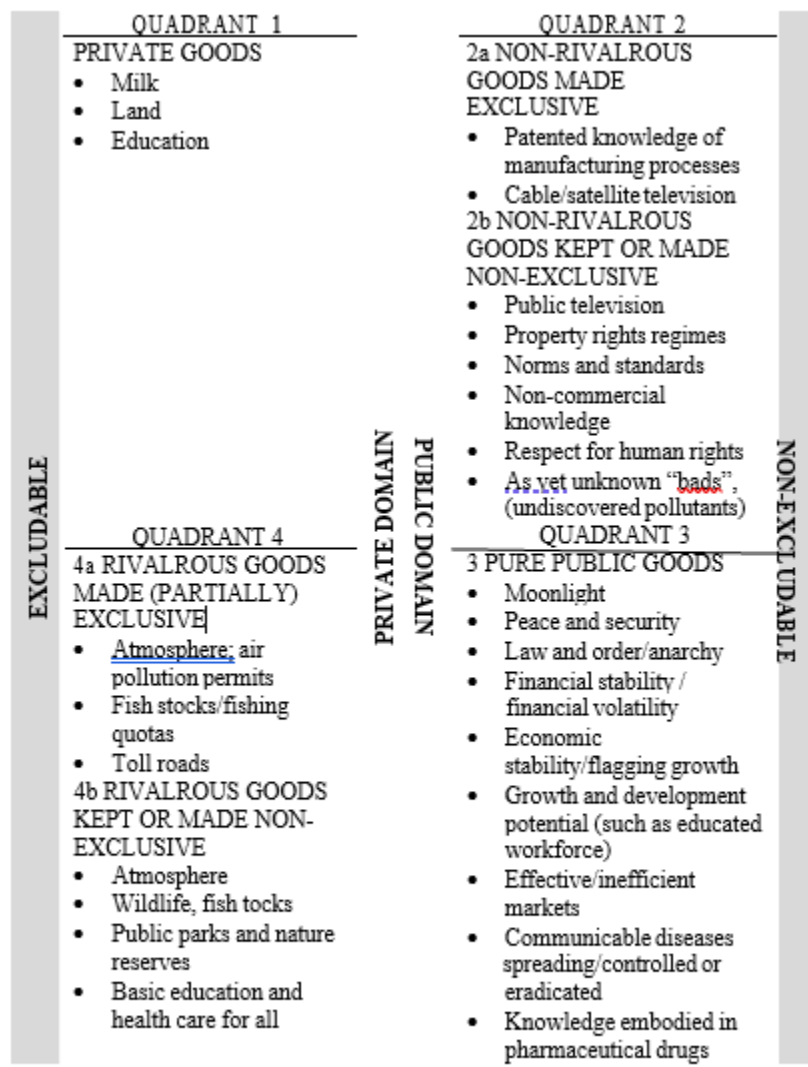
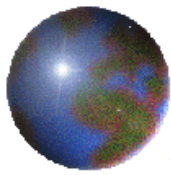


Fig. 3-2: An Advanced Approach of the Basic Properties of Goods (Source: Kaul and Mendoza 2003, p. 83).



# Impure or Quasi Public Goods

❖ **Impure or Quasi Public Goods** are goods that have some of the characteristics of pure public goods but may be rivalrous or exclusive

❖ **Semi-non rival goods** may be a park, beach road, or public service (WiFi) that eventually through crowding or overused might no longer be available for others.



❖ **Semi-non excludable** due to overuse might exclude non-paying customers (must pay entrance fee or toll).

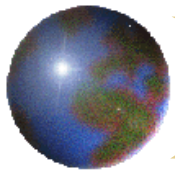


	RIVALROUS	NON-RIVALROUS
EXCLUDABLE	<b>QUADRANT 1</b> <i>Examples</i> <ul style="list-style-type: none"> <li>• Milk</li> <li>• Land</li> <li>• Education</li> </ul>	<b>QUADRANT 2</b> <i>Examples</i> <ul style="list-style-type: none"> <li>• Research and development</li> <li>• Non-commercial knowledge (such as the Pythagorean theorem)</li> <li>• Norms and standards</li> <li>• Respect for human rights</li> <li>• Television signals</li> </ul>
NON-EXCLUDABLE	<b>QUADRANT 4</b> <i>Examples</i> <ul style="list-style-type: none"> <li>• Atmosphere</li> <li>• Wildlife</li> </ul>	<b>QUADRANT 3</b> <i>Examples</i> <ul style="list-style-type: none"> <li>• Moonlight</li> <li>• Peace and security/conflict</li> <li>• Law and order/anarchy</li> <li>• Financial stability/excessive financial volatility</li> <li>• Economic stability/flagging growth</li> <li>• Growth and development potential (such as educated workforce)</li> <li>• Effective/inefficient markets</li> <li>• Communicable diseases spreading/controlled or eradicated</li> </ul>

Fig. 3-1: A Conventional Approach of the Basic Properties of Goods (Source: Kaul and Mendoza 2003, p.82).

*Public goods are created by human effort, and often enhance natural goods. Air is a natural good; clean air is a public good. Land is a natural good; national parks are public goods (Public goods are created to protect and preserve natural goods).*





# Changing Role of Business

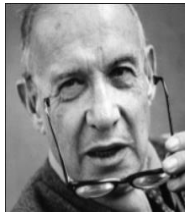
“The social responsibility of business is to increase its profits and to maximize shareholder value” - *Milton Friedman, Nobel Prize Economist*



*New Covenant*



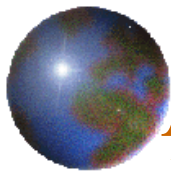
*Old Covenant*



“An organization is not an end in itself ... An organization is an organ of society and fulfills itself by the contribution it makes to the outside environment” – *Peter Drucker, Consultant*

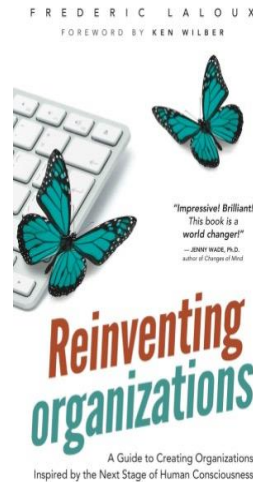
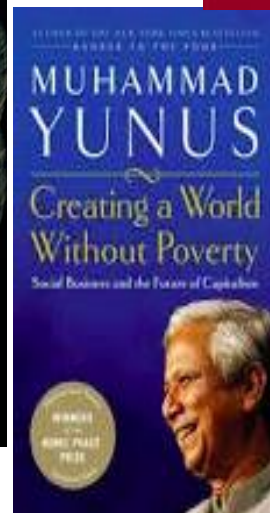
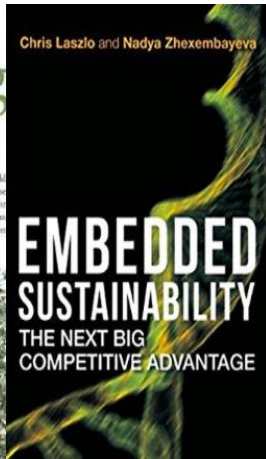
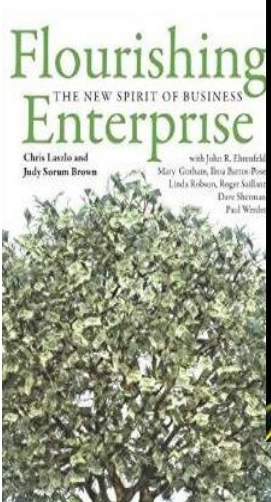
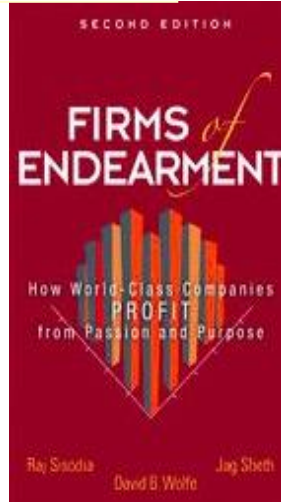
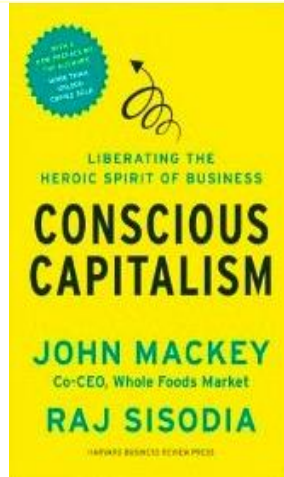
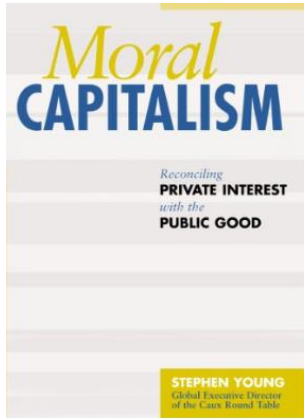
*International Atlantic Economic Society Conference, May 19 – 21, 2021*



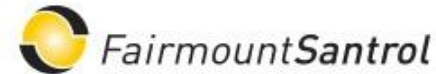


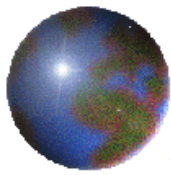
# New Role of Business/Public Goods

## New Streams of Research



## Positive Impact Companies





# Institutional Focus on CSR



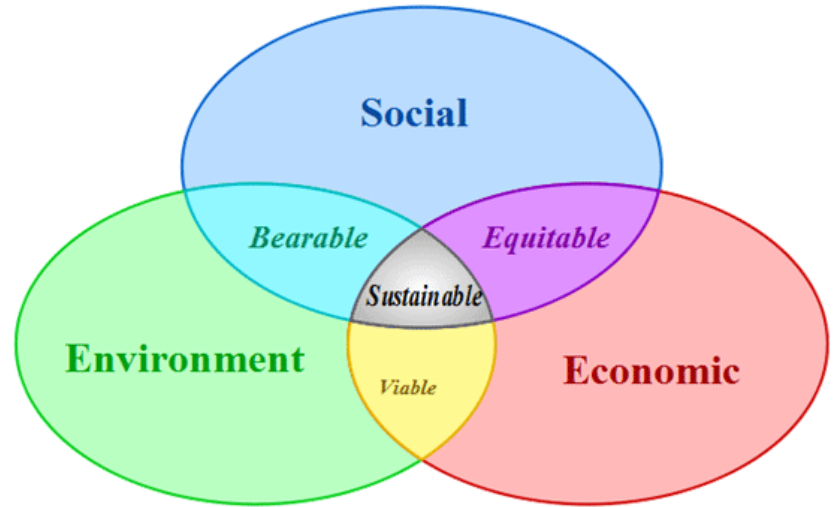
corporate responsibility



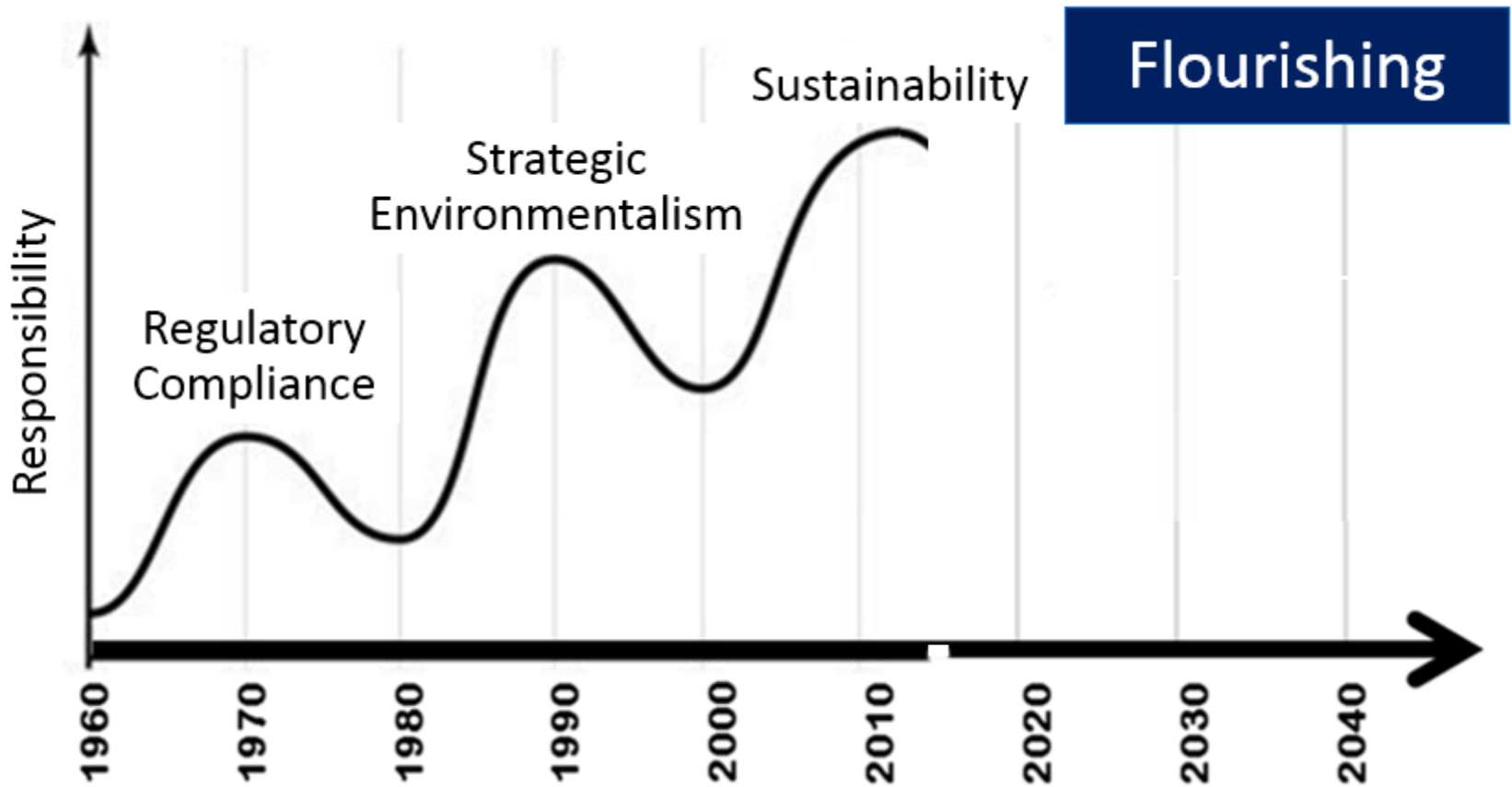
United Nations Framework Convention on Climate Change



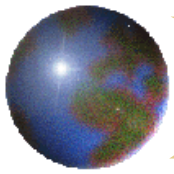
SUSTAINABLE DEVELOPMENT GOALS  
17 GOALS TO TRANSFORM OUR WORLD



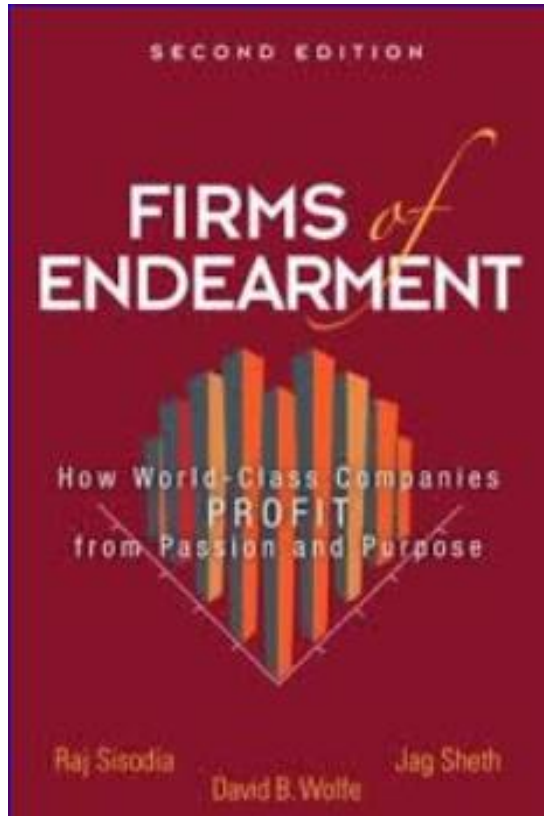
# *Future: A New Spirit of Business Enterprise*



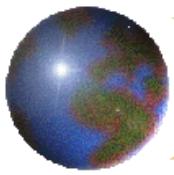




# *Firms of Endearment*



**Stakeholder Relationship Management Model  
(Stockholder <sup>17</sup> Bias Model)**

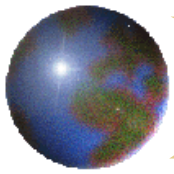


# Characteristic



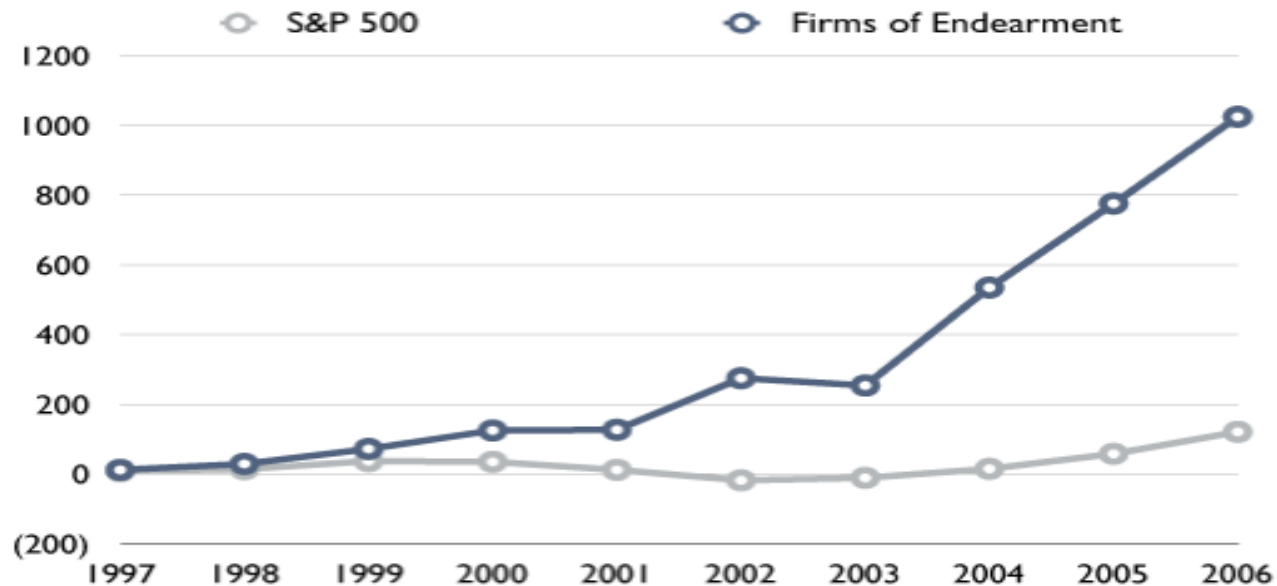
- ✦ Purpose beyond money
- ✦ Align interests of all stakeholders
- ✦ Executive salaries are less
- ✦ Open door policy (waigaya)
- ✦ Employee comp/benefits significantly better
- ✦ More time to employee training (Mean: 263 hrs vs. 8 hrs)
- ✦ Have less turnover; e.g., Costco, SW Airlines, etc
- ✦ Empower employee to make customers happy
- ✦ Hire people who are passionate (e.g., Patagonia; Whole foods, etc)
- ✦ Humanize customer experience (e.g., Zapos)
- ✦ Passion for customer
- ✦ Marketing cost are less (word to mouth)
- ✦ Suppliers: Partners and Collaborators
- ✦ Honor spirit of law (e.g., environmental, working conditions, etc)
- ✦ Culture is greatest asset (long term)





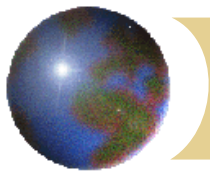
## Is it worth the effort?

*Firms of Endearment more profitable than S&P 500*



**We believe that companies with sustainable business practices are better managed, more innovative, less risky and better positioned to deliver superior performance over the long-term."**

**-Goldman Sachs, GS Sustain**



# Is it worth the effort?

*FoEs consistently outperformed the S&P 500 by 14 times, and Good to Great Companies by six times over a period of 15 years*



From Dr. Arthur Rubens

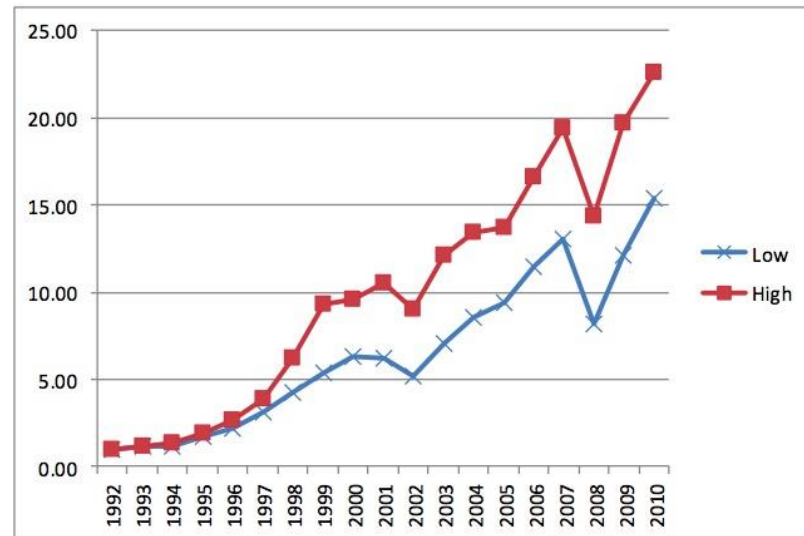


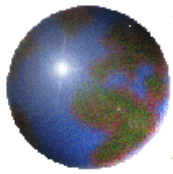
# Is it worth the effort?

*Eccles et al. – “The Impact of Corporate Sustainability on Organizational Processes and Performance”* Management Science 2014

- ✚ Study of 180 companies – 1993 to 2009
- ✚ 90 High Sustainability vs 90 Low Sustainability companies
- ✚ Across a range of measures, High Sustainability companies outperform Low Sustainability companies

Evolution of \$1 invested in the stock market in value-weighted portfolios





## *New Attitudes*



- ✦ Roger Martin, Michael Porter, Christopher Meyer and others have noted that the intent to maximize shareholder value has resulted in myopic management overly obsessed with short-term financial returns.
- ✦ Much has been lost in this shift
- ✦ ...with leaders increasingly arguing that new models need to emerge



# New Models of Businesses



CAUX ROUND TABLE  
*Charting a new course for business*

## Caux Round Table Principles for Business

### Principles for Business General Principles

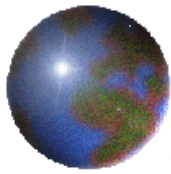
- Principle 1. The responsibilities of Business:  
*Beyond Shareholders Toward Stakeholders*
- Principle 2. The Economic and Social Impact of Business:  
*Toward Innovation, Justice, and World Community*
- Principle 3. Business Behavior:  
*Beyond the Letter of Law Toward a Spirit of Trust*
- Principle 4. Respect for Rules
- Principle 5. Support for Multilateral Trade
- Principle 6. Respect for the Environment
- Principle 7. Avoidance of Illicit Operations

## Public Benefit Corporations

- ✦ Type of corporation where “public benefit” is a charter purpose of the corporation.
  - ✦ Are required to meet a tri-partite balancing requirement consistent with its public benefit purpose.
  - ✦ Directors are required to balance ‘the pecuniary interest of stockholders, the best interests of those materially affected by the corporation’s conduct, and the identified specific public benefit purpose.’
  - ✦ Are required to report on their overall social and environmental performance to shareholders and stockholders.

*“Businesses’ interests and virtues are not in conflict; businesses can achieve both of these in their normal operations” . R .E. Ewin (1995). The Virtues Appropriate to Business. Business Ethics Quarterly. Vol 5 (4), pp. 833 – 842.*





# Global Dialogue on Sustainable Development

## Roland Bardy

### Which value systems can drive business towards sustainable futures for tomorrow?

- ✦ Sufficiency Economy Philosophy
- ✦ Moral Capitalism
- ✦ Sustainable Leadership

THE 2013 BANGKOK CONFERENCE  
**GLOBAL DIALOGUE**  
ON SUSTAINABLE DEVELOPMENT



### **“Businesses are in the business of business”**

- ✦ Public Good is Good for business
- ✦ Recognition that Economic Sustainability and Increased ROI are directly correlated with integrating business and the public good/public goods
- ✦ Sustainability and Sustainable Development is about the future



## Sustainability

**= meeting the needs of the present generation without compromising the ability of future generations to meet their needs.**

Gro Brundtland,  
Our Common Future (1987)

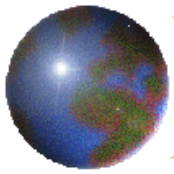
**= formulating a relationship between dynamic human economic systems and slower changing ecological systems, in which human life can continue indefinitely, human individuals can flourish, and human cultures can develop.**

Robert Costanza, 1991

# Sustainable Development



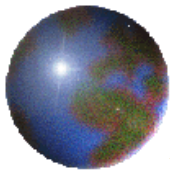
*Each of the SDGs represents one or more public goods*



## *Each of the SDGs represents one or more public goods ...*

- ✚ ... hence measuring progress of the SDG agenda can also be termed as measuring if the amount / the value of a certain public good has increased
- ✚ Valuating / assigning a monetary value to a public good requires advanced statistical techniques (cost/benefit measuring, rent capitalization, input/output matrices, contingency valuation)
- ✚ There are methodologies available for monetizing natural and social public goods





# Measuring Public Goods



**Views of local area**      **Participation**

**Social participation**      **Social capital**

**Empowerment**      **Civic participation**

**Self-confidence**      **Group membership**

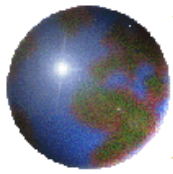
**Social networks**      **Trust**      **Reciprocity**

**Social support**      **Influence**

**Access**

**Connectedness**      **Informal networks**

**Formal networks**      **Social relations**      **Neighbourliness**      **Friends**      **Civic engagement**

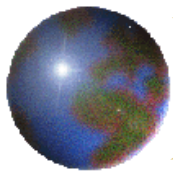


# The controversy on the constant capital rule in sustainable resources:

## *Weak" or "Strong" Sustainability*

There is an interrelation between the various forms of capital (man-made, natural, human, ..) and the elements which form the whole may be substituted by each other: We can consume some of our natural capital (in the form of environmental degradation, for example) as long as we offset this loss by increasing our stock of man-made capital, making use of the technological advances which mankind is continuously adopting. This way of dealing with resources has been called ***"Weak Sustainability"***.

***"Strong sustainability"*** requires that the resource-structure remain unchanged as nature is an indivisible heritage and does not tolerate "commodification". Hence, it denies that value of the environment can be expressed in money.

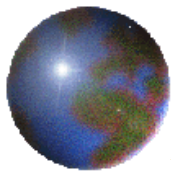


## Reconciling “weak” and “strong” sustainability through an extended concept of value added

Seeking for ways to connect *microeconomic accounting* with the largely *macroeconomic terms* of sustainability theory: Pezzey and Toman 2002, Figge and Hahn 2004, Brätland 2006, Johnson and Bourguignon 2006, Gopal 2016.

Seeking for ways to connect *financial reporting* (IFRS, GAAP) with *sustainability reporting* (Global Reporting System, Sustainability Accounting along SA 8000 and AA 1000): The International Integrating Reporting Committee (IIRC)

Extending the concept of value added: From *Economic Value Added* (EVA) to *Sustainability Value Added* (SVA) by adding the capital tied up in public goods to the capital on which a firm needs to earn a return => this requires monetization of natural capital and social capital.



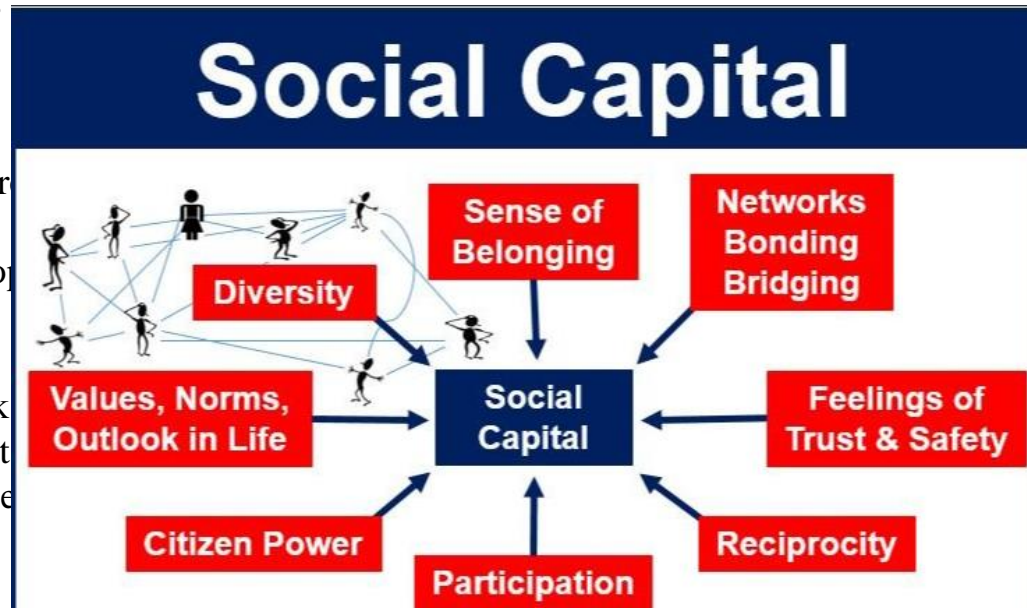
# Social Capital Definition



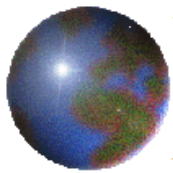
**Definition:** *The institutions, relationships, and norms that shape the quality and quantity of a society's social interactions (World Bank 1998).*

## ✪ The WORLD BANK's five key aspects of social capital

1. groups and networks - collections of individuals that promote and protect personal relationships which improve welfare;
2. trust and solidarity - elements of interpersonal behavior which fosters greater cohesion and more robust collective action;
3. collective action and cooperation - ability of people to work together toward resolving communal issues;
4. social cohesion and inclusion - mitigates the risk of conflict and promotes equitable access to benefits of development by enhancing participation of the marginalized;
5. information and communication - breaks down negative social capital and also enables positive social capital by improving access to information.







# Social Capital: Another measuring concept

## “Basel Institute of Commons and Economics Social Capital Assessment 2013”

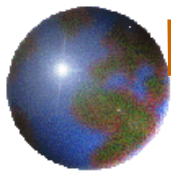
### Social capital measured by eight categories

	Mexico	Ukraine	Tanzania	Vietnam	Japan
Politics	6.6	7.0	4.3	6.0	4.1
Gov. Measures	6.2	6.5	7.0	5.6	5.2
Asset Levy	7.5	7.0	6.6	6.6	5.0
Local Assets	5.0	6.7	4.3	5.6	4.7
Trust	7.2	7.3	4.6	6.3	3.5
Helpfulness	3.3	5.6	2.0	2.6	2.2
Friendliness	2.1	4.2	1.6	2.6	2.0
Hospitality	1.3	2.8	2.3	2.0	2.1

Scale is 1 for Excellent and 10 for Poor



Fig. 8-1: Social Capital and Social Resources (Source: Bardy, Saner and Yiu 2015).



# *Valuation of ecological/social resources (I)*

## *.. a broad array of (competing) indices:*

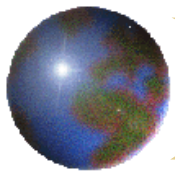
Index	Reference	Countries	Variables
Living Planet Index (LPI)	WWF (1998)	n.a. <sup>1</sup>	1100
Ecological Footprint (EF)	Wackernagel and Rees (1997)	148	arbitrary
City Development Index (CDI)	UNCHS (2001)	125 <sup>2</sup>	11
Human Development Index (HDI)	UNDP (2005)	177	4
Environmental Sustainability Index (ESI)	Esty et al. (2005)	146	76
Environmental Performance Index (EPI)	Esty et al. (2006)	133	16
Environmental Vulnerability Index (EVI)	SOPAC (2005)	235	50
Index of Sustainable Economic Welfare (ISEW) <sup>3</sup>	Cobb (1989)	6	25
Well Being Index (WI)	Prescott-Allen (2001)	180	87
Genuine Savings Index (GS)	Hamilton et al. (1997)	104	5
Environmentally Adjusted Domestic Product (EDP)	Hanley (2000)	n.a. <sup>4</sup>	(many)

1: LPI measures the number of individuals of specific species in a certain population (beyond national borders).

2: CDI has been applied to cities, regions, and countries.

3: Identical with the Genuine Progress Index (GPI).

4: EDP is calculated through implementing SEEA (System of Integrated Environmental and Economic Accounting), and the number of countries that apply this has been rapidly growing during the last years.

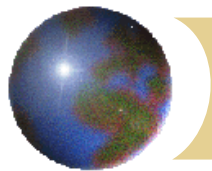


## *Valuation of ecological/social resources (II)*

### **An example for a viable quantification: The Swiss National Commons Product (NCP)\***

Weight	Class of Goods	Metric / Database
25% natural resources	40% renewable energies 20% water 20% land, sea 20% capacity of renewable energies (coal, etc.)	Capacity in GW/year Capacity in m <sup>3</sup> /year sq km of usable land/inhabitant world market prices
32% social resources	20% security and peace 20% health 20% education 10% information 10% law and order 5% public transport	Ranking in Global Peace Index percentage of population having free access ... ... ... sqm/inhabitant (% of all land)
15% volunteering and unpaid community services	...	...
7% religion	...	...
7% happiness / life satisfaction		World Database of Happiness
7% families with children	...	...

\* **Source: Dill (2009): "Wealth beyond GDP". English version: <http://commons.ch/english>**



## One reason for monetization: Measuring the stock of capital

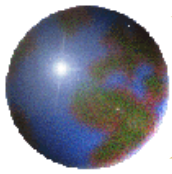
### => The outer („macro“) perspective:

Maintenance of a constant natural capital stock (including the renewable resource base and the environment) is necessary to yield an indefinite stream of output or "income" (Capital theory of sustainability economics).

### => The inner („micro“) perspective:

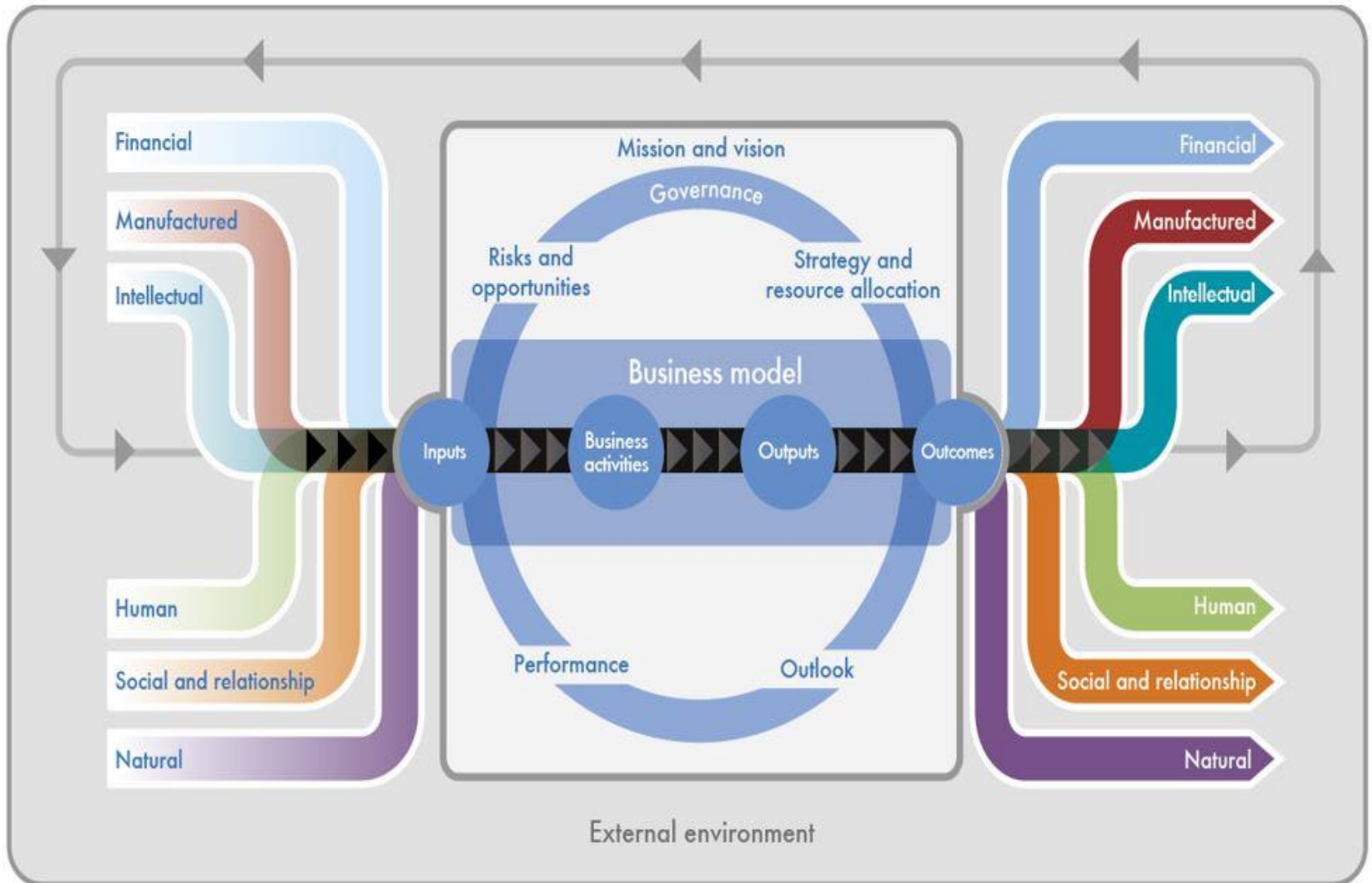
In order to maintain its business, a firm will have to maintain a stock of the resources to be employed or consumed, whether that stock is part of its assets or is warehoused by a partner (Capital maintenance objective).



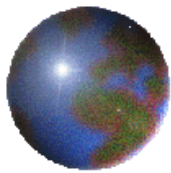


# The multiple capitals concept ("micro" IIRC 2017)

(Source: <https://integratedreportingsa.org/faq-the-octopus-model>)

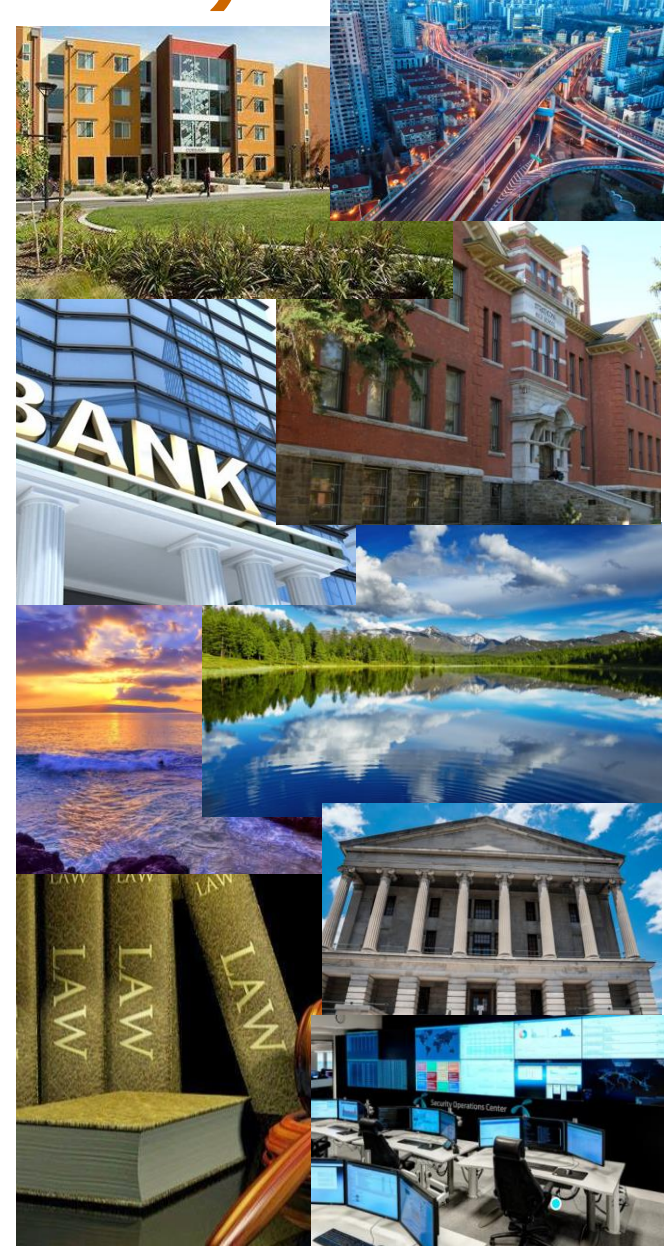


Value creation (preservation, diminution) over time



# The multiple capitals concept ("macro": Pearce 2005)

	<i>Household level</i>	<i>Community level</i>	<i>National level</i>
<i>Physical assets</i>	Housing Tools Animals Machines	Schools Hospitals Local infrastructure	Major infrastructure
<i>Financial assets</i>	Cash	Access to credit/insurance	Access to credit/insurance
<i>Human assets</i>	Labor Education Skills Health	Pooled labor	Labor markets
<i>Environmental assets</i>	Land Soil fertility Woodlots	Common land Fisheries Forests Water, Watersheds Sanitation Air quality	Rivers/seas/lakes Large watersheds Minerals Fuels Global climate
<i>Social assets</i>	Family trust Solidarity	Community trust Security Governance participation Cultural assets Rights, Justice systems	Inter-community links Government trust Political freedoms Rights, Justice Markets



# Public Goods, Sustainable Development and the Contribution of Business



## Education as a Public Good

Arthur Rubens



Department of Economic and Social Affairs  
Sustainable Development



ENSURE INCLUSIVE AND EQUITABLE QUALITY EDUCATION AND  
PROMOTE LIFELONG LEARNING OPPORTUNITIES FOR ALL

**4.1** All boys and girls complete free, equitable and quality primary and secondary education

**4.2** All boys and girls have access to quality early childhood development, care and pre-primary education

**4.3** Ensure **equal access** for all women and men to affordable and quality technical, vocational and tertiary education

**4.4** Substantially increase the number of youth and adults who have relevant skills, including *technical and vocational* skills

**4.5** Eliminate gender disparities in education ensure equal access to all levels of education and vocational training

**4.6** Ensure that all youth and a substantial proportion of adults achieve literacy and numeracy

**4.7** Ensure that all learners acquire the knowledge and skills needed to promote sustainable development, sustainable lifestyles, human rights, gender equality, culture of peace/non-violence, global citizenship, appreciation of cultural diversity

**4.a** Build and upgrade education facilities that are child, disability and gender sensitive and provide safe, non-violent, *inclusive* and effective learning environment

**4.b** Substantially expand globally the number of scholarships available to developing (least developed) countries for enrolment in higher education including vocational training and information and communication technology

**4.c** Substantially increase the supply of teachers, including<sup>38</sup>through international cooperation for teacher training in developing countries





# Public Goods, Sustainable Development and the Contribution of Business



## Education as a Public Good

BEFORE COVID-19

PROGRESS TOWARDS  
**INCLUSIVE AND EQUITABLE QUALITY  
EDUCATION WAS TOO SLOW**



**OVER 200 MILLION CHILDREN WILL  
STILL BE OUT OF SCHOOL IN 2030**

COVID-19 IMPLICATIONS



SCHOOL CLOSURES KEPT

**90% OF ALL STUDENTS OUT OF SCHOOL**

REVERSING YEARS OF PROGRESS ON EDUCATION

**INEQUALITIES IN EDUCATION ARE  
EXACERBATED BY COVID-19**

IN LOW-INCOME COUNTRIES,  
CHILDREN'S SCHOOL COMPLETION RATE IS



**79% IN RICHEST  
20% OF HOUSEHOLDS**



**34% IN POOREST  
20% OF HOUSEHOLDS**

REMOTE LEARNING REMAINS  
**OUT OF REACH FOR  
AT LEAST  
500 MILLION STUDENTS**



**ONLY 65% OF PRIMARY SCHOOLS  
HAVE BASIC HANDWASHING FACILITIES  
CRITICAL FOR COVID-19 PREVENTION**

## Post-Covid-19

- ✦ Delivery of Education worldwide will change
- ✦ Technology is more important than ever: Need for connectivity worldwide
- ✦ Generation Alpha (children of millennials) are most diverse generation in the world's history
- ✦ Need to educate youth in an interconnected world (collaboration and understanding of cross border differences)
- ✦ Redefine the role of the educator: a facilitator that helps students to become contributing members of society
- ✦ Focus on Life skills for future job opportunities: communication, collaboration, empathy, emotional intelligence, and understanding cultural differences (soft skills)
- ✦ Unlocking technology for delivery of education: using new technologies and methods to educate students across the world.





# Public Goods, Sustainable Development and the Contribution of Business



## Education as a Public Good



- Primary & Secondary Education
  - Largely, non-rivalrous and non-exclusive
- Higher Education/Vocational/Technical
  - Rivalrous goods that can be private
  - Made non-exclusive by a nation's policy

### Future Role of Business/Business Education

- AACSB International announced a new "collective vision" for the future of business education/businesses
- Five key opportunities for business schools to add value, create market differentiation, and better serve society globally: "...
- Business schools and businesses will act as: catalysts of innovation, co-creators of knowledge, hubs of life-long learning, leaders in leadership, and enablers of global prosperity"
- As "enablers of global prosperity" says: "business are expected to be an active participant in addressing broad societal goals and social challenges"



**Association to Advance Collegiate Schools of Business**

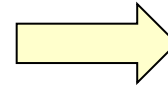
### Business Schools and Primary/Secondary Education

- Recognition that skills needed for tomorrow's businesses must start early in a person's education
- Increased focus on creation of partnerships/internships with regular classes and vocational/technical classes in Secondary Schools

# Public Goods, Sustainable Development and the Contribution of Business



## Water as a Public Good Raymond Saner



- ❖ **6.1-** By 2030, achieve universal and equitable access to safe and affordable drinking water for all
- ❖ **6.2** -By 2030, achieve access to adequate and equitable sanitation and hygiene for all and end open defecation, paying special attention to the needs of women and girls and those in vulnerable situations
- ❖ **6.3** -By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally
- ❖ **6.4** -By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity
- ❖ **6.b** –By 2030, support and strengthen the participation of local communities in improving water and sanitation management



# Public Goods, Sustainable Development and the Contribution of Business



New Tab x Goal 6 | Department of Economic... x +

sdgs.un.org/goals/goal6

Apps Google Google New Tab sgd17 Webmail-CSEND Webmail-ORGA Webmail-DIPLO Webmail-ADEQ

## BEFORE COVID-19

DESPITE PROGRESS, **BILLIONS STILL LACK WATER AND SANITATION SERVICES**

**2.2 BILLION PEOPLE** LACK SAFELY MANAGED DRINKING WATER (2017)

**4.2 BILLION PEOPLE** LACK SAFELY MANAGED SANITATION (2017)

## COVID-19 IMPLICATIONS

**3 BILLION PEOPLE WORLDWIDE** LACK BASIC HANDWASHING FACILITIES AT HOME

↓ ↓ ↓

THE MOST EFFECTIVE METHOD FOR COVID-19 PREVENTION

**TWO IN FIVE** HEALTH CARE FACILITIES WORLDWIDE HAVE **NO** SOAP AND WATER OR ALCOHOL-BASED HAND RUB (2016)

**WATER SCARCITY** COULD DISPLACE **700 MILLION PEOPLE** BY 2030

42

Table 1. Four options for the management of the water sector.

	Public	Private	Private-public partnership	Cooperative
Conception of water management	A human right and a social good	An economic good or a commodity	An economic good and a renewable natural resource	A socio-ecological good, an economic good and a renewable natural resource
Advantages	<p>Protection against customers' exploitation</p> <p>Equitable distribution of services</p>	<p>Access to unserved areas</p> <p>High level of competition</p>	<p>Increased competition during tendering stage</p> <p>Inflow of private capital</p> <p>Private sector knowledge, technology and capacity</p>	<p>Voluntary and open membership</p> <p>Education, training and information</p> <p>Concern for the community</p>
Disadvantages	<p>Lack of political will to charge cost-recovering tariffs</p> <p>Inefficient operation</p> <p>Exposed to cross-subsidisation to other government services</p>	<p>More expensive than network water</p> <p>Environmental concerns</p> <p>Price fixing could occur</p>	<p>Private monopoly can erode public power</p> <p>Inequitable supply</p> <p>Lack of transparency with regulator</p> <p>Little voice for consumers</p>	<p>Lack of awareness of their business potential among governments and the general public</p> <p>Lack access to loan finance to help them expand their business</p> <p>Lack of technical knowledge and access to new technology</p>





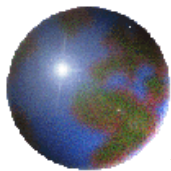
# Public Goods, Sustainable Development and the Contribution of Business

## Health as a Public Good

Lichia Yiu



- ✿ **3.8** Achieve **universal health coverage**, including **financial risk protection**, **access to quality essential health-care services** and **access to safe, effective, quality and affordable essential medicines and vaccines for all**
- ✿ **3.b** Support the **research and development of vaccines and medicines** for the communicable and non-communicable diseases that primarily affect developing countries, provide access to affordable essential medicines and vaccines, in accordance with the Doha Declaration on the TRIPS Agreement and Public Health, which affirms the right of developing countries to use to the full the provisions in the Agreement on Trade-Related Aspects of Intellectual Property Rights regarding flexibilities to protect public health, and, in particular, provide access to medicines for all
- ✿ **3.c** Substantially increase health financing and the recruitment, **development, training and retention** of the health workforce in developing countries, especially in least developed countries and small island developing States



# Rights Based, Human Centered Approach to Health – PHC and UHC

3 GOOD HEALTH AND WELL-BEING



ENSURE HEALTHY LIVES AND PROMOTE WELL-BEING FOR ALL AT ALL AGES

BEFORE COVID-19

PROGRESS IN MANY HEALTH AREAS CONTINUED, BUT NEEDS ACCELERATION



COVID-19 IMPLICATIONS

HEALTHCARE DISRUPTIONS COULD REVERSE DECADES OF IMPROVEMENTS



HUNDREDS OF THOUSANDS OF ADDITIONAL UNDER-5 DEATHS MAY BE EXPECTED IN 2020

THE PANDEMIC HAS

INTERRUPTED CHILDHOOD IMMUNIZATION PROGRAMMES IN AROUND 70 COUNTRIES



ILLNESS AND DEATHS FROM COMMUNICABLE DISEASES WILL SPIKE



SERVICE CANCELLATIONS WILL LEAD TO 100% INCREASE IN MALARIA DEATHS IN SUB-SAHARAN AFRICA

- an estimated 19.4 million children did not receive essential vaccines in their first year of life
- global coverage levels of the pneumococcal conjugate vaccine, which has the potential to reduce pneumonia significantly, have yet to reach 50 per cent coverage. Measles is a highly contagious disease, and the 69 per cent coverage of the two-dose vaccine in 2018 was insufficient to prevent a measles outbreak
- In 2017, only around one third to half of the global population was covered by essential health services. If current trends continue, only 39 to 63 per cent of the global population will be covered by essential health services by 2030.
- In 2019, 166 countries reported the status of their capacity to implement the IHR with regard to preparedness for detecting, reporting and responding to health emergencies such as COVID-19. Analysis shows that steady progress has been made in nearly every core capacity of the Regulations, except in human resources, compared with 2018.

LESS THAN HALF OF THE GLOBAL POPULATION



IS COVERED BY ESSENTIAL HEALTH SERVICES (2017)



# *Business Contributions to “Health for All”*



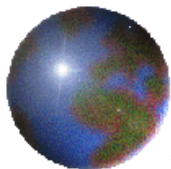
## Management Practices

- ✦ Improving the working conditions for employees by paying a “fair” and “livable” wage, by providing minimum social protection floor --> preventing poverty trap and malnutrition of the family members (elder, children)
- ✦ Ensuring a safe and healthy physical environment of the work place -> preventing occupational hazard and health risks
- ✦ Providing health education to the employees and their families including nutrition, healthy diet, primary health care practices
- ✦ Organising regular sport programmes and events for the employees and their families

## CSR Measures

- ✦ Providing sport campus and other activities to the youth in the community
- ✦ Opening house at the company medical services to the families in the community
- ✦ Zero pollution and emission
- ✦ Engaging in education campaign in the community regarding infectious disease, personal hygiene and environmental conservation



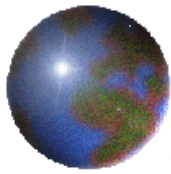


# Revisiting Pearce's list of multiple assets Raymond Saner

	<i>Household level</i>	<i>Community level</i>	<i>National level</i>
<i>Physical assets</i>	Housing Tools Animals Machines	Schools Hospitals Local infrastructure	Major infrastructure
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<i>Social assets</i>	Family trust Solidarity	Community trust Security Governance participation Cultural assets Rights, Justice systems	Inter-community links Government trust Political freedoms Rights, Justice Markets







# *The Public Good of Security in Fisheries*



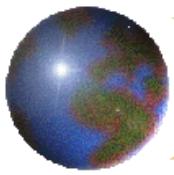
## **Questions:**

*Why is the Code of Safety for Fishermen and Fishing Vessels that has been in effect since 2005 not enforceable in all waters and on all types of vessels?*

*Why does slave labor and human trafficking still occur on vessels offshore, e.g., the coasts of South-East Asia?*

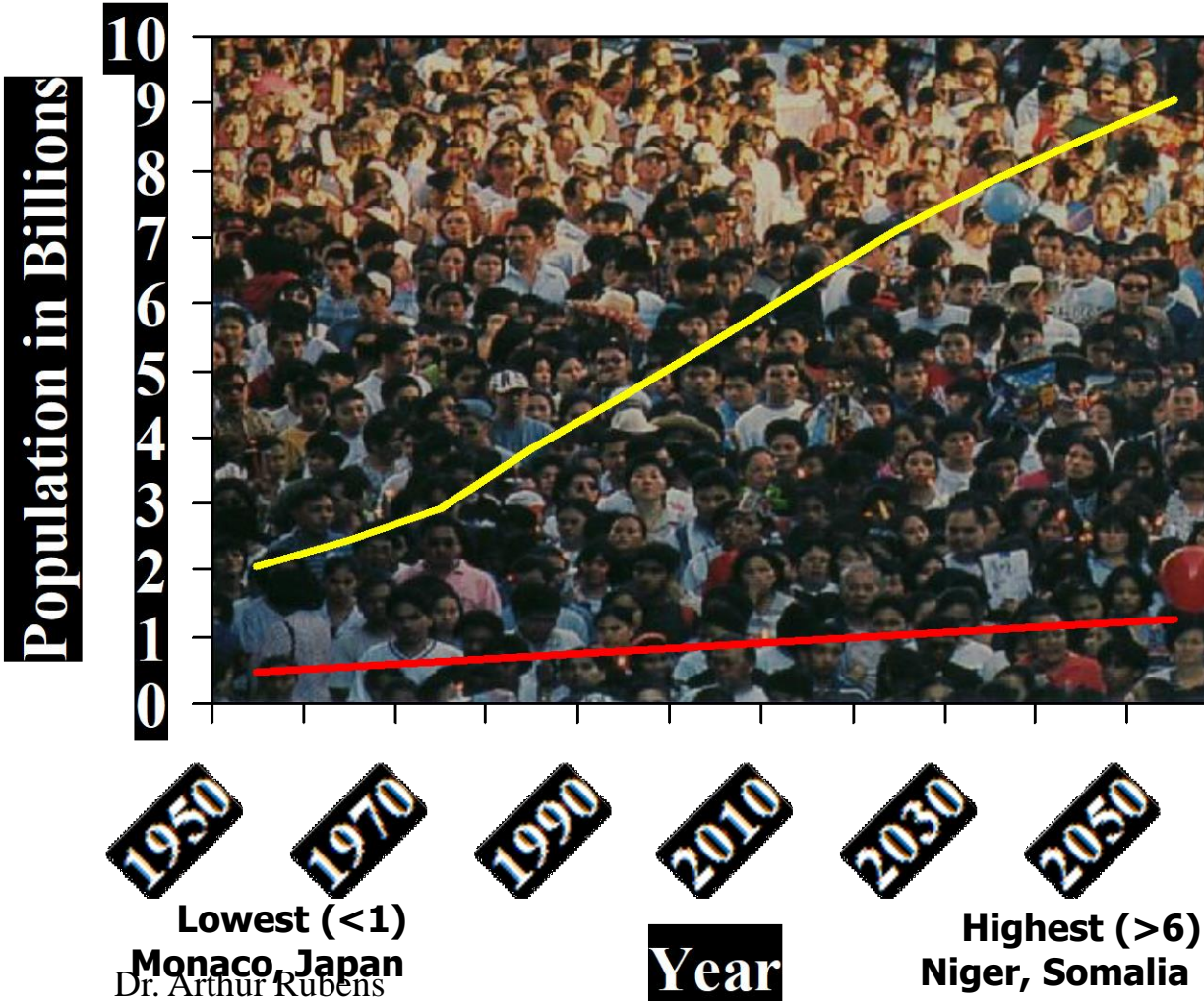
- ✦ The code was launched by the Maritime Safety Committee (MSC), by the United Nations' Food and Agricultural (FAO) Committee on Fisheries and by the International Labor Organization (ILO).
- ✦ There are wide deficiencies in monitoring and oversee that can only be carried out by local forces and within national jurisdictions. Coercion and collective efforts are missing.
- ✦ **SDG Target #7:** "Immediate and effective measures be taken to eradicate forced labor, end modern slavery and human trafficking".
  - ✦ This creates new instruments such as: citizen engagement and a global review mechanism including mandatory reports to the United Nations Office on Drugs and Crime.
  - ✦ One step forward was made by involving non-traditional actors such as the financial sector who are indirectly implicated in the money transfers and laundry schemes of the traffickers (Example: Actions taken by ABN AMRO).



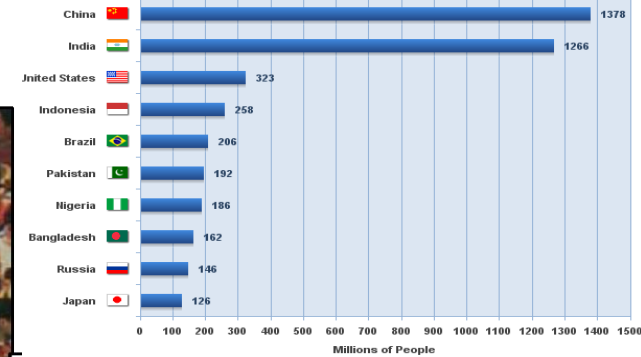


# Projected World Population 1950 – 2050 and beyond

Current Pop: **7.8 Billion** and counting

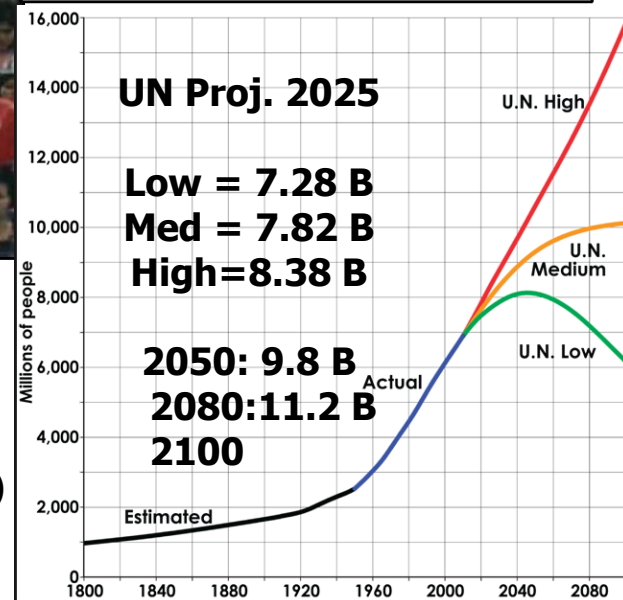


10 Most Populated Countries in the World  
Population in Millions - June 30, 2016



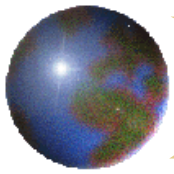
**Less Deleped** (Yellow line)

**More Developed** (Red line)



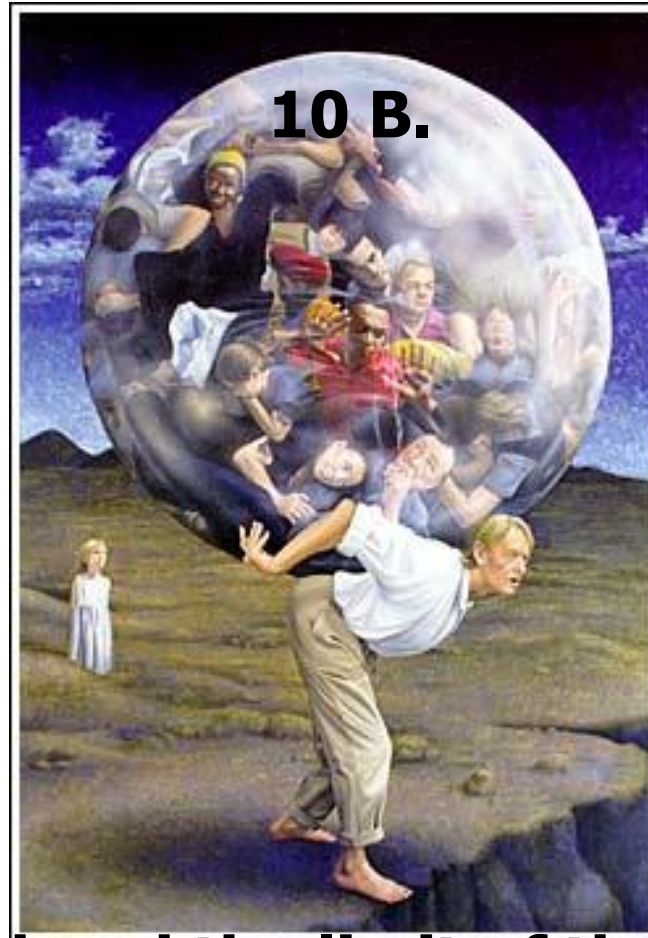
Dr. Arthur Rubens





# Carrying Capacity

**Carrying capacity is the ability to feed the world's population.**



**10 B people is considered the limit of the world to feed itself - we are expected to reach this by 2080.**



## *Food Security: Controlling a Global Public Good*

- ✦ Presently, 11% of the global population suffers from **food insecurity** or chronic hunger (“the state where someone goes to bed hungry”).
- ✦ The **World Food Summit** definition of food security has four elements: **Availability** of **sufficient** quantities of food of appropriate **quality**, supplied through **domestic production or imports**. This includes
  - ❖ access by individuals to adequate resources for acquiring appropriate foods for a nutritious diet;
  - ❖ utilization of food through adequate diet, clean water, sanitation and health care to reach a state of nutritional well-being;
  - ❖ stability through securing continuous access to food even through times of sudden shocks.
  - ❖ Businesses, state actors, and civil society organizations working together to provide the public good of food security comprise food producers, independent auditors and certifiers, food retailers, consumer protection institutes, state and federal ministries.







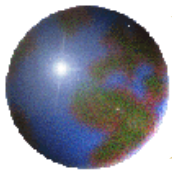
# Food Security: From the Local to the Global Level

FARMERS FEEDING  
THE WORLD

- ❖ Food Insecurity is felt first at the: community/district levels; and household
  - ❖ This is the area where problems in distribution, particularly in transport and marketing have an immediate effect on food provision.
- ❖ In many countries the households are both the basic units for consumption and production of food or for the resources to acquire food.
  - ❖ So, the first signals of shortages will most likely emanate from this level.
- ❖ Understanding and rapidly addressing food shortages will require a conjunction of programs to monitor food shortages locally with the deployment of remedies that are developed on national and global levels.
- ❖ Example: The Famine Early Warning System established in several African states with the help of external donors and executing agencies, such as FAO and USAID. However, they need to go beyond mere supply factors and food balance.



One success factor is to connect food information systems to the daily routines of rural communities, with a focus on local perceptions and qualitative data. This would enable the systems to furnish information not just for coping with crises but for development planning as well.



# Enablers of Global Collective Efforts: WTO and UNCTAD

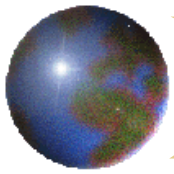


**Building a better foundation for global well-being by “ensuring a level playing field for all, thus contributing to economic growth and development”**



**“Investment treaties that warrant fair conditions for all parties”**

- ❖ **Example: “diminishing pollution of global seashores with plastic waste”**
  
- ❖ The WTO and UNCTAD cooperation with initiatives on a regional scale employing rights-based solutions that involve the private sector:
  - ❖ The Caribbean Environment Program Regional Action Plan for Marine Litter
  - ❖ The Arctic Regional Action Plan Against Plastic Pollution
  - ❖ The Oslo Paris Commission (OSPAR), an international convention against dumping and marine pollution in the North-East Atlantic
  
- ❖ UN-initiatives that enable developing countries to get involved in international rule-setting, e.g., on the production of environmentally friendly products: Collaboration of UN agencies with CSOs such as the Marine Stewardship Council, the Forest Stewardship Council and the Fair-Trade Labeling Organization.



# *Providing access to Finance for Agriculture Development*

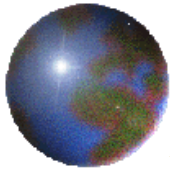
**Challenges:** Water shortages, pollution / degradation of agricultural lands (reduced fertility, increase in erosion and acidity) and of inadequate land tenure structures



## **EXAMPLE**

Building more resilience in agriculture in China, Myanmar and Vietnam (the Asian Agriculture Sector Resilience Investment Fund, ASRIF)

- ✦ Bringing in private capital, e.g., through
  - ✦ CGIAR (Consultative Group on International Agricultural Research) for the diversification of former coffee monoculture plantations in the Central Highlands of Vietnam
  - ✦ Singapore-based Japfa Comfeed, South Korea's CJ Feed and Dutch agro-firm De Heus (among others) for poultry breeding
- ✦ Determination and screening of project opportunities were
- ✦ Coupling project selection with methodologies for ex-ante quantification of resilience performance, risk assessment and continuous monitoring



# *Success Factors for SDG Implementation and Public Goods Provision*

## *Mamoud Mohieldin says avoid the following:*

*Dr. Mahmoud Mohieldin was named Special Envoy on Financing the 2030 Agenda by United Nations Secretary-General António Guterres in February 2020 acknowledging the critical role of the private sector in reaching the SDGs.*

- ✦ Dealing with joblessness by relying on the civil service;
- ✦ Cutting fiscal deficits by sacrificing public investment in infrastructure;
- ✦ Subsidizing energy except for very limited subsidies to highly vulnerable sections of the population;
- ✦ Open-ended protection for specific sectors
- ✦ Imposing administrative price controls;
- ✦ Banning exports;
- ✦ Underpaying civil servants compared to the private sector;
- ✦ Exchange rate misalignment;
- ✦ Resisting urbanization/underinvesting in infrastructure;
- ✦ Ignoring environmental implications
- ✦ Poorly regulating the banking sector and excessive interference;
- ✦ Measuring educational progress solely by higher enrollments and ignoring the quality of education.





# Public Goods, Sustainable Development and the Contribution of Business

## Governance & Institutions

Roland Bardy



- ❁ Public goods, if not produced by nature, are provided by an *institution*. But even natural public goods need a provider of enhancement (=> clean air, clean oceans ..).
- ❁ Public goods provision needs to be properly organized and overseen => *governance*.
- ❁ The education/water/health examples have shown that public goods provision often is a *joint undertaking* through public-private collaboration/partnerships. Partnering institutions may be governments, civil society organizations and businesses.
- ❁ Collaboration and partnerships require rules for division of work, accountability and transparency (=> *governance*). As the role of private sector is often seen critical (businesses “enclose” the commons), the contribution of business must also be to ensure openness, feedback and state-of-the-art management techniques.
- ❁ Partnering for public goods provision is “mobilizing/sharing of knowledge, expertise, technology and financial resources”, which is as well pursued by SDG 17. The other relation is SDG 16 which calls for strong institutions (which need to cooperate effectively and efficiently and to engage in commonly shared interests).



# Public Goods, Sustainable Development and the Contribution of Business

## Governance & Institutions

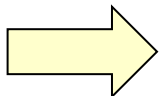
Roland Bardy



- ✦ Providers, users and those who oversee of public goods provision are all stakeholders in a process for which the foremost prerequisites are “stable supply, credibility and strict monitoring” (E. Ostrom 1990: *Governing the Commons*).
- ✦ Partnerships for public goods provision which involve the private sector can build on the long history of business in community affairs that also includes co-regulation between public and private actors (=> provision, coordination and monitoring, e.g., of social services).
- ✦ Coordination and monitoring public goods provision on all levels – from protecting local woodlands to securing peace in a conflict region – require finance, human resources and know-how for target setting, definition of indicators and milestones. All three are also inherent in the efforts to implement the sustainable development goals.



**Public goods provision and securing sustainable development are synonyms: They have equal objectives, equal methodologies, equal forms of partnerships.**





# Public Goods and SDGs: Public-Private Partnerships

**Roland Bardy**

- ✿ The provision of public goods (manmade and natural) and the wellbeing/the progress of society are intrinsically tied together.
- ✿ The successful provision and preservation of public goods requires combined efforts of public and private organizations (partnerships).
- ✿ Partnering institutions may be governments, civil society organizations and businesses.
- ✿ Collaboration and partnerships require rules for division of work, accountability and transparency - the role of the private sector is often viewed as critical. But it is inevitable for the common good.
- ✿ The common good can be attained if all partnering for public goods provision involves “mobilizing and sharing of knowledge, expertise, technology and financial resources”, which is a target of SDG 17.



# Partnering for Public Goods and Sustainable Development is the Contribution of Business

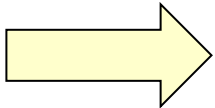
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**Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels**

17

**Strengthen the means of implementation and revitalize the global partnership for sustainable development**

- SDG 16 & 17 encourages all stakeholders – governments, business, civil society- to collaborate in implementing sustainable development.
- Targets:
  - 16.6 Develop effective, accountable and transparent institutions at all levels
  - 16.7 Ensure responsive, inclusive, participatory and representative decision-making
  - 17.7: Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships



Joint action across every sector and area of human activity is necessary for implementing sustainable development as well as for public goods protection, development, maintenance, their provision, expansion and, in some cases, their formation. The SDGs says: **“leaving no one behind”**.

NO sector of society, businesses, civil society organizations or public institutions must be left out from the course of action – they are ALL STAKEHOLDERS.

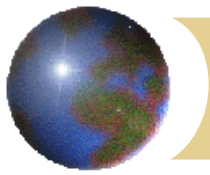




# Public Goods, Sustainable Development and the Contribution of Business

## Summary & Concluding Remarks

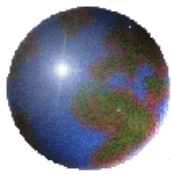
- ✿ *Sustainable Development is focused on preserving and maintaining public goods.*
- ✿ *Everyone who uses public goods is responsible for their preservation and maintenance.*
- ✿ *CoVid-19 has shown us that countries that were successful addressing the CoVid-Pandemic and that flatten the curve used a multi-disciplinary approach made up through public agencies and private organizations.*
- ✿ *The successful delivery of public goods, now and in the future, depends on a positive relationship of the public sector with the private sector and civil society.*
- ✿ *There is a need to stimulate discussions of scholars and policy makers in the field of sustainable development with business leaders.*
- ✿ *By diligent discussions, the gap between the public and the private sectors (including civil society organizations) on understanding how to provide public goods can be closed. The outcome should be collective efforts to implement and measure sustainable development in the macro- and the micro-spheres.*



# Public Goods, Sustainable Development and the Contribution of Business

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# QUESTIONS & ANSWERS



**Roland Bardy:** [rbardy@t-online.de](mailto:rbardy@t-online.de)  
**Arthur Rubens:** [arubens@fgcu.edu](mailto:arubens@fgcu.edu)  
**Raymond Saner:** [saner@csend.org](mailto:saner@csend.org)  
**Lichia Yiu:** [yiuc@csend.org](mailto:yiuc@csend.org)

PUBLIC GOODS,  
SUSTAINABLE  
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ROLAND BARDY, ARTHUR RUBENS,  
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