

ESG and sustainable business models - the importance of logics and integration

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Today's agenda

- ▶ Introduction with a historical and societal backdrop
- ▶ Sustainability in accounting and reporting
- ▶ The importance of logics in Business Models and beyond
- ▶ Sustainability in business models: one conceptual approach
- ▶ ESRS , double materiality and the link to management control
- ▶ The importance of integration - as a conceptual framework and in practise

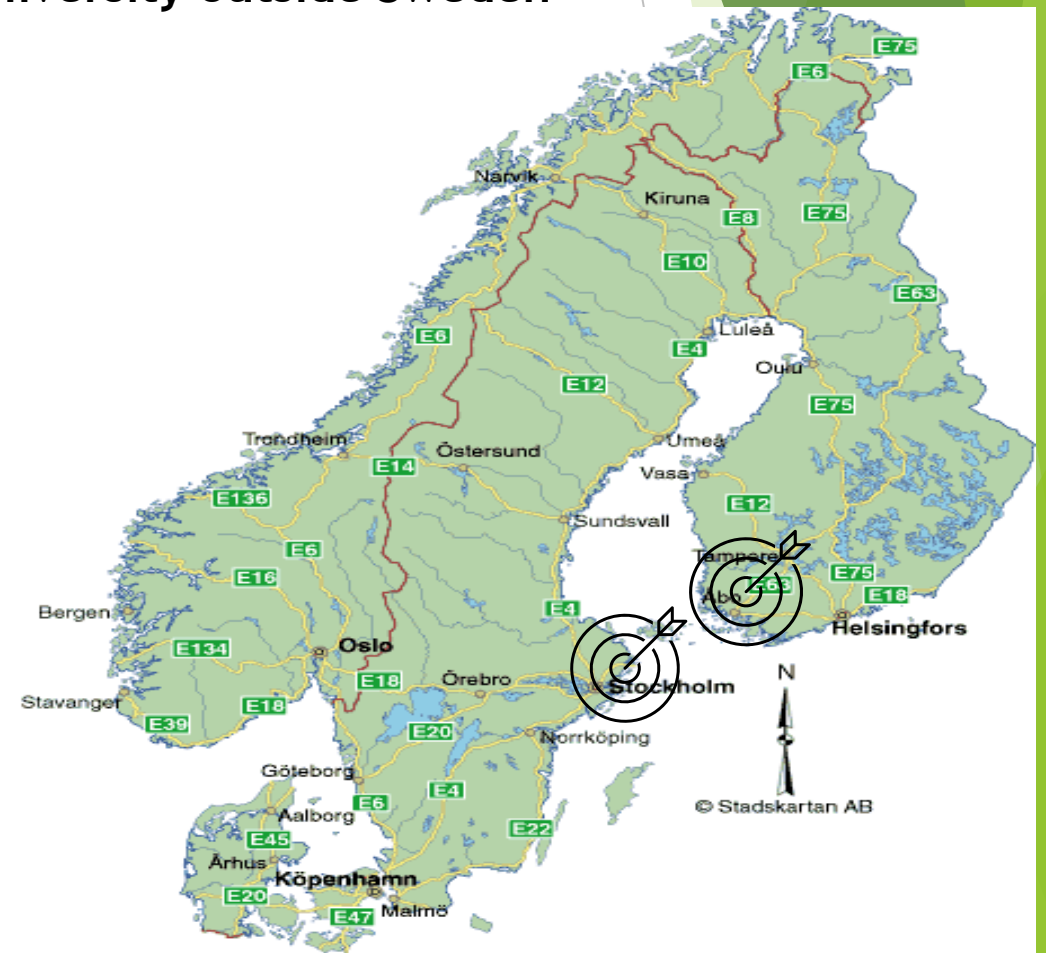


Åbo Akademi University
 founded in 1640, full faculty
 university, but only 5000
 students

The only Swedish speaking
 university outside Sweden

What is the Nordics biggest and
 most important contribution to
 accounting practise?

Group accounting and
 mandatory independent audits -
 As a result after "the Krüger
 crash" 1932



Some of the Tendencies in today's society

- ▶ Geo-political challenges
- ▶ Climate change challenges
- ▶ Technological development
- ▶ Political and religious division/polarization
- ▶ Human rights/social challenges

Paradigmatical and transformational issues - in the past and today

- ▶ **Scientific Management (SCM)** - scientifically identified efficiency
- ▶ **Total Quality Management (TQM)** - customer value
- ▶ **New Public Management (NPM)** - output(performance) and outcome (effect) orientation
- ▶ **Intellectual Capital Management (ICM)** - the invisible balance sheet in knowledge intensive organizations
- ▶ **Social and Sustainable Management (SSM)** - corruption, working conditions and long-term climate/environmental risk orientation
- ▶ **Platform & Digital Management (PDM)** - transformed professional roles because of automatization and AI

Sustainability in accounting and beyond for transparency, governance, control and transformation!?

▶ Environment

- ▶ Emissions
- ▶ Green-washing
- ▶ Planetary boundaries (3/7 - 7/9)

▶ Employees/social

- ▶ Intellectual Capital
- ▶ Competence/development - new professional roles
- ▶ Health and safety/working conditions

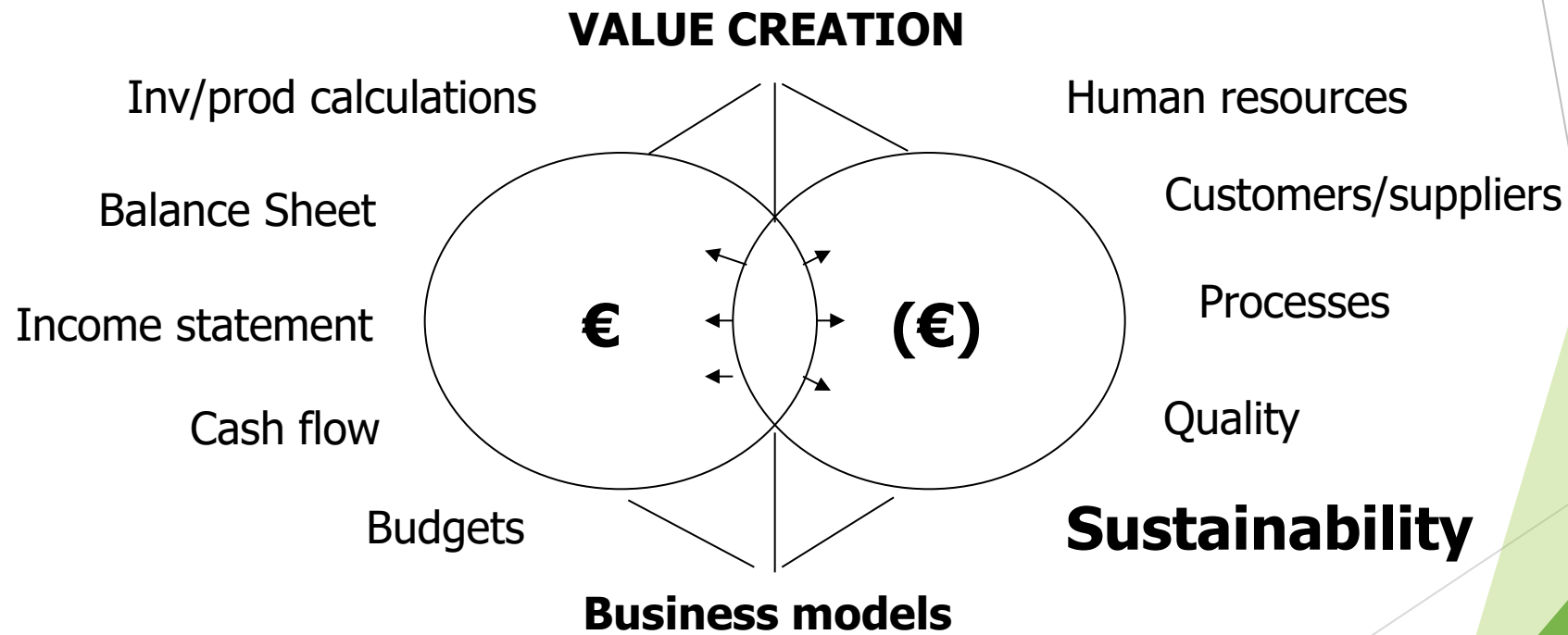
▶ Ethics

- ▶ Corruption - bribes - wages/bonuses - governance

▶ SDG 2030 - 17 goals for sustainable development

- ▶ **Strong interdisciplinary character** is both a benefit and a challenge when scholars and experts from business, economics, law, technique and natural science need to understand and relate to each other

Business models and modelling is about constant integration and dynamic relations!?



Business model (BM) relevance in reporting and control

- ▶ Traditional financial logics/reporting is part of all BMs
- ▶ Non-financial aspects such as sustainability may/is also play/ing important roles BMs
- ▶ Integrated reporting - Resources, business model, outputs
- ▶ CSRD/ESRS - supply chain - double materiality - business model
- ▶ Governance - governing processes in relation to the BM
- ▶ Management Control - Controlling resources and activities within the BM
- ▶ Sustainable performance measurement and management - a possible way for a transformed value proposition.

Perspectives on Business Models

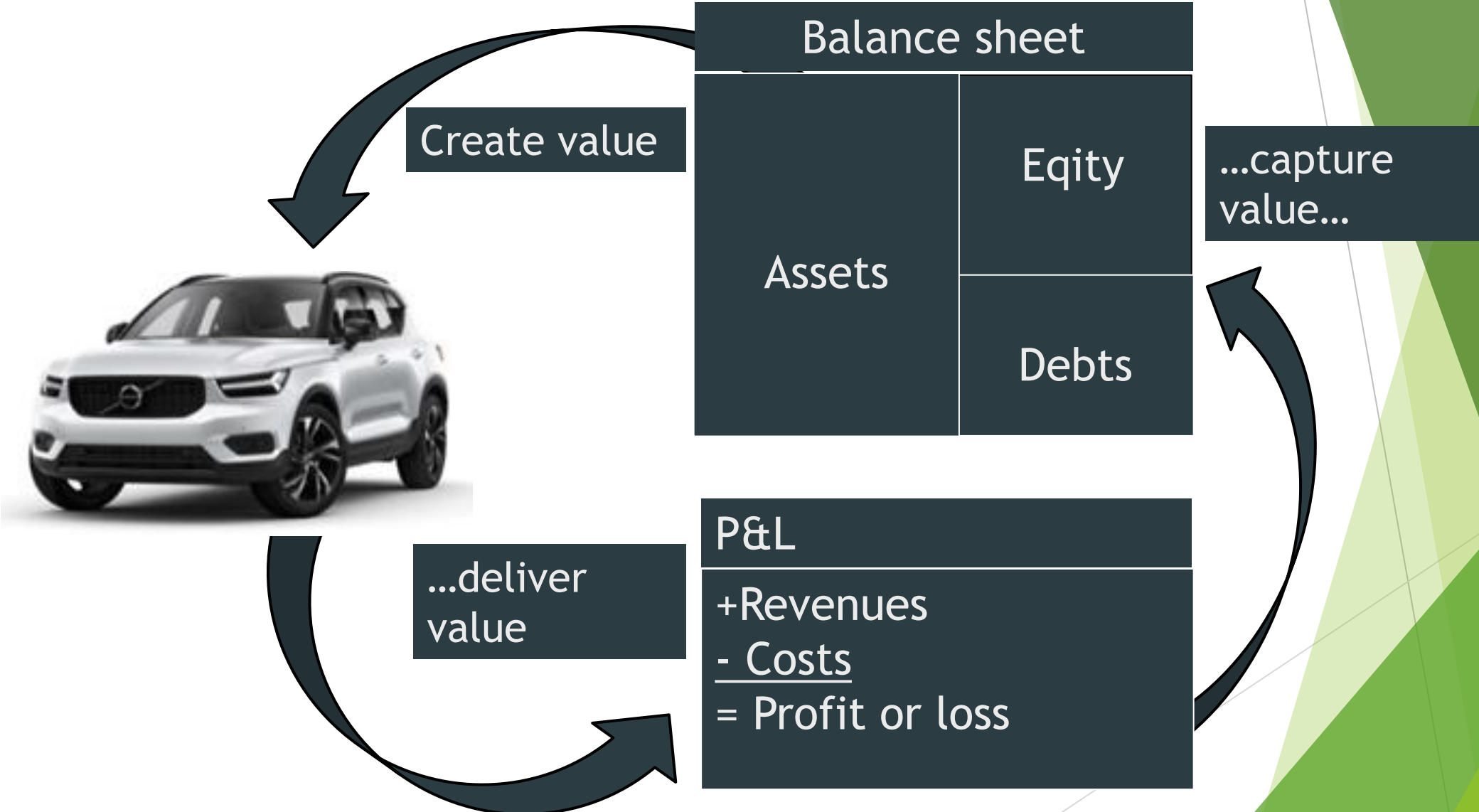
Massa et al., (2017) identify three recurrent perspectives:

Business models as an attribute of an organisation (the outside-in perspective),

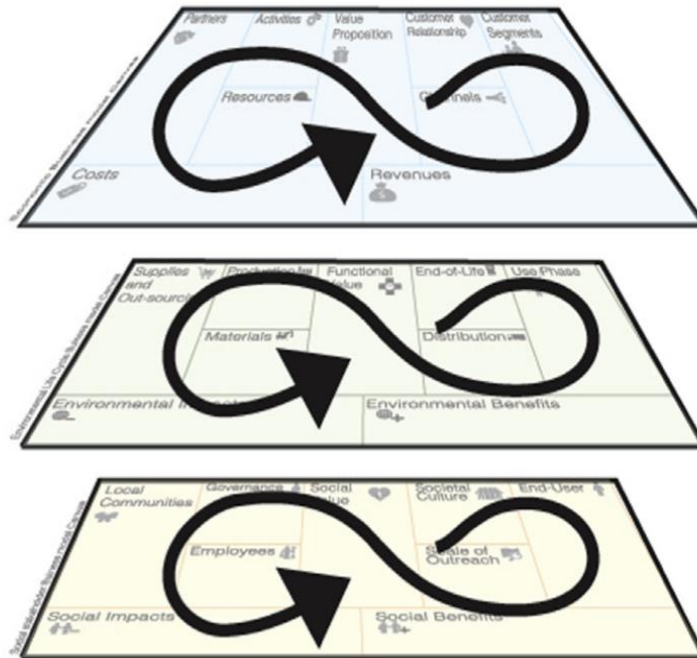
Business models as a cognitive or linguistic schema (the inside out perspective),

and Business models as a formal conceptual description (a combination of perspectives).

Business models from a financial accounting perspective: ROI & ROE



Horizontal coherence



economic layer

environmental layer

social layer

Vertical coherence

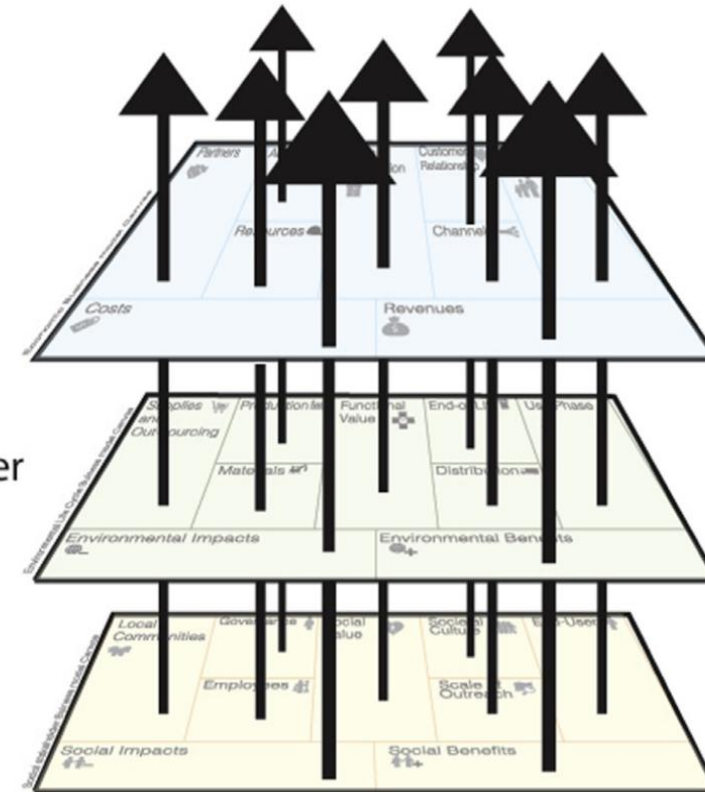
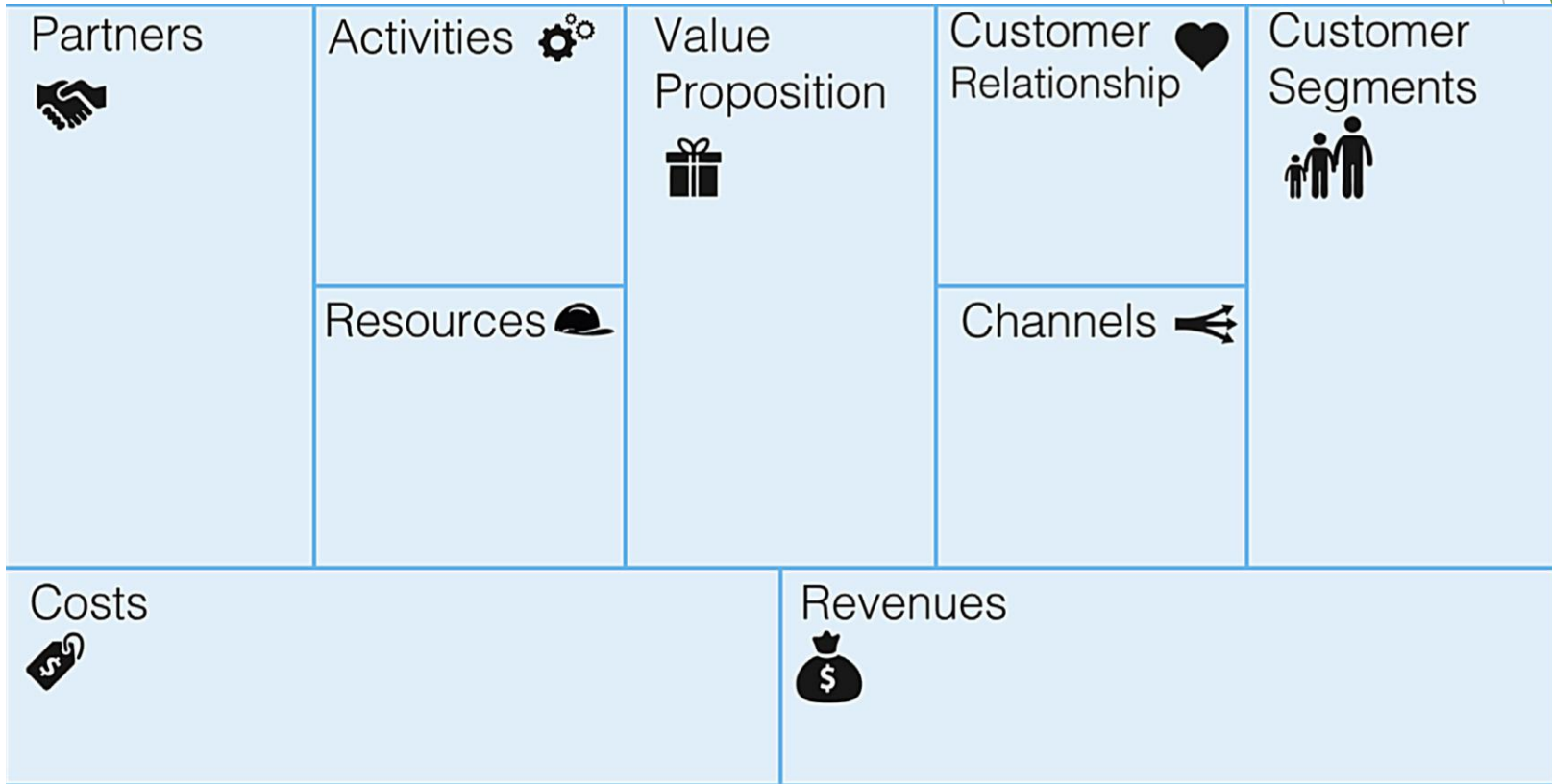
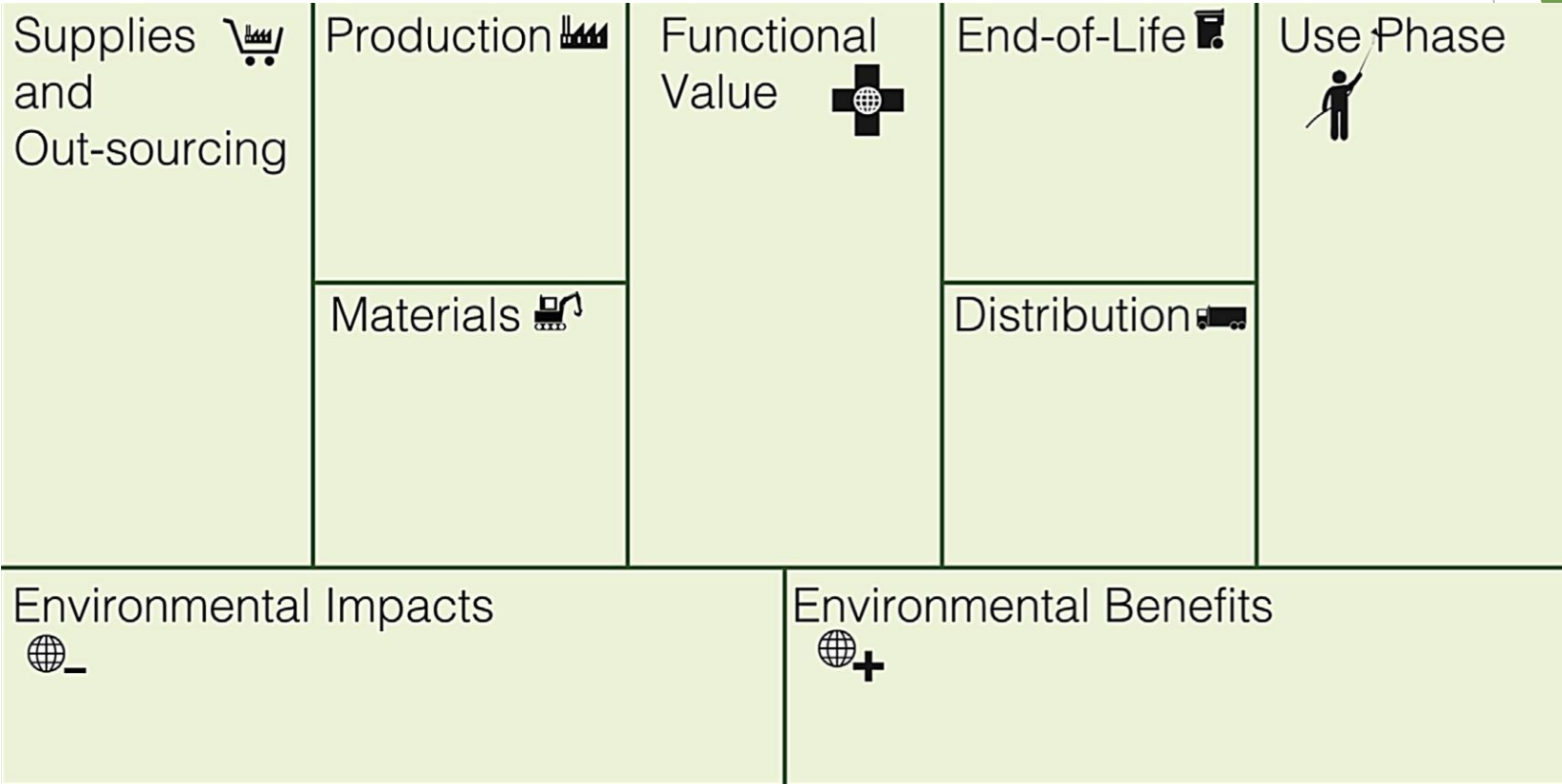
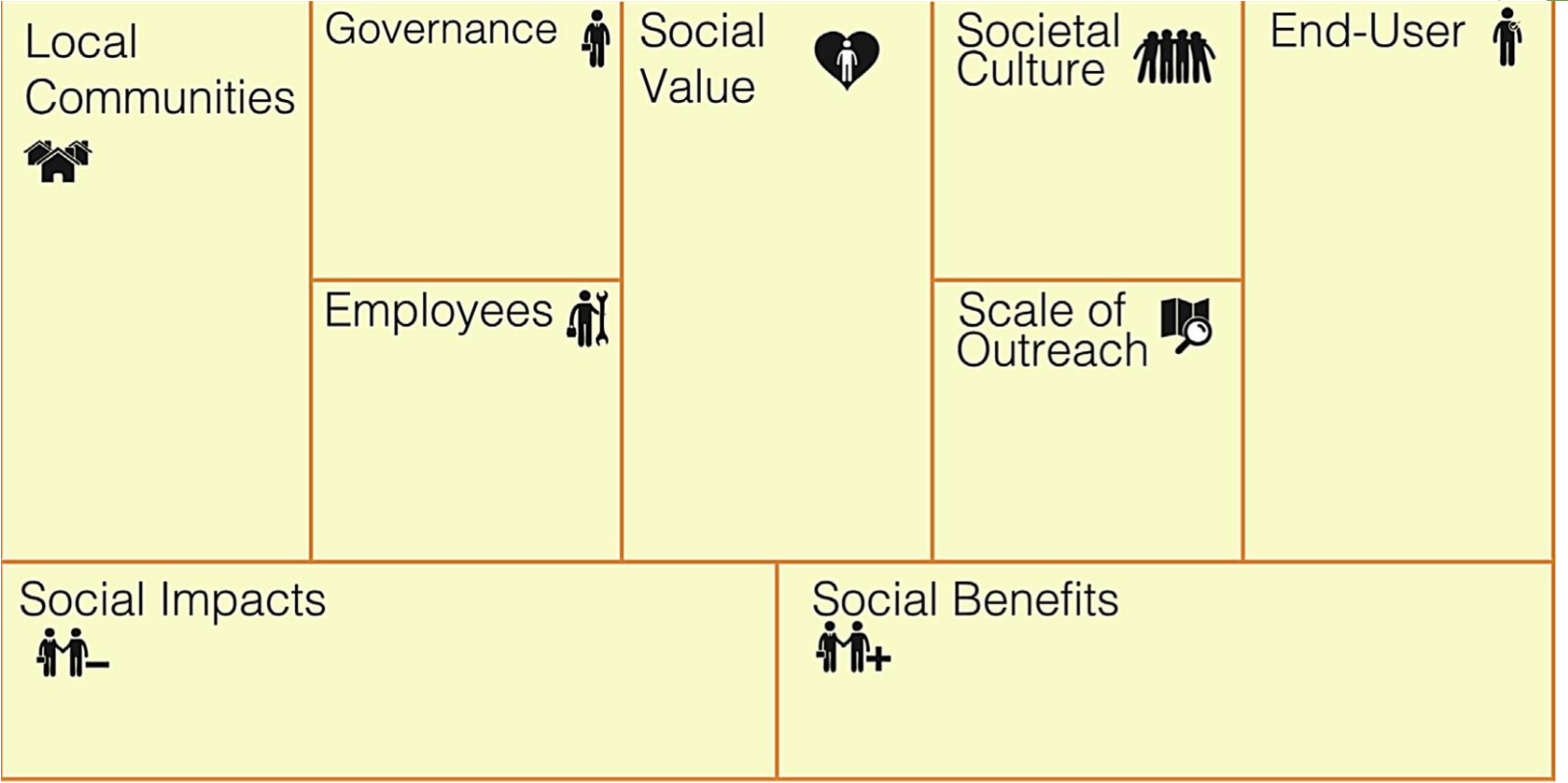


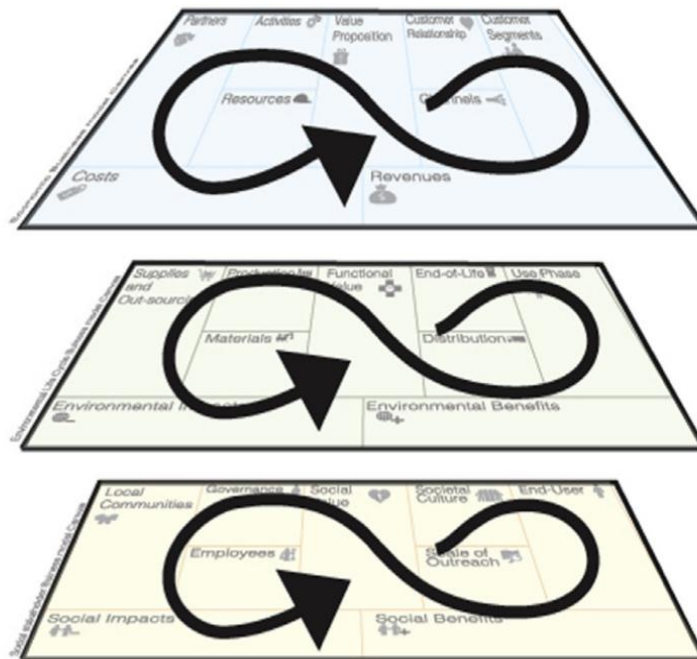
Fig. 4. The triple layered business model canvas creates two new dynamics: horizontal and vertical coherence.







Horizontal coherence



economic layer

environmental layer

social layer

Vertical coherence

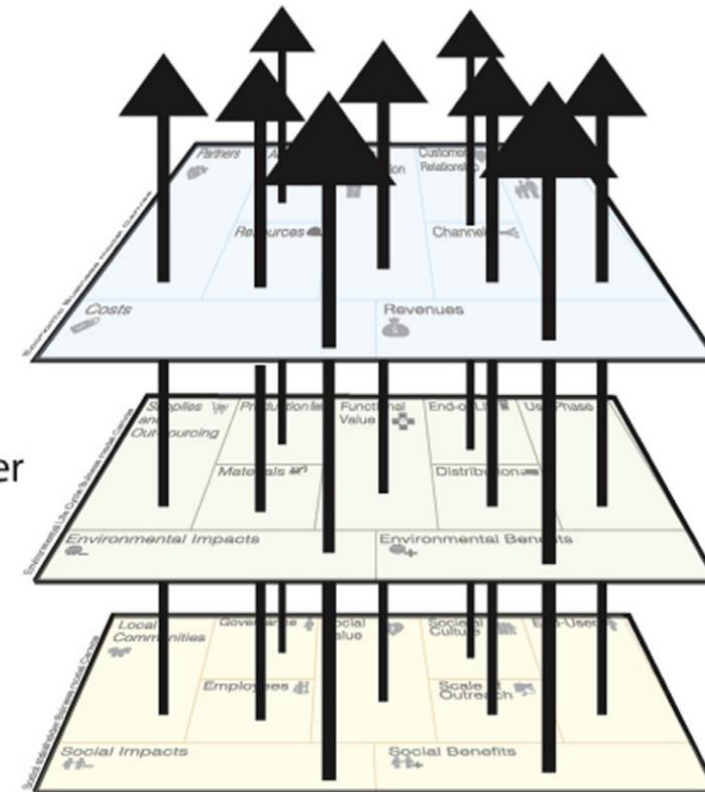


Fig. 4. The triple layered business model canvas creates two new dynamics: horizontal and vertical coherence.

Challenge for You! 😊

- ▶ What problems and possibilities are related to horizontal coherence (integration)?
- ▶ What problems and possibilities are related to vertical coherence (integration)?
- ▶ Think individually for a few minutes and then discuss with one or two other participants!