Contents

Praise for <i>The Challenge of Sustainability</i> —— V
Acknowledgments —— VII
About the Author —— IX
About the Series Editor —— XI
Introduction —— XIII
Part 1: Expanding Corporate Governance's Remit
Chapter 1
Corporate Governance – An Evolving Idea in Challenging Times —— 3
Corporate Governance – An Evolving Idea — 3
The Purpose of CG — 3
The Transition Toward Stakeholder Capitalism —— 4
No "One Size Fits All" —— 7
Partial Recognition of the Challenge —— 8
The Challenge to Neoliberal Capitalism —— 11
Dealing with Symptoms Rather than Causes —— 12
The Wrong Neoliberal Response —— 15
The Populist Challenge —— 17
Summary —— 19 References —— 20
References —— 20
Chapter 2
No One Single Approach to Corporate Governance —— 23
Different Types of Capital Markets — 24
Importance of a Healthy CG "Ecosystem" — 26
The Shift to Asia —— 28
Differences in Ownership — 32
Five CG Approaches —— 35
Family and Owner Capitalism — 36
Managerial Capitalism — 38
Shareholder Capitalism —— 39 State Capitalism —— 42
State Capitalisiii — 42



Stakeholder Capitalism —— 44
Summary — 45
Appendix 2.1: Notable Family Firms Prospering Across the
Generations — 46
References —— 47
Part 2: Corporate Governance's Five Sustainability
Challenges
Chapter 3
Environmental Sustainability —— 53
Climate Change —— 54
Meeting the Challenge of Climate Change —— 56
Potential Consequences of Failure —— 57
Reaching Agreed Targets —— 59
Changing Institutional Attitudes —— 61
Moving to a Circular Economy —— 65
Conservation —— 68
Pollution and Waste —— 69
Intensive Farming —— 71
Managing Water —— 73
Summary —— 75
Climate Change —— 75
Moving to a Circular Economy —— 76
Conservation — 76
References —— 77
Chapter 4
Economic Sustainability —— 82
Whither Globalization? —— 83
Already Globalized Sectors —— 89
Accelerating Globalized Sectors —— 90
McDonaldization —— 94
Benchmarking in Deregulating Domestic Sectors —— 95
The Threat Posed by Inequality —— 97
The Rise of Global Supply Chains —— 97
The Network Effect —— 100
Summary —— 101

Appendix 4.1: Apple's iPhone Supply Chain —— 103

```
Appendix 4.2: Inequality Ranking — 104
   References --- 104
Chapter 5
Employment Sustainability --- 107
   Impact of Disruptive Technology —— 108
       Automation Disruption — 108
       The Automation Dilemma — 112
       Three Waves of Automation —— 114
       Varying Impact of Automation —— 116
       Winners and Losers — 123
   Unsuitable Education — 125
   Summary —— 126
   References — 128
Chapter 6
Social Sustainability --- 132
   Environment --- 134
   Community —— 134
   Workplace --- 140
       Promoting Meritocracy — 141
       Promoting Diversity and Inclusion —— 142
   Impact of Different Cultures - 146
       Rules versus Relationships — 147
       Differences in Managing Performance —— 148
       Determining Status —— 152
       Individualism versus the Community —— 155
   Summary ---- 157
   References --- 158
Chapter 7
Dealing with Volatility and Uncertainty --- 162
   Volatility --- 162
       Types of Volatility —— 163
   Uncertainty — 166
   Summary —— 186
   References --- 188
```

Chapter 8

Dealing with Complexity and Ambiguity —— 197
Complexity —— 197
The Dangers of Simplification and Bias —— 207
Ambiguity —— 210
Summary —— 216
References —— 217
Part 3: Achieving Sustainability in a Complicated World
Chapter 9
Adopting a Proactive Approach to VUCA —— 223
Volatility + Vision —— 224
Uncertainty + Understanding —— 234
Complexity + Courage + Commitment —— 240
Ambiguity + Adaptability —— 243
Summary —— 244
References —— 246
Chapter 10
Adopting New Processes —— 249
Environmental Sustainability —— 250
Climate Change —— 250
Moving to a Circular Business Model —— 253
Conservation — 254
Economic Sustainability — 255
Revisiting "Purpose" — 257
Prioritizing Stakeholder Interests — 258
Redefining Key Measurements — 259
Internalizing Externalities — 261
Employment Sustainability — 262
Employer Commitment to Lifelong Learning —— 264
Occupational Licensing — 265
Revitalized Role of Unions —— 266
Increased Worker Representation on Boards —— 266 Social Sustainability —— 266
Corruption and Institutional Vested Interests — 267
Managing Diversity Effectively —— 268
Summary —— 271
Summary — 2/1

```
Environmental Sustainability — 272
       Economic Sustainability — 273
       Employment Sustainability --- 273
       Social Sustainability —— 274
    References --- 274
Chapter 11
Valuing People Properly ---- 279
    Changing Underlying Assumptions About People — 279
       People as a Cost — 281
       People as Economic Animals — 283
       People Are Disposable — 285
       Shareholders Come First; Employees Last — 286
       "Trickle Up" Economics Make Inequality Worse — 288
   Investing in People — 289
       Recognize Four Types of Leadership — 290
       Stop "Fitting Square Pegs Into Round Holes" --- 291
       Demonstrate Training and Development Matter — 293
       Invest in Lifelong Learning and Education — 295
       Government Has a Role to Play --- 297
       Encourage Universities to Change What They Teach —— 297
   Summary — 298
    References — 299
Chapter 12
Making Capitalism Sustainable — 303
    Recognizing the Need for Urgent Reform --- 303
   Ending "Predatory Value Extraction" --- 309
    Embracing a Sustainable Purpose — 313
       Businesses Becoming Part of the Solution — 314
       Reversing "Predatory Value Extraction" — 315
       Improving Disclosure for Stakeholders — 319
   Summary — 321
    References --- 322
Appendix A: Setting KPIs and Targets Using a Ten-Step Process —— 325
Index --- 329
```