

Are corporate 'win-win' strategies an effective way of alleviating social & environmental problems?

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What are win-win strategies?

- The market at work: The pursuit of profit creates shared value.
 - Benefits to customers, employees, suppliers, new knowledge, new technology, more efficient markets, and so on.
 - Examples include trains, telephones, sulfa drugs, fuel injection engines, burritos, solar/wind/nuclear power, ear buds, Zoom, Novo-Nordisk's insulin infrastructure, cough syrup, flu vaccines...
- The market failing: The pursuit of profit creates spillover harm.
 - These “externalities” cause many “social and environmental problems.”
 - Examples include climate change, plastic waste, habitat destruction, inequity, resource depletion...

“Classical economics taught business leaders that social and environmental issues were externalities that had no effect on the business, but the evidence all around us shows that this is wrong.

Today's most successful companies have learned that the social impact of their business is a critical factor in their competitive strategy and operational effectiveness.”

Mark Kramer, 2019

Win-Win Strategies convert market failures into market successes.

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Sometimes the solution can be as simple as helping people see the opportunities are real.

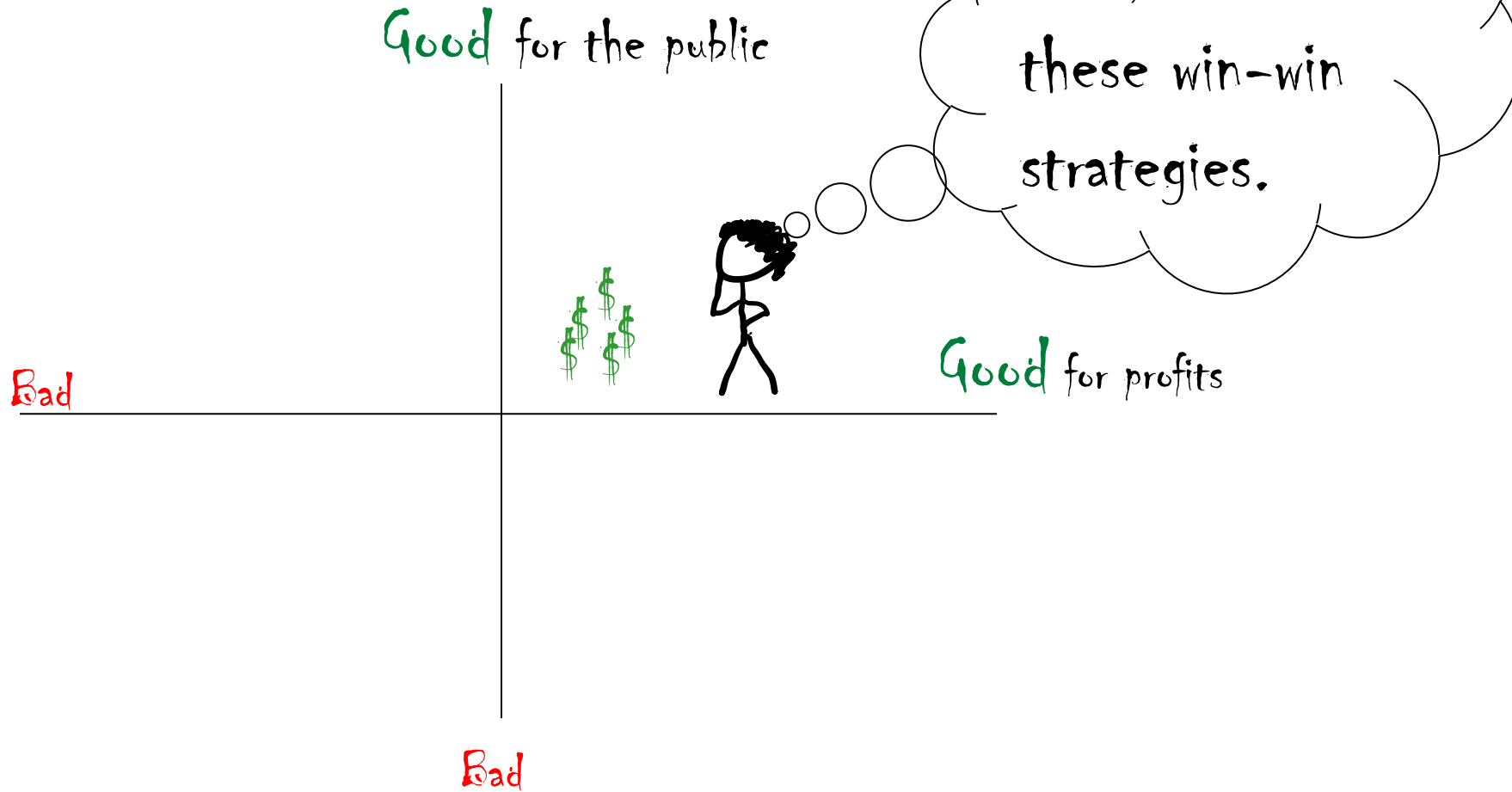


Are corporate 'win-win' strategies an effective way of alleviating social & environmental problems?

- **NO.**
 - **Win-win successes are exceptions, not the rule.**
 - Cases can be misleading,
 - Quantitative evidence: rare and limited economic importance.
 - **False hope in win-win strategies causes damage.**
 - Wasteful projects,
 - Delayed regulation.

Cases can be misleading. My story.

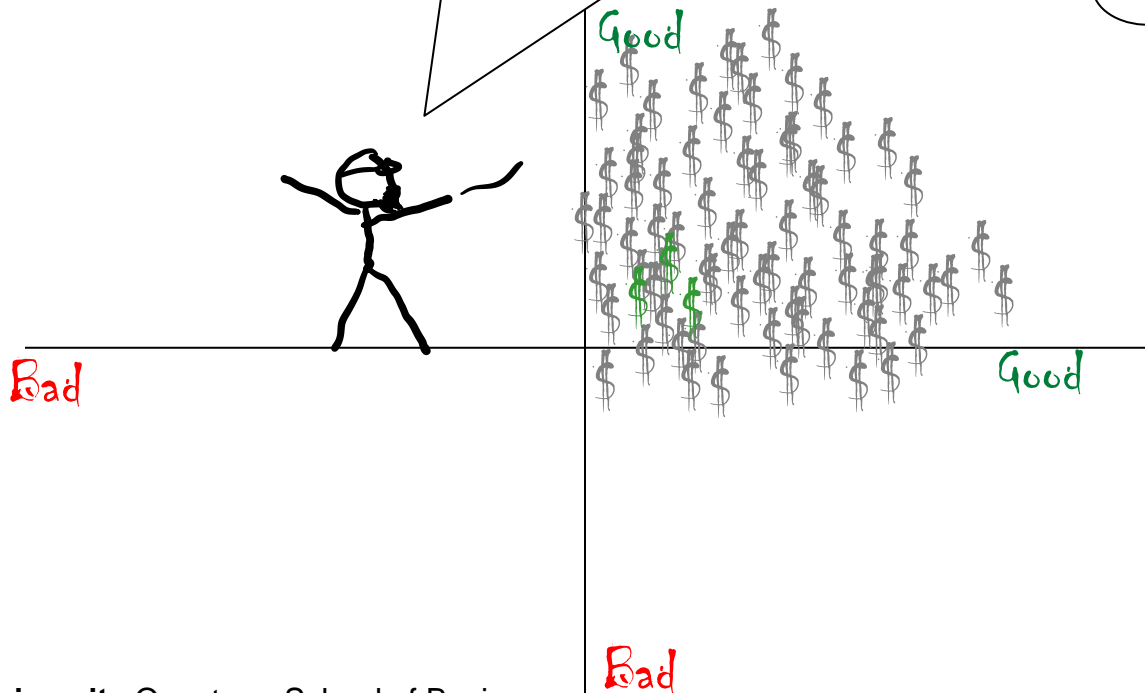
By Andrew King



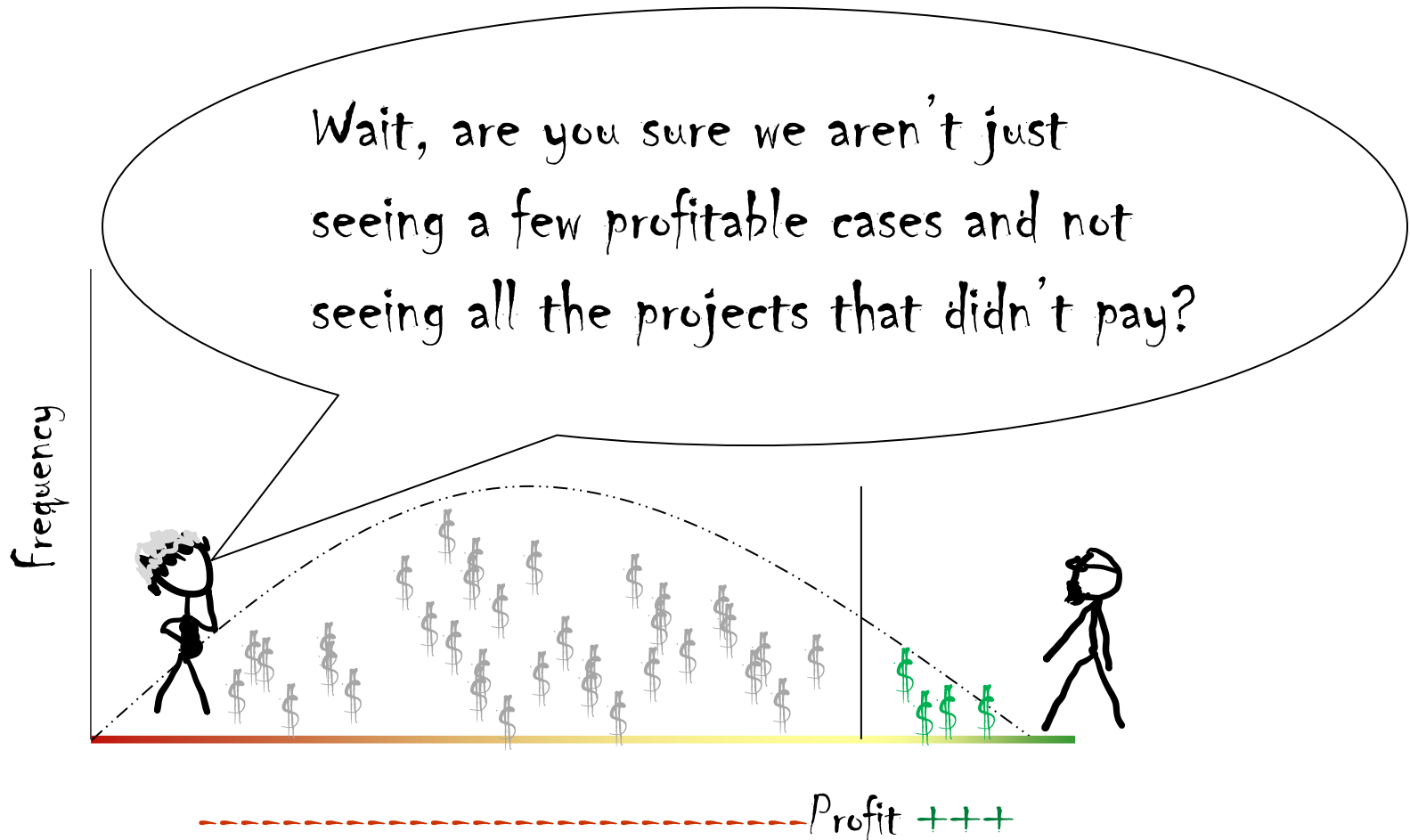
Thought Leadership

Based on these cases, I predict there are abundant opportunities to profit by providing public goods.

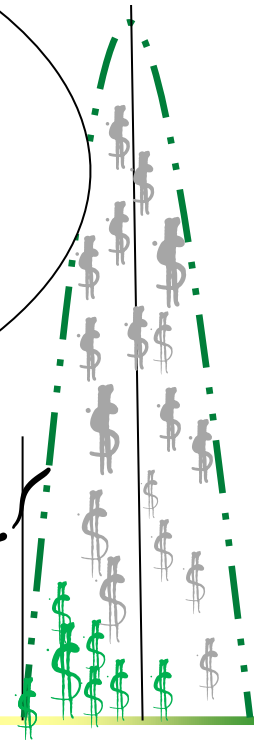
So cool !!



Time passes and doubt sets in.



No! Away you pesky doubter.
Win-wins are abundant. So many
that the world's problems
can be solved at a profit!!



----- Profit +++

But win-wins are rare.

■ Energy Efficiency

- Case evidence
 - It's a lunch you are paid to eat. We can solve climate change for fun and profit - Amory Lovins.
- Quantitative Evidence
 - Stories of cases often fail to include all costs.
 - Joskow, 1994
 - Well-designed energy efficiency programs a result in a lose-lose: costly and harm welfare.
 - Fowlie, Greenstone, Wolfram, 2018

But win-wins are rare.

■ Social Responsibility

■ Case evidence

- 33 innovations, 13 are win-win – Andrew King, 1992

■ Quantitative Evidence

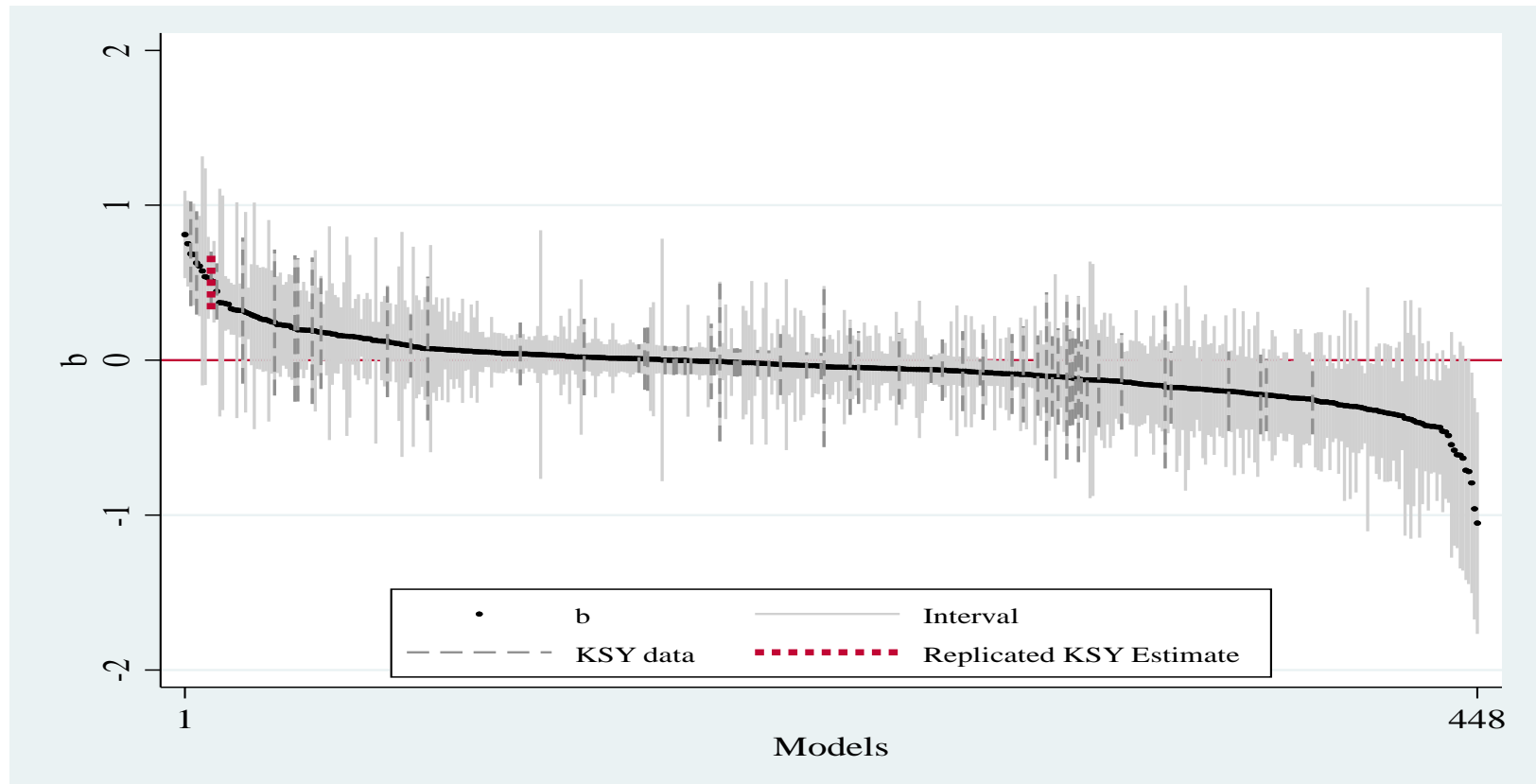
- Multiple studies fail to find a reliable predictive relationship between social benefit and private return.
- Example: Doing good not connected with doing well, and doing well not connected with doing good – Zhao & Murrell (2021)

Wait! Maybe certain ways to provide public goods consistently lead to profit.

- Porter, Serafeim, and Kramer (2019)

- “Despite countless studies, there has never been conclusive evidence that socially responsible investing delivers alpha.”
- “The reason is that these criteria have been developed without regard to the causal link between a company’s social impact and its bottom line.”
- “Research by [Khan, Serafeim, and Yoon, 2016] has demonstrated that, when companies focus their sustainability efforts primarily on material social and environmental factors, they significantly outperform the market, with **alpha of 3 to 6 percent annually.**”

But, Khan, Serafeim, and Yoon's (2016) estimate is an artifact.



See Berchicci & King, 2021

Are corporate 'win-win' strategies an effective way of alleviating social & environmental problems?

- **NO.**

- Successful win-wins strategies are exceptions, not the rule.
 - Cases, but these are misleading,
 - Quantitative evidence: limited economic importance.

- **False hope in win-win strategies causes damage.**
 - Wasteful projects,
 - Delayed regulation.

Wasteful Projects

Social Problem: Housing after Haitian earthquake



Win-win solution: Crowd-sourced \$300 house.

The \$300 House Blog

« Results on June 15 | Home | Awaken Mozambique: A letter from Felisberto Tole »

\$300 House: Open Design Challenge Winners

1 PStouter
Totally Tubular: Earthbag

2 iLINES
earthbag community

3 Rogerio_AA
The SuperAdobe Project

4 mahmuda
Improved design of urban

5 OwenGeiger
Stone Dome --\$300

6 elsap11
300 possibilities

7 architecturecommons
Project Ground Up

8 bogdanelisiecheru
A poverrist dwelling for

\$300 House

- Launched in Harvard Business Review
- Supported by Jim Kim, President of the Dartmouth.
 - Rejects skeptics as having “fractured souls”
 - “there is no such thing as false hope, there is only hope.”
- **Win-win for sponsors**
 - Breakthrough award from Thinkers 50. Kim->World Bank President.
- **Lose-Lose for Haitians.**
 - No novel design. No houses ever built.

This story is all too common, according to one of the pioneers of the Base of the Pyramid strategy.

- “By trying to do a little bit of development, a little bit of participation, a little bit of business strategy, all we did was create bad businesses.”
- “Forget a win-win; just focus on surviving.”
 - Erik Simanis, author of “[Reality Check at the Bottom of the Pyramid](#)”

Others share his disappointment with win-win strategies

HBR.ORG

Harvard Business Review

JUNE 2012
REPRINT R1206J



THE GLOBE

Reality Check At the Bottom Of the Pyramid

To succeed in the world's poorest markets, aim for

BUSINESS AND SOCIETY

Contesting the Value of "Creating Shared Value"

Andrew Crane • Guido Palazzo •
Laura J. Spence • Dirk Matten

Aneel Karnani: Mirage at the bottom of the pyramid

Aneel Karnani | New Delhi

Last Updated at June 14, 2013 17:21 IST

Delayed Regulation

- Powerful interests promise win-win solutions to forestall regulation.
 - Responsible Care, Sustainable Cement Initiative, Equator Principles, Sustainable Slopes, Sustainable Investing...
 - Barnett, Baron, Dawson, Delmas, Khanna, King, Lenox, Lyon, Maxwell, Potoski, Prakash, Rivera, Segerson, and so on and so on.
- The political right forestalls regulation by promising that transparency and reporting will cause win-win solutions.
 - *Transparency's Ideological Drift*, David Pozen

Delayed Regulation (Continued)

- Starting in the 1970s, the International Chamber of Commerce had an explicit strategy to use hope in win-win progress to forestall government regulation.
 - Bergquist & David (2021) *The Invention of Sustainable Development: The International Chamber of Commerce and the rise of Neoliberalism in Global Environmental Governance*,

Delayed Regulation (Continued)

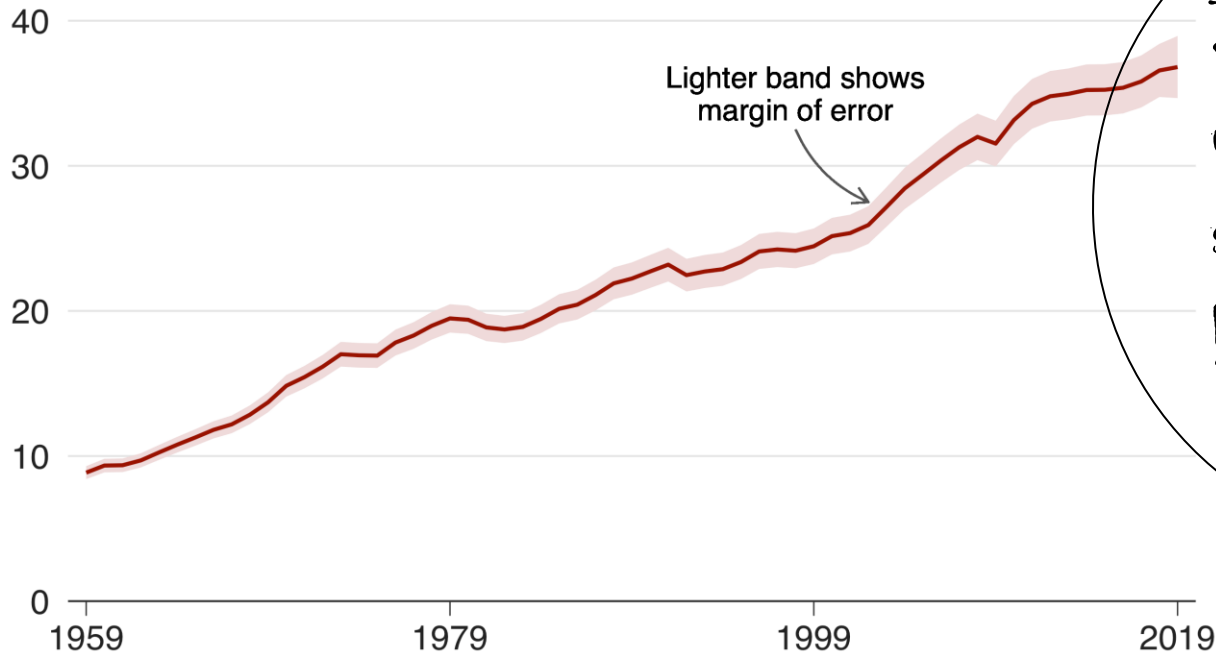
- “To prosper over time, every company must not only deliver financial performance, but also show how it makes a positive contribution to society.”
 - **Larry Fink, Letter to CEOs, 2019**
- “BlackRock CEO Larry Fink...is warning against the potential shortfalls of government intervention: ‘We’re going to see a vast change in the public company arena worldwide...**We’re not going to need governmental change or regulatory change.**’”
 - **Z. Warmbrodt, Big Business squirms as Biden tightens climate regulations, Politico, 2021**

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Global CO2 emissions continue to rise

Emissions in gigatonnes of carbon dioxide



Source: Global Carbon Project/CICERO

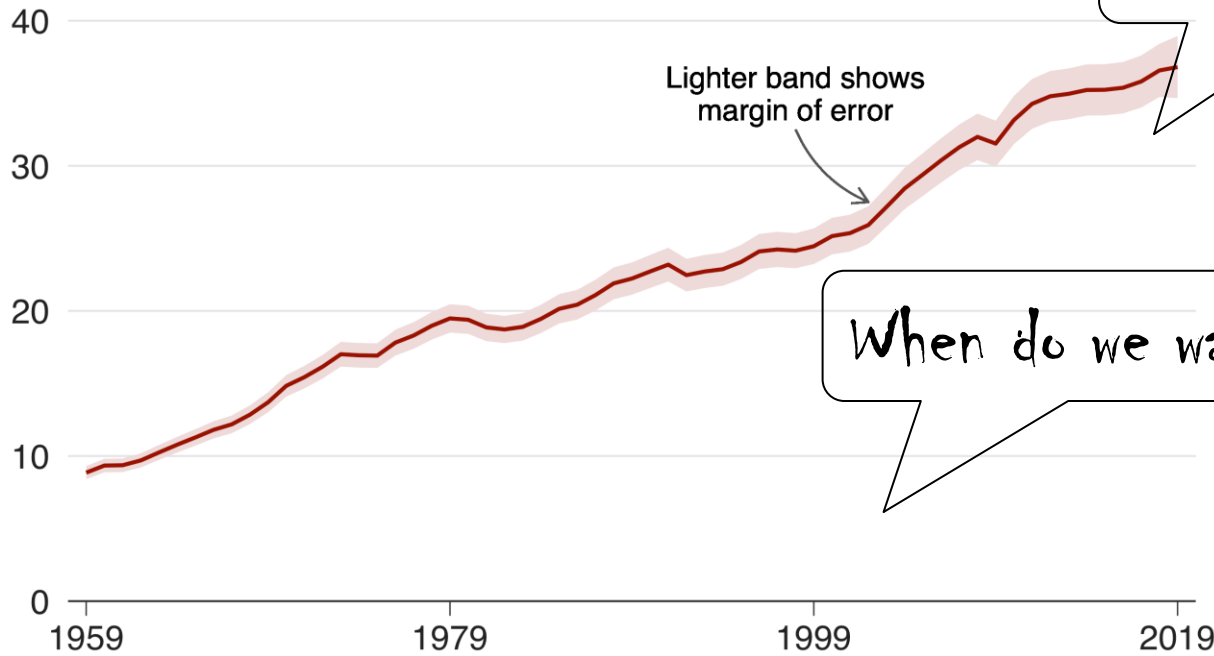
BBC

I wonder when corporate win-win strategies will kick in?



Global CO2 emissions continue to rise

Emissions in gigatonnes of carbon dioxide



What do we want?

Carbon Tax!

When do we want it?

Now!

Source: Global Carbon Project/CICERO



Thank You.