

# Business Cases for Sustainability: A Stakeholder Theory Perspective

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## Abstract

The “business case for sustainability” is a notion often referenced in the corporate sustainability and corporate social responsibility literature. Whereas some see sustainability and the business case as contradictions and thus emphasize the existence of trade-offs, others highlight how (potential) business cases can be created by managing ecological, social, and economic aspects. Both views have in common that the “business case” is implicitly or explicitly seen as creating financial performance, often for one group of stakeholders, only. The fact that a business case is not a given phenomenon but has to be co-created in the exchange between and with contributions from various stakeholders has so far not been analysed in depth. By taking a stakeholder theory perspective, this article extends the existing research on what business and a business case are about and analyses the understanding of business cases for sustainability and how they can be created with and by stakeholders.

## Keywords

stakeholder theory, business cases, corporate sustainability, sustainability management, business cases for sustainability, management of stakeholder relationships, triple win, stakeholder business case for sustainability, sustainability performance, business performance

## Introduction

The history of business is a history of value creation. Even the very first businesses in ancient markets fulfilled the function of providing others with specific goods and services in the exchange of bartered goods, thus providing each other with value (cf. Cameron & Neal, 2003). As societal attitudes and expectations constantly change, businesses are challenged to adapt the value creation process to these new circumstances. Rosen and Sellers (1999) highlight how, with the increasing scarcity and overuse of natural resources (e.g., Rockström et al., 2009), the environmental aspects of business activities are increasingly more important. To address this additional business challenge, new disciplines of business studies have emerged, such as environmental management or later corporate social responsibility (CSR), corporate sustainability, and sustainability management research. Academics in these disciplines frequently deal with the question of how the new and increasingly acknowledged challenges of corporate sustainability are associated with financial objectives of firms (Ameer & Othman, 2012; Holliday, Schmidheiny, &

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Watts, 2002; King & Lenox, 2001; Margolis & Walsh, 2001; Schaltegger & Synnestevedt, 2002; Stanwick & Stanwick, 1998). In line with this question, various publications analyse the phenomenon of business cases in the context of sustainability, that is, of whether and of how a company can actively create synergies between managing environmental or social issues in a way that increases corporate economic performance (Carroll & Shabana, 2010; Epstein & Roy, 2003; Salzmann, Ionescu-Somers, & Steger, 2005; Schaltegger & Burritt, 2018).

The growing complexity of business, which is reflected for example in the necessity to consider environmental aspects more explicitly or in the increased division of labour, has also led to additional stakeholders being involved in business activities. While bartering goods in ancient times usually took place between two actors, nowadays additional stakeholders are involved (e.g., suppliers, employees, business to business customers, etc.) and can play a decisive role in determining whether the business can be established and maintained. From a planetary boundary perspective (e.g., Whiteman, Walker, & Perego, 2013), even more stakeholders are to be considered, if the relevant environmental impacts of a company are to be identified and managed effectively, such as environmental NGOs lobbying for the preservation of biodiversity or other natural entities that lack political voice. It is therefore not surprising that stakeholder theory has become one of the most frequently used theoretical approaches in CSR and sustainability management research (e.g., Carroll & Buchholtz, 2014; Clark, Feiner, & Viehs, 2015; Frynas & Yamahaki, 2013; Kuhndt, von Geibler, & Eckermann, 2002; Montiel & Delgado-Ceballos, 2014; Perrini & Tencati, 2006; J. Weber & Marley, 2010). Stakeholder theory has played an important role in explaining why companies deal with CSR and corporate sustainability in general (e.g., Perrini & Tencati, 2006; Post, Preston, & Sachs, 2002; van Marrewijk, 2003). However, stakeholder theory has so far not been systematically applied in discussing the concept of business cases for sustainability. While various aspects of corporate sustainability, such as performance measurement (e.g., Perrini & Tencati, 2006; Searcy, 2012), reporting (e.g., O'Dwyer, Unerman, & Hession, 2005; J. Weber & Marley, 2010), corporate sustainability practices (e.g., Sharma & Henriques, 2005), and so on, have been examined from a stakeholder view, the concept of business cases and sustainability (i.e., the link between them) has so far not been discussed in depth from a stakeholder theory perspective. Therefore, the purpose of this article is to analyse the business case notion in the context of sustainability management from a stakeholder theory perspective. Four different concepts of business cases—opportunistic, enlightened, for stakeholder management, and stakeholder business cases for sustainability—are distinguished. Acknowledging that different versions of stakeholder theory have been proposed over the past decades (cf. Donaldson & Preston, 1995; Driscoll & Starik, 2004; Starik, 1995), we primarily build on Freeman and coauthors (e.g., Freeman, 1984; Freeman, Harrison, Wicks, Parmar, & de Colle, 2010).

The next section reviews the literature on business cases in the context of sustainability. Subsequently, the third section interprets the business case concept from a stakeholder theory perspective and distinguishes different kinds of business cases, based on criteria derived from stakeholder theory, and develops the concept of stakeholder business cases for sustainability. Finally, the article concludes with the final section by providing implications for management and research.

## **Literature Review: Business Cases and Sustainability**

The business case notion has attracted a lot of attention in discussions on corporate sustainability and CSR. Research on business cases and sustainability has been published for more than two decades in a multitude of journals (e.g., Epstein & Roy, 2003; Perceva, 2003; Schaltegger, Lüdeke-Freund, & Hansen, 2012). The discussion extends from defining what a business case for sustainability might be to investigating links between social/environmental performance/activities and financial/economic performance and to whether business cases for

sustainability exist or not, whether they happen coincidentally or are designed on purpose, and how they could be managed.

A large body of literature, using the business case notion explicitly or only implicitly, deals with *whether* sustainability (activities) or social and environmental activities or performance, respectively, relate positively or negatively to financial performance (e.g., King & Lenox, 2001; Margolis & Walsh, 2001; Stanwick & Stanwick, 1998; Wagner, 2010). An extreme statement that social and environmental issues will be solved “automatically” if shareholder interests are prioritized has been expressed by Friedman (1970) as he argues that business serves society by increasing shareholder value. Through institutional investments many individuals are indirect “shareholders” of the company, for instance via their pension funds. These individuals may also be stakeholders of the company, for example, as customers, members of the community, and so on. Maximizing profits from institutional investments such as pension funds therefore creates value for stakeholders and society too. Although examples of such positive social and environmental side effects of strict financial orientation exist, negative externalities of a purely financially focused business approach exist, too, and can lead to relevant sustainability problems (e.g., Costanza et al., 2014). Companies thus need explicit social and environmental activities to avoid substantially negative impacts and to contribute to sustainable development.

Many studies on businesses cases examine *the link* between such explicit, voluntary corporate environmental and/or social activities on the one hand and economic success on the other hand (e.g., King & Lenox, 2001; Margolis & Walsh, 2001; Stanwick & Stanwick, 1998). The predominantly statistical analyses investigating whether a link exists mostly imply that a generally applicable rule defining this relationship can be found. The assumption of this strand of research is that either a positive or negative link can be identified as true on average for an industry, nation, and so on, and that it represents a factual general relationship for past activities. Most of the vast body of literature investigating different versions of possible links between social/environmental and financial performance take a “detached” analytical view, often not focusing on why such links may exist and who would be responsible for establishing them. The idea of an ‘automatic’ relationship has, however, been questioned (Schaltegger & Synnestvedt, 2002; Wagner & Schaltegger, 2004).

With regard to the operationalisation of financial performance, various different indicators for economic success have been used. Most of these indicators focus on financial market, shareholder value, and profit-oriented financial performance figures, such as annual profits (Stanwick & Stanwick, 1998), stock market price (Ziegler, Schröder, & Rennings, 2007), Tobin’s q (King & Lenox, 2001; Luo & Bhattacharya, 2006; Wagner, 2010), or return on investment (Luo & Bhattacharya, 2006). Furthermore, to measure environmental and social performance, a wide range of different indicators have been used, including carbon emissions, toxic releases, spending on environmental protection, the number of environmental lawsuits, and so on (Busch & Hoffmann, 2011; King & Lenox, 2001; Konar & Cohen 2001).

Another strand of literature understands the business case in the context of sustainability primarily *as making money* (e.g., K. P. Jones, King, Nelson, Geller, & Bowes-Sperry, 2013; Richardson & Cragg, 2010). This kind of business case has been labelled as the “business case of sustainability” (Schaltegger et al., 2012). This view is reflected in a multitude of publications emphasising a dichotomy between social and environmental performance on the one hand and “the business case” on the other (e.g., Dyllick & Hockerts, 2002; Hahn, Preuss, Pinkse, & Figge, 2010). For the business case of sustainability, the term *business case* is understood as the conventional, existing approach creating a financial profit while social and environmental activities are seen as being outside the key business activities.

In addition, the “business case of sustainability” shares the view that a business case in the context of sustainability is about improving the financial performance of a company with sustainability (e.g., Carroll & Shabana, 2010; Salzmann et al., 2005). Environmental and social

activities are seen as possible means to creating positive financial ends. In this understanding, the business case of sustainability is clearly about making money from considering sustainability (and thus seen as the result of opportunistic behaviour; see, e.g., Schaltegger et al., 2012). By subordinating all sustainability management activities to profit maximization, business success is understood in a narrow sense, that is, maximizing profits, and not in a broader sense of creating value (Gray, 2006). Often, this view is put in line with maximizing financial success for shareholders, thus implying a shareholder value orientation. Pursuing a business case is implicitly seen as equal to focusing on shareholders only.

In this context, different cases are frequently distinguished (e.g., Dyllick & Hockerts, 2002): the “social case,” the “green case,” and the “business case,” thus separating the business case as a case where financial goals are top (and environmental and social issues subordinate) in contrast to the other cases where environmental or social goals are top (and financial issues subordinate). The assessment of what a business case is or is not is thus done on the assumption that one of the three dimensions or goals is superior and needs to be decided in a separate trade-off type decision up front or in the end. In this view, sustainability improvements require sacrifices on the corporate level to achieve sustainability gains at the societal level (Hahn et al., 2010).

Another group of publications connected to the business case of sustainability expresses the opinion that managers and companies *cannot* realize social and environmental activities unless these activities clearly increase the company’s financial performance. All other attempts to increase social or environmental performance will fail because of structural incentives ensuring that financial objectives dominate (e.g., Gray, 2001, 2010). In this strand of literature, the business case is frequently critically examined and one conclusion drawn from this analysis is that managers and companies cannot contribute to sustainable development in relevant terms and that only regulators can ensure sustainable corporate behaviour (cf. Leck & Simon, 2013).

Further discussions on the business case of sustainability address the question of how sustainability-related business cases are created. This strand discusses whether voluntary environmental and social performance is only a (coincidental) side effect of mere opportunistic economic rationality or whether environmental or social performance is intentionally planned and created (e.g., Eden, 1994; Schaltegger & Burritt, 2018). In the opportunistic view sustainability “is promoted if profitable, for example, because of an improved reputation in various markets” (van Marrewijk, 2003, p. 102). The opportunistic perspective *positions sustainability morally as instrumental* to achieving the economic goal of creating financial performance.

Summarizing the extant literature, a business case *of* sustainability created as a result of “enlightened self-interest” (see, e.g., Garriga & Melé, 2004) is mostly described as achieving financial performance while considering environmental and social issues. Thus, while the business case of sustainability view acknowledges that situations exist in which sustainability and business success are not at odds (Hahn et al., 2010) and implies that in these situations sustainability should be used to increase business success, it also implies that the usual situation is a trade-off between sustainability and business success. It furthermore assumes that there is only a limited number of opportunities for businesses to use sustainability in an economically feasible manner, and that the circumstances cannot be changed substantially by managers. This confrontational view is based on various normative assumptions, including that managers act completely rationally in a very mono-focused, “economics only” manner, that zero-sum situations are the most common and relevant case, and that business success is defined by only serving one group of stakeholders. In light of these assumptions and the limited usability and potential impact of the restricted view that a business case of sustainability perspective provides, it is not surprising that other concepts have entered the discussion on business cases and sustainability. To use sustainability only in cases when the consideration of social and environmental issues is economically positive for a company can therefore not be expected to create significant positive impacts for sustainable development.

In contrast, other publications propose a different analytical and normative approach by emphasising that economic success can and should be created *through* the conscious (and intelligent) consideration of environmental and/or social issues (e.g., Perceva, 2003). This *synergistic* understanding of business cases in the context of sustainability has been labelled as “business cases *for* sustainability” (Schaltegger et al., 2012; Schaltegger & Burritt, 2018). Business cases for sustainability are created by searching for solutions to social and or environmental problems, which then in a second step are further developed in a way to also create economic value. Emphasising the search for synergies has been the focus of various concepts that have complemented and partly even replaced the narrow business case of sustainability view, such as the shared value approach or the inside-out approach of CSR (Porter & Kramer, 2006, 2011), social entrepreneurship (Nicholls, 2009), and the sustainability case of business approach (Weber, 2014). In this context, Hahn and Aragón-Correa (2015) found that many companies following this business case for sustainability logic do not even recognize the existence of trade-offs but exclusively focus on creating synergies. This, in turn, requires reflecting on and managing the sustainability of business cases of a company. Such a *synergistic* approach can be described as a pragmatic process of gradually developing a set of different kinds of value which ensures the cooperation and support of various stakeholders (e.g., employees, financiers, as well as environmental interest groups) in contributing to sustainable development.

This literature encompasses publications on win–win (von Weizsäcker, Hargroves, Smith, Desha, & Stasinopoulos, 2009) and triple win (Elkington, 1998; Norman & MacDonald, 2004; Rogers & Hudson, 2011) solutions and can be seen as the attempt to search for approaches that satisfy different goals at the same time. This search for sustainability synergies is a pragmatic view of searching for solution bundles with combinations of social, environmental, and economic benefits.

Three requirements for business cases for sustainability have been defined (Schaltegger et al., 2012): First, business cases for sustainability need to be based on voluntary or at least mainly voluntary activities that aim at contributing to the solution of environmental or social problems. Thus, these activities go beyond a mere reaction to regulations or other legal enforcements and cannot be expected to be done as a result of pure economic reasoning.

The second requirement is that these activities positively influence economic success and that this influence is traceable and measurable in a verifiable way. Frequent drivers for such influences on economic success are increased sales, reduced costs, improved reputation, or enhanced innovativeness (e.g., Epstein & Roy, 2003; Olve, Roy, & Wetter, 1999; Wagner, 2007).

Last, for business cases for sustainability, it is essential that the intended environmental, societal, and economic improvements are clearly accountable to the above described activities. The economic improvements thus need to be created *through* corporate, environmental, or social activities and not simply along with these activities (Schaltegger et al., 2012).

These three criteria highlight the differences between the hierarchic view of an opportunistic business case of sustainability and the interlinked perspective of synergistically oriented business cases for sustainability. The business case of sustainability concept has evoked the question whether or not business cases are sufficient for sustainable development, as only such corporate activities will be conducted that increase profits (cf. Dyllick & Hockerts, 2002). In the context of business cases for sustainability, this question does not emerge, since companies in the first place aim for the solution of environmental or social problems and create economic success through the implementation of these activities (Schaltegger & Burritt, 2018). From the business case for sustainability perspective *no hierarchy* exists between environmental, social, and economic goals as sustainability management is not subordinated to profit maximization and not merely implemented in case it contributes to profit maximization. Instead managers are challenged to identify or even build business models that allow companies to create economic success through activities that contribute to a sustainable development of the society. Thereby, business success is

defined in a broader, more integrative way than in the concept of the business case of sustainability, as improving sustainability performance becomes a part of the companies' purpose (Schaltegger et al., 2012).

The business case for sustainability's focus on synergies also highlights a key difference to the business case of sustainability, which implicitly assumes that trade-off situations are the most common. Building on the business case for sustainability concept, Weber and Feltmate (2016) discuss the concept of the sustainability case for business in the banking sector. They highlight the need for organizations to consider the *sustainability of their business case(s)* as an important requirement to develop an organization sustainably. Open to empirical research is which of these kinds of business cases is common or the exception under certain circumstances and management approaches, and what is needed to create business cases "for sustainability" instead of "of sustainability."

This literature review on the concept of business cases in the context of sustainability highlights the fact that different concepts and views exist on what a business case in the context of sustainability is, could, or should be. Whereas some see sustainability and the business case as contradictions and thus emphasise the existence of trade-offs, others highlight how (potential) business cases can be created by managing ecological, social, and economic aspects. Most publications on both views, however, are in agreement that the concept of "the business case" is seen as "the case for business," and that creating financial performance is what business is about.

While numerous studies have been published on the business case in the context of sustainability, some central issues have not yet been sufficiently addressed: First, the existing strands of literature do not analyse and only rarely address the fact that *trade-offs reflect conflicts between values of different stakeholders* and that all conflicts happen in stakeholder relationships. In turn, also all social, environmental, and economic *solutions and value creation are achieved in stakeholder relationships*. Second, the *distribution effects* for different stakeholder groups have not been examined so far. Third, the *stakeholder business environment*, including regulations and further institutions created by stakeholders, influence what social and environmental activities create how much economic and stakeholder value while *businesses can often also co-shape regulations in stakeholder relationships*. Based on the research gaps identified, the following section will discuss the current understandings of the business case from a stakeholder theory perspective.

## **Discussion: Interpreting Sustainability Business Cases From a Stakeholder Theory Perspective**

### ***Current Approaches to Business Cases, Sustainability, and Stakeholders in Comparison***

According to stakeholder theory, as brought forward by Freeman and colleagues (e.g., Freeman, 1984; Freeman et al., 2010), the key objective of business is to create value for all stakeholders involved, that is, "those groups and individuals who can affect or be affected" by the business (Freeman, 1984, p. 25). As businesses affect various stakeholders and are affected by various stakeholders, the purpose of business becomes creating manifold benefits to a wide range of stakeholders, such as employees, customers, suppliers, governments, credit lenders, and financiers. Affected stakeholder groups can also include, for example, environmental interest groups engaged with environmental issues that are connected with the business' activities in the form of salaries, products and services, supplier payments, taxes, interest paid, or environmental improvements. According to the stakeholder concept (Freeman, 1984; Freeman et al., 2010), meeting expectations of stakeholders can both be seen as and result in a business case. The stakeholder approach was developed for the purpose of strategic business management. Dealing

with stakeholders is a case for business management. Creating a business case requires meeting stakeholder expectations and vice versa; meeting stakeholder expectations strategically is creating a business case. The stakeholder perspective therefore takes a fundamentally different view than the existing research on business cases in the context of sustainability, which largely shares the understanding that business cases are about creating financial value, often implying that this only serves one group of stakeholders, that is, shareholders. The literature review highlights the fact that most studies on the business case in the context of sustainability operationalize business success by purely financial means. This is also reflected in the narrow operationalization of business performance by purely financial indicators of shareholder benefits in many studies (e.g., King & Lenox, 2001; Luo & Bhattacharya, 2006; Ziegler et al., 2007), signalling that distribution issues are not dealt with in prior research on business cases in the context of sustainability. More specifically, indicators of financial success, such as Tobin's Q or stock market price, are chosen primarily to serve one single group of stakeholders, that is, financiers (for many companies: the shareholders).

From a stakeholder theory perspective, the currently used operationalization of business success has a very narrow, purely financial perspective on business success and does not employ a broader socioeconomic understanding of business success as value creation for stakeholders (cf. Freeman et al., 2010). First, current studies on the business case primarily use financial indicators. Financial indicators could be used to evaluate value creation for stakeholders, as financial value created is used to pay salaries, supplier bills, taxes, interest rates, and so on, thus creating economic benefits to a wide range of stakeholders, such as employees, suppliers, the government, and credit lenders. However, most studies on business cases do not consider the created economic value added, but rather only the residual financial result after many stakeholders have been paid for their contributions (e.g., employee salaries and supplier payments), thus focusing their measurement on only financial stakeholders such as shareholders. In addition, the existing research does not consider whether the process of distributing the financial value created is fair and whether the actual distribution of the economic benefits makes every stakeholder better off (cf. Freeman, Wicks, & Parmar, 2004). Additionally, none of the studies included in the literature review examines nonfinancial forms of economic value creation, such as providing employees with secure jobs and customers with products they want to purchase, or whether companies contribute to a sustainable development of the society, for example, by reducing their negative environmental impact. The currently used narrow operationalization of "the business case" therefore runs the risk of being a "single stakeholder case," largely ignoring the stakeholder business environment, which only considers one type of value, that is, financial value, for one group of stakeholders, that is, shareholders.

Moreover, the stakeholder business environment, with institutional arrangements—particularly regulations, has a huge influence on what economic effects a company's social and environmental activities have and what is perceived as a business case. Regulations leading to the internalisation of external effects (e.g., through environmental taxes or emissions trading) play a large role and have a huge impact particularly on whether a certain social or environmental activity leads to a business case of sustainability.

Based on the above insights gained from analysing the business case from a stakeholder theory perspective, we argue that it is important to bring into question what business success really is about in the context of business cases for sustainability. Using stakeholder theory to answer this question suggests defining success as sustainability-oriented value creation for multiple stakeholders (Hörisch, Freeman, & Schaltegger, 2014). Furthermore, using stakeholder theory helps identify and address another difficulty of many studies on the link between business success and corporate environmental and/or social performance, that is, the dichotomy of economic success *versus* voluntary corporate environmental and/or social activities. This dichotomy is in contradistinction to stakeholder theory, as the concept regards economic success and the wider

responsibilities of business as fundamentally linked (Freeman et al., 2010). Based on these criteria derived from stakeholder theory, that is, what business success really is and whether or not economic performance and sustainability performance are considered as invariably separated, four possible types of business cases can be identified (Table 1).

The first type of business case in the context of sustainability can be labelled as “business case of sustainability” (Schaltegger & Burritt, 2018), and it is commonly understood as making money only (e.g., K. P. Jones et al., 2013; Richardson & Cragg, 2010). Thus, the *business case of sustainability* regards the purpose of business as profit maximization, and commonly restricts this aspect to maximizing profits for only one group of stakeholders—financiers (in many companies shareholders). Furthermore, considering sustainability performance only if it maximises profits obviously implies a separation of economic performance and sustainability performance.

The common view that firms focus on stakeholders (only) because this is positive for their financial bottom line ignores the fact that further reasons may exist to meet stakeholder expectations and to deal with sustainability, depending on the type of organization. For example, B corps (benefit corporations) may pursue other priorities, in part because of their charter and purpose. Furthermore, managers in many more mainstream businesses may well have intrinsic motivations for sustainability and for fulfilling stakeholder expectations beyond an instrumental view of maximizing profits (e.g., Rosen & Sellers, 1999). Different stakeholders have different interests and meeting these interests can also align with the personal interests of managers or be the result of power structures (e.g., Mintzberg, 1983; Pfeffer, 1992). While both stakeholder orientation and sustainability management may in many cases be seen as instrumental approaches to increase or secure profits, empirical analyses of reasons for sustainability activities and management of companies show that securing legitimacy of the organisation is a more relevant driver than maximising profits (e.g., Aragon-Correa et al., 2017; Schaltegger & Hörisch, 2017).

In contrast to the “business case of sustainability,” the concept of “*business cases for sustainability*” proposes a different analytical and normative approach (Table 1). It implies that economic success can and should be created through (not just with) an intelligent design of voluntary environmental and social activities (Schaltegger & Burritt, 2018; Weber, 2008). As described in the literature review, from the business case for sustainability perspective, sustainability is not subordinated to profit maximization. Therefore, business success is defined in a broader way than in the concept of the business case of sustainability, as improving sustainability performance becomes a part of the companies’ purpose.

However, with regard to the second criterion, that is, the separation of business and sustainability, the current description of business cases for sustainability is based on a conceptual separation of economic and sustainability performance: business success, should in this view be improved through a higher sustainability performance. Therefore, in its most common operationalization, also business cases for sustainability conceptually separate the two groups of benefits created. Moreover, with regard to economic benefits, financial value created is implied to serve economic stakeholders, and the distribution is not discussed or distinguished for different groups of stakeholders. With regard to environmental and social value production, mainly societal stakeholders are considered. Hence, in effect, both groups of value production remain separated.

A third type of business case, the *business case for stakeholder management*, has been proposed in the literature, which only refers to stakeholder theory, but not to sustainability (Fifka & Loza Adai, 2015). Some similarities to this case—though not explicated so far—exist with the shared value approach (Crane, Palazzo, Spence, & Matten, 2014; Porter & Kramer, 2011). By focusing on the value creation for stakeholders, in the business case for stakeholder management, business success is not restricted to financial value but understood as creating value for stakeholders. All current stakeholders who can organize and represent themselves are considered. The focus of this type of business case perspective is on overcoming trade-offs to create synergies between the represented stakeholders. Business performance is understood broadly as value

**Table 1.** Comparison of Different Concepts of Business Cases.

	Business case of sustainability	Business cases for sustainability	Business cases for stakeholder management	Stakeholder business cases for sustainability
Starting point/initial motivation	Profit making	Solution of environmental/social problems	Value creation for stakeholders	Value creation for stakeholders through solving sustainability problems
Role of sustainability	Opportunity for creating profits	Contribution to sustainable development as the aim of business cases for sustainability	Not considered explicitly	Sustainability as explicit aim and basis for creating value for stakeholders
Opportunities coming along with sustainability	Can be used (opportunistically)	Need to be created	Not explicitly mentioned	Need to be created
Understanding of business success	Business success as profits	Business success not restricted to financial value; sustainability performance as an additional part of business success	Business success not restricted to financial value; business success understood as creating value for stakeholders	Business success not restricted to financial value; business success understood as sustainability-based value creation for stakeholders
Beneficiaries of value creation	Not explicitly defined; positive sustainability effects created for everybody; financial indicators frequently used for measuring value creation imply that benefits are restricted to shareholders	Not explicitly defined; positive sustainability effects created for everybody; financial indicators frequently used for measuring value creation imply that benefits are restricted to shareholders	All stakeholders; however, the natural environment and humans with whom we will likely never engage (e.g., the children of today's children) not explicitly considered	All stakeholders; value creation from solving a sustainability problem is explicitly considered for all stakeholders as well as for the natural environment and humans with whom we will likely never engage (e.g., the children's children)
Understanding of trade-offs	Focus on identifying trade-offs and synergies	Focus on overcoming trade-offs to create synergies	Focus on overcoming trade-offs to create synergies	Focus on overcoming trade-offs to create synergies
Understanding of business performance and sustainability performance	Business and sustainability performance are understood as dichotomous concepts	Business and sustainability performance are understood as dichotomous concepts, which need to be aligned to create triple win solutions	Business performance is understood broadly as value creation for stakeholders; sustainability performance not explicitly addressed	Separation of business performance and sustainability performance is rejected; business performance needs to be analysed and created for each stakeholder and the natural environment

creation for stakeholders (Table 1). Sustainability is, however, not explicitly considered in this business model concept.

The separation of economic and sustainability performance implied by the currently proposed sustainability-oriented business case concepts (i.e., the business case of sustainability and business cases for sustainability) is surprising, given that the sustainability concept is frequently argued to be, at its core, about integrating environmental, social, and economic aspects (e.g., Bansal, 2005; Székely & Knirsch, 2005), meaning that the economic performance is by definition part of sustainability performance. While the idea that all dimensions of sustainability need to be managed in

an integrated manner has been challenged and different understandings of corporate sustainability have been brought forward (e.g., Gladwin, Kennelly, & Krause, 1995; Hahn & Aragón-Correa, 2015; Milne & Gray, 2013; Young & Tilley, 2006), based on the widely established definitions of sustainability (e.g., Brundtland et al., 1987; United Nations, General Assembly, 2015), it can hardly be argued that the economic dimension is not part of the sustainability concept. We therefore take the existing approaches to business cases a step further by using stakeholder theory and the business case for sustainability approach to address the separation of sustainability and the economic dimension of sustainability and develop a further type of business case in the context of sustainability, the “*stakeholder business cases for sustainability*.”

### **Stakeholder Business Cases for Sustainability**

At its core, stakeholder theory argues that most companies are founded for a purpose that goes beyond purely creating profits, such as serving specific customers (e.g., providing customers with products or services that solve a problem or fulfil a need). Thus, stakeholder theory treats value creation as the purpose of business, and firms are regarded as a framework that allows joint value creation for stakeholders (Bridoux & Stoelhorst, 2016; Freeman et al., 2010). Consequently, the *purpose of a stakeholder business case for sustainability is to create value for a larger group of stakeholders by solving a sustainability problem*. It thus shares an important characteristic with the concept of business cases for sustainability, that is, the understanding that the business case is not about opportunism. As businesses require the contribution of various stakeholders, the purpose becomes creating manifold benefits to a wide range of stakeholders, such as employees, suppliers, customers, and so on, in the form of secure jobs, supplier bills, good sustainable products, and so on. In turn, the stakeholder business environment, with institutional arrangements, particularly regulations, has a huge influence on the economic effects of a company’s social and environmental activities and what is perceived as a business case. Regulations leading to the internalization of external effects (e.g., through environmental taxes or emissions trading) can play a large role and have a huge impact particularly on whether a certain social or environmental activity leads to a business case of sustainability. The large impact of the business environment on business success has motivated various authors to discuss the institutional role of companies (e.g., Scherer & Palazzo, 2011) and management possibilities to interact with the stakeholder business environment as well as to influence regulations and the market framework (e.g., through institutional entrepreneurship and sustainable entrepreneurship; Hockerts & Wüstenhagen, 2010; Schaltegger, Hansen, & Lüdeke-Freund, 2016). In other words, not only the perception of what a business case for sustainability is and whether and how it can be achieved depends on the management of an organisation, but it is also the result of the interaction between a company and its stakeholders.

From a stakeholder theory perspective, business cases for sustainability can thus be defined as results of activities which effectively contribute to solving a sustainability problem (e.g., combating the greenhouse effect, reducing malnutrition, overfishing of the sea, etc.) in a way which creates (not only economic) value to all stakeholders who are involved in the problem solution or are affected by the problem being solved. This highlights another important similarity between business cases for sustainability and the stakeholder business case for sustainability, as both views do not focus on trade-offs, but on creating synergies and mutual benefits. Value for stakeholders includes all kind of services and products that *are valued by the respective stakeholder*, whether the value is economic, social, ecological, cultural, technical, or anything else (e.g., just happiness).

Furthermore, the definition of the stakeholder business case for sustainability highlights that the concept adds an explicit sustainability orientation to the business case for stakeholder management. Additionally, the stakeholder business cases’ focus on value creation points out that

value creation originates from the interplay between different stakeholders. Stakeholders rely on each other's input to create value. This interdependence, however, is only selectively taken into account when only trade-off focused understandings of the business case concept are used. Juxtaposing "making money" with "being sustainable" assumes a conflict between financial and societal stakeholders upfront and creates a view that value can either be created for one or the other group, and that management has to decide who it wants to support and for whom it wants to create value. The assumption of a zero-sum situation (every win of one group is at the cost of an equal loss for another group) as the general and most relevant case is also not denied by the shared value approach that implies a distributional perspective by highlighting the necessity and benefit of value sharing to keep a stakeholder network together. While explanations and critique on the notion of "shared value" mention that creating value for multiple stakeholders needs to include addressing social and environmental problems (e.g., Crane et al., 2014; Porter & Kramer, 2011) the shared value approach implies that a *given* created value is distributed or shared among stakeholders. It furthermore does not address the link to the business case notion.

The relevance of stakeholder relationships also becomes clear when considering that power struggles between stakeholders over sustainability-related issues are common (e.g., Killian & O'Regan, 2016; Mintzberg, Ahlstrand, & Lampel, 1998; Pfeffer, 1992) and cannot be ignored if the aim is to create a successful business case. As a consequence, the identification and development of business cases may not be as straightforward as a technocratic view of management would suggest. The necessity to consider actors beyond the scope of a small group of managers highlights the relevance of involving stakeholders early in the development of business cases for sustainability, and that considering (potential) consequences for all stakeholders emanating from an intended change makes good business sense. Such an extended perspective of stakeholder business cases for sustainability acknowledges that business is, in the end, a question of managing stakeholder relationships. It also recognizes that the complexity of problems of unsustainability and creating sustainability solutions requires stakeholder participation.

A difference from earlier business case perspectives and a further core element of stakeholder theory is the integration thesis, which points out that business and ethics cannot be separated, but in contrast "almost any business decision has some ethical content" (Freeman et al., 2010, p. 6). Transferring this to the context of sustainability stresses the need to neither neglect nor exclude the economic dimension of sustainability. With regard to the first criterion developed above, that is, whether or not economic performance and sustainability performance are considered as invariably separated, this means that for the stakeholder business case for sustainability, economic performance should not be separated from sustainability performance, as economic performance is by definition part of sustainability performance. However, earlier analyses have shown that the economic dimension is frequently underrepresented in discussions of the term sustainability (White, 2013). The stakeholder business case for sustainability therefore overcomes the dichotomy of sustainability and economic performance, which is frequently and often implicitly present in the operationalization of the first two types of business cases (the business case of sustainability and the business case for sustainability) introduced in the second section, as well as in the shared value concept brought forward by Porter and Kramer (2011).

With regard to the second criterion, that is, the definition of business success, the stakeholder business case for sustainability uses a broader understanding. First, it does not restrict business success to financial performance, but it integrates social, environmental, and other performance to its understanding of business success. This does not imply that all companies become a social business but rather highlights that no business is without sustainability consequences and that business success is achieved when the business is assessed as successful by all stakeholders involved. As stakeholders have different preferences, business success is not limited to financial results but includes social and environmental issues. One consequence of applying stakeholder theory to the business case approach for sustainability is to *give up the often-assumed idea of a*

*general hierarchical positioning of economic, social, and environmental aspects.* Effects and success of businesses are rather a set of combined bundles of social, environmental, and economic aspects for multiple stakeholders. Businesses thus create a combined “value bundle” for each stakeholder consisting of interlinked and intertwined economic, social, and environmental characteristics. Financial, social, and environmental issues can have different relevance in these value bundles and in different hierarchical or non-hierarchical relationships with each other as long as the stakeholder considers this to be valuable and is ready to support the company in creating value. To achieve a stakeholder business case for sustainability, these *value bundles* need to be convincing and to contribute to sustainable development.

Second, with regard to the groups of persons who benefit from business success, the stakeholder business case for sustainability is not restricted to one single group of stakeholders, but it explicitly aims at creating value for all stakeholders involved in a business activity. This relates to the frequently cited definition of corporate sustainability provided by Székely and Knirsch (2005, p. 628), who highlight that corporate sustainability “also means . . . building value for all of the company’s stakeholders.” Stakeholder theory thus highlights that in order to contribute to sustainable development a business needs to consider stakeholder relationships explicitly by designing its sustainability propositions in a way that they create value for each stakeholder, and that (in turn) these stakeholders support the sustainability contribution of the company. From a stakeholder theory perspective, the idea of a single business case does not make sense but that rather a *combination of cases exists for a business creating value bundles to different stakeholders*. Even one single sustainability activity or project will involve various cases of value creation for different stakeholders. *The collection and diversity of cases of value exchanged between the company and stakeholders illustrates the multipurpose and multivalue creating character of stakeholder business cases created by a business activity aiming to solve sustainability problems.*

The above description of stakeholder business cases for sustainability raises the question of what distinguishes the stakeholder business case for sustainability from the business case for stakeholder management. At first glance, many similarities between this business case for stakeholder management and the three sustainability-oriented business cases exist. As for the business case of sustainability and business cases for sustainability, statistical analyses exist, which evaluate the empirical connection between the treatment of stakeholders by a company on the one hand and this company’s financial performance on the other hand (Berman, Wicks, Kotha, & Jones, 1999). Furthermore, the drivers of the business case for stakeholder management are described very similarly to the drivers of business cases for sustainability (e.g., innovation, employee motivation, cost savings, reputation; risk management; Brown, 2003; Fifka & Loza Adai, 2015; Schaltegger et al., 2012). Berman and colleagues (1999, p. 488) even describe different kinds of business cases in the context of stakeholder management (those that are “determined solely by the perceived ability of such concern to improve firm financial performance” and those that are primarily driven by intrinsic motivation to involve stakeholders), which come relatively close to the distinction between the business case of sustainability and the business cases for sustainability.

However, Fifka and Loza Adai (2015) also state characteristics of the business case for stakeholder management, which highlight important differences from the stakeholder business case for sustainability. First, even though the business case for stakeholder management concept explicitly refers to stakeholder theory (Fifka & Loza Adai, 2015), measuring stakeholder involvement on the one hand and its influence on business success on the other hand clearly contradicts the integration thesis, one of the fundamental principles of stakeholder theory (Freeman et al., 2010).

Second, Fifka and Loza Adai (2015, p. 80) point out that in the process of creating a business case for stakeholder management, “[e]nvironmental considerations may be offset by economic

ones.” This shows that for the business case for stakeholder management, benefits for stakeholders at the expense of the environment are possible (which are, however, likely to negatively affect these or other stakeholder groups in the long run). Thus, the stakeholder business case for sustainability concept adds an explicit sustainability orientation to the debate on business cases for stakeholder management, including the consideration of consequences for the natural environment and for humans with whom we will likely never engage, such as future generations, or more concretely, the children of today’s children (cf. Hörisch et al., 2014). Some authors might argue that such an explicit sustainability orientation is not necessary, as the natural environment per se is a stakeholder, or highlight that humans are part of the natural environment, and thus considering stakeholders at least implicitly implies considering aspects of the natural environment (e.g., Driscoll & Starik, 2004; Srikantia & Bilimoria, 1997; Starik, 1995). The reasoning that the natural environment should be regarded as a stakeholder is frequently explained by nature’s proximity to the firm and particularly recommended if stakeholder theory is to be applied to an ecological framing (Driscoll & Starik, 2004). While acknowledging this line of reasoning, we argue that such a consideration of the natural environment may be helpful to raise general awareness but might not be sufficient to assure adequate representation in business interactions and to create effective solutions, as the natural environment and non-human species are not equally able to express their opinions as human stakeholders are. An explicit consideration of the natural environment by societal and other stakeholders may require their empowerment. Consequently, adding an explicit sustainability orientation to the business case for stakeholder management concept avoids situations where “[e]nvironmental considerations may be offset by economic ones” during the process of creating a business case for stakeholder management (Fifka & Loza Adauí, 2015, p. 80).

While the stakeholder business case for sustainability might at first sound like a desirable but unrealistic wish, in practice many examples of such stakeholder-oriented business cases for sustainability can be found. Companies in the renewable energy industry, for example, contribute to the solution of a sustainability-related problem (climate change) and consequently create manifold benefits for their stakeholders (e.g., Richter, 2012). They generate additional orders for their suppliers, offer long- as well as short-term returns to their investors, create jobs in a growing industry for (potential) employees, reduce local pollution for the communities living close to energy production plants, create taxes for the state, and, maybe most obviously, provide customers with a sustainable product that consumers want to purchase. Similarly, pharmaceutical companies such as Novo Nordisk follow their mission to solve societal problems (e.g., combating diabetes), by curing their customers and, in doing so, create multiple benefits to their further stakeholders (conducting research and development that serves the communities they operate in, creating meaningful jobs, paying taxes to the government, generating return on investment for financiers, etc.; see, e.g., Strand & Freeman, 2015).

The dominance of the first two types of business cases (i.e., the business case of sustainability and the business case for sustainability) and their current operationalization in existing publications suggests that a broader idea of economics and economic success is needed that considers a broader range of stakeholders and includes all three dimensions of sustainability (social, environmental, and economic). The following conclusions and implications will highlight opportunities of how such a broader idea of economic success can be realized in academia as well as in practice.

## Conclusions and Implications

This article problematizes the separation of economic and sustainability aspects in the prevalent operationalization of business cases. This often-underlying separation is twofold, first, as a separation of social and environmental goals from economic goals, and second, as a separation of

financial stakeholders from all other stakeholders. However, as the economic dimension is by definition part of the vision of sustainability (cf. White, 2013), a business case in the context of sustainability requires being integrative by creating social and environmental solutions in an economic way simultaneously. Additionally, our analysis emphasizes that any business case is somehow incomplete if it only creates sustainability improvements to satisfy one single group of stakeholders through economic benefits (financiers) but neglects the needs and importance of other stakeholders. This article therefore argues that sustainability management can be better informed by stakeholder theory if the fundamental idea of stakeholder theory that every relevant stakeholder will only support the company and a sustainability-oriented solution if the exchange of value is beneficial for all and not at cost of some stakeholders. A “pure” business case for stakeholder management, on the other hand, faces the danger of neglecting less organized, vulnerable stakeholders and stakeholders who are not represented in a stakeholder network at present but will or might be in the future. As sustainability is often about future consequences of current action for future generations, integration and further development of existing sustainability and stakeholder business case approaches is needed.

As a difference to stakeholder business cases, the concept of stakeholder business cases for sustainability emphasizes the need to find real and effective solutions to social and environmental problems, even if these are not represented by powerful stakeholders at the moment (e.g., as they are related to vulnerable and less organised stakeholders or interests of the children of today’s children, etc.; Hörisch, Ortas, Schaltegger, & Alvarez, 2015). Furthermore, as a difference from business cases for sustainability, the stakeholder business case for sustainability concept explains the need to consider stakeholder relationships not just for the distribution of value shared among stakeholders but to participate with stakeholders when designing solutions to sustainability problems and when creating and realising these solutions. The complexity of many sustainability problems requires overcoming a technocratic view and securing the early participation of a broad set of stakeholders to create solid analyses and solutions.

Obviously, each stakeholder has his or her own goals and expectations with regard to sustainability that are sometimes in line with each other and sometimes contradictory. As Hahn and Aragón-Correa (2015) state, to create business cases with sustainability may be further complicated if managers are unwilling to admit the existence of trade-offs, which means that limitations of the narrow view of a business case of sustainability are not being recognized in practice. Such recognition, however, is needed to move towards a broader perspective of stakeholder business cases for sustainability. The challenge for sustainability management to create stakeholder business cases for sustainability is to enable arrangements, which create value for stakeholders, thus also bringing profit orientation in line with pursuing ecological and societal expectations. Just identifying trade-offs or doing different things in parallel without linking them to each other cannot be the (main) job of management. Although win–win and triple win potentials are not always easy to create, this is a core challenge and focus needed in sustainability management (e.g. Baker & Schaltegger, 2015).

To address this managerial challenge, the sustainability management literature offers numerous tools (e.g., stakeholder dialogues, open-innovation, etc.) which allow going beyond the creation of monetary value for single stakeholders through environmental or social activities (e.g., Hörisch et al., 2015; Windolph, Schaltegger, & Herzig, 2014). However, these management tools are frequently not considered in discussions on business cases for sustainability, which normally do not consider creating economic, social, and environmental value for all stakeholders.

Creating stakeholder business cases for sustainability requires first identifying what expectation each stakeholder has with regard to a sustainability problem and alternative solutions on display and then to thinking about and developing innovations and arrangements that create value for stakeholders through a better consideration of the sustainability expectations of the respective stakeholder(s). As short-term trade-off situations can always occur, mediation,

negotiation, and innovation are required to find constructive ways of stakeholder collaboration as well as packages of projects and time schedules that allow for less confrontational and more productive ways to find solutions to important sustainability problems.

Identifying the needs and expectations of stakeholders also helps understand the core purpose of a specific business. Such identification is of crucial importance for managers, as it can guide decision making in times of crises and can help overcome (perceived) trade-offs. Identifying the needs of stakeholders additionally helps with implementing stakeholder business cases for sustainability, as it highlights how sustainable value can be created.

However, the concept we propose also has some limitations and requires specification, which should not go unmentioned. First, while in this article the definition of stakeholders as brought forward by Freeman and coauthors (e.g., Freeman, 1984; Freeman et al., 2010) is used, applying a broader definition of stakeholders to the concept of stakeholder business cases for sustainability, as, for example, suggested by Driscoll and Starik (2004), Srikantia and Bilimoria (1997), or Starik (1995), would also be possible. Miles (2017) reviews 593 definitions of the term *stakeholders* and highlights the general implications of using different definitions of the term, which also apply to the concept proposed in this article. Particularly when analysing corporate sustainability activities that address global problems with implications for numerous stakeholders, a broader definition can help gain a comprehensive picture of the stakeholders as well as natural and societal entities affected by such activities and can show which stakeholders are also affected by such activities. While this can make the picture more complex for managers applying the concept in practice, it can be a useful challenge (at least for academics) to build a more comprehensive model.

Second, realizing stakeholder business cases for sustainability is by no means easy. It requires managers to ask fundamental questions and to rethink the purpose of the specific business. Thereby, managers are challenged to resist asking easy, but misleading questions (e.g., does it pay to be green?) and to expect easy, generic answers. Instead, management needs to be innovative and find new forms of organising and bringing people together. Furthermore, management is challenged to accept uncertainty and more open outcomes of stakeholder processes. Creating value for all stakeholders involved in a business requires daring more collaboration to re-harmonize the interests of stakeholders, instead of relying on a sort of competition that aims at realizing benefits at the expense of other stakeholders. Therefore, companies are challenged to engage with their stakeholders and to identify shared aims. To have sufficient representation of the natural environment and nonhuman entities in business interactions require an explicit consideration of the natural environment by societal and other stakeholders, which in turn, may require their empowerment to contribute as effective actors to civil society and to developing stakeholder business cases for sustainability. Concerning the business case of sustainability, it has been asked whether following this approach is sufficient for achieving sustainable development (e.g., Dyllick & Hockerts, 2002; Hahn et al., 2010; Milne & Gray, 2013). Obviously, the same question can be posed concerning the stakeholder business case for sustainability. While we have attempted to outline the differences between the two concepts, the answer to this question remains largely the same. As sustainable development is a moving target, realising stakeholder business cases for sustainability will be unlikely to be the single one measure which allows meeting this target. However, it can play a decisive role in coming closer to the moving target of sustainable development.

Third, as mentioned in the introduction, we use one specific version of stakeholder theory brought forward by Freeman and colleagues (e.g., Freeman, 1984; Freeman et al., 2010). We acknowledge that other authors propose different understandings of stakeholders (e.g., Driscoll & Starik, 2004; Starik, 1995; for an overview see Miles, 2017) or suggest different versions of stakeholder theory (e.g., Donaldson & Preston, 1995), such as instrumental stakeholder theory (Berman et al., 1999; Johnson & Greening, 1999; Jones, 1995; Mathur, Price, & Austin, 2008).

Using these different versions of stakeholder theory as a starting point for analysing the business case concept in the context of sustainability would have most likely generated different perspectives on the business case concept.

Fourth, and connected to the second issue, the conceptualization of different business cases in the context of sustainability as presented in Table 1 is not exclusive in a sense that it covers all possible approaches companies may choose towards the business case concept in the context of sustainability. Perhaps it is not even possible to provide a complete overview of all possible types of business cases in the context of sustainability since businesses are very diverse and change over time. Due to this diversity of businesses, the opportunities for creating stakeholder business cases for sustainability and the challenges that brings will be different for a specific multinational corporation and a specific start-up. Even for a given firm, the approach towards and opportunities for stakeholder business cases for sustainability might change over time, since the challenges and opportunities a company faces will most likely change with company growth or changed circumstances.

Both managers and academics are challenged by the implications of the stakeholder business cases for sustainability. New answers on many questions dealt with in sustainability management are needed. For example, managers who believe upfront that social and environmental activities are always in conflict with economic goals pose a fundamental challenge. New approaches in organizational culture, HR management, and education are needed for managers to learn how to engage constructively and search seriously (and not just superficially) for synergetic solutions in collaboration with stakeholders. In turn, to prevent illusions, sustainability research and practice are challenged to find ways how to identify and acknowledge problems when managers tend to not see or admit the existence of trade-offs and limitations of business cases.

Academics following the stakeholder-oriented view on business cases for sustainability are furthermore challenged to overcome the separation of the different dimensions of sustainability dividing economic from environmental and social performance, and at the same time, to overcome the separation view that financial stakeholders are (by definition and always) counterparts of other stakeholders. This might even require modifications in the vocabulary that is currently used to describe business activities. The terms economic or business, for instance, are currently used in a very narrow sense, which frequently excludes environmental or social dimensions of economic activities. There are some companies that are already trying to develop a new vocabulary. DM, Europe's largest drugstore chain, and Alnatura, one of the largest German retailers of organic food, have both replaced the term *labour costs* with *employee income* in their everyday communication. This change aims at emphasizing that the employees' work is not a factor reducing created value, but instead enabling value creation for stakeholders in the first place.

Another way to overcome the very narrow, monetary perspective on economics and business is to not use financial and monetary indicators as proxies for utility, but instead to directly analyse how a business activity creates utility for its stakeholders and fosters sustainable development. Here, utility theory could provide new or lost insights on value creation (Bosse, Phillips, & Harrison, 2009; Harrison, Bosse, & Phillips, 2010). Harrison et al. (2010) use this approach to highlight how firms can increase value creation by considering the utility functions of stakeholders. Addressing stakeholder utility may include offering additional or more specific forms of value creation to stakeholders, such as increasing energy-efficiency of a customer, and may, in turn, have benefits for the company such as increased sales. Furthermore, focusing on stakeholders' utility functions allows companies to better deal with unexpected changes and to increase their innovativeness. For researchers, such a reorientation on actual utility and not monetary proxies poses the challenge to develop new methods for measuring value creation (Harrison et al., 2010). Sangle and Babu (2007) for example present a framework to evaluate companies' sustainability practices with regard to stakeholders' satisfaction. Future research can build on these early attempts and propose new measures for evaluating business cases and business performance.

For businesses to move from a narrow business case of sustainability view to the stakeholder business case for sustainability perspective requires a shift in the perception and narrative of business success and indeed the purpose of business. While some organizations are already operationalizing the business case *for* sustainability, this shift or conversion of mindsets is still a considerable challenge for many companies currently positioned in the “business case *of* sustainability camp” (e.g., Revell & Blackburn, 2007; emphasis added).

These new challenges that have risen with the stakeholder-oriented type of business cases also provide various opportunities for teaching and research. Teaching the concept of stakeholder business cases for sustainability in business courses allows students to learn to ask general but essential questions. It helps identify the specific purpose of a particular business and hence helps answer the questions as to how business success can be defined and attained. For sustainability management courses, the concept additionally raises the question of which stakeholders benefit (and ideally should benefit from) sustainability management activities, which currently receives little attention in sustainability management textbooks. Additionally, for non-business students, the stakeholder approach in general and the concept of stakeholder business cases for sustainability in particular can be a useful starting point for demonstrating the crucial role of companies for sustainable development and for their numerous particular stakeholders. Sensitizing students to the fact that the purpose of business goes beyond increasing profits for one group of stakeholders (i.e., financiers) can help reduce fear of contact to the business sphere among sustainability scholars and thus get students engaged with companies as a crucial group of actors for sustainable development. The concept of stakeholder business cases for sustainability furthermore raises awareness that ecological goals can often only be met effectively in practice if relevant stakeholders are involved in a way that the ecological solution is in line with their specific goals and preferences.

Based on the insight that the purpose of businesses is to create value for stakeholders, researchers interested in sustainability management need to ask how the highest possible amount of value can be created for stakeholders, recognizing that stakeholders are dependent on the natural environment. Additionally, taking the time dimension of sustainability into account poses the question of how the highest possible amount of value can be created for stakeholders recognizing the consequences for future stakeholders and future generations in general. To address these questions, case studies on companies that successfully create stakeholder business cases for sustainability (e.g., Novo Nordisk, Whole Foods, Alnatura) are needed to find out how they succeed in realizing such business cases. In describing these cases, more and new narratives will be helpful to gain additional insights. However, creating such new narratives requires more than just commenting on corporate activities from the outside. Instead, academics are challenged to engage with companies to be able to provide inside perspectives on companies' activities.

One example of such new narratives can be to describe and analyse the consequences of sustainability management measures. However, for specific as well as more general questions of future research, it is important not to choose too narrow indicators of success of sustainability management measures. The insights gained from the stakeholder-oriented type of business cases for sustainability highlight that indicators need to go far beyond financial benefits for single groups of stakeholders. Instead, broader indicators seem more likely to capture how much a business activity creates value for the stakeholders involved in an activity contributing to sustainable development. To create stakeholder business cases for sustainability means that the total “value package” of sustainability solutions needs to be designed, created, and related more clearly to different (kinds of) “value parcels” for various stakeholders. Vice versa, the different contributions of stakeholders to the sustainability solution can be made more explicit. Put together, taking a stakeholder business case for sustainability perspective may require rethinking and further developing measurement of sustainability and stakeholder value as integrated parcels of interaction and mutual exchange between stakeholders in defined stakeholder relationships.

A first step in applying the concept of stakeholder business cases for sustainability in *empirical research* would be to acknowledge that using indicators that measure only financial success for only one group of stakeholders is insufficient. If financial indicators are used in empirical examinations of the stakeholder business case for sustainability concept, these should be accompanied by broader indicators on (environmental and social) value creation and should measure financial value creation in a way that is relevant not only for financiers (e.g., profits, Tobin's Q) but also for other stakeholders, for example, revenues, economic value added. Ideally, a whole set of indicators will be used, such as wages paid, orders sent to suppliers, jobs created, taxes paid, CO<sub>2</sub> emissions abated, and so on. For some kinds of value creation, it might even be most appropriate to use indicators that cannot be quantified at all. Acknowledging these challenges in measuring value creation for stakeholders will help bring business back to its roots from ancient times, that is, creating an exchange that produces value for all actors involved in the exchange.

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