



The SDGs Question the Meaning of Companies' Existence

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THE SDGs: A CRITIQUE OF CAPITALISM

Luc Boltanski and Ève Chiapello argue in their book “The New Spirit of Capitalism” that capitalism keeps transforming its form, that each form requires a critique, and that capitalism will be able to transform into a better one by overcoming these critiques. The authors called the form of capitalism in and after the 1990s “networked capitalism” and demanded its social and artistic critiques. Networked capitalism offers diverse employment patterns that respect independence as well as creative ways of working that emphasize innovation, both of which are useful in restoring workers’ humanity and maintaining their willingness to work. On the negative side, it instigates activities that violate the realm of human dignity and widens the gap between majorities who are not part of the network and a limited number of people who have highly mobility⁽¹⁾. These flaws can destroy the well-educated middle class, which is indispensable for establishing democracy.

The Sustainable Development Goals (SDGs) and the Paris Agreement on climate change were adopted in 2015, both of which represent a global critique of networked capitalism. They not only address the question of how to leave the Earth in a better condition than it is today for the next generation in the midst of global climate change, but also declare that no one, including future generations (as well as those who are not part of the network), will be left behind by comprehensively achieving the goals of preventing poverty, eliminating hunger, providing education, and so on. Of course, this does not mean “just surviving” but expresses a desire to receive education, engage in decent work, and live a prosperous life. When these goals are achieved, democracy will function properly.

People did not take this as a fanciful tale in the distant future. With a sincere desire not to sacrifice their own children’s and grandchildren’s future for today’s abundance, as well as the idea of the triple bottom line, people adopted the SDGs. This policy framework added new criteria of social and environmental values to economic values. The Business and Sustainable Development Committee, an advisory body to

the World Economic Forum, noted that business opportunities worth \$12 trillion would be created annually when the SDGs are achieved. Environment, social, and governance (ESG) investments and green bonds expanded, and managers who wanted to make the transition to a sustainable society gathered at the World Business Council for Sustainable Development (WBCSD) to work together and share their efforts and experiences⁽²⁾.

When people look at the SDGs as a business opportunity, they try hard to achieve it. The term SDGs became ubiquitous in daily life; companies published annual reports that promised to achieve the SDGs through their business activities and businesspeople wore a 17-colored badge next to their company emblem. These trends seemed to keep spreading.

TURMOIL CAUSED BY COVID-19

However, the SDGs took a heavy blow from an unexpected direction. It was a shadowy new coronavirus and its related syndrome, COVID-19, against which the entire human race is fighting. In early March 2020, the world began to recognize the risk of its spread, and the number of infected persons increased to 10,000 within a few weeks. The number of cases was contained to around 100,000 until June, thanks to the decision by many countries in Asia, Europe, and North America to prioritize prevention of the spread of the disease over economic activities⁽³⁾. However, many countries started to fear that further economic stagnation would create other risks and thus adopted a policy of stepping on the gas and brakes at the same time. As of October 7, 2020, few cities have successfully curbed the spread while maintaining economic activities, and many are planning another lockdown due to concerns about further waves of the disease. In some countries, elections and other political activities have been heavily influenced. Unfortunately, COVID-19 is expected to continue to have a significant impact on our lives.

COVID-19 does not bring the economy to a halt, as in the case of the Lehman Brothers implosion or the Great East Japan Earthquake, but rather governments intentionally suppress

the economy to stop the infection spreading. This has caused people to have a false expectation that the economy will start moving again as soon as the spread of the disease is ended, delaying quick decisions and responses. The period of latency is as long as two weeks and not all infected people show symptoms. These features make it difficult to determine how widely the infection has spread. Social infrastructure must be maintained while limiting the movement of people. These factors slow down and delay the decision of how to achieve a balance between braking and accelerating. In addition, the impact of the infection differs in each industry; companies need to make industry-specific decisions and implement company-specific responses, which is an extremely difficult task for managers. As a result, many companies are at a loss amid the unprecedented business environment. COVID-19 may be taking advantage of the weaknesses of capitalism and expanding its influence.

URGENT NEED TO ACHIEVE THE SDGs

Let's get back to the SDGs, which are positioned as a critique of capitalism. Given that COVID-19 takes advantage of the weaknesses of capitalism, we can consider the achievement of the SDGs as an effective countermeasure. Set "defining and solving social problems" as the goal of your business. Making this resolution in an uncertain business environment will clearly show the significance of existence and business direction of your company both internally and externally, and require all stakeholders to help achieve the goal for their own survival.

Of course, companies struggling to survive will need to make significant changes to do so. For example, a company may need to redefine its core competence. "Quality of products and services" is superficial. Underlying marketing and technological capabilities may be more essential, or the corporate culture and the mindset of the employees that support such activities may be the real strength of the company. It is necessary to discuss the matter down to that level, redefine the company's core competence as an intrinsic strength, and align it with stakeholders' views. In addition, this intrinsic strength must be integrated with digital transformation (DX). DX makes the right information available to the right people, at the right timing and in the right format, throughout the ecosystem without human intervention. DX will boost the core competence and help a company to acquire new strengths.

The commitment of the top management is also crucial. For example, the top management needs to clearly state specific, challenging targets such as CO₂ reduction as their management goal. Without such commitments, a message of survival will not touch the hearts of stakeholders. To transform

its business model from profit-oriented to a model that aims to solve social problems and earn profits, it is necessary to gain the understanding and cooperation of both internal and external parties. For this purpose, the top management must declare clear, specific commitments.

To gain the understanding and cooperation of stakeholders, it is also necessary to redefine Michael Porter's five forces. The clear difference among suppliers, buyers, and competitors has already disappeared. Many companies understand the need to operate in complex supply chains in which suppliers and competitors are also their buyers. To solve social problems, it is also necessary to understand a buyer's supply chain, i.e., the buyer's buyers. To achieve the SDGs in the true sense, it is necessary to establish a business model in which we must view the complex supply chain as an ecosystem, improve the entire ecosystem, and gain profits through these activities.

CONCLUSION

We may be managing to fight against COVID-19 in 2020 thanks to the pledge in 2015 that no one would be left behind, including future generations, or this pledge might have been too late to contain the spread of COVID-19. It is not clear how people in the future will look back at the year 2015 when the SDGs and the Paris Agreement were adopted and the year 2020 when COVID-19 spread globally. Similarly, nobody knows what will happen in the future. Effective vaccines may be developed to contain COVID-19 and bring an end to the pandemic, or we may have an entirely different way of life with COVID-19. What a company can do toward an uncertain future is to use the wisdom and technology we have acquired to overcome COVID-19, form an ecosystem, observe the world, balance the triple bottom line of economy, society, and environment, define social issues, try to solve these issues, and set this attempt as the essential condition of survival. We must adapt quickly to the changing economy, society, and environment, pursue affluent and sustainable ways of life, and nurture human resources who can do these tasks. As businesspeople and members of society, we must do these things to pass this planet on to the next generation.

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