The sustainability agenda:

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How should academics keep up-to-date with issues such as corporate social responsibility? Among those advocating a more interventionist approach is Ioannis Ioannou of London Business School. He spoke to **Georgina Peters**

What was the evolution of your interest in the area of CSR?

You have intellectual curiosity to be an academic but there is that moment where you find a field, a question, that resonates and you say this is what I really would like to explore in more detail. In my journey I went all the way from game theory to industrial economics, then to management and a bit of technology and innovation, and then I came to start doing work in sustainability.

I trained as an economist and found that quite insufficient as a background to understand business. The CSR movement sparked my interest because it essentially puts the roles of business and management well beyond the economic domain where they have traditionally resided. It was a time when organisations were engaging in domains beyond the economic but we academics still had a huge gap in understanding where business was headed and what business was doing.

The rise of CSR is an opportunity for academia. Typically we wait for some phenomena to play out and then we come back and conduct a kind of academic CSI: we see the remains of what's happened and try to understand the phenomenon. I think academia has a much larger role to play in understanding phenomena as they

evolve or are happening as opposed to coming after the event.

There's a big risk in doing things that are not exactly considered mainstream in academia and trying to publish them. Now in academia it's definitely growing in importance because you see schools with endowed chairs in sustainability – there is a business and the environment centre at Harvard Business School, and so on. This reflects the evolution of sustainability as a field. This is not to say that it doesn't find any resistance but it's certainly not as peripheral as it was ten or 20 years ago.

There's more media coverage of CSR and a lot of companies use it for greenwashing, and yet some are genuinely doing interesting things. It is a curious mix.

CSR comes with moral baggage. Even if some companies pay lip service to it, and many do, it's worth exploring. Why are they doing this? Are there some that are not paying lip service and, if there are some, why are they not paying lip service?

As an academic you don't go in to find a positive or a negative relationship, you just explore the phenomenon and then we ask whether our current management theories are enough to explain what we observe or whether we are missing something. Maybe the lip service, the greenwashing and so on may be explained, but if we move beyond that and say that even if there are only three companies in the world that are meaningfully trying to engage, can our theories understand how they are

engaging and what the impact is going to be? So we do understand something about greenwashing, but I don't think we yet understand a lot about how companies truly integrate social and environmental issues and the impact of that integration for the companies themselves, as well as their broader role within civil society.

Explaining what is happening as it happens in a useful way for a business audience, as opposed to doing the academic CSI, is a major shift for business school academics.

I would say so. It has to be done with caution on several fronts. One needs to be acutely aware of the kind of data you use and what its limitations are. The other thing is to maintain integrity and manage expectations. It may be wrongly perceived as advocacy rather than simply reporting on the data analysed. So that's one of the risks. But, it is worth the risk as long as you manage it cautiously and conservatively.

Where is your research heading?

There are one or two directions. One is the domain of innovation – understanding whether environmental or social innovation is different from traditional technology innovation and, if yes, in what ways it is different. That's a project I'm working on with George Serafeim from Harvard Business School – essentially trying to understand what drives environmental innovation. Is it stakeholder engagement? Is it the longer term time horizons that perhaps allow for more experimentation?

Talking to people about sustainability, a lot of them invoke this notion that it's a different kind of innovation with a different domain of problems and therefore a different domain of solutions. There is talk of inclusive innovation and so on. There isn't enough work out there exploring the link between sustainability and innovation, and trying to understand if maybe there isn't something different.

I am working on the second domain with my London Business School colleague Donal Crilly. We want to understand the role of cognition, how boards or top management teams think in terms of sustainability and financial

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audience's expectations of, let's say, that specific industry.

When you talk to executives, do they understand these issues now in a way they didn't before?

I think on average, yes. I see an extreme variation all the time. There are companies that will just ignore these issues or will try to do the bare minimum. But increasingly companies understand that at the very minimum they should always be pursuing efficiency initiatives. A lot of the sustainability initiatives (e.g. energy and water efficiency) are cost-saving. So I think the mean is moving in that direction, though you can debate if the speed is fast enough.

One of the ideas you are interested in is that of the circular economy. Is it just too ambitious for companies?

I don't think so. There is no question that to the extent that businesses will contribute towards tackling the world's problems, they have to be ambitious. Isn't it ambitious when Unilever says that by 2020 it wants to make the lives of half a billion people healthier? We hear these kinds of targets almost on a daily basis. The circular economy provides a path, based on science, engineering and design principles, and it is ambitious, but it also gives a solid path on how one is able to achieve this.

With the challenge of the social and environmental domain, in terms of climate change, inequality and all the big issues we're facing today, I don't think there is one solution, one business model that will automatically and magically solve all of them. What we're witnessing is a period of experimentation where new models, products and services are coming on the horizon and are being evaluated. It is not a matter of luxury that we address these issues or come up with business models – it is a matter of necessity, and I think it will increasingly be the case.

What makes you get out of bed in the morning?

I like doing research that's why I am in this profession. I enjoy the days where I know that I'll be looking at the data and exploring interesting questions. The outcome is rewarding: you learn something new. I don't want to over-philosophise but we are in the business of producing new pieces of knowledge and, no matter how small they are, discovering them through the process of research is rewarding. ∎

performance. In a lot of peoples' minds, social or environmental performance and financial performance are conflicting objectives. They see a trade-off between the two. To this extent, we ask how management teams perceive those objectives and how some of them are able to reconcile them and create companies that have both high financial and social and environmental performance.

The challenge is this idea of trying to understand a company's self-image versus how it is perceived by external audiences and how this affects economic and social and environmental performance. So the long-term plan is to compare rigorously a company's self-image about sustainability through its sustainability reports versus how an investment analyst perceives the role of this company in a given industry.

If a company's self-image about what it's doing in this domain is 100 per cent in accordance with what analysts think, one would expect the analysts to reward it. This is just one example of where this line of work might go. The broader question is the company's self-image and its understanding of the social environmental issues versus the external