

Business First NZ

Workshop Report:

Business and Sustainability Part 2 – The Social Focus

14th June 2022, facilitated by Dr Kazunori Kobayashi

from the School of Management

along with

Wayne Macpherson, Jennifer Scott, and James Lockhart

from the Massey Business School

30 June 2022

Executive Summary

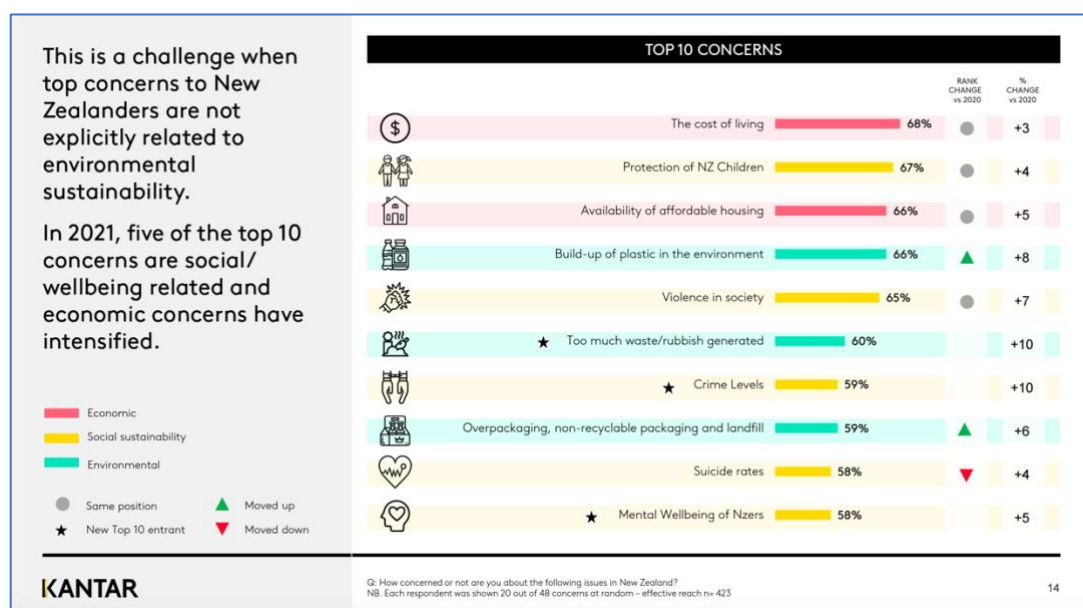
This report summarises the second *BusinessFirstNZ* workshop for 2022 hosted by the Massey Business School to engage local businesses. The initiative seeks to assist business leaders to highlight business problems and seek practical solutions in their pursuit of business excellence and sustainable competitive advantage. For more information on past workshops and access to our industry report titled, *“Business First New Zealand: Advancing engagement among industry and academic communities for business prosperity in NZ”* can be found in our [dropbox here](#).

This face-to-face workshop was attended by 13 business professionals and titled, *“Business and Sustainability – The Social Focus.”* It was facilitated by Dr Kazunori (Kaz) Kobayashi, a lecturer in management, entrepreneurship and innovation from the School of Management. Kaz focused on the "social" aspects of sustainability/ESG (environment, social and governance)/SDGs (sustainable development goals) and assisted attendees in identifying and articulating material issues and approaches. Attendees reported major issues in attracting and retaining quality staff but identified engagement, empowerment and education initiatives and instilling pride in their workers as ways forward.

The overarching goal of the workshop was to explore the “social” pillar of sustainability and how this fits with the other two environmental and economic pillars to drive business prosperity. Kaz presented the social and wellbeing concerns of New Zealanders in 2021 as presented in the Better Futures Report (see below). Five of the top 10 were found to be social issues with the economic concerns intensifying. The social issues are listed as *child protection, violence, crime, suicide and mental wellbeing*. The greatest concern at this time is the *cost of living*.

The workshop was broken into three sessions, with Kaz providing overviews of each before initiating small group discussions to allow attendees to explore the following areas:

- Current social issues among attendees people, community and industry
- Current and future material issues attendees are impacted by and have impact on
- Identifying risks, opportunities and action points to address the identified material issues



1. Businesses in Attendance

Across the *BusinessFirstNZ* workshops to date, the following business have been represented:

Business	Sector	Business	Sector
Advantage	IT Support	Genoese Foods	Food Preparation
AFC Motorcycles	Powersports Products	Gillard Honey	Honey Production
Ali Arc Industries	Structural Metal Fabrication	Gropak	Agricultural Services
Avatar Honey	Honey Production	Henergy	Poultry Products
BakerAg	Agricultural Services	JR's Orchards	Apple and Pears
Betacraft NZ	Workwear	OBO	Sports Protection
Business Central	Business Development	Palliser Estate	Winery
CEDA	Economic Development	Prepack	Packaging
Carousel Confectionary	Confectionery Manufacturing	Property Brokers	Real Estate
NZ Delphiniums	Horticulture	Quest Industries	Plastic Moulding
E&T Consultants	Education & Training (E&T)	Speirs Foods	Food Preparation
ExportNZ	BusinessNZ Division	Steelfort	Machinery & Equipment
FieldAir	Aviation Engineering	Tasman Tanning	Leather Products
Gallagher Fuel Systems	Fuel Dispensing Systems	Turks Poultry Farm	Poultry
Garden Barn	Garden Supplies	UCOL	Education
GasNet	Gas Delivery		

2. Workshop Overview

Dr Kaz Kobayashi guided attendees through consideration of “social” sustainability challenges and opportunities for their sector and business. Acknowledging the various pillars of sustainability (social, environmental and economic), Kaz drew on his expertise in CSR (Corporate Social Responsibility) and sustainability practices and strategies to assist attendees focus on the social management of sustainability.

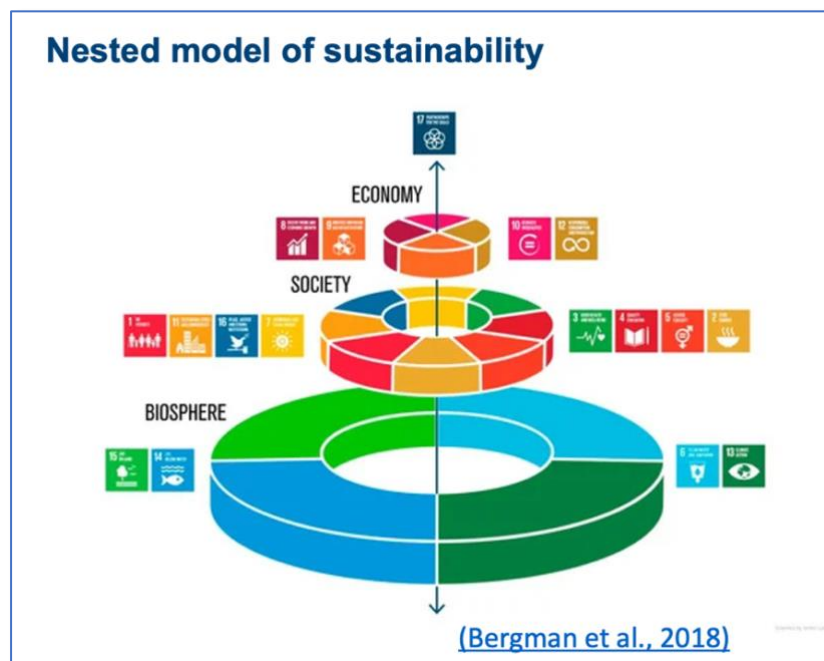
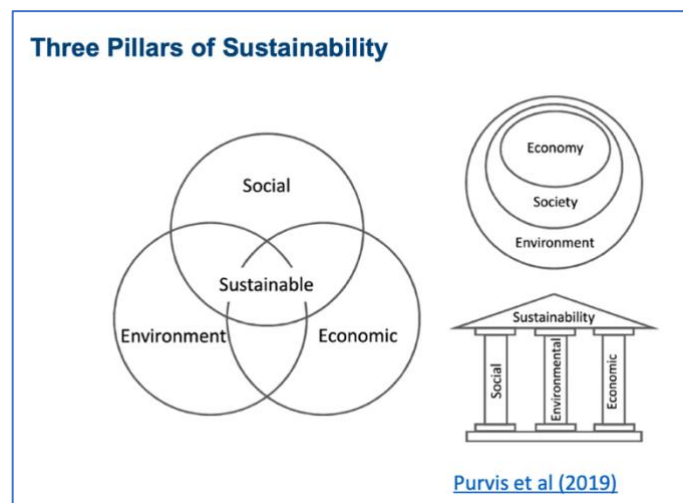
Workshop attendees were introduced to key concepts before breaking into small discussion groups to consider material issues for their sector and their specific organisation. They also explored tools and resources that could help assess their business’s sustainability impacts. Worksheets supported attendees to navigate various questions to consider issues their businesses are impacted by and those issues they have impact on. Attendees were also asked to consider what level of society is relevant for their organisation and industry. These were against a backdrop of New Zealand firms including Fonterra, Pals beverage, and Oji Holdings (paper). Finally, Kaz provided several tools and resources to help businesses make sustainability a priority in the increasingly competitive NZ and global marketplaces.

Key takeaways from this workshop included:

- A collaboratively developed list of regional and national “social” issues
- Identification of material issues driven by these social issues
- Articulation of risks, opportunities and action points to address the material issues
- A set of tools and resources for application to attended businesses
- A copy of the recently published industry report titled, “*Business First New Zealand: Advancing engagement among industry and academic communities for business prosperity in NZ*”

2.1. Current social issues among attendees people, community and industry

When asked to consider what “social sustainability” is, attendees were presented with the four diagrams representing models of sustainability: intersecting circles, nested circles, literal pillars and layered circles. These diagrams represent the ideas that the pillars of economy, society and environment are interdependent and drive sustainable outcomes. For example, the nested-circles depiction (top right) indicated that to have a stable economy, it is essential to have a stable society; and to maintain a stable society, it is necessary to have a stable environment. This allowed attendees to consider the environment as the starting point when attempting to build economic stability and prosperity. We noted that business people may jump direct to economic outcomes without seriously considering the prior pillars; and that considering these other pillars will contribute to successful outcomes.



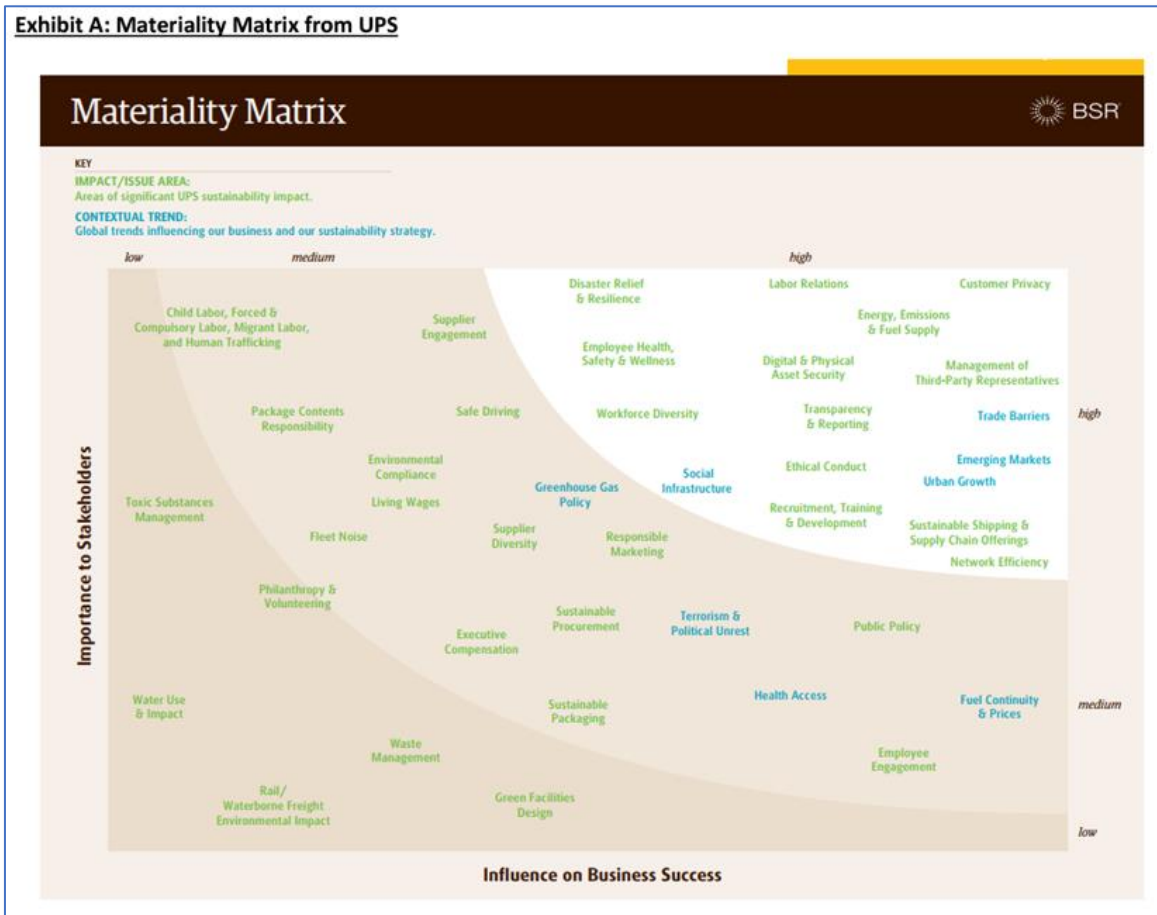
Attendees were asked to list their local staff, community and industry issues to provide a start point for small group and large group discussions. At the staff level, major issues include physical and mental robustness of employees, employee health, earning a liveable wage, poor family values and a lack of transition from school to work. At the community level, there is the impact of housing quality, disparity of income expectations, drug

and alcohol addiction, and anti-social behaviour. At the industry level, we noted low productivity, unsubstantial infrastructure, bureaucracy and compliance, and issues of trust, loyalty and job ownership.

2.2. Current and future material issues attendees are impacted by and have impact on

From a business perspective, social sustainability is seen to be about identifying and managing the direct and indirect, positive and negative impact business has on people—employees, workers in the value chain, customers and local communities. Further, it is important for business people to ascertain at what level of society or their community they operate, e.g., global, national or local levels. The following diagram provides as means to consider the importance to stakeholders and level of influence issues can have on business success. The Materiality Matrix shows which issues are more 'material' than others for the company based on two axes. The company can use this analysis to channel managerial resources towards addressing the issues in top-right corner.

Exhibit A: Materiality Matrix from UPS



When considering material issues of sustainability, business people need to consider the impact the issues have on their company, and the impact their company can have on the issues. As an example, employee absenteeism may be an issue at hand. What impact does absenteeism have on day to day operations of a business? What impact can the business have on employee absenteeism (to solve material issues)?

During this session, attendees were challenged to consider the following:

1. What social issues are you most impacted by or have the most impact on?
2. What evidence do you have and use to support this?
3. What challenges and opportunities to these material issues present?

Attendees identified multiple employee-related material issues they deal with on a daily basis, including cost of living and housing, drugs and alcohol, personal responsibility, work-life balance, and physical and mental robustness. It was noted that while attendees were considering social sustainability issues, these were in the immediate 'here and now' without much consideration of issues in the near future. These issues were found to be common to most business in the room and anecdotally the whole of New Zealand industry.

As a means to resolve these material issues, we propose the question:

What is the value proposition of employees going to work each day?

2.3. Identifying risks, opportunities and action points to address the identified material issues

Finally, attendees were asked to identify the risks (e.g., stakeholders trust, loss of employees/customers, accidents, compliance costs), opportunities (e.g., attract/retain staff, secure quality suppliers, enhance reputation, attract new customers), and action points (e.g., policy, programme, training, partnerships) for each of their major material issues.

Full-group discussion provided several cases to consider. The first being that there is a dire shortage of trained staff which in turn impacts the bottom line through lower productivity, output and customer alienation. There are cases of employee burnout or that they seek greener pastures, which anecdotally, results in disappointment at their new place of work. One means to resolve this is through automation, not to replace employees but to assist them in their daily tasks. Another noted case was that staff do not possess the traits of the *ideal employee*. This may be through a lack of employee ownership of their role or through anti-social behaviour out of work time. This can result in lower production quality and workplace morale. It appears that mediocrity is becoming the new benchmark for staff to measure themselves, without understating the impact this has on the business bottom line.

Businesses acknowledged their downfall, too. Business leaders have understanding of the drivers of productivity but not so much of the mechanics of 'people behaviour.' Also, businesses need to be aware of the needs of all stakeholders, and the need to change with their changing needs. It was noted that increasing remuneration was not a solution to staff shortage issues as this resulted in employees simply earning more money, or working less hours for the same money they earned before.

3. Key Takeaways

In considering the human element of business and the need for social sustainability at the global, national and local levels for successful business operations, productivity, product quality and workplace morale, a number of common issues were identified:

- A lack mental and physical robustness
- The cost of living crisis impact on staff
- A lack of positive contribution to their community
- A lack of desirable employee traits

In response to these issues, businesses are able to proactively engage with these issues by:

- Providing a fair wage
- Considering the ergonomics of labour
- Enabling work-life balance
- Instilling pride in each employee

This may be as simple as ‘making work fun’ so that employees are pulled to work each day rather than pushed away.

The following resources were also recommended by Kaz for managers to actively pursue sustainability across the social, environment and economic pillars.

New Zealand Trade & Enterprise (NZTE):

[How to be a sustainable Business](#)

[Using Sustainable Development Goals in your sustainability strategy](#)

Sustainable Business Network:

[How to complete a simple materiality assessment](#)

Value Reporting Foundation:

[Materiality Finder](#)

4. Proposed Next Steps

The following workshops are planned for the remainder of 2022:

Workshop	Overview	Logistics
The Future of Work: Employees and Employers	<p>Led by Associate Professor David Brougham, this session will explore the future of how businesses might engage with their people: employees and as employers.</p> <p>David will facilitate this session, drawing on his current research, where he is looking at how employees and businesses plan to adapt to these changes as a result of technological disruption.</p>	<p>Tuesday 30 August</p> <p>1:00 – 5:00pm, with nibbles and drinks provided</p> <p>Massey University Student Enterprise Centre</p>

Workshop	Overview	Logistics
Research and Internship Engagement and Opportunities	<p>Come along to this session to discuss how your business might 'fit' with ongoing research projects or frame up a research project with Massey academic staff (and possibly other businesses in the room).</p> <p>We will also explore what opportunities are available for future internship placements with Massey students and your business.</p>	<p>Tuesday 1 November</p> <p>1:00 – 5:00pm, with nibbles and drinks provided</p> <p>Massey University Student Enterprise Centre</p>

Thank you

We would like to thank you for your continued participation in these workshops, and welcome any feedback, comments, ideas, or questions you may have. Please note, if there are any issues or amendments required, we would greatly appreciate your feedback on this report. Feel free to contact the group via Dr Wayne Macpherson, W.Macpherson@massey.ac.nz.