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SYSTEMS THINKING, CORPORATE SOCIAL RESPONSIBILITY (CSR) AND CREATING SHARED VALUE (CSV) FOR THE ENERGY INDUSTRY IN THE TWENTY FIRST CENTURY: PART II

In this article I look at the connection between ecological and systems thinking, and why it is that the illusion of perpetual growth is at the heart of the global crisis of affairs. Systems thinking argues for a transition from growth that is quantitative to growth that is qualitative.

Capra believes that mankind needs to relearn ecological thinking, which he defines as “the science of the relationship between the members of the Earth’s household.” Capra says that biological networks are in the realm of matter and that social networks are in the realm of meaning, which leads to non material outcomes like culture and values. Capra believes that mankind is currently shifting from a machine view of life to one based on networks. In Capra’s systems thinking there is a concept of spontaneous emergence of new order. For this to happen there need to be networks of communication and an openness to outside influence.

Fundamentally, Capra believes that the essential dilemma of our times is the illusion of perpetual growth. He says that the pursuit of this goal is the root cause of the current crisis of global affairs:

“At the heart of corporate structure is the mandate to maximize returns for shareholders, even if this means sacrificing the well being of employees, the prosperity of local communities and the protection of the planet....the driving force of the systemic crisis is global capitalism-itself a network of financial flows, designed without an ethical framework. It promotes limitless growth and excess consumption, because these fuel profits. Underlying this system is not only economic growth but also corporate growth.”

Capra argues for a shift from quantitative to qualitative growth:

“Qualitative growth enhances the quality of life through regenerative activity- through cooperatives and other forms of ownership focused on supporting life, rather than on maximizing profits.”

This shift from quantitative to qualitative growth is at the heart of current thinking about how to create shared value. Companies can create shared value opportunities in three ways.

First, through the re-conception of products and markets in order to meet social needs while better serving existing markets, accessing new ones and lowering costs through innovation.

Secondly, through the improvement of the quality, quantity, cost and reliability in inputs and distribution while simultaneously acting as a steward for essential natural resources, and driving economic and social development.

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Thirdly, by enabling local cluster development in order to ensure reliable local suppliers, a functioning infrastructure of roads and telecommunications, access to talent and an effective and predictable legal system.

In this article I have considered ways in which energy companies can create shared value, move from quantitative to qualitative growth and reorder their relationship with the environment to one based on regenerative activity, rather than the maximization of profits. In Blog 3 I will look at the relationship between Corporate Social Responsibility (CSR) and Creating Social Value (CSV), and consider how CSV can add value to corporate decision making by energy companies.

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Prospect Law and Prospect Advisory provide a unique combination of legal and technical advisory services for clients involved in energy, infrastructure and natural resource projects in the UK and internationally.

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