The Sustainable Leadership Simulator (SLS): An Innovative Governance Mechanism Powering Systematic Validation and Development of Next Best Practice

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Abstract: This conceptualization of the UN PRME-endorsed (Haertle, 2013) Sustainable Leadership Simulator (SLS) will at a minimum level of operationalization be an impactful online training simulator leveraging more sustainable behavior by individuals and organizations. Fully operationalized the SLS has the potential to be an innovative governance mechanism powering systematic validation and development of next Best Practice.

When addressing the key challenges to 2030/2050 in sustainable development, Leisinger and Bakker (2013) identify the sharing of best practices and elevation of these to the standard of operation, as mechanisms for fast scaling up of business solutions. The notion of 'Best Practice' is frequently used by authoritative sources to showcase sustainability practices by corporations, communities, countries etc. Though, the idea that certain Practices are the Best and universally applicable is generally highly contested, especially with regard to sustainable development, which mean "different things to different people in different contexts" (Bebbington, 2001). Hence, benchmarking of sustainable development in e.g. the corporate sphere remains a major legitimacy challenge (Bruno & Karliner, 2000; Utting & Sammit, 2006) for standard setting institutions like the UN Global Compact (UNGC). The 2010 introduction of an UNGC Advanced Level of reporting could be a legitimacy-generating act comparable to the initial institutionalization of the GRI through an analogy to financial reporting (Etzion & Ferraro, 2010). The UNGC Advanced Level has a more explicit management orientation than the GRI and integrates Best Practices in a framework for assessment of Sustainability Performance, in a manner analogous to quality management frameworks such as the EFQM Business Excellence Model that supports the European Quality Award and the model and criteria of America's Baldrige National Quality Award (BNQA). Though research suggests that the current implementation of the Advanced Level threatens rather than imparts legitimacy (Kjaergaard, 2013a) with the absence of individual weighting of Best Practices and the lack of process transparency among the most critical shortcomings.

Future application of the Sustainable Leadership Simulator (SLS) offers potential for addressing these shortcomings by continuously validating the organizational impact of Best Practices and, conversely, generate data that allows for their continues improvement and the development of Next Best Practices. In the perspective of innovating sustainability presented by Edgeman et al. (2014) using the levels of innovation defined by Scrase et al. (2009) the SLS can be described as: a disruptive innovation capable of leveraging incremental innovation at an exponential pace potentially to deliver radical

innovation in e.g. business eco systems. Thereby the SLS can also be viewed as playing the pivotal role of innovation in the Sustainable Enterprise Excellence (SEE) model and accompanying maturity assessment regimen introduced by Edgeman and Eskildsen (2013). They also assign a pivotal role to organizational design, which traditionally has had a preference for simulation studies using techniques relying on static data (Burton & Obel, 2011). The novelty of the SLS is that it enables 'live' simulation based on dynamic data continuously gathered through ongoing global application of the SLS, thus leveraging a capacity for forecasting. Though, following Edgeman et al.'s (2012) initial thoughts on the SEE, the SLS should be Feasible, Operationally Viable, and Capable of Rapid Learning and Adaptation (Ackoff, 1981). Hence, the development of the SLS will initially focus on Best Practices related to Value Chain Implementation, which have been the topic for multiple UNGC initiatives. A perspective on the operationalization of the within the UNGC framework is presented and the UNGC is suggested to further develop the framework, e.g. through a more systematic utilization of the resouces held in their supportive academic community, constituted mainly by university signatories to the UN PRME.

Keywords: Best Practice, UN Global Compact, Legitimacy, Simulation, Innovating Sustainability, Sustainable Enterprise Excellence, Value Chain Implementation

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1 Introduction

The global governance of Sustainable Development has gone through major changes in the last two decades, in which the developments in international law and further high-level multilateral institutionalization process has gained pace in order to respond to an increasing number of global challenges of a more dire nature. Though, whether it is the Bretton Woods institutions or UN entities like the UNEP, "...*these international institutions seem incapable of managing systemic problems of increasing complexity and under conditions of dynamic change, substantial uncertainty, and growing risk.*" (Bernstein, 2013). This general perception also applies to the institutional framework dealing with the link between trade and sustainable development: *"...at the most basic level, trade and the environment are related because all economic activity is derived from ecosystem goods and services"* (IISD, 2005). Although international regulation for environment and trade are developed in different and distinct bodies of law, the WTO is the main forum for regulating trade policy measures. Environmental considerations are indirectly included in the GATT (General Agreement on Tariffs and Trade) negotiations, but sustainable development is more directly included as the aim of the Doha round negotiations. However, many NGO's claim that the promises made during these initiating negotiations (2001) are empty rhetoric and what was agreed on now causes serious problems for many developing countries. Several trade-related agreements have spun out of these multilateral negotiations, but there is a tendency towards more bilateral and regional free-trade agreements (FTAs) that are seemingly more feasible to implement and enforce. Also, several regimes are emerging based on a less formal understanding and engagement between the interested parties, reflecting a soft-law approach (Gond et al., 2011). Soft-law generally refers to developments where businesses are not forced by law to comply, but rather stakeholder pressure and other forces in their environment may compel such compliance. The complexity of navigating in this aspect of the business context depends on industry and sector type, but it is a resource-intensive task for most businesses and especially so for small and medium-sized enterprises. Business are expected to reach a certain level of compliance, but are increasingly also expected or even required to communicate their efforts to their stakeholders and environment through e.g. sustainability reporting.

2 Sustainability Reporting as a Governance Mechanism

Sustainability reporting by business is guided by international standards like the Global Reporting Initiative (GRI), which is considered an institutional entrepreneur (Levy et al., 2010) in this field and a leading force in the institutionalization of sustainability reporting. The GRI has experienced it's up's and downs since the inception in 1999, but is today the preferred sustainability reporting standard by thousands of large companies in multiple countries (GRI, 2013). The GRI has required signatories to report on specific criteria and metrics and has thereby gained legitimacy and credibility, but also set the bar for entry quite high and possibly led to a lower adoption rate of the standard. At the other end of the spectrum of sustainability standards there is the UN Global Compact (UNGC), which is considered a principle based standard as

opposed to the GRI as a reporting standard (Rasche, 2010). Like the GRI, the UNGC has also experienced it's ups and downs since it's inception in 2000, but in recent years the UNGC has experienced a significant increase in the number signatories, now amounting to more than 10.000. When identifying mechanisms allowing for fast scaling up of business solutions to sustainable development, Leisinger & Bakker (2013) focus on *"Encourage more companies to accept the ten principles of the UN Global Compact"* as a way to *"Get more companies into sustainability".* Though, in recognizing that change does not solely come from the-more-the-merrier and requires governance, they also suggest to "*...develop the universal accounting and valuation framework for balancing financial, social and natural capital* as a mechanism to achieve systemic change. The UNGC has a lower bar of entry for businesses while it only requires signatories to report on the ten UNGC principles for sustainable and responsible business behavior, and have quite weak requirements and enforcement mechanisms. Although this low bar of entry provides business with some appreciated latitude in how they report, it also makes benchmarking nearly impossible and hence has drawn widespread criticism. NGO's accuse UNGC for providing business with a safe harbor by letting signatories use the UNGC logo (almost) regardless of their level of compliance, leading to what has been termed 'bluewashing' (Bruno & Karliner, 2000). The NGO criticism is further fueled by opinions voiced within UNGC's own ranks by other UN institutions sharing the concern over the UN partnership with business and how that effects the legitimacy of their own institutions (Utting & Sammit, 2006). With regards to sustainability reporting, the UNGC has responded to the criticism by more strictly enforcing the signatory requirements and thereby expelling a larger number of businesses. Also, the UNGC differentiation programme was established in 2010, allowing business to report on an Advanced Level with a more specific requirement of compliance with 24 criterions, which around 6% of all UNGC signatories have chosen to do (UNGC, 2011). The UNGC's establishment of an Advanced Level of reporting could be viewed as a legitimacy-generating act comparable to the initial institutionalization of the GRI through an analogy to financial reporting (Etzion & Ferraro, 2010). The consequences and perspectives of introducing this Advanced Level are analyzed and discussed in detail by Kjaergaard (2013), but selected key points are highlighted in the following.

3   UNGC Advanced Level Reporting - Measuring Performance by Best Practice

Kjaergaard (2013) illuminates how UNGC's introduction of the Advanced Level reporting both has the potential to increase the legitimacy of the UNGC and the number of businesses reporting on this level, but also to reduce legitimacy if the current implementation is maintained. The trouble is no so much the simple and relatively logical structure of the Advanced Level with 24 criterions, but more so that the %-vise performance on each of these criterions are determined by compliance with a number of best practices. The characteristics of and specific issues concerning these best practices are discussed by Kjaergaard (2013), who also contests the sufficiency of the origin of these best practices when considering the widespread application

of UNGC Advanced Level reporting. The UNGC states that many of the best practices are *"... based on core United Nations and Global Compact resources (e.g. the Blueprint for Corporate Sustainability Leadership, the Guiding Principles on Business and Human Rights and the Anti-Corruption Reporting Guidance)"*. These resources are partly an outcome of consultation processes with selected groups of businesses, like the *Blueprint for Corporate Sustainability Leadership* which is based on the input from the around 50 major businesses constituting the LEAD group within the UN Global Compact. Even without insight into these consultation processes, it seems a fair judgment that the e.g. the LEAD group businesses cannot be completely representative of the hundreds of business already reporting on the Advanced Level and the thousands of businesses (of varying size) aspiring to do so. Especially with regards to sustainable development, which mean "*different things to different people in different contexts*" (Bebbington, 2001). It seems likely that this top-down governance process needs to be modified or at least supplemented by e.g. a bottom-up approach, which can gather and validate best practices by businesses that are not as major and global as those in the LEAD group. Such an approach is not applied by the GRI or any other sustainability standards, but inspiration can be sought from the evolvement of more classic management systems like the enterprise excellence system.

4   Inspiration from the evolvement of Enterprise Excellence Systems

Over the past 25 years countless organizations have derived significant benefit across financial, operational, supply chain, human capital, marketplace and other performance domains through adaptation and application of enterprise excellence system models, criteria, and assessment regimes. Well-known examples of such systems are those supporting the European Quality Award (EFQM), America's Baldrige National Quality Award (BNQA), and the balanced scorecard (Kaplan and Norton, 1992). In general, such systems use organizational self-assessment approaches to generate both insight (feedback) and foresight (forecasts) used to improve organizational performance across a defined set of areas deemed critical to the preservation and advancement of the organization. Organizational self-assessment may be regarded as regular, rigorous, and systematic review of all relevant organizational activities and results Although excellence systems are documented drivers of enterprise financial performance (Balasubramanian, Mathur and Thakur, 2005), they have only marginally acknowledged environmental and societal performance.

In league with establishment of regulatory policies, practices and guidelines with severe penalties for non-compliance, this has led many enterprises to embrace the triple bottom line (Elkington, 1997) or TBL and its societal, environmental, and financial performance components that are commonly referred to as "people, planet, profit" or "3P". The 2007 ratification of the *TBL Standard for Urban and Community Accounting* by the United Nations and the International Council for Local Environmental Initiatives, has established sustainability's TBL as the dominant approach to public sector full cost accounting (Dey, 2010). Despite the presence of a profit component in the TBL, the sustainability movement has primarily emphasized the TBL's

planet and people components that is, (natural) environmental and societal performance, with relatively low regard for enterprise financial performance.

Rather than debate the relative merits and emphases placed on the financial, environmental, and societal components of the TBL, the premises here are that dwindling resources, environmental degradation, and societal concerns are realities that must be confronted and that, simultaneously, *enterprise* sustainability implies a mandate to be sufficiently financially successful. Among promising excellence model approaches to significant and successful integration of financial, societal and environmental performance are the *Sustainability Balanced Scorecard* (Figge, et al., 2002) and the *Springboard to Sustainable Enterprise Excellence* or *Springboard to SEE* (Edgeman & Eskildsen, 2013), both of which aim to advance organizational progress toward continuous relevancy and responsibility.

The *Springboard to SEE* emphasizes *social-ecological innovation* (SEI) and dedicates highly explicit attention to development and deployment of triple top line (McDonough & Braungart, 2002) strategy and governance through policies, people and processes that include SEI to deliver superior TBL performance. Emphasis in the *Springboard* on strategy and governance is consistent with the slow transformation that began with the 2002 Sarbanes-Oxley Act (Coates, 2007) in the (senior executive) leadership and strategy portions of the European Quality Award and Baldrige National Quality Award excellence models into present incarnations that more thoroughly integrate governance, leadership, and strategy. However, as beneficial as these slow transformations in Enterprise Excellence might be, the dire nature of the global challenges concerning sustainability requires alternate thinking of how to speed up these transformations. It is suggested that the Sustainable Leadership Simulator is a reflection of such thinking and in line with the thoughts behind the Springboard idea.

5   What is the Sustainable Leadership Simulator (SLS)?

Including the word "sustainable" leads to multiple possible interpretations of the title, hence a brief deconstruction seem to be a beneficial way of initiating the conceptualization of the Sustainable Leadership Simulator. The concept of leadership used here is not specifically derived form the UNGC Advanced Level or excellence models, but more so referring to how Leadership can be perceived as differing from Management. Kotter's (2001) brief identification of the differences is as follows: *a) Management involves planning and budgeting. Leadership involves setting direction; b) Management involves organizing and staffing. Leadership involves aligning people; and c) Management provides control and solves problems. Leadership provides motivation*. In the perspective of sustainability it must be recognized that the concept and what it entails is still not fully integrated in the management practices of most businesses. Such integration is a change process that requires leadership, not only from managers but also from employees at all levels of the organization. Employees might perceive sustainability as representing a completely different knowledge paradigm hard to associate with and possibly counterproductive to their role in the business.

Hence, integration of sustainability into strategy and practice not only requires new knowledge, but also a change in attitude and behavior.

In comparison to the UNGC's ambition of *"Implementing the ten principles into strategies and operations",* it seems that the Advanced Level does not address the more behavioral dimension of sustainability performance. The structure of the criteria for each issue area reflects the strategy-practice continuum to some extent, but the best practices associated with the management systems and mechanisms oriented criteria are more closely related to a structural dimension of performance. The intention behind the Advanced Level is to provide *"...a framework for companies and stakeholders to benchmark sustainability performance against best practices and identify extra-financial opportunities and risks"*. Though, it does not relate these best practices to core sustainability performance metrics (energy efficiency, waste reduction etc.) like those of the GRI, neither does it relate it to the behavioral dimension of sustainability performance. It can be argued that creating the links to organizational behavior and, ultimately, also to core sustainability metrics would provide a basis of evaluating the impact of each best practice. Eventually this data will then also provide the basis for following the practice of excellence models by assigning weights to each best practice in order to determine it's importance compared to other best practices for a specific criteria. In the following it will be argued how simulation can be used to provide insight into the behavioral dimension of performance. Hence, how the Sustainability Leadership Simulator then can play the pivotal role of innovation in the Sustainable Enterprise Excellence (SEE) model by *Powering Systematic Validation and Development of Next Best Practice.*

6   Simulation as a way to learn about and shape the future

Simulators are omnipresent in society today, where most of us recognize the idea behind when talking about a physical flight simulator, but are less aware of simulators built into various software to predict our future behavior based on the choices of today. Possibly even less within the horizon of the common citizen, simulation is widely used in scientific research as a part of IOS (individual/organizational/societal) modeling *"...concerned with the full span of human behavior, including individuals, teams, small groups, large groups (including different cultures and ethnic/religions groups), societies, nations and national coalitions"* (National Research Council. 2008). Simulation is recognized as the most specific level of modeling with a several-fold power: *simulated "data" can be compared with empirically collected data for model validation purposes; simulations can be used to explore the range of potential outcomes; and simulation can be used to drive new theory development and empirical data collection efforts, via the generation of new hypotheses based on simulation-based "experiments".* (National Research Council. 2008). The field of OS modeling is spread among several disciplines and fields, but it is the use of simulators in training and education aimed at changing the behavior of individuals in organizations, which is of particular interest concerning the Sustainable Leadership Simulator. By focusing in on the use of simulation in cross-cultural training in the

following, the argument will be made that the systematic and innovative application of such simulators in an experimental design can leverage even more powerful data.

In a review by Bhawuk and Brislin (2000) the simulation game is identified as the most popular type of experiential tool in cross-cultural training. In the simulation game *"...the trainees interact with other people following a set of guidelines provided by the trainer. Usually, trainees are divided into two groups and each represent an imaginary culture with some simple rules...ideally, the simulation should be able to produce an "Aha!" effect (Kolb, 1987), the interaction should involve trainees emotionally, and cognition should follow affect"*. Though, Bhawuk and Brislin (2000) contest the effect of this type of simulators and instead emphasizes culture assimilators, which they consider *"...an effective training tool on the cognitive level, and it also has some positive impact on behavioral and affective criteria"*. They further describe one of the most acknowledged assimilators developed by Brislin (1996): *The culture-general assimilator consists of 100 critical incidents that cover all the above themes. The validation sample consisted of people who had lived in many countries and had held many positions while working in another culture over the years. The 60 experts who participated in the validation of the assimilator responded to a seven-point Likert-type of scale about their agreement or disagreement with each of the four or five alternative responses to the critical incidents. Only the incidents whose responses were clearly preferred by the expert sample were included in the assimilator. Also, if more than one of the members of the validation sample criticized a critical incident then the incident was dropped (*Bhawuk and Brislin , 2000). Brislin's approach was obviously very systematic to ensure validity and because his concept allowed other researchers and educators to apply the culture-general assimilator and the incidents, many studies measuring impact were published. Still, the scalability of the culture-general assimilator was limited due to the face-to-face nature of the application, and although multimedia-based assimilators were developed (Bhawuk et al., 1999) it was web-based applications as conducted by Korhonen (2003), which indicated significant potential for scalability. The effect of the culture-general assimilator, the rigorous and systematic approach and the latest developments leveraging scalability inspires the operationalization of the Sustainable Leadership Simulator is explained as follows.

7   Operationalizing the SLS in the UNGC governance framework

Like the culture-general assimilator, the core of the SLS will consist of a large number of incidents or dilemma cases, to which the trainee will have to respond to by choosing between four or five alternative answers. The topic of these dilemma cases will not be focused on culture, but on key issues within each of the four thematic areas (Human Rights, Labour, Environment and Anti-Corruption) underlying the ten UNGC principles, although culture is likely to be an embedded dimension in most incidents. Ideally the incidents would be developed on the basis of an extensive review of theoretical and empirical studies, but the maturity of the involved academic fields can be questioned and such an approach is not feasible when considering sustainability and CSR as a moving target, always redefining itself.   Instead, the first

operationalization of the SLS will be based on around 40 dilemma cases from the UNGC Dilemma Game (Honore & Wiese, 2011) available as Open Source content. These dilemma cases revolves around the mentioned four thematic areas of UNG, but where the game is thought as predominantly awareness rising, the ambition of the SLS is to change the behavior of individuals in organizations. The cases in the UNGC Dilemma Game a based on practitioner experiences, but are most likely to be revised to fit a coherent theoretical framework and valid data gathering methods. Also, all dilemma cases will go through a rigorous validation process similar to that applied by Brislin for the culture-general assimilator, including academic and practitioner experts, as well as other capacities.

That the SLS is web based does not entail, that the validated dilemma cases just will be presented on a flat web page for the trainee to go through them one-by-one and thereby generate valuable data on behavior. Rather, the SLS will aim to create a learning experience similar or better than face-to-face training by packaging the dilemma cases in a way much like a multimedia rich e-learning course. E-learning courses are already a preferred and prioritized activity when corporations need to communicate sustainability strategies, policies, codes-of-conducts etc. organization-wide to employees or further in the value chain to suppliers and other stakeholders (Kjaergaard, 2013). The value of this medium and power of dilemma cases is already recognized by the UN Global Compact, whom from are offering an e-learning course on Anti-Corruption on their website.

Including the SLS in the UNGC portfolio of offerings would be desirable, but even more so would also an unprecedented level of integration with other aspects of the UNGC governance framework. With reference to the previous note on the structural and behavioral dimensions of sustainability performance, it is a key argument of this conceptualization that an operationalized SLS would be able to inform on the behavioral consequences of implementing e.g. management systems or mechanisms. Though, for the SLS to realize this potential the approach to operationalization must be *Feasible*, *Operationally Viable,* and *Capable of Rapid Learning and Adaptation* (Ackoff, 1981). Hence, the initial operationalization will not focus on the complete Advanced Level, but only on the criterion Value Chain Implementation. The exact details of how this is to take place are not for this conceptual paper to describe, but it seems certain that the UNGC would need to engage in a wider collaboration with both business partners and stakeholders. A specific call could be made to the rapidly increasing number of universities whom are becoming signatories to the UN PRME, which constitutes the academic dimension of the UNGC. These universities have both the legitimacy and the processing power to play a leading role in this integrated institutional design. Though, it is also important to harness the power of the UNGC 'usual suspects', being the big consultancies whom could be incentivized to distribute the SLS by providing them with new business opportunities. Clearly, a solid business model needs to be engineered to ensure the sustainability of the SLS itself.

8   Perspectives

The UNGC Advanced Level operates with specific criteria for Governance, Strategy and Engagement, with Engagement being comparable to the notion of leadership from business excellence models. The Advanced Level includes several strategy-oriented criteria and the UNGC emphasizes that it is a framework for *"Implementing the ten principles into strategies and operations".* After having conceptualized how to the SLS can address some of the issues of measuring performance by best practice in the Advanced Level, it therefore makes sense to apply the perspective of how the further operationalization of the SLS can strengthen the use of the UNGC framework with the Advanced Level as a strategic tool. First step could be a perspective on how the concept of strategy has been dealt with in the literature on sustainability and CSR. Secondly it is considered how other simulation approaches could be applied in a validation of the UNGC framework. Lastly the potential of the SLS is considered in the perspective of Social Innovation.

9   UNGC Advanced Level and Strategy in Sustainability/CSR

Due to increasing application and attractiveness of CSR in practice, the concept of CSR has been progressively rationalized (Lee, 2008) over the last 30 years. Since the beginning of the 21th century, researchers and top managers have shown growing interest in the strategic use of CSR. Baron (2001) and McWilliams & Siegel (2000) published the first two research papers coining the term "Strategic CSR" as a combination of CSR with strategy literature and the profit-maximization model. Under the strategic lens, CSR only directly benefits organizational performance and advances corporate goals if it complements the organization's corporate and business level strategy so that CSR engagement needs to be based on strategic choice rather than moral and social reasons (Siegel, 2009). At the center of more recent discussions is the business case for CSR (Carroll & Shabana, 2010) and a change in perspective from the question of 'whether CSR pays off' towards 'how and when CSR pays off'. Since the publication of Orlitzsky *et al* (2003) and Margolis & Walsh (2003) a decade ago, numerous researchers have analyzed and measured the relationship and associated problems between corporate sustainability (CS) performance and organizational performance with findings towards a positive relationship between CSR performance and corporate financial performance (Dixon-Fowler, Slater, Johnson, Ellstrand, & Romi, 2013).

The UNGC Advanced Level framework aims at focusing more on the management systems used and how organizations integrate the UNGC ten principles in their strategy and operations. Therefore specific strategy oriented criteria considering *"strategies, commitments and policies"* can be found in each of Human Rights, Labour, Environment and Anti-corruption areas of the 10 principles. However, through the lens of strategic CSR theory, closer scrutiny of the best practices reveals a less strategic focus than anticipated just based on the description of the mentioned criteria. Identified best practices emphasize commitment and policies rather than strategic consideration of CSR initiatives with only one criterion tied to the relation between CSR initiatives and core competencies. Overall, the strategic connection to the organization's core business,

alignment with core competencies and capabilities, and reflection on strategic intention are missing in the Advanced Level best practices. Best Practices considering the overall Strategy criteria considers primarily the external communication perspective with stakeholders, rather than internal business alignment and the creation of a synergistic value perspective.

The SLS aims at demonstrating the win-win situation for stakeholders and the organization, through drawing the linkage between CSR initiatives and business and/or corporate level strategy. Thus the SLS could play a role in strengthening the strategic dimension of the UNGC governance framework.

10 Extending the simulation approach beyond Value Chain Implementation

The proposed initial limitation of the SLS to focus on Value Chain Implementation does not exclude a perspective on future application of a simulation approach to the major parts of the Advanced Level more focused on strategy. The field of OS modeling is spread among several disciplines and fields, none directly focusing on sustainability performance, but some concerned with organizational performance. Organizational Design is such a field where e.g. Burton and Obel (2011a) highlights a case study of NASA, whom *"...utilized three different simulation tools to help them develop alternative organizational designs and assess their projected performance"*. Huber (2010) recognizes that today organizational design is influenced by organizational theory and particularly contingency and congruence theory as applied by Burton & Obel (2004) whom introduced a more formalized model. Designing the optimal mix of organizational attributes to fit a particular environment is believed to positively influence company performance and with the introduction (Burton et al., 2011b) of a complete set of component types this model seem to hold potential for application to sustainability performance as well.

11 Considering the SLS as an Invention with ambition for Social Innovation

Drucker (1986) stated that *Above all, innovation, is not invention* and the notion that an invention need to be applied in practice to become an innovation is deeply embedded in literature on innovation and entrepreneurship. Given that the SLS for now is a conceptualization, it can only be referred to as an invention. Though, while the ambition certainly is to operationalize the SLS as an innovation to the fullest extent possible, the potential for the SLS to stimulate innovation in the value chain is even greater. Through the direct interaction with the dilemma cases the individuals using the SLS can be inspired by best practices to find innovative solutions to sustainability challenges within their organization. Inspiration for innovation can possibly also be found in the data generated by these interactions, which managers can utilize for organizational innovations or even for innovating on their environment.

Innovation is most commonly identified as regarding new products or services and when it comes to sustainability, the innovative aspects of these products and services often are relate to tangible features like e.g. better rankings for energy use, ecological certifications etc. These innovations are often referred to as green innovation, eco innovation or similar, but these terms does not fully fit the ambition of the SLS, which

is based on the ten UNGC principles. The ten principles also address social issues and it can be argued that the SLS is an invention with ambition for Social Innovation when operationalized. Rüede and Lürtz (2012) finds that the literature on Social Innovation define it in multiple ways, but also that most of these definitions fit the headline 'Doing good for society'. Such a definition would of course also fit the SLS, but Phills et al. (2008) defines Social Innovation more appropriately for the SLS as: "*A novel solution to a social problem that is more effective, effecient and sustainable, or just than existing solutions and for which the value created accrues primarily to society as a whole rather than private individuals*".

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