

Sustainable strategic management: Toward flourishing circularity

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15 April 2025

Discover how Sustainable Strategic Management (SSM) enables flourishing circularity through enterprise-level transformation

Traditional sustainability strategies have failed to address our mounting global crises. With six planetary boundaries now breached and businesses consuming resources at 1.7 times Earth's capacity, incremental improvements cannot match our challenges. SSM offers a revolutionary framework for transforming business into a regenerative force.

Why traditional approaches fall short

Traditional strategic management, rooted in Porterian models and neoclassical economics, operates from a fundamentally flawed assumption: that the global economy is a static, closed system with unlimited resources and infinite growth potential. The Five Forces Model analyzes competitive dynamics through narrow industry boundaries, while the Value Chain Model examines internal processes – both treating nature and society as mere externalities rather than the foundation of all business activity.

This closed-system thinking manifests in eco-efficiency (reducing environmental impact) and socio-efficiency (minimizing negative social effects) – competitive-level strategies that optimize fundamentally unsustainable systems. Consider plastic pollution: while companies trumpet 10% reductions in packaging, global plastic production grows 20% annually. These incremental improvements, while valuable at the competitive level, cannot address systemic challenges.

Despite important gains, with 90% of S&P 500 companies now issuing sustainability reports, these approaches prove catastrophically inadequate. They remain trapped in traditional strategic thinking, focused on competitive advantage within artificial industry boundaries rather than systemic transformation.

Sustainable Strategic Management: Enabling flourishing circularity

SSM represents a revolutionary approach that moves beyond closing material loops to reimagining business as a regenerative force. The transformation needed is massive:

- Increasing global circularity from the current 9% to regenerative material flows.
- Transitioning \$44 trillion of economic value to nature-positive models.
- Creating 300 million green economy jobs by 2030.

SSM uniquely enables this transformation by providing a framework for orchestrating complex stakeholder networks united by a shared purpose.

The SSM corporate portfolio: Beyond traditional strategy

While traditional corporate strategy merely focuses on managing the mix, scope, and emphasis of business lines within a closed economic system, SSM operates at what Ed Freeman calls the “enterprise level” – a higher plane of strategic thinking that integrates purpose and broader context. Conventional sustainability strategies remain at the competitive level, focusing narrowly on eco-efficiency and socio-efficiency without challenging fundamental assumptions.

Sustainable Strategic Management transcends this limitation by guiding businesses to integrate two transformative, enterprise-level strategies:

Eco-effectiveness:

- Transform waste streams into valuable resources.
- Design carbon-sequestering operations.
- Create systems that enhance natural capital.

Socio-effectiveness:

- Build meaningful employment opportunities.
- Strengthen community resilience.
- Develop robust social infrastructure.

These strategies don’t simply fit within existing corporate portfolios but reimagine the very purpose of the enterprise itself. In Stuart Hart’s terms, this represents “whole pyramid thinking” that places business within its proper ecological and social context rather than artificially separating economic concerns from planetary realities.

SSM in action: Eastman Chemical’s vision for flourishing circularity

Eastman Chemical demonstrates SSM’s transformative potential through its \$1 billion molecular recycling facility in France. Their vision to “build a better circle” perfectly embodies flourishing circularity – where both eco-effectiveness and socio-effectiveness intertwine to create regenerative value flows.

Unlike traditional sustainability efforts focused on incremental efficiency gains, Eastman’s approach exemplifies enterprise-level strategic transformation. Their circular platform creates new value streams by transforming waste into high-value materials, while their stakeholder orchestration includes:

- Strategic government partnerships aligning public-private sectors.
- Supply chain collaboration ensures circular material flows.
- Creation of 1,850 direct and indirect local jobs.
- Research advancement in circular technologies.
- Decarbonized delivery infrastructure integration.

The results demonstrate flourishing circularity in action:

- 160,000 metric tons of hard-to-recycle plastic transformed from waste to value.
- 500,000 metric tons of CO2 emissions are reduced yearly through system redesign.
- €500 million in regional economic value created through stakeholder collaboration.
- Innovations in molecular recycling emerging from collaborative partnerships.
- New markets created for previously “unrecyclable” materials.

Their success transcends traditional corporate strategy, demonstrating how SSM integrates environmental regeneration with social flourishing in ways that conventional strategies simply cannot achieve.

Beyond individual action

SSM reveals that transformation requires orchestrating diverse stakeholder networks toward a shared purpose.

SSM provides the framework for:

- Expanding strategic boundaries beyond traditional limits.
- Designing enhancement-focused operations.
- Building transformation coalitions.
- Measuring flourishing contributions.

The SSM imperative

As Earth’s systems destabilize and social tensions rise, businesses must embrace SSM’s potential for regeneration. Traditional efficiency-focused strategies, rooted in competitive-level thinking, cannot match the transformation needed.

Through SSM’s enterprise-level approach to flourishing circularity, business becomes a powerful catalyst for planetary and social well-being. The framework exists. The technology exists. Success depends on business leaders embracing this higher-level, purpose-driven approach to strategy before time runs out.

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- Publication Tags
- [OAG 047 – July 2025](#)
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