

Adapting to climate change requires strategic timing and commitment within the organization

EXECUTIVE SUMMARY

There is no common definition of business adaptation to climate change, despite a growing realization that businesses will need to adapt. Adaptation strategies vary by sector. Most businesses have not undertaken major adaptation measures, instead assuming a 'wait and see' approach. The insurance sector is a leader in risk assessment and agriculture and tourism have the highest awareness of climate impact. Managers should openly discuss adaptation within their organization and collaborate with stakeholders to develop shared definitions and strategies. Timing is essential, as are ensuring alignment of adaptation measures with overall firm policy and commitment within the organization. Researchers must bolster business practice with solid empirical research.

BACKGROUND

The Intergovernmental Panel on Climate Change (IPCC) has shown that the Earth's climate has begun to change as a result of human activity. Businesses will soon be forced by regulation to reduce their carbon footprint to mitigate future changes. However, businesses must also be prepared to adapt their activities and business models to the changes that will inevitably occur. The question is how.

FINDINGS

- There is no common definition of adaptation, and sometimes it is confused with mitigation.
- Business is taking a 'wait-and-see' approach, with adapters being the exception rather than the rule.
- Some sectors are leaders in adaptation (the insurance sector in risk assessment, and agriculture and tourism sector in awareness of climate impact). The finance sector, though vulnerable, is in a position to influence adaptation across sectors.
- Existing tools deal mostly with risk management. Five types of risk tools were found: risk frameworks, scenario tools, decision trees, costing tools, and computer simulation tools.
- Five types of adaptation tools were identified: adaptation identifiers, step-by-step guides, success measurement, adaptation networks, and adaptation option tools.
- Studies examining 'lessons learned' revealed the importance of strategic timing of climate action, its alignment with overall firm policy, and its assured commitment within the organization.

IMPLICATIONS FOR MANAGERS

- Bring the adaptation discussion into the mainstream within the firm, the sector, and multi-sectoral platforms. Increase awareness of risks and vulnerabilities related to climate change. Develop shared definitions.
- Collaborate within your sector to share knowledge

and address common risks. Leading organizations can share knowledge with lagging organizations and be perceived as leaders. Collaborate across sectors and with academics and other stakeholders to create new solutions.

- Develop tools for risk modelling and opportunity assessment.

IMPLICATIONS FOR RESEARCHERS

Focus on primary research to uncover case studies, lessons learned, and best practices. Develop sector-specific climate impact scenarios and refine theoretical models. Conduct cross-sectoral studies to find common concerns and solutions that can promote collaboration among sectors. Develop platforms for collaborations between business, governments, and NGOs.

METHODS

A systematic review of multiple and varied resources – from the public sector, the private sector, and academia, dating from 1997 to early 2009 – revealed 201 sources pertinent to business adaptation to climate change. An interpretive narrative synthesis was employed to distil the data into accessible and intelligible frameworks.

CITATION

Network for Business Sustainability. (2009). Business Adaptation to Climate Change: A Systematic Review. Network for Business Sustainability Knowledge Project Series. www.nbs.net.

SUMMARIZED BY

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