

# SUSTAINABILITY

# BUSINESS AND SOCIETY 360

Series Editor: David M. Wasieleski and James Weber

## Recent Volumes:

- Volume 1: Stakeholder Management, 2017
- Volume 2: Corporate Social Responsibility, 2018
- Volume 3: Business Ethics, 2019

The *Business and Society (BAS) 360* book series is an annual publication targeting cutting-edge developments in the broad business and society field, such as stakeholder management, corporate social responsibility and citizenship, business ethics, sustainability, corporate governance and others. Each volume will feature a comprehensive discussion and review of the current 'state' of the research and theoretical developments in a specific business and society area. As business and society is an inherently multi-disciplinary scholarly area, the book series will draw from work in areas outside of business and management, such as psychology, sociology, philosophy, religious studies, economics and other related fields, as well as the natural sciences, education and other professional areas of study.

BUSINESS AND SOCIETY 360  
VOLUME 4

# SUSTAINABILITY

EDITED BY

**DAVID M. WASIELESKI AND  
JAMES WEBER**

*Palumbo-Donahue School of Business,  
Duquesne University, USA*



United Kingdom – North America – Japan  
India – Malaysia – China

Emerald Publishing Limited  
Howard House, Wagon Lane, Bingley BD16 1WA, UK

First edition 2020

Copyright © 2020 Emerald Publishing Limited

**Reprints and permissions service**

Contact: [permissions@emeraldinsight.com](mailto:permissions@emeraldinsight.com)

No part of this book may be reproduced, stored in a retrieval system, transmitted in any form or by any means electronic, mechanical, photocopying, recording or otherwise without either the prior written permission of the publisher or a licence permitting restricted copying issued in the UK by The Copyright Licensing Agency and in the USA by The Copyright Clearance Center. Any opinions expressed in the chapters are those of the authors. Whilst Emerald makes every effort to ensure the quality and accuracy of its content, Emerald makes no representation implied or otherwise, as to the chapters' suitability and application and disclaims any warranties, express or implied, to their use.

**British Library Cataloguing in Publication Data**

A catalogue record for this book is available from the British Library

ISBN: 978-1-83867-374-1 (Print)

ISBN: 978-1-83867-373-4 (Online)

ISBN: 978-1-83867-375-8 (Epub)

ISSN: 2514-1759 (Series)



ISOQAR certified  
Management System,  
awarded to Emerald  
for adherence to  
Environmental  
standard  
ISO 14001:2004.

Certificate Number 1985  
ISO 14001



INVESTOR IN PEOPLE

# CONTENTS

<i>About the Editors</i>	vii
<i>About the Contributors</i>	ix
<i>Preface to Volume 4 on Sustainability</i>	xiii

## PART I THEORETICAL ADVANCEMENT AND MODEL-BUILDING

<b>Chapter 1. Business and Society in the Anthropocene</b> <i>Paul Shrivastava and Laszlo Zsolnai</i>	3
<b>Chapter 2. Advancing a Multi-level Sustainability Management Theory</b> <i>Mark Starik and Patricia Kanashiro</i>	17
<b>Chapter 3. A Strategy to Support Transformation Towards Sustainability Globally: The SDG Transformations Forum</b> <i>Steve Waddell and Sandra Waddock</i>	43
<b>Chapter 4. Global Wisdom and the Audacity of Hope: A Sustainable Approach to Leadership</b> <i>Nancy J. Adler</i>	57

## PART II PRACTICAL APPLICATIONS

<b>Chapter 5. Sustainability and Implicit Contracts</b> <i>Nicola Misani</i>	81
<b>Chapter 6. Enabling an Intrinsic Perspective Towards Approaching Tensions in CS Decisions through Moral Imagination: A Conceptual Framework</b> <i>S.M. Ramya, Fong T. Keng-Highberger and Rupashree Baral</i>	99

<b>Chapter 7. Business Collective Action for Corporate Sustainability</b>	
<i>Natalia G. Vidal and Harry Van Buren III</i>	123
<b>Chapter 8. Sustainable Real Estate: Transitioning Beyond Cost Savings</b>	
<i>Thomas Walker and Sherif Goubran</i>	141
<b>Chapter 9. Making the Intangible Tangible: Integrated Management and the Social Cost of Carbon</b>	
<i>Robert Sroufe and Laura Jernegan</i>	163
<b>Chapter 10. The Case for a Plastic Tax: A Review of Its Benefits and Disadvantages within a Circular Economy</b>	
<i>Thomas Walker, Dieter Gramlich and Adele Dumont-Bergeron</i>	185
<b>PART III</b>	
<b>APPLICATIONS TO SCHOLARSHIP IN SUSTAINABILITY</b>	
<b>Chapter 11. The Sustainability and Popularity Paradoxes of SIM Scholarship</b>	
<i>Sandra Waddock and Jegoo Lee</i>	215
<i>Index</i>	237

## ABOUT THE EDITORS

**David M. Wasieleski** is an Albert Paul Viragh Professor of Business Ethics and Management at Duquesne University and Affiliate Research Professor at the ICN Business School in Nancy, France. Dr Wasieleski has published in many major academic journals in the areas of business ethics, decision-making, and sustainability. David is Editor-in-Chief of *Business and Society Review*. He serves as an Associate Editor (Ethics Track) for *Business & Society*, Section Editor for Behavioral Business Ethics for the *Journal of Business Ethics*, Associate Editor for the *Humanistic Management Journal*, and the North American Editor of the *Journal of Business Ethics Education*. In 2018–19, David was the Division Chair of the Social Issues in Management Division at the Academy of Management.

**James Weber** is a Professor of Business Ethics and Management and is currently the Managing Director of the Institute of Ethics in Business at Duquesne University. He received the Sumner Marcus Award for outstanding contribution of service to the field in 2013 from the Academy of Management's SIM Division. A prolific author with publications in major academic journals and co-author of a market-leading textbook, Dr Weber also served on the editorial boards of *Business Ethics: A European Review*, *Journal of Moral Psychology*, *International Journal of Ethics Education*, *Encyclopedia for Business Ethics and Society* (SAGE Publications), and *Business Ethics Quarterly*.

*This page intentionally left blank*



## ABOUT THE CONTRIBUTORS

**Nancy J. Adler** is the S. Bronfman Chair in Management at McGill University. She conducts research and consults worldwide on global leadership, cross-cultural management, and arts-inspired leadership practices. She has authored more than 150 articles, produced three films, and published 10 books and edited volumes. She is a Fellow of the Academy of Management, the Academy of International Business, and the Royal Society of Canada, and has been recognized as one of Canada's top university teachers. Nancy is also a Visual Artist and has been an Artist-in-Residence at The Banff Centre. Her paintings, monotype prints, and ceramics are held in private collections worldwide.

**Rupashree Baral** is an Associate Professor at the Department of Management Studies, Indian Institute of Technology Madras, India. She has more than 10 years of experience in teaching and research. Her key interest lies in teaching, research, training, and consulting in the areas of corporate social and environmental responsibility, work-life balance, women in management and entrepreneurship, knowledge sharing and hiding behavior, and technology and human interface. She has publications in journals of repute such as *Personnel Review*, *Journal of Managerial Psychology*, *Management Decision*, *Social Responsibility Journal*, etc. and in conferences such as *Academy of Management*.

**Adele Dumont-Bergeron** is an MA student in English Literature and Creative Writing at Concordia University, Montreal. She currently serves as a research assistant for Concordia's Finance Department. Adele has copyedited over a hundred chapters and articles by professionals in finance for publication. In her department, Adele has won the Compton-Lamb Memorial Scholarship and has been awarded multiple merit scholarships to pursue her work in literature. She has presented and published her work at several literary conferences.

**Sherif Goubbran** is a Ph.D. candidate in the Individualized Program (INDI) at Concordia University, a Vanier Scholar, and a Concordia Public Scholar. He is conducting interdisciplinary research on sustainability in buildings within the fields of design, building engineering, and finance. His Ph.D. research investigates the alignment between sustainable and green building practices on the one hand and the global sustainability goals and agendas on the other hand. Sherif completed a M.A.Sc. in Building Engineering and a B.Sc. in Architecture from the American University in Cairo, Egypt.

**Dieter Gramlich** is a Full Professor of Banking and Finance at Baden-Württemberg Cooperative State University, Heidenheim, Germany, where he serves as the Head of the Banking Department. He has received his Ph.D. from the University of Mannheim and his Habilitation degree from the University of Halle. His main

research focuses on financial risk and return management, systemic financial stability, and sustainable finance. He has published widely in these areas. He was a Visiting Professor at Cleveland State University and the Cleveland Federal Reserve Bank and is a recurring Visiting Scholar at Concordia University, Montreal.

**Laura Jernegan** was born and raised on Martha's Vineyard, Massachusetts. After graduating from American University in 2013 with a degree in Law & Society, Laura spent four years in the South Pacific country of Vanuatu as a Peace Corps Volunteer working on early childhood literacy development. Finding inspiration in how many local and international businesses alike integrate opportunity and empowerment with respect for the environment and local customs, Laura moved to Pittsburgh to pursue her MBA in Sustainable Business Practices at Duquesne University. Laura now works in investor relations for a publicly traded company in Pittsburgh, where her role encompasses research and engagement with stakeholders around the company's environmental, social and governance practices and messaging in regard to sustainability strategy.

**Patricia Kanashiro**, Ph.D. is an Assistant Professor at Loyola University Maryland. Her research investigates corporate and sustainability strategies. Patricia was awarded a two-year Fulbright scholarship to pursue her Masters in International Development at the University of Pittsburgh. She received a Masters in Economics and a doctoral degree in Strategic Management and Public Policy from The George Washington University. Prior to joining academia, Patricia worked for 15 years in the private sector as a sustainability expert. Patricia is a sansei (third-generation from Okinawa, Japan) born in Sao Paulo, Brazil and lives in Bethesda, MD with her husband and two boys.

**Fong T. Keng-Highberger** is an Assistant Professor of Leadership, Management, and Organisation at Nanyang Technological University in Singapore. Her research interests lie in the intersection of ethics, leadership, and decision making in organizations. Specifically, she examines the causes and consequences of both commission (e.g., abusive supervision and unethical leadership) and omission (e.g., moral delay and moral inaction) forms of unethical decision making and behavior. She has published in journals such as *Journal of Applied Psychology* and *Personnel Psychology*. She has also served as a consultant for USA and international organizations including Seattle Children's Hospital and Beijing Red Star Company.

**Jegoo Lee** (Ph.D., Boston College) is the Visiting Scholar at Hoffman Center for Business Ethics, Bentley University, and Visiting Associate Professor at Rutgers School of Management and Labor Relations, and joining University of Rhode Island's College of Business. His research focuses on how organizations manage their network relationships with various stakeholders, and how their strategies and efforts create values for stakeholders and influence their performance. His work appears in *Academy of Management Learning & Education*, *Business & Society*, *Business and Society Review*, *Journal of the Operational Research Society*, *Social Responsibility Journal*, and *Sustainability*.

**Nicola Misani** is a Tenured Researcher at the Department of Management and Technology of Bocconi University. He is also a Fellow at the ICRIOS research

Center of Bocconi University. He received his Ph.D. from Radboud University Nijmegen. His areas of expertise cover business strategy, sustainability and corporate social responsibility, and multinational companies. He has a special interest in the characteristics of ethical behavior in organizations. His work has been published on several journals, including *Business Ethics: A European Review*, *Business Ethics Quarterly*, *Business Strategy and the Environment*, *Ecological Economics*, and *Journal of Business Ethics*.

**S. M. Ramya** is a doctoral candidate in Organizational Behavior area at the Department of Management Studies, Indian Institute of Technology Madras, India. Her areas of interest are at finding interventions to enhance environmentally responsible, sustainable decision making, and climate action in organizations. She works on issues at the intersection of business and society, organization and natural environment, corporate environmental responsibility and sustainability, and behavioral ethics. She has published in journals such as *Management Decision* and *Social Responsibility Journal*.

**Paul Shrivastava** is Chief Sustainability Officer of Penn State University. He is also Director of Sustainability Institute and Professor of Management at the Smeal College of Business. Paul's research uses science and arts to develop transdisciplinary solutions to sustainability challenges. His current focus is on implementation of sustainable development goals (SDGs). He is working with colleagues at Penn State at Future Earth and at the United Nations to develop programs for implementing SDGs, and monitoring and measuring their progress.

**Robert Sroufe** is the Murrin Chair of Global Competitiveness and Professor of Sustainability & Supply Chain Management at Duquesne University's Palumbo Donahue School of Business. He develops research and project-based pedagogy within the globally top ranked MBA Sustainable Business Practices program. Winner of numerous teaching awards, he has published international and national refereed journal articles and multiple books on sustainability. Research interests include understanding the drivers of sustainability performance, management systems, integrated management and integrated bottom line performance, integration and change management, high performance buildings, strategic sustainable development, and management education.

**Mark Starik** is a Sustainability Advocate and Practitioner on the topic of sustainability management and policy. He has served on the faculty of several well-known universities, and currently directs online policy doctoral dissertations for Walden University. Mark has earned a doctorate in Strategic Management and a Masters is in Public Policy and Administration, has published or presented more than 150 sustainability-related research and practitioner projects, and continues to research and write on the topic of sustainability management and policy, with a special interest in climate action. Besides sustainability, Mark enjoys jazz, science fiction, nature hikes, performance art, and baseball.

**Harry Van Buren III** is a Visiting Professor of Business Ethics at the Suliman S. Olayan School of Business at the American University of Beirut and is on

leave from the University of New Mexico's Anderson School of Management, where he holds the Rust Professorship in Business Ethics. His doctorate in business environment, ethics, and public policy is from the University of Pittsburgh's Katz Graduate School of Business, and he also holds graduate degrees from the University of Illinois at Urbana-Champaign (M.S. in Finance), Princeton Theological Seminary (M.Div.), and London South Bank University (M.Sc. in Education for Sustainability). His current research interests include relational stakeholder theory, business and human rights, preventing human trafficking in global supply chains, employment ethics, gender and social capital, and intersectionality analysis in diversity management.

**Natalia G. Vidal** is an Associate Professor at the Anderson School of Management, University of New Mexico. She received her Ph.D. in Sustainable Business Management, M.Sc. from the University of British Columbia, Canada, and her B.Sc. from São Paulo State University, Brazil. Her research focuses on the diffusion of corporate sustainability practices through business collective action for sustainability, socially and environmentally sustainable supply chain practices, and stakeholder engagement. Natalia's work has been published in *Business & Society*, *Journal of Business Ethics*, the *International Journal of Operations & Production Management*, and the *Journal of Management Education*, among other journals.

**Steve Waddell** works as a Researcher-Consultant-Educator. Steve is Founder and Executive Director of the Global Action Network Net, which focuses on building capacity of, and knowledge about, Global Action Networks.

**Sandra Waddock** is Galligan Chair of Strategy, Carroll School Scholar of Corporate Responsibility and Professor of Management at Carroll School of Management. Widely published, her research interests are in the area of macro-system change, intellectual shamanism, stewardship of the future, wisdom, corporate responsibility, management education, and multi-sector collaboration.

**Thomas Walker** is a Full Professor of Finance at Concordia University. Prior to his academic career, Dr Walker worked in the German consulting and industrial sector at such firms as Mercedes Benz, Utility Consultants International, and KPMG. His research interests are in sustainability and climate change, aviation, corporate governance, and risk management and he has published over 60 articles and edited books in these areas. He previously served as Director of the David O'Brien Centre for Sustainable Enterprise, as Laurentian Bank Professor in Integrated Risk Management, as Chair of the Finance Department, and as Associate Dean, Research, at Concordia University.

**Laszlo Zsolnai** is Professor and Director of the Business Ethics Center at the Corvinus University of Budapest. He is Chairman of the Business Ethics Faculty Group of the CEMS – The Global Alliance in Management Education. He is President of the European SPES Institute in Leuven, Belgium and Fellow of the Royal Society of the Arts in London, UK. He has been a Guest Professor/Visiting Scholar at University of Cambridge, University of Oxford, University of California at Berkeley, Georgetown University, University of Richmond, Concordia University Montreal, University of St. Gallen, Bocconi University Milan, and the Netherlands Institute for Advanced Study.

# **PREFACE TO VOLUME 4 ON SUSTAINABILITY**

David M. Wasieleski and James Weber

## **INTRODUCING THE *BUSINESS AND SOCIETY 360* BOOK SERIES**

*Where are we? How did we get here? Which way should we go now?*

Sound familiar? Have you ever considered the answers to these questions related to the work you do? Existential moments are common in the maturation of any academic discipline. They are the product of a passionate, caring constituency that is careful about making meaningful contributions that can propel future research and provide illusory discoveries that are conceptually powerful, empirically sound, and practically useful.

It is in this spirit for academic progress that we proudly continue the *Business and Society 360 (BAS 360)* annual book series. *BAS 360* is an annual book series targeting cutting-edge developments in the broad business and society field. Our series began three years ago with Volume 1 on “Stakeholder Management.” Volume 2 was published a year later on “Corporate Social Responsibility.” Then in 2019, we focused Volume 3 on “Business Ethics.” Each volume features a comprehensive 360-degree discussion and review of the current state of the research and theoretical developments in a specific area of business and society scholarship. The goal of this series is to shape future work in the field around our many disciplines and topics of interest, to enlighten scholars in the area about the most productive roads forward. Essentially, at this crossroad, which way do we proceed?

The 360-degree view is intended to reflect on a theory’s cross-discipline research, empirical explorations, cross-cultural studies, literature critiques, and meta-analysis projects. Given our multi-disciplinary identity, each volume draws from work in areas both inside and outside of business and management.

## **INTRODUCTION TO THIS VOLUME ON SUSTAINABILITY**

Recently, the Intergovernmental Panel on Climate Change (IPCC, 2015) released a detailed report analyzing over 73,000 published works on climate change. While

consensus on the specific conclusions of the studies remains elusive, the volume clearly concludes that climate change is having a profound effect on every ecosystem across the globe. The report also suggests a potential cause is human activity organized in large part through business organizations. There is indeed a “sustainability imperative” facing managers and organizations (Savitz & Weber, 2006). The greatest obstacle to adopting a triple-bottom line approach (People, Planet, Profit) is the lack of an emotional engagement between humans and nature (Shrivastava & Statler, 2010). Clearly, a deeper awareness and understanding of business-nature relationships is essential in order to transform existing business models to deploy progressive strategies toward environmental sustainability (Cyphert & Saiia, 2003). Freeman and Harris (2009) state that business processes and ethical issues need to be seen as other ways for individuals to create meaning. Only then might issues like sustainability be thought of as an intrinsic part of power, authority, authenticity, and imagination, leading to a new set of business practices toward sustainable value (Freeman & Harris, 2009, p. 691).

Oakley, Chen, and Nisi (2008) claim that, despite attempts to increase sustainability initiatives, the level of changed behavior among individuals is disturbingly low. Thus, there seems to be growing acknowledgement that one challenge that is changing sustainable behavior among managers must include changing the mindset about the relevance and importance of sustainability issues. In this volume of *BAS 360*, we acknowledge that there is a lack of complete consensus about what all sustainability entails or how it is specifically defined. Our 360-degree presentation of environmental and social sustainability in this book relies on a broad definition of the term. Consistent with the subsequent chapters, we utilize the commonly accepted Brundtland Commission’s (1987) definition of sustainable development: “development that meets the needs of the present without compromising the ability of future generations to meet their own needs” p. 24), as an organizing frame. This definition implies a long-term orientation, which is somewhat inconsistent with classical economic and managerial assumptions that emphasize instrumental economic rationality and a short-term focus. We consider sustainability as a major current moral issue that needs to be addressed in novel ways.

Our awareness and understanding of sustainability issues has indeed progressed greatly since early movements emanating from the *Silent Spring* (Carson, 1962). Modern conceptions of corporate sustainability stress that an organization’s normal business activities should include a consideration of the long-term needs of both social and environmental stakeholders (van Marrewijk & Werre, 2003). It is clear that these stakeholder concerns should be addressed and balanced concurrently, but in reality, they are often treated separately and in conflict (Gao & Bansal, 2013). The common definitions of sustainability provide a business case for environmental stewardship, where corporate sustainable activities are instrumental for the organization’s strategic purposes. What is missing is the underlying normative claims that can inform business behavior toward sustainability. With an overemphasis on companies’ going concerns, often corporate sustainability does not include a broader societal concern for ecological sustainability. Human flourishing for the present and future generations needs to be

the primary driver of sustainability management. We need to overcome barriers to sustainability by integrating knowledge across areas and disciplines (Maher, Maher, McAlpine, Mann, & Seabrook, 2018). This present book volume attempts to integrate different research to move the field forward.

Scholarship in sustainability has moved beyond widespread recognition of the triple-bottom line (people, profit, and planet) (Elkington, 1997), due to its narrow application. Arguably, our dominant theories emphasize more the relationship between profit and people, rather than on people and planet. Currently, we live in a new era defined by humans' dominance over the planets ecological and geological systems. The Anthropocene Era (Whiteman, Walker, & Perego, 2013) is a result of the "great acceleration" in human activities that have adversely affected the natural environment since the Second Industrial Revolution. We have reached the point of breaching planetary boundaries that sustain life on Earth (Steffen, Broadgate, Deutsch, Gaffney, & Ludwig, 2015). The impacts of human influence on global climate change has been documented in international research programs (Barnosky, Ehrlich, & Hadly, 2016). Thus, we need to advance our scholarship on sustainability to address these grand challenges. Certainly, the United Nations Sustainable Development Goals call for scientists, academics, professionals, and citizens from all walks of life to address the issues humans have created that affect society and the environment. We see this fourth volume of *BAS 360* as an important collection of work that moves forward our understanding of sustainability issues affecting business and society. The following chapters reflect on what we know about sustainability and speculate about future work. We are gratified to have some of the leading scholars in the field who offer their perspectives on sustainability and their suggestions on how these global challenges can be addressed for the benefit of the planet and society.

This volume is broken down into three main sections that take us on a journey from reflections on the development of the sustainability field from theory to practice. Part I features four chapters on Theoretical Advancement and Model Building to set the conceptual foundation for sustainability research. The second section focuses on Practical Applications. Here, the six chapters address specific practical issues related to sustainability. Finally, we end with a chapter that applies the field's knowledge about sustainability to future scholarship. New frontiers in business and society scholarship are highlighted in this last part of the book.

Our lead chapter in Part I features the work of Paul Shrivastava and Laszlo Zsolnai. Their chapter, "Business and Society in the Anthropocene" reviews the main challenges for the business and society field in addressing sustainability in the modern era. Their forward-looking perspective repositions business and society scholarship to enable the field to better address sustainability issues in the future. They invite us to rethink business' purpose and calls on researchers to modify the business-nature relationship. New directions for BAS scholarship are offered based on these insights.

Chapter 2 also takes a large-scale view of current sustainability management theory. In "Advancing a Multi-level Sustainability Management Theory," Mark Starik and Patricia Kanashiro justify and describe examples of a new emerging

integrated sustainability management framework. They argue that an integrated approach to theory building in this area is necessary to address current conceptual challenges that limit our current management theories' utility for addressing sustainability issues.

Our third chapter, "A Strategy to Support Transformation toward Sustainability Globally: The SDG Transformations Forum," written by Steve Waddell and Sandra Waddock, starts with the premise that we have reached our planetary boundaries. Beyond climate change, the planet is faced with numerous grand challenges that require urgent attention. This chapter presents the SDG Transformations Forum as a vehicle for generating large-scale strategic change for our institutions, systems, and communities. The Forum's strategy is described for informing future work on addressing the SDGs.

Part I concludes with a piece by Nancy J. Adler, "Global Wisdom and the Audacity of Hope: A Sustainable Approach to Leadership." She also highlights some of the challenges of the twenty-first century that will affect the future of our species and planet. This chapter is a reprint from Sage's *Advances in Global Leadership* book. Dr Adler argues that current standard logic of our traditional scholarship in sustainability is insufficient and weak for tackling these social and environmental threats. She reflects on the nature of current pragmatic wisdom and suggests hopeful ways to expand and revise our understanding and knowledge to help address our greatest global problems.

Nicola Misani's work begins Part II of this volume with his chapter, "Sustainability and Implicit Contracts." In this Practical Applications section, Dr Misani explores the non-legally binding agreements that are common in business relationships. He reviews the literature on implicit contracts that illustrate how organizations create value through relationship-specific investment. He argues that sustainability can be utilized as an underlying motivator for engaging in implicit contracts in business. Sustainability facilitates these tacit agreements between parties by increasing trust. Future work in this area is proposed to promote strategic sustainability in organizations.

Chapter 6, co-authored by S.M. Ramya, Fong T. Keng-Highberger, and Rupashree Baral, provides theoretical and practical contributions for reducing corporate sustainability tensions. Their piece, "Enabling an Intrinsic Perspective towards Approaching Tensions in CS Decisions through Moral Imagination: A Conceptual Framework," offers a conceptual framework that encompasses moral imagination for changing managers' mindsets toward sustainability. Insights from their model can be used to inform intrinsic managerial motivation for addressing climate change issues.

Natalia G. Vidal and Harry Van Buren III present a typology of the forms of business collective action (BCA) in their chapter, "Business Collective Action for Corporate Sustainability." Operating from the premise that BCA is a useful tool for handling sustainability issues, they provide an overview of the importance of BCA and relate this approach specifically to sustainable issues. Their issues management perspective offers firms and researchers a fresh perspective on corporate sustainability that can inform practice and future scholarly work.



In Chapter 8, Thomas Walker and Sherif Goubran examine a particular business sector that has a huge influence on sustainable development. In “Sustainable Real Estate: Transitioning beyond Cost Savings,” the authors present case studies from the real estate sector to illustrate how building practices can be deeply connected to sustainable development policies. They provide a survey of sustainable real estate research and show how policy and technological innovations can inform this sector on how to address social and environmental challenges.

Our next chapter, by Robert Sroufe and Laura Jernegan, offers a detailed description of the process of integrated management so as to inform managerial decision makers about the dynamic systems in which their businesses exist. In “Making the Intangible Tangible: Integrated Management and the Social Cost of Carbon,” the authors explore how different companies utilize this integrated management model in all facets of their business. Focusing on including environmental, social, and governance (ESG) performance in the strategic planning process, this chapter offers evidence of different metrics for measuring ESGs already in use, and propositions for integrated bottom line (IBL) performance measurement.

The last chapter in this section, “The Case for a Plastic Tax: A Review of Its Benefits and Disadvantages within a Circular Economy,” closely examines the advantages and disadvantages of imposing a levy on plastic. Thomas Walker, Dieter Gramlich, and Adele Dumont-Bergeron explore the utility of a plastic tax as an economic instrument for limiting plastic use in organizations. They make recommendations about when and how a plastic tax should be implemented and discuss the possible implications of such a policy tool.

Volume 4 concludes with a final section on Applications to Scholarship in Sustainability. Chapter 11, written by Sandra Waddock and Jegoo Lee, reviews scholarship within the business and society field. In “The Sustainability and Popularity Paradoxes of SIM Scholarship,” the authors reflect on the field’s distinctive competencies that distinguish our work. They contend that business in society scholarship remains disconnected from other disciplines within the Academy of Management. In a very forward-looking sense, they argue for future research in the field to focus more on the role businesses play in society in order to tackle sustainability issues.

Taken together, this volume provides a broad overview of current sustainability research from both theoretical and practical standpoints. While the book does not cover every nuance of sustainability research, past or present, the chapters do contain a survey of work that shows how the field has evolved and where it needs to go next.

## ACKNOWLEDGMENTS

The *BAS 360* book series is supported by the International Association for Business and Society (IABS). IABS is the premier international professional association of more than 300 educators from over 20 countries researching and teaching on the relationships between business, government and society, sustainability, and business ethics. In addition, there is support from the Palumbo-Donahue

School of Business at Duquesne University, which has been recognized by Corporate Knights in its 2018 Better World MBA Ranking. Among the 40 schools listed, the University's MBA Sustainable Business Practices program is ranked No. 5 nationally and No. 13 internationally. Duquesne is also one of the first 100 signatories of the United Nation's Global Compact Principles for Responsible Management education. Finally, the co-editors of *BAS 360* acknowledge and thank Mr Gene Beard for his financial support provided through the Eugene P. Beard Faculty Resource Fund in Ethics at Duquesne University. We also express our gratitude to the Albert P. Viragh donors to Duquesne's Institute for Ethics in Business for their financial and moral support for this endeavor.

## REFERENCES

- Barnosky, A. D., Ehrlich, P. R., & Hadly, E. A. (2016). Avoiding collapse: Grand challenges for science and society to solve by 2050. *Elementa Science Anthropocene*, 4, 94. doi:10.12952/journal.elementa.000094
- Brundtland Commission. (1987). Brundtland report. Retrieved from [http://www.regjeringen.no/upload/SMK/Vedlegg/Taler%20og%20artikler%20av%20tidligere%20statsministre/Gro%20Harlem%20Brundtland/1987/Address\\_at\\_Eighth\\_WCED\\_Meeting.pdf](http://www.regjeringen.no/upload/SMK/Vedlegg/Taler%20og%20artikler%20av%20tidligere%20statsministre/Gro%20Harlem%20Brundtland/1987/Address_at_Eighth_WCED_Meeting.pdf)
- Carson, R. (1962). *Silent spring*. New York, NY: Houghton Mifflin.
- Cyphert, D., & Saiia, D. H. (2004). In search of the corporate citizen: The emerging discourse of corporate ecology. *Southern Communication Journal*, 69, 241–256.
- Elkington, J. (1997). *Cannibals with forks – Triple bottom line of 21st century business*. Stony Creek, CT: New Society Publishers.
- Freeman, R. E., & Harris, J. D. (2009). Creating ties that bind. *Journal of Business Ethics*, 88, 685–692.
- Gao, J., & Bansal, P. (2013). Instrumental and integrative logics in business sustainability. *Journal of Business Ethics*, 112, 241–255.
- Intergovernmental Panel on Climate Change (IPCC). (2015). Retrieved from [https://www.ipcc.ch/site/assets/uploads/2018/05/SYR\\_AR5\\_FINAL\\_full\\_wcover.pdf](https://www.ipcc.ch/site/assets/uploads/2018/05/SYR_AR5_FINAL_full_wcover.pdf).
- Maher, R., Maher, M., McAlpine, C. A., Mann, S., & Seabrook, L. (2018). Overcoming barriers to sustainability by combining conceptual, visual, and networking systems. *Sustainability Science*, 13, 1357–1373.
- Oakley, I., Chen, E., & Nisi, V. (2008). *Motivating sustainable behavior*. Madeira: University of Madeira.
- Savitz, A. W., & Weber, K. (2006). *The triple bottom line: How today's best-run companies are achieving economic, social, and environmental success- and how you can too*. San Francisco, CA: Jossey-Bass.
- Shrivastava, P., & Statler, M. (2010). Aesthetics of resilient systems. *Telescope*, 16, 27.
- Steffen, W., Broadgate, W., Deutsch, L., Gaffney, O., & Ludwig, C. (2015). The trajectory of the anthropocene: The great acceleration. *Anthropocene Review*, 2, 81–98.
- van Marrewijk, M., & Werre, M. (2003). Multiple levels of corporate sustainability. *Journal of Business Ethics*, 44, 107. <https://doi.org/10.1023/A:1023383229086p-107>
- Whiteman, G., Walker, B., & Perego, P. (2013). Planetary boundaries: Ecological foundations for corporate sustainability. *Journal of Management Studies*, 50, 307–336. doi:10.1111/j.1467-6486.2012.01073.x

# PART I

## THEORETICAL ADVANCEMENT AND MODEL-BUILDING

*This page intentionally left blank*

# CHAPTER 1

## BUSINESS AND SOCIETY IN THE ANTHROPOCENE

Paul Shrivastava and Laszlo Zsolnai

### ABSTRACT

*This chapter aims to help redirect Business and Society (BAS) scholarship to embrace the unprecedented challenges of the Anthropocene era including climate collapse and ecological breakdown. The existential risk presented by the new reality of the Anthropocene requires a radical rethinking of the purpose of business and its dominating working models. This chapter discusses the main problems of efficiency and growth and shows that business efficiency often results in aggregate ecological overshoot. It is argued with Herman Daly that frugality, that is, substantial reduction of the material throughput, should precede business efficiency for achieving ecological sustainability. This chapter suggests new directions for BAS scholarship by highlighting three major issues, namely the scale of business activities relative to the ecosystem of the planet, short termism that is the discrepancy between the time horizon of business decisions and that of ecological processes, and inequality which is the result of current business models that are all about accumulation of wealth and not paying enough attention to distribution of wealth. The chapter concludes that the Anthropocene era represents a clear disjuncture and discontinuity from the past and business needs to find a new realignment to achieve a sustainable world. That realignment requires a drastic modification of business-nature relations.*

**Keywords:** Anthropocene; Business and Society scholarship; efficiency; short termism; inequality; realignment of business

The Business and Society (BAS) discourse has come a long way over the past four decades. It has sought to find a place for social responsibility of business organizations, an understanding of nature as part of the business environment, and articulate the role that businesses can play in the progress of communities. Many corporations are doing many good and socially responsible things that deserve to be reported and acknowledged, as they do in corporate sustainability reports.

However, most companies that are sensitive to and aware of environmental challenges, are still working within the narrow eco-efficiency paradigm – that is, willing to undertake sustainability programs to save costs and leverage that investment for branding and PR purposes. They issue informative and sometimes simply slick “sustainability reports” each year expressing business commitment to social and ecological wellbeing. However, during the past half century of corporate environmentalism, on the whole the natural environment, earth systems, and climate systems have fared rather poorly, under pressure from human social and economic activities and impacts. Therefore, the main challenge for BAS scholars now is to figure out how to bring our economies in better balance with nature.

This chapter aims to help redirect BAS scholarship to embrace the unprecedented challenges of the Anthropocene era including climate collapse and ecological breakdown. The existential risk presented by the new reality of the Anthropocene requires a radical rethinking of the purpose of business and its dominating working models.

This chapter is organized as follows. First, we discuss the main problems of efficiency and growth and show that business efficiency often results in aggregate ecological overshoot. We argue with Herman Daly that frugality, that is, substantial reduction of the material throughput should precede business efficiency for achieving ecological sustainability. Second, we describe the main characteristics of the Anthropocene era and highlight that the planet is becoming more unsustainable despite of the noble efforts of incorporating nature as an important stakeholder of business and the abundant sustainability reports produced by companies. Third, we suggest new directions for BAS scholarship by highlighting three major issues, namely the scale of business activities relative to the ecosystem of the planet, short termism that is the discrepancy between the time horizon of business decisions and that of ecological processes, and inequality which is the result of current business models that are all about accumulation of wealth and not paying enough attention to distribution of wealth. We discuss how these basic challenges imply new directions for BAS scholarship, including new social contract for business, new business models, new ways of reporting and accounting, and new distribution systems for wealth created. Finally, we conclude that the Anthropocene era represents a clear disjuncture and discontinuity from the past and business needs to find a new realignment to achieve a sustainable world. That realignment requires a drastic modification of business-nature relations. Nature must mediate all analyses of business–society relationships.

## 1. INTRODUCTION: PROBLEMS WITH EFFICIENCY

Transforming toward a sustainable world is a societal imperative in which businesses can and should play a leading role. However, as Herman Daly pointed out the “economics of growth” is not capable of achieving environmental sustainability. Economists since the period of John Stuart Mill have assumed that the economy of nations can achieve “stationary state” on its own. This assumption may have been reasonable in a world (of 1800s) when the world population was under one billion, and most of the technologies we know today were not yet invented. In light of the ecological destruction caused by economic activities, Daly and others have argued that self-guidance of the invisible hand of the market is not capable of producing a steady-state economy. It is thermodynamically impossible to have infinite economic growth in a finite physical environment. We need to impose permanent restrictions on natural resource use to the point of making earth systems ecologically sustainable (Daly, 1991). They also suggest that prosperity is still feasible in a post-growth society (Jackson, 2009).

Daly (2007) also argues frugality should precede efficiency in achieving sustainability. He suggests understanding sustainability in the terms of throughput. In a sustainable economy, physical throughput should be sustained, that is, the entropic physical flow from nature’s sources through the economy and back to nature’s sink should be sustainable.

Daly emphasizes that the problem with “efficiency first” is what comes second. An improvement in efficiency alone is equivalent to having a larger supply of the factor whose efficiency increased. The price of that factor declines and more uses for the cheaper factor are found. The net result is that there is greater consumption of the resource than before, even if it is produced more efficiently. So, the scale continues to grow. A policy of “frugality first,” however, induces efficiency as a secondary effect, while “efficiency first” does not induce frugality. The main task of our age is to *limit the scale* of the *economy* relative to the ecosystem by restraining uneconomic growth that increases costs by more than it increases benefits, thus making us poorer instead of richer (Daly, 2007, pp. 221–222).

An unregulated free economy does not reduce inequalities or extreme economic vulnerability, as the experience of past hundred years has shown. Piketty (2014) reviewed capital growth in the twentieth century, and found that the rate of return on capital exceeded the rate of economic growth for long periods, resulting in the concentration of wealth in the hands of few. The growing unequal wealth distribution is a main cause of social and economic instability. The global economy is gripped by a generalized Jevon’s paradox, in that technological progress or government policy have increased the efficiency with which environmental resources are being used and consumed faster. We are efficiently consuming resources to the point of their complete depletion.

A sustainable economy would need to be based on assumptions of sufficiency over efficiency, and frugality over mass consumption. Sustainable economic development refers to pacing of current production and consumption to a level that we do not jeopardize the ability of future generations to meet their needs (Brundtland Commission, 1987).

Mitigation of climate change to keep earth temperatures under 2 °C is failing. Neither governments nor businesses are drawing serious policy lessons from the many scientific reports on climate change released in the past years. Adaptation to climate change is a big challenge for business, but it could also be a business opportunity. However, even opportunities seem to be addressed only when they meet short-term goals and only in selective sectors or industries.

## 2. BUSINESSES IN THE ANTHROPOCENE

The “Anthropocene” is a term that some scientists are using to characterize the current period post 1950s, as an era that is fundamentally different from the Holocene era in which we were for past several thousand years. The difference is that in the Anthropocene is human (anthropos) and social processes that are driving major changes in planetary natural cycles such as hydrological, carbon, nitrogen, and phosphorus cycles. To the degree human and social processes of wealth creation are executed via business organizations, businesses need to understand what their responsibilities are in the Anthropocene.

Over the past 50–60 years, there has been a great acceleration of economic and technological growth. Population has grown from 2.2 billion in 1950 to 7.3 billion in 2019 and likely to increase to 10 billion by 2050. The concomitant growth of the global economy (about US \$80 trillion in 2018 expected to reach \$200 trillion by mid-century) is an increasing threat to human and nonhuman life on earth. Economic activities are based on the extraction of resources from earth systems, value creation with land use manipulation, and accumulation of surplus wealth by a few, which comes with commensurate decline of earth systems. Many earth systems including forests, oceans, deserts, mountains, rivers, aquifers, biodiversity, etc. are now under tremendous deterioration and decline. The emission of carbon into the atmosphere is spawning changes in climate that poses an existential threat to life on earth. On a number of life support earth system parameters, we are approaching planetary boundaries. Going past these boundaries risks changing our natural environment permanently in ways that it will not be able to support life (Rockstrom et al., 2009). Global economy needs to be brought into balance with earth systems. Clearly, businesses have a central role to play in achieving this mandate. BAS scholars are particularly well positioned to address the needs for this change and processes by which it can occur.

BAS scholarship is well intentioned and has helped to make business more responsive to societal needs. Over the past 50 years, it has brought significant advances in our understanding of business and societal relationships. Also, many BAS analyses have incorporated nature as an important stakeholder of business (Driscoll & Starik, 2004; Starik, 1995; Zsolnai, 2006). If we believe claims in the sustainable development reports by companies, we would have to grant that the businesses are steadily moving toward sustainability. Yet, overall, the planet is becoming more unsustainable. This characterization of business challenges of the Anthropocene poses novel challenges for BAS scholarship from a pragmatic and transdisciplinary perspective.



### 3. NEW DIRECTIONS FOR BAS SCHOLARSHIP

BAS scholarship needs to address several conundrums to make businesses sustainable (and not just socially responsible). In fact, one can argue that it is not sufficient to make business socially responsible, they also need to become ecologically responsible at a planetary level. We highlight three major issues here.

*Scale* – Sustainability is a planetary concept. Sustainability needs to happen on a planetary scale. This means sustainability efforts need to reach all parts of our globe. This does NOT mean business should grow to planetary scale. In fact, there are diseconomies of business scale from an ecological perspective. Large global businesses operate in countries where they have significantly more power and resources than local and national governments. They can shape government policies to benefit themselves over the public interest. How do we get businesses to focus not only on what they are doing themselves, but also on what needs to be done at the planetary level as a collectivity of businesses.

Modern business organizations consider the natural environment and human persons as mere tools for accomplishing their narrowly defined purposes and goals. Their dominating self-centered orientation leads to decision paralysis that produces ecological and social destruction on a large scale. The self-centered orientation of businesses leads to the development of disinterest in the environmental and social consequences of activities and policies, leading to functioning which is socially and environmentally disembedded, and, ultimately, which fuels the self-centeredness of modern-day businesses (Shrivastava & Zsolnai, 2018).

Business decisions are mostly based on relative prices. Prices may adequately reflect the scarcity of goods and services but certainly cannot inform the decision-makers about the aggregate effect of their decisions on nature and future generations. Herman Daly (1991) demonstrated that determining the adequate scale of economic activities relative to ecosystem requires substantive and ethical decisions. The market can provide very poor and rather misleading information about the appropriate scale of business activities.

*Short Termism* – Under the dominant system of modern market place, businesses work on annual or quarterly time frames. Managerial tenure in corporate jobs is under four years. Therefore, companies and their management teams have little incentive to think about the long-term future welfare of society or even of their own companies. In contrast, nature functions on cyclical time. Carbon cycle, nitrogen cycle spread over decades or even centuries.

Decision-makers tend to use discount rates to value things distant in space and time. If the distance of a thing in space or/and in time is great enough, then its present value becomes extremely small. Also, the present value depends on the discount rate that is applied: the greater the discount rate, the smaller the present value. If the present generation wished to take into account the needs of two generations in the future and to protect the ecosystem health and the cultural heritage of mankind for three generations – say, 120 years hence – then an extremely low or even a negative discount rate would be needed.

Applying the “normal” discount rate of 2%–5% in business decision-making may increase disembedding. Decision-makers who strongly discount things in

space and time are neither interested in solving long-term (or distant) ecological and human problems nor considering the global impacts of their activities on the natural environment and human communities. To reconcile the incompatible time horizons of business and nature, decision-makers should transcend the narrow logic of the market and embrace their responsibility for the well-being of nature and humans alike.

*Inequality* – Current business models are mostly focused on the generation and accumulation of wealth, not enough attention is paid to the distribution of wealth. The resulting extreme inequality is inherently unsustainable. Income inequality negatively impacts communities and thus makes future generations worse off. The degree of income inequality is correlated to the rates of infant mortality, homicide, imprisonment, teenage births, and obesity. Extreme inequality also erodes the very basis of business success which is consumption. Businesses often dismiss inequality and larger issues of income distribution as something that is outside their realm of responsibilities. But recently, the [World Economic Forum \(2019\)](#) has called inequality as “the risk that is most likely to cause serious damage globally in the coming decade.”

Acknowledging that inequality is a sustainability challenge is a first step for businesses to then do something about it. The inequalities are so extreme (1% of world population controls 50% of all wealth) that businesses will need to go beyond their traditional tool of corporate philanthropy to redistribute wealth. They will need to consider jointly with governments, structural solutions to inequality ([Meyer & Kirby, 2018](#)).

These basic challenges imply some new directions for BAS scholarship. We discuss a few important ones, including new social contract for business, new business models, new ways of reporting and accounting, and new distribution systems for wealth created.

### *3.1. New Social Contract for Business*

Integrative Social Contracts Theory is a normative theory of business ethics developed by Wharton School scholars [Thomas Donaldson and Thomas W. Dunfee \(1999\)](#). The social contract is a hypothetical agreement about a set of broad normative principles and norms designed to guide all economic arrangements based on universal and binding hypernorms of first-order moral status.

To avoid perilous tipping points and the degradation of socio-ecological well-being of humanity, we need to consider how to develop a new social contract for business in the Anthropocene, based on a conceptual and institutional framework incorporating the limits of the safe operating space for humanity on Earth as the ultimate norm behind human functioning ([Raworth, 2012](#)). Such framework should translate these limits to the micro level of business organizations. This can be approached by institutionalizing globally allocated biophysical limits for business organizations, within which they can function in a legitimate, socially acceptable way.

The “substantive” perspective of economics developed by Karl Polanyi (1971) states that the role of the economic activities and system, including business