Understanding Corporate Sustainability

Sally Hall-Thompson

UQ Business School, The University of Queensland, Brisbane, Australia
Email: s.hall-thompson@business.uq.edu.au

Nardia Haigh

UQ Business School, The University of Queensland, Brisbane, Australia
Email: n.haigh@business.uq.edu.au

Andrew Griffiths

UQ Business School, The University of Queensland, Brisbane, Australia
Email: a.griffiths@business.uq.edu.au

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ABSTRACT

Millions of dollars are spent annually by companies around the world in the pursuit of corporate sustainability (GRI, 2002), and yet there is no clear understanding of what corporate sustainability means. Academic literature highlights tensions between competing definitions; however, to date there has been no empirical research examining how corporate sustainability is understood. This study seeks to acknowledge tensions surrounding the term, in order to progress action in this area. We do this through an examination and categorisation of current understandings of corporate sustainability and provide a framework of how the term is understood. Using an interpretative approach, specifically phenomenography, we draw out variations in understanding of corporate sustainability. Preliminary findings suggest three distinct categories of understanding. These findings are interpreted in the context of existing literature and future research directions are discussed.

Keywords: Corporate Sustainability; Phenomenography

INTRODUCTION

Much research to date suggests the need for organisations to take up corporate sustainability initiatives in order to resolve environmental and social problems they have helped create (Bebbington, 2001; Dunphy, Griffiths, & Benn, 2003; Starik & Marcus, 2000). There is, however, a tension in the literature about the role of corporations and government in such activities and competing understandings of corporate sustainability are often observed. Much research redefines corporate sustainability without acknowledging differences in understanding. This process increases, rather than decreases, uncertainty thereby making it more difficult to operationalise the term (Munda, Nijkamp, & Rietveld, 1994). It is argued that in order to progress action in this area, the tension between competing understandings needs to be acknowledged and clarified (Margolis & Walsh, 2003). This paper seeks to do this and takes as its starting point an examination of how corporate sustainability is understood within government. The results of this pilot study are presented and a plan proposed for further research to investigate this tension within industry organisations.

SUSTAINABILITY AND CORPORATE SUSTAINABILITY

Sustainability has a history beginning in the 1950s, where it was used to discuss the relationships between population growth, resource consumption, and environmental impacts (Kidd, 1992). It is a

concept that has been defined and described in many different ways (Bosshard, 2000; Phillis & Andriantiatsaholiniaina, 2001), and authors often address the difficulty people have in making sense of it (Bosshard, 2000). For example, in a study assessing the concept of sustainability, Bosshard described it as "…one of the most challenging and, at the same time, most fuzzy contemporary paradigms" (2000: 29). Similarly, Kidd suggests that,

> *"The roots of the term "sustainability" are so deeply embedded in fundamentally different concepts, each of which has valid claims to validity, that a search for a single definition seems futile. The existence of multiple meaning is tolerable if each analyst describes clearly what he (sic) means by sustainability." (1992: 1)*

It is also apparent that sustainability is understood differently between stakeholders and industries (Bosshard, 2000; Phillis & Andriantiatsaholiniaina, 2001; van Marrewijk, 2003). In 1987, the World Commission on Environment and Development related it to corporations and the economy by coining and defining the term *sustainable development*:

> *"Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs." (World Commission on Environment and Development (WCED), 1987: 43)*

The term is becoming widely accepted (Munda et al., 1994) in management and industry publications as an approach to achieving sustainability, particularly since it was endorsed at the 1992 Earth Summit (Dunphy et al., 2003). The WCED's term and definition are often used interchangeably (Phillis & Andriantiatsaholiniaina, 2001) or in close alignment (Cabezas, Pawlowski, Mayer, & Hoagland, 2005) with the term sustainability; along with interchanging other sustainability terms (Klein, 2000; van Viegen, 2004).

In order to remain focused within the field of management research this study aims to investigate understanding of the term corporate sustainability; a term that is debated to mean many things. For example Diesendorf (2000) warns against using the term, and suggests it is most commonly interpreted to mean a long-lived corporation and not one that is necessarily contributing to ecological or social sustainability. Dunphy et al. reject this meaning and use the term to mean corporate contribution to,

> *"…the continuing health of the planet, the survival of humans and other species, the development of a just and humane society, and the creation of work that brings dignity and self-fulfilment to those undertaking it." (2003: 3).*

These are just several examples of the wide variety of understandings stated and implied within management research. This variation speaks both to the diversity of understanding (Phillis & Andriantiatsaholiniaina, 2001) that exists, and highlight its worthiness for further research. We propose that rather than adding another definition to the plethora of existing definitions, a deeper appreciation of how people understand the concept is required. We follow Kidd (1992) and van Marrewijk (2003) in abandoning a standardised understanding or definition of corporate sustainability and rather seek to explore variation in understanding.

Though studies have contemplated what corporate sustainability is (Kidd, 1992; Morris, 2004), or have defined what it is within the context of a particular study (Phillis & Andriantiatsaholiniaina, 2001; Slessor, 2000; Webster, 1999), there has been no empirical research investigating how corporate sustainability is understood. We propose to address this gap in the literature by answering the research question, *How is corporate sustainability understood?*

RESEARCH DESIGN AND METHODOLOGY

A Qualitative Approach

In order to address our research question we have adopted a qualitative methodology. This is appropriate as qualitative research seeks to analyse phenomena (e.g. people, situations) in their temporal and local context (Flick, 2002). Furthermore, we adopt an interpretive approach, as the socio-culturally dependent concept of corporate sustainability (Bosshard, 1997) lends itself to interpretative examination using a qualitative methodology.

The phenomenographic approach assumes that person and world are inextricably related through the person's lived experience of their world, or their *life-world* (Marshall & Rossman, 1999). The purpose of phenomenography is to identify and describe different ways in which people experience and create meaning for their own experience of their world (Sandberg, 1995). Following Dahlgren and Marton's (1981) work understanding forms of interpretation and experience, it is peoples' understanding of corporate sustainability that we aim to garner for this study; therefore, phenomenography is the most appropriate methodology to investigate our research question.

Methods

Participant selection was guided by theoretical sampling (Glaser & Strauss, 1967), and 11 participants from a Queensland Government organisation were interviewed. Selection of participants from this organisation aimed to achieve the greatest variation in understanding (Marton, 1981). Interviews are widely considered the dominant and preferred method for collecting data under a phenomenographic approach (Marton, 1994), and they allow the researcher to understand the world from the participants' point of view in order to uncover their lived experience (Kvale, 1996). As our aim was to comprehend different understandings of corporate sustainability, the interview was considered an appropriate method.

Four open-ended questions were asked: 'What do you do to bring about corporate sustainability?', 'What are the most important aspects of corporate sustainability?', and 'What is corporate sustainability to you? and In your opinion, how do businesses see sustainability?'. Follow-up questions were used to encourage participants to elaborate on their comments through further explanations or by giving examples. Such questions included: 'What do you mean by that?', 'Can you explain that further?' and 'Can you give an example?'.

Data Analysis

As advocated by Marton (1994), all interviews were audio recorded and transcribed verbatim, making it easier to grasp the complete contribution of the participant, and for each of the three researchers to receive a clear idea of the interview results. Each researcher then independently coded the transcripts and searched for *what* the participants considered corporate sustainability to be and *how* they enacted this understanding in practice. By alternating between these levels of analysis we arrived at the overarching understanding for each transcript along with a number of key themes. After several discussions we individually reflected on and re-examined each transcript. We then met for a final time, and *meaning categorization* (Kvale, 1996) was achieved by agreeing on categories of understanding, and themes within them.

Validity and Reliability Criteria

Weick (1989) argues that in the absence of achieving validity in social science research, then plausibility and interest become substitutes. While we remain cognizant of this and believe the results to be plausible and interesting when placed within the literature, we also sought their credibility and trustworthiness. In order to achieve results that were credible and trustworthy, we undertook several activities. Firstly, we reduced potential bias through *investigator triangulation* (Denzin, 1989) during the analysis described above, where each investigator listened to the interviews, checked and coded transcripts, and systematically discussed and compared each researchers' influences on the issue and the results (Flick, 2002).

Communicative validity was ensured using three techniques. The first was establishing a *community of interpretation* (Apel, 1972) between the researcher and the interview participant. This involved the researcher explaining that the objective of the research was to understand the participant's perspective on corporate sustainability based on their own experience of their work life. The second technique was using only four principal open ended questions to encourage participants to fully describe their experience of corporate sustainability. The final technique was to use follow-up questions in order to ensure a full understanding of the way participants understood corporate sustainability. We also maintained an ongoing debate between researchers throughout the research process about the information that was coming out of the data (Kvale, 1989).

RESULTS

Analysis of the 11 interviews completed for the pilot study identified three broad categories of how corporate sustainability was understood. Specifically, that corporate sustainability is: (1) an organisation working towards positive ecological outcomes; (2) an organisation that involves social movement for change, and (3) involves a systemic approach to sustainability issues. One possible explanation for the variance in understandings is the variance in age, gender, educational background and tenure with the organisation. However, based on the sample collected thus far it cannot be concluded that these variables had any effect on participants' category of understanding. This is an area we will continue to explore in advancing this study.

Understanding 1: Corporate sustainability is an organisation working towards positive ecological outcomes

Participants expressing this category of understanding were primarily concerned with organisational achievement of positive ecological outcomes. There was a strong focus on the ultimate goal of *"maintaining natural biodiversity"* (IV1: 244), as stated by IV1 on many occasions. For example, IV1 suggested that *"…it's about… about protecting areas of bushland"* (IV1:22: 266).

One of the key themes within this category of understanding was the lack of separation between what was understood as corporate sustainability, and sustainability in a more general sense. When probed to discuss corporate sustainability specifically, interviewees displayed their understanding that corporate sustainability could not be separated from sustainability. For example, IV1 described, *"…I suppose by corporate you mean working through this department [the EPA] as a corporation, to achieve sustainability …"* (IV1: 4).

There was also evidence within this category of a strong sense of personal responsibility towards sustainability. Participants described their strong commitment to the natural environment and the measures they took as individuals in working towards their goal of positive ecological outcomes. Examples of this feeling of personal responsibility include:

> *"One of the things I wanted to do was to start getting myself sustainable before I really started preaching sustainability to anybody else because I don't believe unless you walk the talk you have any right to talk, or really jump up and down and tell people that they're unsustainable" (IV2: 94).*

There was also a theme within this category that identified political will as a necessary driver in achieving positive ecological outcomes. It was suggested that without the political will, positive environmental outcomes were unlikely to progress. For example:

> *"… the important thing's to be right there when the political will is around and be a part of the manoeuvring to make those things happen…" (IV1: 50)*

Understanding 2: Corporate sustainability is an organisation that involves social movement for change

Participants who demonstrated this understanding emphasised the social dimension of corporate sustainability. For example:

> *"…my vision of corporate sustainability is where there is active involvement of people who work there, the support for what the organisation is trying to achieve, the support not only among the people who work in the organisation but people who are affected by that organisation " (IV4: 198)*

Within this category, it was also suggested that improving social outcomes would lead to improved environmental outcomes. This is demonstrated by statements such as *"I think it starts with people … the next step is probably people's involvement with the environment … it's a very close end tie"* (IV4: 147). This was also confirmed by IV6, *"… how much we impact on the environment… is a product of how much… how we feel as a group, you know within this division."* (IV6: 60).

As also evident in understanding 1, participants with this understanding demonstrated how they perceived corporate sustainability to be inseparable from sustainability. When participants were asked what corporate sustainability meant to them, they answered in a similar vein to those with understanding 1. IV4 mentioned that *"I don't think you can differentiate between corporate sustainability and general sustainability"* (IV4: 176), and IV6 replied, *"A corporate entity being sustainable"* (IV6: 147).

Another similarity between this category of understanding and understanding 1 was the feeling of personal responsibility towards sustainability. For example, IV6 described how he attended an informal sustainability group with other like-minded people in order to progress his own conception of sustainability. Similarly, IV7 described his commitment to educate and encourage people to take on more sustainable practices: *"So I mean I have a role as mentor/teacher… primarily as an advocate and hopefully an advocate that inspires people enough to think about the issues"* (IV7: 31-32)

Understanding 3: Corporate sustainability involves a systemic approach to sustainability issues

Participants exhibiting this understanding of corporate sustainability expressed it as an organisation which is a system of integrated parts that exists within a wider context. They displayed a belief that efforts of system members needs to be focussed on specific goals, and system outcomes could be optimised though strategic interventions. Strong support for the theme in general, and particularly the need to understand the system's workings was provided by IV5:

> *"…the degree to which you can understand how the system works, and how, how it can be sort of a fully functional system and be sustaining…" (IV5: 76)*

The need to understand the context in which the system is operating was a strong theme demonstrated by IV3 and IV5. For example IV3 highlighted several times the need to be cognizant of context when planning projects, or making decisions:

> *"… you can be working flat out on a recovery plan for a particular species… so we've got to get in there and do a recovery plan. The reality is that if another agency has actually approved land clearing for that whole region …you've actually already lost if you're actually engaging in that issue that far down the track." (IV3: 28)*

The second theme arising in this understanding was that collective efforts need to be focused on specific goals. For example,

> *"…an example is in the States …when they said "we're going to send a man to the moon" by the end of this century… and what they did was they used that bold statement as a way to integrate their science and technology towards a particular outcome." (IV3: 59)*

It was also presented in a strategic sense, by IV5 who mentioned that the focus of one of the EPA's capabilities surrounds moderating "*…private interests in terms of the common good"* (IV5: 54).

One of the strongest themes emerging from the data for this category of understanding was the belief that system interventions could be put in place to correct or optimise an organisational system if necessary. This is demonstrated in the quote below:

> *"…about how and when … to intervene in systems that aren't working well… instead of basically saying uh, we gotta start again… if you can see how a system's working then you can look at … the interventions which …have clear intent…and are timed in a way that they will work with the dynamics of the organisation rather than contrary to them…" (IV5: 83)*

DISCUSSION

In addressing the question: *How is corporate sustainability understood?* results confirm two major points raised in the literature that until now have not been empirically supported. The first is that sustainability terms are used interchangeably. The second is that corporate sustainability is inherently multidimensional, and an acknowledgement of this may assist in progressing action in this area and reducing uncertainty.

Inseparability of sustainability terms

The first point raised in the literature and supported empirically by this study is that the term *corporate sustainability* is used interchangeably with the term *sustainability*; however, this did not appear related to the WCED's definition (1987) as we anticipated. Support for the terms being interchangeable is in

the theme shared between understandings 1 and 2, that the two concepts are inseparable. Dunphy et al's (2003) use of the terms interchangeably also lends support.

This convergence implies a need for management researchers to become familiar with many more terms, to widen the scope of literature, and to clarify with study participants what they actually mean when they are using one term or another to express themselves, so as not to assume an imposed meaning. Indeed, the inseparability may extend beyond sustainability and corporate sustainability to other sustainability terms, and further empirical research could seek to determine whether this is the case.

Corporate Sustainability is Multidimensional

The findings from this study of 11 participants suggest three distinct understandings of corporate sustainability. Inherent in these findings is the notion that the concept is multidimensional. While this has been alluded to within the literature, to date this is a finding which has lacked an empirical basis. For example, understanding 1 and 2 are reflected in Dunphy et al. (2003), in that environmental and social elements are of primary importance to corporate sustainability. Understanding 1 is also supported by Blum-Kusterer and Hussain (2001) in their inference of corporate sustainability being aligned with environmental outcomes. Further, understanding 2 supports van Marrewijk's (2003) description of more humane and ethical business.

Understanding 3, demonstrating the systems perspective, was not identified in our initial literature review; although in revisiting the literature we found that understanding 3 supports the systems thinking perspectives within the sustainability literature (rather than corporate sustainability specifically). Understandings within this literature are centred on sustainability being a systems perspective that supports the natural environment (Marshall & Brown, 2003; Senge, Seville, & Lovins, 2000). This is demonstrated by Cabezas et al.:

> *"The concept of sustainability applies to integrated systems comprising humans and the rest of nature... society, economy, law, etc. must …reinforce or promote the persistence of the structures and operation of the natural component …." (2005: 455)*

An important implication of these findings is the need for management researchers to acknowledge that the multidimensionality of corporate sustainability not only exists across organisations, industries

or disciplines as demonstrated in the literature (Bosshard, 2000; Phillis & Andriantiatsaholiniaina, 2001; van Marrewijk, 2003), but they also exist within the same organisation. The results of further study within industry organisations will potentially provide a capstone to this multidimensionality and will enable researchers to work together more effectively by providing a framework that retains individual understandings, while creating a common frame of reference for them.

Limitations and future research directions

One issue we plan to address in progressing this study is the variation in understanding of corporate sustainability between industrial and government organisations. The study presented here has revealed a significant variation of understanding from 11 interviews within a single organisation, and reaching theoretical saturation within both government and industry will enable a more complete set of understandings to be developed. The results presented here are essentially limited by the sample size. We anticipate that collecting additional data will enable theoretical saturation to be achieved; therefore enhancing the plausibility of our results. Furthermore, it will also enable us to determine whether the findings from this study will translate to a wider industrial organisation context.

CONCLUSION

Our study identified three categories of understanding being identified. Corporate sustainability was found to be understood as: (1) an organisation working towards positive ecological outcomes; (2) an organisation that involves social movement for change, and (3) involving a systemic approach to sustainability issues. These results contribute to existent literature as an empirical investigation of how corporate sustainability is understood. In taking this study further we will solidify our findings, and add value to a body of knowledge that is growing in industry and academe.

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