



Clarifying the Epistemology of Corporate Sustainability



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ABSTRACT

Business research is placing increasing focus on the relationship between the natural environment and the political concept of sustainable development. Within this nexus, one area, labelled 'Corporate Sustainability', emphasizes the interactions between economic, environmental and social values. The need to consider multiple values has contributed to a blur in the conceptual landscape. This is partly due to the fact that authors often address epistemological challenges on an implicit level. Moreover, hidden ideologies, e.g. the profit maximization paradigm, can explain the conceptual obscurity.

The contribution of this article is twofold. Firstly, a conceptual framework is developed based on the dichotomy of positivism and constructivism. A relation is established between these epistemological positions and the analytic treatment of environmental and social values. The framework can be applied to increase transparency on epistemological challenges and thereby strengthening construct validity in the field. Secondly, an analysis of the most influential literature from the last 50 years shows that there is a trend of clustering theoretical positions and value constructs without any critical awareness of their philosophical assumptions. The authors hope that acknowledgement of a multi-paradigmatic approach can help to clarify the epistemology of the research area by establishing pluralism as an explicit position.

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1. Introduction

An ongoing debate in business research challenges the traditional view of economics, based on a linear model of resource consumption, with the circular system thinking of ecology (Spangenberg, 2015). Furthermore, the political concept of sustainable development represents increasing societal expectations for business conduct (Baumgartner and Ebner, 2010), and the United Nation's new Sustainable Development Goals (SDGs) are planned to act as frame conditions for the global economy in the years to come (Griggs et al., 2013).

A specific stream of literature, called 'Corporate Sustainability' (CS), is especially interesting in the debate between traditional economics and a systemic ecological perspective since it deals directly with the role of business, i.e. economic value creation, when it comes to ecological and social concerns. This calls for a multi-paradigmatic perspective (Bansal and Hoffman, 2012, p. 19), which poses epistemological challenges related to how to address values and ideologies (Söderbaum, 1999). The seminal work by Gladwin et al. (1995) assert that traditional business research suffers from an 'epistemological crisis' because the natural world is excluded in the study of human organizations. When

investigating contemporary debates, several scholars point to similar fundamental dilemmas when it comes to the level of analysis (Hahn et al., 2015), along with the choice of value constructs (Van der Byl and Slawinski, 2015) in the area of CS.

On one hand, authors such as Whiteman et al. (2013) and Costanza et al. (1997) stress that the analytical premises of CS are given by environmental science, which assumes that reality is objective. On the other hand, researchers must consider inter-subjective processes such as human decision-making, and thus acknowledge factors related to values (Hemingway and Maclagan, 2004) and power (Mitchell et al., 1997) in the generation of knowledge. Because of this dilemma, and since values are often related to ideologies, this article seeks to investigate epistemological challenges in CS by applying the positions of *positivism*¹ and *constructivism* found in the philosophy of science (Robson, 2011).

This article engages in the ongoing debate in *Ecological Economics* regarding the epistemology of 'sustainability economics' (see Söderbaum, 2015; Remig, 2017). Emphasis is placed on CS and the role of social and

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¹ It is symptomatic that business literature does not distinguish between the two positions 'positivism' and 'post-positivism'. We have chosen to use the term positivism in this article, since it is commonly reflected in the literature even if some articles comprise post-positivist aspects. However, we discuss differences between the positions in the philosophical analysis in Section 2.2.

environmental value constructs. The chosen approach aligns with, for example, Dembek et al. (2015), who explains why research areas addressing business and its relationship to societal values need to clarify epistemological assumptions. The research topic is operationalized through two specific questions:

- 1) How can the epistemology of CS be analyzed?
- 2) What are the epistemological trends of the most influential literature in CS?

Question 1 is approached in this article through a conceptual analysis grounded in two distinct positions within epistemology, i.e. positivism and constructivism. A framework is developed by evaluating the relation between epistemological positions and the value constructs found in CS. Question 2 is answered through an analysis based on the framework. The main finding is that the most influential literature from the last 50 years contains implicit clustering in terms of theoretical value constructs. Finally, the article discusses resulting epistemological challenges. A remedy is proposed through a pluralistic epistemology, which asserts the role of value-based discourses in the field of economics (Söderbaum, 2015).

The following section introduces the concept of CS by explaining the historical background, along with recent trends in the literature. Moreover, the first research question is approached through a philosophical analysis. In Section 3, the second research question results in an analysis of top-cited literature in CS. Section 4 discusses epistemological challenges by synthesizing the contributions of the two previous sections. Finally, Section 5 presents concluding reflections along with future implications for researchers and practitioners in the field of CS.

2. Philosophical Anchoring of Corporate Sustainability

This section provides an overview of CS, along with a historical account of its central concepts. Such exercise elucidates why and how the research area has become anchored in fundamentally different values, i.e. environmental, social and economic concerns. Further, a philosophical analysis is conducted in order to demonstrate how underlying tensions in CS are connected to epistemological aspects. This results in a conceptual framework that can be used to analyze the epistemology of knowledge contributions in the area of CS.

2.1. Conceptual Background

Drawing on the historical account by Bansal and Hoffman (2012), it is clear that CS as a research area has evolved since the 1960s through a series of major changes in values, beliefs and norms. A relevant example is how ecological economics has emerged as an alternative position to neoclassical economics. CS can be seen as a new paradigm – the practice and motive that define a scientific discipline (Kuhn, 1970).

Historically, knowledge development has been linked to core theoretical concepts in business research – Regulatory Compliance, Strategic Environmentalism and (Corporate) Sustainability. In the 1960s and 1970s, emphasis was placed on regulation, and new governmental agencies were formed in response, forcing industry to focus on legal compliance and technical aspects. Most scholars acknowledge Rachel Carson's 1962 publication of *Silent Spring* as an important starting point for such regulatory focus. The book's main assertion is that chemicals adversely affect the environment and society (Carson, 2002). In the next phase of scientific development, during the 1980s and 1990s, environmental issues were elevated to a strategic concern for business through principles such as pollution prevention and product stewardship. Stuart L. Hart's 'Natural-resource-based view' (NRBV) was an important contribution to strategic management literature, and emphasizes how firms can enhance their competitive position while simultaneously securing ecological values (Hart, 1995). The contemporary debate is centered on the concept of sustainability, which,

in a business context, reflects upon how firms can contribute to development that recognizes the needs of future generations by ensuring social standards and safeguarding the natural environment. State-of-the-art literature conceptualizes this as 'corporate sustainability' (CS) (Baumgartner and Ebner, 2010; Lozano et al., 2014). It should be noted that the political underpinnings CS originate in the United Nations, and especially in the publication *Our Common Future* (Brundtland, 1987).

An important conceptual grounding for CS can be found in system theory, the interpretation of sustainability as the ability of the human system to adapt to the ecological system (Holling et al., 2002). The system perspective has received increasing attention in the sustainability debate because it addresses the complexity present when dealing with different underlying values and sub systems. Furthermore, several authors argue that the solution to sustainability is to adopt a holistic view, in order to analyze the qualities that emerge from the interactions within the whole, instead of breaking the system down into parts. Griggs et al. (2013) have received significant attention for this way of thinking, and suggest a new paradigm where Earth's life-support system is the basis for all human activity. This aligns with the logic of Holling et al. (2002), which emphasizes the embeddedness of human systems in the slower-changing ecological system. Such paradigm represents a fundamental understanding of the human and environmental systems at hand, providing a useful theoretical context.

The macro perspective of Griggs et al. (2013), however, is not directly applicable to change processes at the organizational level, which are the core focus of CS. The model provided by Hahn et al. (2015) is therefore appropriate because it simultaneously takes into account different levels of analysis, namely the individual, organizational and systemic (Fig. 1). The purpose of the model is to provide scholars and decision makers a theoretical lens to analyze the underlying tensions related to change for sustainability at the business level. The model illustrates a dynamic aspect by including the temporal dimension of the context in which change takes place. For example, the temporal dimension highlights how short-term financial concerns can be a barrier to the long-term orientation of social and environmental concerns because they are perceived as having more value. Another example can be conflict between the individual motivations of employees and the company's

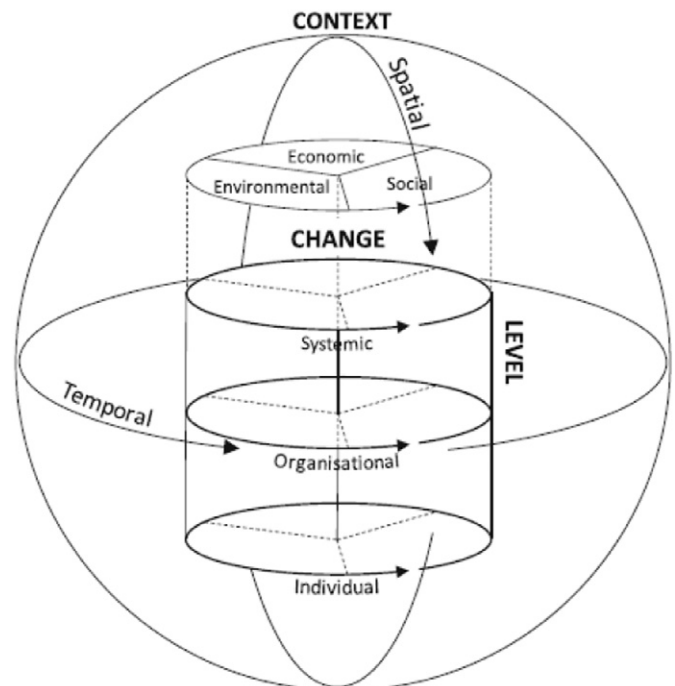


Fig. 1. The fundamentals of corporate sustainability (Hahn et al., 2015).

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