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Motivations for environmental and social consciousness: Reevaluating the sustainability-based view

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ABSTRACT

Corporate sustainability is often articulated as a top strategic priority, equal in importance to corporate social and financial objectives. Companies have, however, struggled to implement profitable sustainability programs. Therefore, the objective of this manuscript is to evaluate the impediments to the design and adoption of viable corporate sustainability programs. An inductive research design that involved 28 in-depth interviews was employed to identify and delineate four manifest motivations for corporate sustainability initiatives. The inductive process helped derive each motivation's mechanisms, outcomes, and limitations. Theoretically, the manuscript explicates how core and augmented value propositions impel or impede the development of corporate sustainability capabilities. The manuscript further defines under which circumstances commitment and capability coincide to promote the long-term viability of a sustainability program. Managerially, the manuscript provides sensible suggestions to help decision makers 1) assess their firm's readiness to pursue corporate sustainability and 2) avoid untenable sustainability strategies.

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1. Introduction

Corporate sustainability initiatives—recently viewed as a top strategic priority (Haanaes et al., 2012)—have encountered serious implementation challenges (BSR/GlobeScan, 2013; Silvestre, 2014). Particularly, companies have struggled to 1) establish holistic, company-wide programs and 2) expand sustainability efforts up and down the supply chain (Brockhaus et al., 2013; Seuring, 2011). Having picked the low-hanging fruit, tangible returns on ongoing sustainability initiatives diminished (Hahn et al., 2015; Kiron et al., 2013; Winston, 2012). The result: Many companies have quietly deemphasized sustainability (Hayward et al., 2013; Millen and McGowan, 2013; Strand, 2014). Few scholars foresaw this moderated momentum. Just a few years ago, expectations were that sustainability had become a permanent corporate priority—and would soon be mainstream practice (Carter and Easton, 2011; Zwetsloot and Marrewijk, 2004).

Sustainability concerns date back at least to Malthus' essay on "The Principle of Population." Modern emphasis on sustainability as a vital business practice, however, ties closely to the Bruntland Commission's 1987 definition of sustainable development (WCED, 1987). By 1998, John Elkington (Elkington (1998) had coined the term triple bottom line, articulating the core tenet of the sustainability-based view (e.g. Hart, 1995; Porter and Van der Linde, 1995a). Specifically, the sustainability-based view posits that decision makers must manage to three unique, but interrelated bottom lines—social equity, sustainability, and profitability. Critically, the triple bottom line portrays "people," "planet," and "profit" as equal priorities (Schneider, 2015). Based on this understanding, scholars have identified how corporate sustainability ties into the current view of the firm (e.g. Antolín-López et al., 2016; Lozano, 2015; Lozano et al., 2015; Lozano and Huisingh, 2011).

Additional to the three bottom lines, the time perspective to achieving sustainability is of crucial importance (e.g. Hahn and Kühnen, 2013; Lozano, 2008). Specifically, time relates to the intergenerational perspective of corporate sustainability and has been identified as the fourth dimension of the elaborated multiple-bottom lines framework (Lozano et al., 2015). It is a fundamental

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part of corporate sustainability as it complements the traditional triple bottom line approach (Lozano, 2012). It is vital to recognize that the goal is to improve performance in all areas to create sustained advantage for the future. Given sustainability's profound potential competitive and societal impact, delineating motivations for sustainability is relevant and timely.

A second, albeit implicit, tenet of the sustainability-based view is that environmentally and socially conscious practices would become the *accepted* way to conduct business. The argument goes that sustainability is common sense; that is, sustainability is the right way to view the world—and to make decisions. This "rightness" made ecologically sound operations inevitable. From a normative perspective, the sustainability view posited that sustainability would be a constantly growing phenomenon—an industry game changer (Carter and Easton, 2011; Reuter et al., 2010; Seuring et al., 2008). For example, research points out the advances that have been made in the field of more sustainable energy as part of a significant transformation process (e.g. Peura, 2013; Peura et al., 2014). Other work has concentrated on the efforts of the textile industry to reduce the use of energy, chemicals, and waste to become more sustainable (e.g. Ebrahimi and Gashti, 2015; Gashti et al., 2014, 2013). Grounded in the sustainability view, most extant research however neither envisions nor explains the recent moderation in implementation momentum. Most research has focused on the "how," assuming away the "if" of sustainability.

In essence, the sustainability view assumes a balance among social, environmental, and economic concerns that best emerges with a long-term planning horizon (Carter and Rogers, 2008; Elkington, 1998). Yet, as Peter Thiel noted: "In perfect competition, a business is so focused on today's margins that it can't possibly plan for a long-term future." (Baer, 2014) Evidence indicates that the sustainability view underestimated the power of the short-term profit motive—especially in the face of complex, intransigent implementation barriers. Simply put, an increasing number of managers now argue that, "sustainability is only sustainable when it is profitable."

The propose of the research is to enrich theory on how strategic motivations co-mingle with economic reality to affect corporate commitment to sustainability. Ultimately, the manuscript explicates the ebbs and flows of sustainability practice (MacInnis, 2011). In the following sections, the context from which the sustainability view emerged is elaborated and the manuscript discusses the nature of a luxury value proposition. Four strategic motivations for engaging in sustainability are delineated. Finally, the paper offers normative prescriptions for moving firm and supply-chain level sustainability strategies to mainstream practice.

2. Context: the era of abundance and the luxury lens

2.1. The era of abundance

The sustainability-based view contributes greatly to the established understanding of the ecological consequences of decision-making. However, it overlooks the context of its own origins—an unprecedented era of abundance (Pink, 2006). Specifically, German economist Ernst Engel observed that as incomes rise, the proportion of earnings spent on food falls. Higher earnings mean more disposable income—increasing purchasing power and changing consumptions patterns. The dynamics underlying Engel's coefficient argue for sustainability to emerge as a mainstream strategic priority during a period of economic prosperity.

Ohmae (1987)—referencing Engel's coefficient—observed that $5000 per capita GDP is a key threshold, noting that "when people no longer have to work for sustenance," lifestyles begin to emphasize recreation and luxury. Fig. 1, Panel A shows that from 1985 to 2005 average world per capita GDP rose from $2615 to $7236 and the number of countries that reached $10,000 per capita GDP went from 18 to 62. The data suggest that consumers worldwide had become sufficiently wealthy to consider sustainability value propositions. Fig. 1, Panel B shows the Dow Jones Average—a surrogate for economic prosperity—over the same time period. The expanding wealth and abundant profits of the 1990s made it relatively easy for consumers and managers to prioritize sustainability. Uninterrupted prosperity had altered economic perceptions and strategic priorities. By extension, another implication exists. When profits are scarce—*or uncertain*—sustainability initiatives are much harder to cost justify.

2.2. Sustainability and an expanding definition of luxury

Enhanced purchasing power made sustainability economically viable. A luxury value proposition made it popular. Specifically, consumption of sustainable products has long conveyed a positive, esteem-laden reputational effect (Nia and Zaichkowsky, 2000). Companies have also leveraged sustainability to burnish their own corporate images (Berry, 1994; Corneo and Jeanne, 1997; Hennigs et al., 2012; O'Cass and Frost, 2002). This conspicuous-consumption model of luxury is, however, incomplete (Dubois et al., 2001; Eastman and Goldsmith, 1999; Kapferer, 1998; Vigneron and Johnson, 2004). Wiedmann et al. (2007) argued that today's consumers view luxury more expansively. They posit that an "experiential luxury sensibility" has emerged and consumers now define luxury in terms of the following four value dimensions.

- **Social Value** is the perceived utility consumers obtain from positive peer group perceptions of a product's conspicuousness or prestige (Kim, 1998; Liu and Hu, 2012).
- **Individual Value** emerges when consumers' self-identity is closely tied to possessing premium products (Bao et al., 2003; Vigneron and Johnson, 2004).
- **Functional Value** refers to the way consumers perceive a product's core benefits such as exceptional quality and perceived uniqueness (Hennigs et al., 2012).
- **Financial Value** is denoted by consumers' willingness to sacrifice other consumption (e.g., other goods or time) in order to acquire the targeted item (Hennigs et al., 2012).

The question is, "How well does this emergent luxury value proposition apply to sustainability?" Recent research by Janssen et al. (2013) showed that luxury and sustainability notions show strong interactions in the mind of consumers. That is, consumers are cognizant of a potential luxury signal that can come from enhanced sustainability. Thus, consistent with cognitive theories of motivation, companies like Patagonia and Starbucks pointedly promote sustainability's social value. Their goal: Change consumer behavior by using sustainability as a differentiating feature of their products and business practices (Connelly et al., 2011; Pagell and Wu, 2009; Winter and Knemeyer, 2013). Social desirability and inherent "rightness" are vehicles through which sustainability conveys individual value. Many individuals derive self-identity from being "green." For example, the term LOHAS (Lifestyle of Health and Sustainability) describes a well-educated and upscale market segment dedicated to pursuing ecological initiatives. A green lifestyle is a key source of self-gratification. Similarly, the Bruntland Commission's definition of sustainable development calls out functional value—that is, sustainability's uniquely positive impact on saving the planet. As sustainability denotes enhanced ethical and ecological behavior, it delivers social, individual, and functional value, connoting luxuriousness.

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