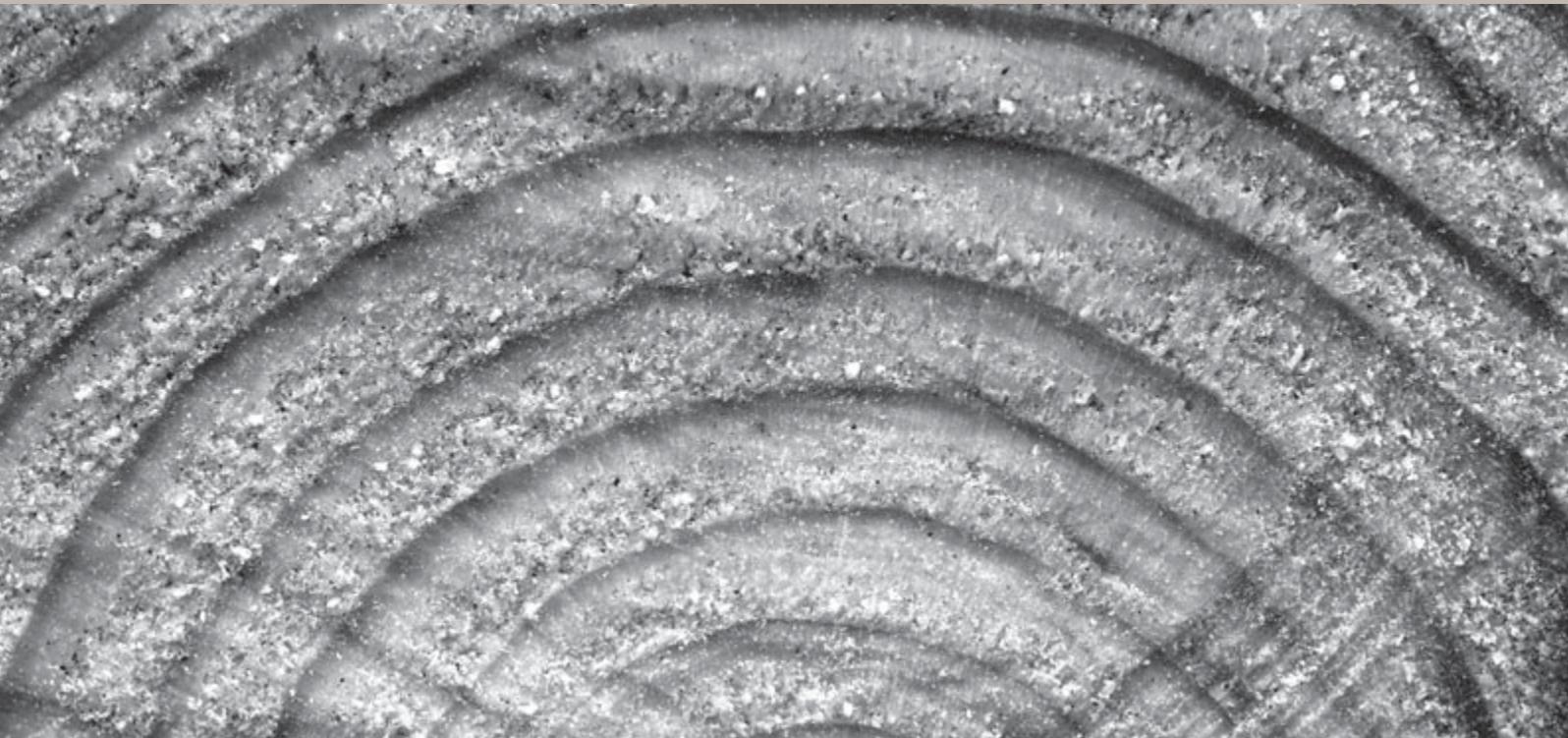


A small red square is positioned to the left of the title text.

Pursuing Environmental Sustainability



Pursuing Environmental Sustainability

Nick Barter

Jan Bebbington

St. Andrews Sustainability Institute
University of St. Andrews

The Council of the Association of Chartered Certified Accountants consider this study to be a worthwhile contribution to discussion but do not necessarily share the views expressed, which are those of the authors alone. No responsibility for loss occasioned to any person acting or refraining from acting as a result of any material in this publication can be accepted by the authors or publisher. Published by Certified Accountants Educational Trust for the Association of Chartered Certified Accountants, 29 Lincoln's Inn Fields, London WC2A 3EE.

ISBN: 978-1-85908-460-1

© The Association of Chartered Certified Accountants, 2009

Contents

| | |
|--|-----------|
| Executive summary | 5 |
| 1. Introduction | 7 |
| 2. Literature review | 8 |
| 3. The organisations and method of analysis | 11 |
| 4. Findings | 14 |
| 5. Discussion | 32 |
| References | 38 |
| Appendix | 40 |

Executive summary

This report describes findings from research that was conducted with organisations that have put environmental integrity or ecological sustainability at the core of their mission. The basic assumptions of this research are that the ecological health of the planet is essential for human well being, and that the planet's integrity is being compromised, with conventional economic activity being an element in creating the observed problems.

Further, we argue that the pursuit both of profit maximisation and continual growth are behind organisations' adverse impacts. If pursuing profit always resulted in positive social and environmental outcomes there would be little need for this research and little rationale for the existence of organisations the type of interviewed.

The report will demonstrate that this is not the case. In particular, this research seeks to explore and understand the views of, and decision-making processes adopted by, a number of organisations that have put environmental integrity or ecological sustainability at the core of their mission or purpose, as opposed to having such aims simply as an addendum.

In addition, the research seeks to understand the implications that this approach raises for conventional theories of management. In short, the question addressed in this report is: are these types of organisation challenging conventional business priorities and offering a new modus operandi?

The propositions (drawn from the literature) that informed the investigation are that these 'unusual' organisations:

1. do not pursue profit maximisation
2. can demonstrate examples of pursuing sufficient (rather than maximum) return
3. do not believe in quoted status, because of the profit demands when listed
4. see money as a means to an end as opposed to an end in itself
5. are not likely to see clear lines of demarcation between the inside and the outside of the organisation (the environment), and
6. may have a world view that is either eco or sustaincentric (Gladwin et al. 1995).

Interviews were conducted with 23 organisations that identified themselves as pursuing environmental objectives. The main finding from the work is that these organisations are challenging conventional meta-narratives of business, with this challenge framing the pursuit both of their missions and money (that is, making a financial return). In effect, the organisations could be described as hybrids between conventional businesses and societal innovators, in that they are trying to pursue their

environmental ends in an economic world which for the most part does not value those outcomes. As a result, these organisations have to negotiate the tension between doing their best in the current business environment while also seeking to change industry and societal norms. In this regard, the organisations could be seen as campaigning or pioneering entities, with their approach to realising their campaign outcomes being through commerce.

In a world where entities cease to operate unless they maintain access to or generate cash flow, these organisations are bound to have to pursue their environmental missions **and** financial success. Nonetheless, it would be simplistic to see their pursuit of the 'and' as being equated to conventional notions of 'win/win' that sometimes emerge in the business literature. Rather, their views are more nuanced than the conventional 'win/win' scenario. These organisations do not see the environment merely as a means to make money, nor do they use the argument that **if** the company makes money **then** a particular environmental outcome will be achieved. Rather, these organisations have clear 'lines' that they will not cross, which suggests that their environmental mission is a primary motivator with money being secondary. For example, some of these organisations:

- focus on achieving a sufficient return, as opposed to maximising profits
- use measures of success other than money
- are cautious about, or critical of, quoted status
- identify customers with which they will not do business
- show a willingness to question the pursuit of growth as opposed to having an automatic belief in the value of growth.

Furthermore, many of these organisations see their businesses as being built upon three equal pillars of society, environment and the economy, as opposed to just the economy. Nonetheless, some of the interviewees disagreed with the idea of three equal pillars, preferring to use the image of a situation where they exist in a materially closed system with no boundaries. In this view of the world, to focus on one particular outcome or to try to achieve a balance between society, the environment and the economy is seen as artificial. In short, some organisations take a holistic approach to thinking about the impact of their business. The world view of the organisations interviewed could be described as tending towards sustaincentric as opposed to technocentric (which tends to draw on conventional management beliefs). In this regard these organisations may be seen as part of a movement to help humanity realise sustainable development.

Interviewers also asked the organisations what holds them back from achieving more sustainable solutions. It was suggested that a lack of role models for sustainable business models, the lack of availability of suppliers who take the same approach as they do, and a lack of people who can operate in the required ways are all critical impediments to more widespread adoption of the principles on which they operate.

To summarise, the organisations interviewed are challenging conventional narratives of what a business's purpose is and how businesses can and should operate. The organisations could be described as being 'altruistically selfish and selfishly altruistic' (Maturana and Varela 1998). This concept (which draws on biology) is used to describe how herds of animals ensure their safety by having some of the herd act as lookouts for danger. Consequently, an individual herd member helps to ensure not only its own survival but also the survival of the group as a whole. By analogy, the organisations interviewed for this project perform the same function in that they are pursuing missions that will benefit the whole of society (as we all benefit from a healthy environment) while at the same time they are benefiting themselves by ensuring their own survival in the process.

Some quotes demonstrate the thinking of these organisations.

The traditional kind of thinking mind does not live here very easily. (Seventh Generation, director of corporate consciousness)

[Speaking about his company and contrasting it to conventional organisations] *You know, that's fundamentally...a different proposition to your average business that exists to grow its market share, put its competitors out of business and make a lot of money, float off into the sunset kind of stuff,...as a classic model. But I think that way of life is unfulfilling and I think more and more people are seeing that.* (Company B, interviewee)

Finally, it is possible to argue that these companies are striving to be normal, or at least what they believe should be 'normal' in the future. Their desire to realise a more environmentally benign or ecologically sustainable solution, however, means that they never actually want to be considered 'normal' in the current mainstream business sense.

[N]ow people say that's green and...ethical, and...I'm not sure it's either, but I think it should be normal behaviour to try and run your business in...as good a way as possible. So it's not normal to be a polluter or, or at least shouldn't [be]...that's why I'm slightly nervous about all this...stereotyping. [To say] you're green in your articles – that kind of makes it sound like that's odd behaviour and what I'm trying to achieve is to make that normal. (howies, co-founder).

[Talking about ecological sustainability and the organisation] *Sometimes when I talk to people I realise that for us what's normal is not normal for everybody else...I just realise how far we've come and how much we know. But I...do think that it isn't weird and it is just, we're just slightly in the future.* (BioRegional, co-founder).

1. Introduction

This report was written during the first half of 2009. Although the time when a report is written may not ordinarily be of interest to a reader, in this case the research was concluding at a time when there was much debate in the media about the nature of capitalism and the purpose of business. The interviews for this report took place between August 2007 and January 2008. At that time the banking crisis of the second half of 2008 and the subsequent recession had not happened. The findings of this research, however, chime in well with current questioning of Anglo-American capitalism and concerns that this particular form of capitalism may undermine society (for example, see the Sustainable Development Commission's¹ report *Prosperity without Growth?*, Jackson 2009). The changes to capitalism that might occur because of the current economic crisis are perhaps best captured by commentary from the media.

A New Capitalism is likely to emerge from the rubble... For many, the New Capitalism may well seem fairer and less alienating than the model of the past 30 years, in that the system's salvation may require it to be kinder, gentler, less divisive, less of a casino in which the winner takes all. (Robert Peston, BBC, 8 December 2008).

The Prime Minister said 2008 would be remembered as the year in which the old era of unbridled free market dogma was finally ushered out. (P. Wintour, the Guardian, 1 January 2009)

These quotes suggest that a form of capitalism with 'softer' edges may emerge from the financial crisis. This could be a form of capitalism where money is not the sole arbiter of success but where other measures and concerns might also matter. Hence, organisations that have a purpose beyond making money may be the standard-bearers of this future economic model. This view is supported by commentators such as Rosabeth Moss Kanter, who stated:

I think we are entering a new era in which companies, either because of push from the public or because of internal views, are deciding that they need to have a purpose at the heart of the enterprise that's beyond how they make money. (Interview by Mary O'Hara, the Guardian, 12 November 2008)

At the same time as a new version of capitalism may be emerging, environmental issues remain a significant concern for society. Indeed, greenhouse gas emissions, scarcity of resources (including oil and water), accelerating loss of biodiversity and ecosystem collapse all remain pertinent concerns. A review of the *Intergovernmental Panel on Climate Change Fourth Assessment Report* (IPCC 2007) or *Millennium Ecosystem Assessment* (2005) makes for depressing reading regarding the prognosis for the environmental health of the planet and humanity's well being.

The intersection of economic and environmental crises has also resulted in the labelling of President Obama's financial stimulus package of February 2009 for the American economy as the 'Green New Deal',² not only because of its focus upon environmental technologies, but also because of his stated aim of tackling environmental issues (particularly climate change) at the same time as the economic crisis. Consequently this is a perfect time to explore the views of organisations that have a purpose beyond making money, especially where that purpose concerns ecological sustainability.

The next chapter outlines the literature that informed the development of the points investigated during the interviews. Chapter 3 describes the interviewees and the method of analysing the interviews. The main findings of the research are contained in Chapter 4 and the final chapter discusses these findings further, exploring some of the broader implications of this work.

1. The Sustainable Development Commission is an advisory non-departmental public body to the UK government.

2. See a recent research report by HSBC Global Research (HSBC 2009), *A Climate for Recovery. The Colour of Stimulus Goes Green*, for a discussion on recent economic stimulus packages.

2. Literature review

Modern management theory is constricted by a fractured epistemology, which separates humanity from nature.... Reintegration is necessary if organisational science is to support ecologically and socially sustainable development. (Gladwin et al. 1995: 874)

The above quote, and the academic article from which it came, forms the basis of this investigation. The quote's main message is that management academics study organisations as if nature did not exist, and as if humanity were not immersed in nature. In short, the authors argue that management academics have forgotten or ignored the fact that people are part of the Earth and not separate from it, and thus the environment is absent from standard theories of organisations. In other words, such theories of organisations are focused upon economic and social interactions and ignore many of the myriad non-human mediated transactions that any organisation needs to conduct with the environment in order to exist. This is a strong claim, as it would suggest that conventional management theories do not reflect the wider totality.

While it can be argued that management theories could include a consideration of ecological matters, Gladwin et al. (1995) are making a more fundamental point, as they are questioning the very purpose of an organisation. If an organisation is also engaged in transactions with the environment that use the environment's resources and services, then that organisation is decreasing the availability of those resources for all the other constituent parts of the Earth; therefore, what is the purpose of that organisation, beyond providing human beings with some limited utility?

Indeed, the centrality of the Earth to all human activity is perhaps most evident in pictures of the planet from space.³ In these pictures the Earth appears as a blue-green marble floating in a black void (Poole 2008), and although these pictures may now be part of the 'wallpaper' of life they had a huge impact on public consciousness when they were first published. Poole (2008) argues that these pictures helped to create the environmental movement and events such as Earth Day. At their most basic, the pictures reinforce the fact that the Earth is a system that is materially closed (bar the odd meteor that hits the planet) and energy open (with the energy coming from the Sun). The implications of living/operating in a materially closed system include the realisation that human beings are part of this materially closed system and not separate from it. Taking this observation further, all that humanity does is to rearrange the Earth's matter to realise products. Human beings do not actually **create** anything (see, Daly 1996; Porritt 2006).

The photographs of the Earth from space also fail to show borders between nations, a country's laws, or the money flows that make up a modern economy. Rather than this being a failure of the photograph, it serves as a reminder that although we may place importance on the state of the economy, this does not conform to physical rules but is a socially constructed concern (Berger and Luckmann 1967). Indeed, the soundness or otherwise of an economy arises from human perceptions of its soundness. As a result, we need to remember that we cannot have an economy if we cannot breathe, but we can breathe even if we do not have an economy – our reliance on environmental services is therefore fundamental. This leads to Commoner's four laws of ecology (Commoner 1972, cited in Eckersley 2003: 37).

- (1) Everything is connected to everything else.
- (2) Everything must go somewhere (there is no 'away').
- (3) Nature knows best (any human intervention in a natural system is likely to be detrimental to that system).⁴
- (4) There is no such thing as a free lunch.

In addition, because we live in a materially closed system, decisions made and actions taken now affect the choices of future generations, and these:

effects keep adding themselves to one another, with the result that the situation for later subjects and their choices of action will be progressively different from that of the initial agent and ever more the fated product of what was done before. (Jonas 1984: 7)

Thus humanity could be considered as being bound by the closed system and because of this there is an imperative for us to shift towards considering the wider implications (human and non-human transactions and interactions) of all that we do; because our choices now will affect the options for future generations.

Jonas's observation (Jonas 1984) is reflected in reports such as the Millennium Ecosystem Assessment (2005) and the IPCC's Fourth Assessment (2007). These reports highlight how humanity is creating adverse environmental impacts including, for example: biodiversity loss; greenhouse gas emissions; reduced availability of freshwater and forest cover. These effects are of a nature and scale to cause significant concern about the viability of human well being on the planet (but not about the viability of life on the planet, which will continue regardless of whether or not humanity flourishes). These sorts of concern should, at least, cause us to question the purpose of what we do and how we do it.

4. The wording of point 3 'nature knows best' is relatively contentious. Further, given that this literature review argues that human beings are part of the material continuum and thus human beings and nature are not actually separate, the wording of this point would preferably change to: 'human beings and the wider system are in a state of continual flux'.

3. See <http://www.nasa.gov/multimedia/imagegallery/>

This research takes as its point of departure that the ecological health of the planet is essential for human well being, and that the Earth's ecological health is being compromised, with organisations and how they operate being part of the process that is creating its ecological problems. In particular, this research investigates organisations that have an environmental mission, in order to understand the decisions they make and how they incorporate the environment into their decision making, with the aim of understanding how management practice may change in the face of their activities.

While organisations can be viewed as being part of the problem with regard to the ecological health of the planet, they are also seen as being part of any action we may take to restore the planet's ecological health (see Stead and Stead 1992; Deegan and Shelley 2006; Porritt 2006), not least because of the amounts of capital they have at their disposal. In brief, organisations use the labour, material and energy (Polanyi 2001) to produce products and services in order to realise (if they are for-profit organisations) their revenues and profits. In general, for-profit organisations adopt a rationale which has certain kinds of result and believe that they must pursue continual growth and profit maximisation (for example, see Shrivastava 1995; Starik 1995; Daly 1996; Ekins 2000), and this rationale creates a tension with the reality of a finite planet. Economic growth, if it is coupled with growth in material impact, is impossible in the longer term. Similarly, profit maximisation requires organisations to externalise as many of their costs they can, with these costs being borne by society or the environment (in terms of its degradation or a change in its capacity) rather than the entity itself (Bebbington et al. (2001) *Full Cost Accounting*, an ACCA report accounting for externalities⁵). Although the pursuit of growth and maximisation of profits may be appropriate and seemingly rational thinking for an individual entity, the sum of this individual rationality is an excessive externalisation of costs and the maximum use of finite resources. This type of thinking and operating may have been appropriate when resources were more freely available and when human populations were low, but this is no longer the case. Many have argued that we need to stop operating as if we have a 'cowboy economy', where there is always a new frontier, and recognise that we are actually in a 'spaceman economy' that has limits (Daly 1996).

In short, human beings have put their socially constructed and malleable truths regarding the economy and the pursuit of profit before the less malleable physical laws of the environment: metaphorically, we have put the cart before the horse. To move towards a situation where organisations operate in a more environmentally benign manner, and where the rules of the economy recognise ecological limits, has been the subject of a wide array of

literature. For example, advice and ideas include: the pursuit of eco-efficiency (Florida 1996; Starik and Marcus 2000; Figge and Hahn 2004); ascribing monetary value to ecosystem services (Constanza et al. 1997; Ekins 2000); lengthening planning timescales to generational timeframes (Hawken et al. 2000); copying nature's process of production (via, for example, bio-mimicry (Benyus 1997) and industrial ecology (Den Hond 2000)); expanding the scope of concern of the company to its supply chain and the disposal of products (Hart 1995; Van Hoek 1999; Green et al. 2000); changing the scorecards for companies and measuring them using a triple bottom line (Elkington 1999)). In addition, ideas have been considered about how the economy could move to a situation where growth is not pursued and where the economy attains a steady state (see Norgaard 1986; Lozada 1995; Daly 1996; Ekins 2000; Baumgartner 2002; Jackson 2009).

These prescriptions for changes to the economy and the operation of individual organisations raise concerns about whether or not the right economic measures are in place, and whether societal well being rather than economic well being should be the primary aim for an economy (Jackson 2004). These concerns mirror Gladwin et al.'s questioning (1995) of the purpose of organisations. To explore this issue, Gladwin et al. (1995) offer a framework of three different paradigms that could inform organisational behaviour. They can be summarised as follows.

Technocentrism is built around precepts such as: the Earth is an inert machine to be exploited; human beings are disassociated from the earth; and nature has no inherent value other than that perceived them. This paradigm further assumes that the Earth has no limits, that there are no irresolvable environmental issues, and that humanity's ingenuity can solve any problems. This paradigm also assumes that: profit maximisation and growth can continue ad infinitum; all that matters to humanity is material possessions; human beings only operate as economic beings; and that the future should be discounted, as the present is what matters most.

Ecocentrism takes a position that is at the opposite end of the spectrum to technocentrism. This position assumes that: the Earth is alive and is the key to the web of life; that nature has inherent value; and that human beings are an intrinsic part of nature. This paradigm also assumes that: the planet's limits are already being exceeded; that the environmental problems are potentially catastrophic; and that humanity needs to work with nature to restore a balance. This paradigm favours ecological integrity as the primary measure of performance. It also believes that: humanity should not be materialistic and should recognise its place as just another member of the animal kingdom; that growth should be eliminated; and that the future should never be discounted.

Sustaincentrism takes a position that is between technocentrism and ecocentrism. This position views the Earth as a life-support system that is to be treated as a home rather than as something dead or alive; it believes

5. An externality of a transaction is cost not borne by either party involved in the transaction. Hence, a simple example is that in the UK would be the costs of smoking-related diseases.

that humanity is interdependent with the Earth and that nature has inherent value. It perceives that the Earth's limits are being reached; that the environmental problems will take many decades to resolve; and that human beings can only replace some, not all natural processes. This paradigm favours: quality of human life as being the primary measure of success; that humanity should move beyond materialism; that the role of growth is not unquestionably good but should be subject to question; and that the future should only be discounted tentatively.

Gladwin et al. (1995) argue that technocentrism is the paradigm under which most economies⁶ and for-profit organisations currently operate, and that ecocentrism is impractical because it reduces humanity to being nothing more than a part of nature and thus fails to recognise humanity's ingenuity and intelligence. They make the case that organisations operating within a sustaincentric paradigm will offer humanity a chance of realising sustainable development; an outcome that they believe will not be possible under the (current) technocentric paradigm.

One of the aims of this research is to investigate whether there are any entities operating in the sustaincentric paradigm and, if such companies exist, what can be learnt from them. Building upon this approach, organisations that are most likely to be operating in accordance with sustaincentric principles are those that have environmental integrity or ecological sustainability as their core mission. To use the metaphor used earlier, the companies that have environmental sustainability as a core mission are metaphorically putting the horse (the environment) before the cart (the economy/their finance) and thus putting natural, physical laws ahead of the more malleable, socially constructed laws of the economy.

To investigate the research question outlined above, six issues formed the core of the investigation. These emerged from Gladwin et al.'s paradigm framework (1995), the literature cited above and a review of the management literature that addresses environmental issues (see, for example, Starik 1995; Sharma 2000; Bakan 2004; Bucholz 2004).

These six issues were that organisations that have environmental integrity as part of their core mission would:

- (1) not pursue profit maximisation
- (2) be familiar with, use and demonstrate elements of sufficiency (as opposed to profit maximisation)
- (3) be likely to reject quoted status because of the profit demands when listed
- (4) be unlikely to believe in money as an end in itself as opposed to a means to an end

6. Gladwin et al. (1995) are not specific about which economies they think operate with these principles. The authors, however, are American and the article appears in an American journal, hence it would be fair to assume they are referring to Anglo-American capitalism.

- (5) not see clear lines of demarcation or boundaries between the inside of the organisation and the outside of it (the environment), and

- (6) have a world view that would reflect elements of the ecocentric or sustaincentric world view.

Taking each point in turn, we will now explain the research rationale behind these items. First, not pursuing profit maximisation is anticipated because organisations that are environmentally led are likely to be internalising some externalities, because they are likely to understand that externalities are detrimental to the wider environment (see Bebbington et al. 2001). Further, these companies are unlikely to pursue continual growth as they will be aware that the Earth is finite. This links to the second point, whereby we expect organisations to be familiar with and able to demonstrate some conception of sufficiency.⁷ Points (3) and (4) emerge as a consequence of the previous points. If an entity does not believe in profit maximisation and can demonstrate sufficiency it is unlikely that it will either wish to pursue quoted status⁸ or believe that making money is an end in itself. The fifth point draws not only upon the physical interconnectedness of the planet as discussed previously, but also the work of King (1995). King (1995: 979) suggests that 'sustainable organisations may resemble estuaries. The organisation will mix with the environment, other organisations, and society'. This point concerns organisational beliefs about boundaries and the responsibilities that may come with more permeable boundaries. The sixth point flows directly from the paradigm framework offered by Gladwin et al. (1995).

In summary, the underlying rationale behind the points investigated in this study is to gain an insight into the mindset of individuals who work in organisations that put the environment first. From this we can understand whether they are challenging conventional management theories and, if so, what can be learnt from their experiences. The potential importance of the findings from this work can be summed up in the following quote.

Once the planet is integrated into the economic paradigm applied by strategic decision makers... corporations will be better able to reflect a dominant value for protecting the Earth. (Stead and Stead 1992: 18)

The aim of this study is to see if there is any knowledge that can be brought to this task.

7. Sufficiency can be defined as 'a sufficient quantity (of something); enough' (Oxford English Dictionary 2005: 3099). In this context it is a term used as a counter to maximisation, implying the companies researched, if not pursuing maximisation, have some notion of 'enough'.

8. See Smith (2003) for a discussion of how quoted status creates a focus on share price growth and, in turn, profit maximisation with the result that money becomes the company's sole measure of success and concern.

3. The organisations and method of analysis

3.1 PROFILE OF PARTICIPATING ORGANISATIONS

The criterion used to approach the companies was that part of their core mission was environmental integrity or ecological sustainability. A list of 85 companies that were of potential interest was collated from a variety of sources that included referrals, newspaper or Internet articles and, in some cases, company advertisements. The resulting list of 85 was reduced to 32 by reviewing each company's public statements about its mission. The filter used was whether environmental concerns were incorporated as a core part of the purpose, business description or mission statement as opposed to being a separate policy or addendum. The final interview set of 23 companies was based on those who responded positively to the request to be interviewed.

To give a flavour of the mission statements or business descriptors, quotes from four of the companies approached and interviewed are reproduced below.

1. *Triodos Bank finances companies, institutions and projects that add cultural value and benefit people and the environment, with the support of depositors and investors who want to encourage corporate social responsibility and a sustainable society. Our mission is:*
 - a. *To help create a society that promotes people's quality of life and that has human dignity at its core.*
 - b. *To enable individuals, institutions and businesses to use money more consciously in ways that benefit people and the environment, and promote sustainable development.*
 - c. *To offer our customers sustainable financial products and high quality service. (Triodos Bank 2009)*
2. *One of the country's first self-declared 'socially responsible' companies, Seventh Generation is a business that operates according to a new and different set of principles and values that in many ways are a marked departure from those long considered 'traditional'. Its business practice is focused on offering people avenues to express their idealism, passion, and commitment to causes larger than themselves at every point along its supply chain – from suppliers and partners to shareholders, customers and its own staff. (Seventh Generation 2009)*
3. *Why are we in business? For us it is not as simple to make a profit [sic]. Like any company we require a profit to stay in business. But it is not the reason we are in business. The thing that has not changed from day one is the desire to make people think about the world we live in. This is, and always will be, why we are in business. (howies 2009)*

4. *The Green Stationery Company is the UK's premier recycled paper and green office products supplier. We select products [that] are environmentally benign or have environmental advantages over the standard office products. We aim to maintain business practices consistent with the goals of sustaining our fragile environment for future generations, within a culture that respects life and honours its interdependence. (The Green Stationery Company 2009)*

Interviews were conducted over a six-month period between August 2007 and January 2008. Of these interviews 15 were face-to-face meetings conducted at the organisations' offices (with one exception), and the remaining eight were conducted by telephone. All the interviews were between 45 and 90 minutes in length and recorded and transcribed, with one exception where permission to record was refused. The interview format was semi-structured, thereby allowing the co-creation of the topics for discussion between the interviewer and the interviewee. Nevertheless, an interview guide or framework was used by the interviewer, mainly as an aide-memoire to ensure coverage of key points from the interviewer's perspective. This interview guide was not sent to the interviewees beforehand, although many of them perused it during the interview. The same interview guide was used throughout all the interviews.

The interviewees gave different levels of permissions, with some allowing all names and roles to be disclosed, and others only allowing their name. The names of the companies⁹ that took part in the study, where permissions allow, are listed in Box 3.1, along with a high-level description of each company's area of operation.

The roles of the individuals interviewed are described in Table 3.1. As can be seen, the majority of interviewees were founders or senior managers. This focus upon those either in operational control or key managers within an organisation was intentional because, as Katz and Kahn (1966: 15) argue, the organisation is the 'epitome of the purposes of its designer, its leaders or its key members'.

9. As can be seen in Box 3.1, not all the organisations interviewed are companies. For example, BioRegional is a charity that develops environmental spin-off companies. This exception is noted because this report uses the term 'companies' as the collective noun for the interview sample. At times, the terms 'companies' and 'organisations' are used interchangeably.

Table 3.1: Roles interviewed

| Role | Number |
|---|--------|
| Founder/co-founder | 14 |
| Managing director/CEO | 3 |
| Executive director (specific functional area) | 1 |
| Commercial/marketing/general manager | 3 |
| Member/co-worker | 2 |
| Director of corporate consciousness/concept manager | 2 |

The total number of individuals interviewed was 25 because at two of the interviews two individuals were present. Another point regarding the roles of the individuals interviewed is the role of 'director of corporate consciousness': an unusual title in any business context. The individual who had this role explained it as being one where the aim was to ensure that the company stayed true to its principles as well as developing new modes of thinking that enabled the organisation to become more sustainable. This role has been grouped together with the concept manager in Table 3.1, as the concept manager interviewed explained his role in a similar manner.

Box 3.1: Organisations interviewed

1. Pillars of Hercules
(Organic food producer and retailer)
2. TerraCycle
(Producer of plant fertilisers from waste)
3. biome Lifestyle
(Online retailer of home wares)
4. Company A
(Producer of fast-moving consumer goods)
5. Beyond Skin
(Online retailer of shoes)
6. howies
(Producer/retailer of clothes)
7. Company B
(Producer and retailer of business and consumer services)
8. Green Stationery Company
(Producer/retailer of consumer and business stationery)
9. Recycline
(Producer and retailer of consumer durables)
10. revolve
(Producer/retailer of consumer and business stationery and gifts)
11. Green Building Store
(Producer/retailer of building goods/services)
12. Terra Plana
(Producer/retailer of shoes)
13. Seventh Generation
(Producer of business and consumer cleaning products)
14. By Nature
(Online retailer of natural products and services)
15. Ecover
(Producer of business and consumer cleaning products)
16. Belu Water
(Producer of bottled water)
17. Company C
(Producer/retailer of business and consumer cleaning products)
18. Company D
(Producer/retailer of financial products)
19. People Tree
(Producer of Clothes)
20. BioRegional
(Sustainability-focused charity and creator of spin-off companies)
21. Triodos Bank
(Financial services to businesses and consumers)
22. Suma
(Producer/wholesaler of food)
23. Company E
(Producer/retailer of wood products)

Table 3.2: Approximate staff numbers

| Staff number categories | Number |
|-------------------------|--------|
| 1–10 | 6 |
| 11–50 | 11 |
| 51–100 | 3 |
| 101–200 | 3 |

In terms of organisational demographics, Table 3.2 indicates that the majority of organisations interviewed had 50 staff or fewer.

Data on annual turnover were not requested, nor is this information publicly available for many of the interviewed companies. To provide some sense of company turnover in the sample, one had a turnover of approximately £60 million per annum, while five had a turnover in the tens of millions of pounds. For the remainder of the sample it is estimated that 11 had a turnover in the order of single digit millions, and six had a turnover of less than a million pounds per annum.

With regard to their ownership structure, Table 3.3 reveals that the majority were privately held companies with three being subsidiaries of, or partially owned by, quoted companies. The remainder had either cooperative, charitable or mutual status. The anomaly in ownership would appear to be the charity, in that the others are clearly for-profit organisations. The charity was interviewed because of its fit regarding its mission and because it was responsible for developing a number of for-profit spin-out companies.¹⁰

In summary, the interviewed companies represent a broad range of organisations in terms of size and ownership structure. They were approached because they were perceived, from public statements both about them and by them, as being likely to be putting the environment first in their operations. These companies do not represent a microcosm of the wider business population, but as such can be thought of as providing a snapshot of what the most progressive business organisations may be doing and thinking.

Table 3.3: Broad ownership category

| Broad ownership categories | Number |
|---|--------|
| Private (Limited) | 17 |
| Subsidiary of/partially owned by quoted company | 3 |
| Charity/co-operative/mutual | 3 |

3.2 METHOD OF ANALYSIS

As noted before, all the interviews were recorded with the exception of one, where notes were taken instead. The recordings were all transcribed, with over 700 pages of text being created. The recordings and the transcriptions constituted the data from which the findings of the research were drawn. The analysis of the interviews involved a number of steps and iterations. In outline, after the interviews had been completed, key themes for each interview were drawn from listening to them and drawing mind maps. The transcripts were then analysed using NVivo (a software tool that allows text to be collated thematically). This review of the transcripts and collation of particular quotes to themes went through three iterations before the final selection of quotes and themes was completed.

During the interview analysis, it became apparent that the interview format did not neatly map onto a framework to answer the question of whether or not interviewed companies were ecocentric or sustaincentric in their views (as per Gladwin et al. 1995). In particular, given that Gladwin et al. suggest that each paradigm has 30 constituent assumptions, asking about each element was not appropriate within a semi-structured format. Consequently, in order to explore this key point of investigation, the interview transcripts were subjected to a separate analysis. This reviewed the transcripts against the constituent assumptions of each paradigm and identified whether or not there was broad agreement between the particular paradigm and interviewees' comments.

10. For example, it had launched for-profit companies selling UK-sourced charcoal and one focused on paper manufacture.

4. Findings

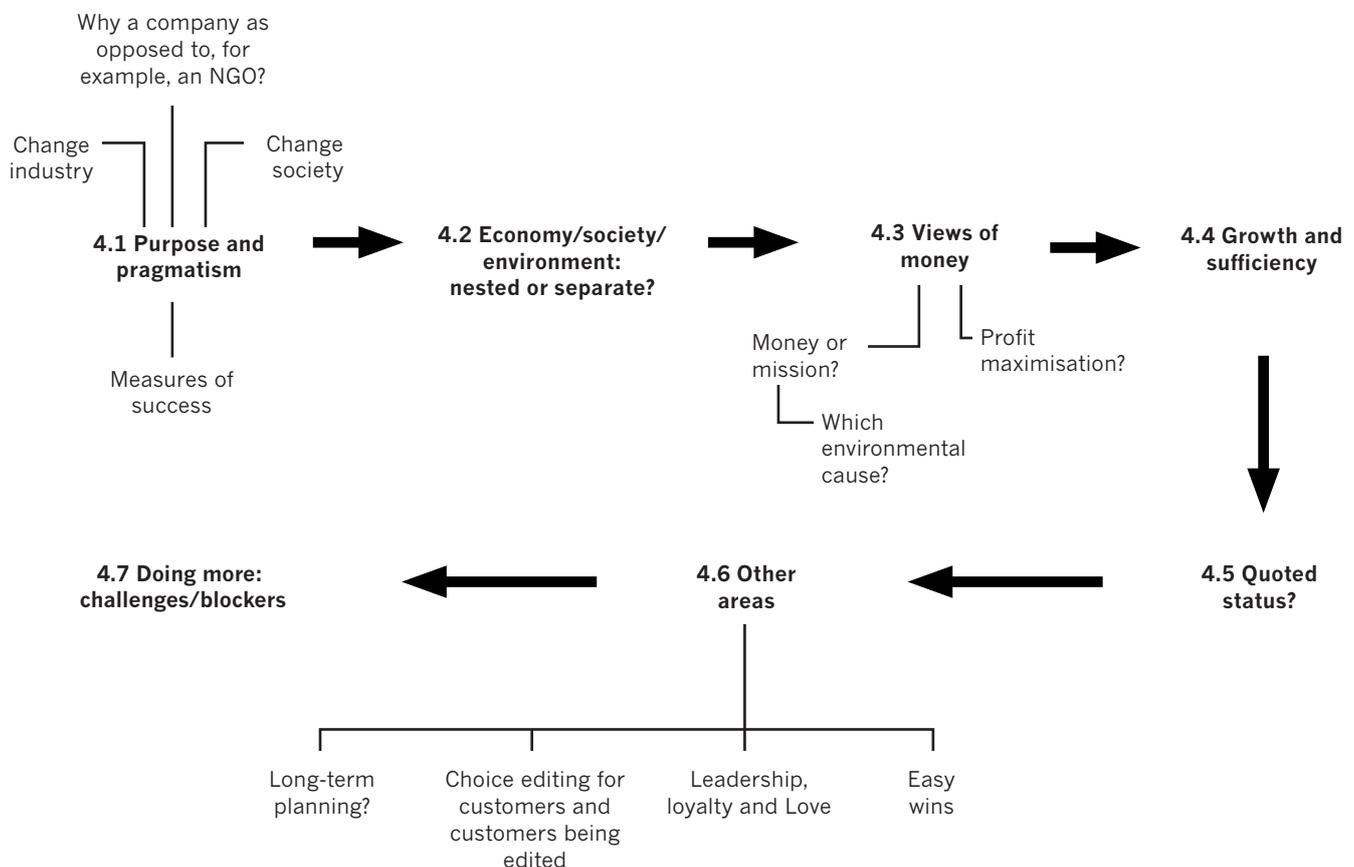
This chapter describes the interviewees' responses. From reviewing the interview text and the findings, the narrative flow that emerges does not relate to the six core points of investigation highlighted in Chapter 2. Figure 4.1 provides an outline and guide to how the interview contents have been organised for the purposes of this chapter. Although this means this chapter deviates from the six points at the core of the research it does not mean that they are ignored altogether; they are discussed again in Chapter 5.

Following Figure 4.1 from top left, the first section of this chapter (4.1 Purpose and pragmatism) explores companies' views on what they were trying to achieve and whether they had a desire to change industry or society as part of their activities. The pragmatism element of this heading attempts to capture their views on achieving their purpose within the constraints of ensuring their financial viability and how this links to their measures of success. The final part of this section explores why the interviewees started a company to realise their purpose as opposed to creating, for example, a non-governmental organisation (NGO).

The chapter then moves on to present how the interviewees see relationships between the environment, the economy and society (section 4.2 Economy/society/environment: nested or separate?) and, in particular whether they see these elements as being separate or connected to each other. For example, this section explores whether or not, in their view, the environment circumscribes society and the economy. The analysis then moves on to explore interviewees' views on money (section 4.3 Views of money), the tension between making money and realising the company mission and their views on profit maximisation, growth and sufficiency (section 4.4 Growth and sufficiency). The interviewees' views on becoming a quoted company (section 4.5 Quoted status?) are then explored.

Other areas that emerged from the interviews are then outlined in section 4.6. In this section, interviewees' comments on long-term planning, customer 'editing', their style of leadership, staff loyalty, their love for their work and the things they do to decrease its environmental impact and foster their company culture are explored. The final section (4.7) captures the interviewees' views regarding what they see as the challenges that need to be overcome to enable their companies to realise their mission and/or become more sustainable.

Figure 4.1: Narrative flow of this chapter



4.1 PURPOSE AND PRAGMATISM

The organisations approached for this study all appeared, from their mission statements, to be pursuing environmental integrity in their operations. What came across from the interviewees was a sense of ambition. This went from being less harmful than other organisations, to ambitions such as a desire that their company could help reverse previous environmental harms and not be seen as part of the problem (with regard to operating in an environmentally harmful manner). For example, interviewees noted that:

It wasn't so much...an environmental thing, it was just kind of oh well...we want to do it and not add to the problem. (howies,¹¹ co-founder)

In the late 1800s/early 1900s we did a lot of harm unto the Earth, and we sort of look at that and say our, our goal here is for our set of products to reverse that. So not just to do no harm, but how can we reverse some of the things that have been done? (Recycline, operations director)

In taking this approach, interviewees also expressed a desire to change the industry in which they operated, with the interviewees seeing themselves as pioneers or exemplars of change. For example:

What we are trying to do with the company is show that we can be far more adventurous with organisations and helping the planet. There is a ripple effect, we have to encourage their focus on their environmental footprint, and even beyond the sector we are doing that; with others it's just a matter of time before they change. (Belu, founder¹²)

I think in some ways we've developed it actually [referring to the sector they operate in], and I guess one of our roles is to develop it and show that it's credible and that might encourage others to move in there. (Triodos Bank, managing director)

We're just sort of breaking the mould of what normal stationers do, it's a critical market, and if we can show people that it works and that there is a market out there for it then I think it might encourage more of them to do it. (Green Stationery Company, founder)

I want to create this brand and show that fashion ethics can emerge. (Beyond Skin, founder)

In some instances interviewees wanted to realise change by changing consumer perceptions of the environment. Interviewees believed that their products serve as a point of curiosity about the environment or a physical everyday reminder that the environment is important in some way. The following quotes illustrate this point.

I mean a recycled content toothbrush doesn't really keep that much plastic out of landfill, a toothbrush is pretty small, but there's a consciousness of someone buying and using this toothbrush every day, it's wow, every day you're using this recycled toothbrush and it's just this reminder of, hey the environment's important. (Recycline, operations director)

Half the power, I think, of our product, is just getting the public to think about the way they purchase things in a different fashion. (TerraCycle, co-founder)

[Talking about what a customer might do after having bought their product] [she] *might start getting interested in the background, why do these... guys do this? And one by one she's becoming light green and after a while she's expanding her attention to other things. She might think about, well what's this stuff I have in the food? Especially in the UK you have these brightly coloured jellies everywhere, she might think, well this doesn't seem to be cut from a tree, so what's in it? (Ecover, concept manager)*

While some interviewees wanted to change industry and/or society, they also recognised that they have to be viable in the world as it is, rather than as it could be or how they may want it to be. In our current economic system they would cease to operate without continued access to cash. Consequently, these organisations face a requirement to make enough money to operate (a pragmatic challenge). This creates a tension between their missions and financial requirements, where their missions and the generation of cash work in opposite directions. For these organisations, and in some contexts, there may not be the need for trade-off. In other instances the tension is there. This tension and the various gradations within it will be more fully explored in section 4.3. At this stage, however, it is enough to highlight that the interviewees were aware of the tension and operated on a general principle of being financially pragmatic to ensure they could 'buy their freedom to operate' and pursue their mission. Only one interviewee offered an example of how their mission had been refocused because of financial pragmatism and that was Seventh Generation, who had realised that they:

11. Please note that howies is spelt with a lower case 'h'. Dave Hieatt of howies specifically stated that howies is to be spelt with a lower-case 'h', because in his view a lower-case 'h' has more humility.

12. This interview was not recorded; hence this quote represents the researcher's attempt at capturing the exact quote from the interviewee in note form during the conducting of the interview.

Couldn't sell social justice as a product and so [had] used the environment as a way of reaching towards social justice. (Seventh Generation, director of corporate consciousness)

Although these organisations were financially pragmatic, money was not necessarily the measure of success for all of them. Not all the interviewees were asked about their measures of success (owing to the flow of the semi-structured interviews and other contextual factors), but the responses from those that were asked about their measures of success ranged from the indirect influence they had, through to measures more closely linked to the particular company's purpose. Examples of the former were:

If that only sparked one bit of encouragement to one of your students who went on and achieved greater success, then great. (howies, co-founder)

*That would be a measure of success; that would be one way to say, we've done our job because we, as a catalyst we'll have caused the change that made us redundant, as it were.*¹³ (Company B, interviewee)

If we packed up tomorrow it would have been a success, because we did something different, we have had an effect in the world...success is also getting the message out there. (Green Building Store, co-founder)

An example of a measure of success that was more closely purpose-related came from People Tree.

One of our priorities is to create employment and so hand weaving is really to preserve hand skills. So one of our high priorities is to do more hand-woven fabric...we do a social review every couple of years looking at how we're rated by our suppliers, we have a big evaluation of what's gone on and what we've achieved, and what's been achieved socially. It's not one in number-crunching terms, except in terms of increase of business [and] more livelihoods created. (People Tree, general manager)

Although notions of success beyond money indicate the aspirations of these organisations, it is also important to them that they are successful because that is the way in which they can demonstrate there is another way to conduct business. As the co-founder of howies stated:

We want to show that there is another way to do business. So it's really important that we find [that way and] we're successful because nobody copies failure. (howies, co-founder)

This last quote also highlights the key difficulty that these organisations have: by being at the edge of what is possible or by working in unconventional ways they have to carve out a new space for themselves. This then begs the question of, why do it? Or at the least why do it via a business-based entity as opposed to an NGO-type vehicle? In response to this question, the interviewees' answers varied.

I set up a company rather than a charity [because] I think it's a better model, I think I can get more done, and as part of that it requires the employment of people and the engagement with other people. (Company B, interviewee)

The things that were making a difference seemed to be business[es], they had these opportunities to make a real difference, as opposed to the government organisations and the non-profit [organisations]. (Recycline, operations director)

For others the organisation is a tool that creates money which can then be used.

We're not an NGO, we're not a campaigning organisation in a pure sense, [although] some of what we do fits into those areas. But essentially, we are a bank that is using money, if you like, as the tool to deliver on social and environmental change. (Triodos Bank, managing director)

Others still believed that operating a business was congruent with their assessment of who they are as individuals and what they can do to realise change.

We're looking at this and thinking that there's a real transformation now of green going on. We feel that as individuals we're doing it and, and then when you couple that with a real interest in greening for everything people are doing, we thought well shoot, let's just bite off what we can chew, we are good marketers, very good product developers, and that's how we focus. (Recycline, operations director)

Juxtaposed with forming a company was the one charity that was interviewed. The formation of the charity was explained as being the most applicable vehicle for obtaining grants to conduct research and development.

The model is very much, we want to do some new things and developing new things takes time and money and we don't have any money but we had some time, so we applied for grants, and if you want to get grants you're better off being a charity. (BioRegional, founder)

Moving on from the more general areas of mission, financial pragmatism, measures of success and why interviewees pursue their mission (mainly) by using the commercial route, we now look in more detail at the interviewees' views.

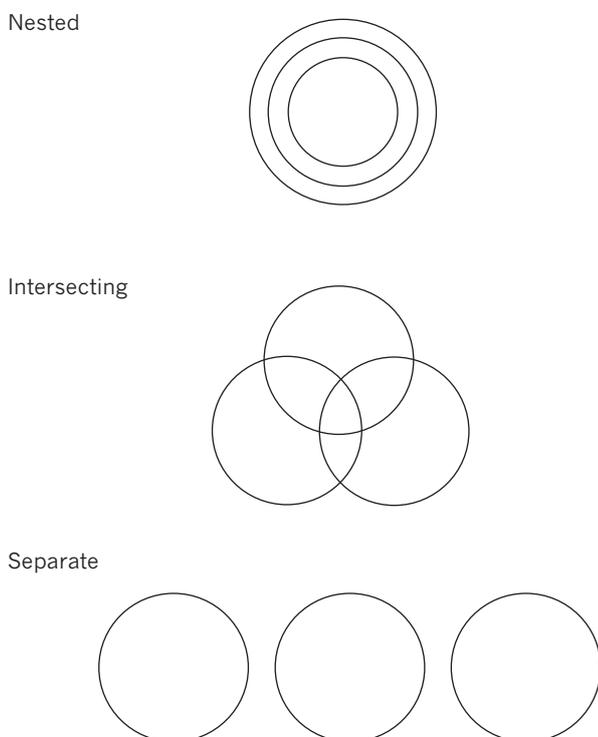
13. In this instance the interviewee is highlighting how if climate change was tackled, their wider purpose and point of difference would no longer be required.

4.2 ECONOMY/SOCIETY/ENVIRONMENT: NESTED OR SEPARATE?

The literature review in Chapter 2 highlighted the socially constructed nature of the economy versus the physical laws of the environment. This view invokes a nested conception of the environment, society and the economy as illustrated in Figure 4.2. A nested conception reinforces the fact that the economy is not only a subset of society, but also that the economy needs a functioning society, and that society needs a functioning environment (rather than relationships running the other way round).

Alternatively, the environment, society and the economy can be seen as three separate entities with sustainable development being realised at the point of intersection (as indicated in Figure 4.2). Finally, and in a further move away from ‘strong’ sustainable development (see Bebbington and Thomson 1996), the three elements can be seen as essentially interchangeable, with trade-offs between them being possible. For example, if economic development is created at the expense of society and the environment, then the net position can still be (in theory) a sustainable outcome.¹⁴

Figure 4.2: Economic/society/environment – nested or separate?



14. When this conception is used you get the absurdity that an increased investment in fishing boats, even if there are no fish, can be seen as a ‘sustainable’ outcome.

The interviewees had a variety of views about the relationship between the economy, society and the environment, as the following quotes illustrate.

[What] Triodos has come from and what its mission and ethos is, [have] always been based on the triple bottom line, the social, environmental and economic drivers; it’s always been very clear from the very outset that those are the three pillars on which it’s built. (Triodos Bank, managing director)

Sustainable business does have three platforms to it and environmental sustainability’s one and looking at social issues is another and being economically viable is another. (By Nature, co-founder)

In contrast, others outlined how they thought the importance of the environmental and social pillars will increase through time, relative to the current importance of economic considerations.

I think, again, in the next 20 years, if this gets serious, there will be a re-balancing of these two [referring to social and environmental pillars and their increasing importance relative to the economy]. (Company A, interviewee)

Nine¹⁵ of the companies, however, moved the terms of the discussion away from the consideration of the three separate pillars by outlining how any distinction is artificial and a more holistic view needs to be taken. For example:

I don’t see a distinction, economic, social and the environmental; yeah it seems artificial to me. It’s not real. (Company B, interviewee)

I don’t think you can separate the social and the ecological aspect...it’s the whole again, I hate to say it, but the holistic view of what we do, how we do it and where we do it. (Suma, member)

We really need to look at environment in a very holistic kind of framework. It’s not just the air and the water, it’s the humanity and the animals; and it’s nature, it’s sort of non-nature – I mean, really the environment encompasses a lot more than the way we frame it. (Seventh Generation, director of corporate consciousness)

15. Of these nine, eight companies were privately held and one was a cooperative, with six of the interviewees being founders.

Others reiterated their view that humanity fundamentally relies upon the environment. For example:

[We are] umbilically attached to it. Umbilically attached from birth, you see we're a product of the land. (Company E, interviewee)

Our business has to understand that it's going to take from [the planet] to be able to be a business...and somehow, it's not easy, we've got to find a way that... works with the planet rather than just taking from it. (howies, co-founder)

This emphasis on a more holistic relationship with the environment was contrasted with the relationship that two interviewees perceived non-environmentally orientated businesses may have. One interviewee suggested that for other organisations the environment is just 'another category they need to deal with' (Company D – while discussing perceptions of other organisations' interaction with the environmental agenda), whereas for this organisation it is part of their 'DNA rather than just bolted on' (Green Building Store, co-founder).

In summary, while all the companies were conversant with the three pillars (economy, society and environment) that underpin conceptualisations of sustainable development (Gladwin et al. 1995), their views varied with respect to the balance between them. Some expected the importance of society and the environment to increase relative to the economy in the future while others thought that any distinction between the three is artificial. For this latter group the environment was seen as being fundamental and part of their DNA. Consequently they saw a need to move towards a more holistic framework.

4.3 VIEWS OF MONEY

Building on the previous section, organisations' views of money can be summed up thus: the purpose of making money is to buy the company freedom to pursue its mission. While 'economic rules have infected everything in society, nothing can be done without money' (Ecover, concept manager), these organisations pursue the 'art of combining the mission and the values with the reality of [doing] this with people in a business world and [having to] succeed in commercial terms' (Company C, interviewee).

The ultimate commercial success of the organisations (according to the interviewees) is to ensure that the money can be used for a purpose, and, in this regard, money is seen as a means rather than an end in itself. For example:

[The] purpose is not to make money, full stop. Our purpose is to make money so that we can spend the money on what we believe in, which is bringing about the change, in our case, to the way electricity is made. So money for us...is not the end,...it comes before the end, it's the means to the end. (Company B, interviewee)

[To be] able to put back something, which we believe that we're doing, into the world, we still have to survive, we still have to have that money there to give us the flexibility of being able to carry on putting things back. (revolve, interviewee)

The tension between financial viability and pursuit of the mission is one where a balance needs to be sought. As one interviewee put it, if the companies 'don't have the business success [they] can't do the other stuff' (Company C, interviewee). This balance between money and mission is a tightrope that the companies walk.

It's taking steps, as we become more profitable, to become more environmental. (Recycline, operations director)

As we make more we reinvest some of that profit back into other woodland restoration work...and I'll only put it into woodland restoration, I will not put it into administrative time. (Company E, interviewee)

We wouldn't be here if it wasn't economically viable, but we wouldn't be here if it wasn't environmentally making some sense to us; we'd walk away. (Green Building Store, co-founder)

[We would] fail before we decide to just become another company. (TerraCycle, co-founder)

Only two of the companies (both subsidiaries of or part-owned by a quoted company) highlighted how at times economic decisions are the priority.

If we had our backs to the wall I think the economy would come first. (Company A, interviewee)

[Referring to the CEO] when things are really coming under tension, he will take decisions which are based on conventional economical rules. (Ecover, concept manager)

In the main, therefore, these organisations needed to create a self-conscious balance between the pursuit of their mission and the need to satisfy financial requirements. This balance varied, with some companies highlighting how they put their mission before monetary concerns. For example:

The business case of that turbine didn't exist, it just didn't, but we built it anyway because we really believed in it, and it worked and it actually changed the way people looked at wind turbines. (Company B, interviewee)

When we've eventually followed our beliefs, we've done much better out of the business...[I]nitially when we introduced organic cotton, we pretty much lost most of our wholesale accounts because they weren't prepared to sell a howies t-shirt for £27 which...at the time, was...a bit of a disaster; but it...led to us doing a catalogue, because if they weren't going to sell our stuff, we had to find another way to do it; and perhaps the moral of the story is actually when you do follow your heart, what's proven to be [the case] is that the business follow[s] too. (howies, co-founder)

In contrast, others were more circumspect and highlighted how pushing beliefs too far may limit the development of the company and its ability to attract customers. Financial pragmatism and the difficulty of operating in two worlds (economic and environmental) appear in a variety of quotes. For example:

If you just sit down and write down every environmental concern that it would be nice to subscribe to, and you just do it [in] a kind of general... way, then you're only...going to write down something very idealistic that will end up being exactly that – very idealistic and insignificant and therefore actually not achieve very much. (Company C, interviewee)

You can put your green issues very much up front but if you're running a business you've still got to run it as a business, and you've still got [to]...aim for your markets and you can't, in a way, be as completely purist as some people might want you to be...you can't go right out there too far, otherwise you just end up completely limiting yourself. (Green Stationery Company, founder)

We're in competition with the other folks that make toothbrushes out there, and if we run ourselves into the ground pursuing every environmental advantage that we think we can gain, we might not be competitive any more. (Recycline, operations director)

You cannot put the one before the other. If something absolutely fantastic, fantastically ecological or sustainable cannot be done in a rentable way, well then [laughs] you can do what you want but you will never be able to realise it. (Ecover, concept manager)

I think it's really critical that we do remain relevant, that we don't sort of slide off into some parallel universe. (Triodos Bank, managing director)

With regard to profit maximisation specifically, only three interviewees made direct reference to this point even though all were asked about it.

Am I holding the company back? In a commercial world, whereby profit is everything...yes I am. (revolve, interviewee)

The absolute maximum profit isn't what counts and nor...is the timeframe (Company B, interviewee)

The proposition they're offered is not one about maximising shareholder return, that's very clear, it's about investing in a bank that is taking a more sustainable view, [that is], a more long-term view. (Triodos Bank, managing director)

Nonetheless, given that all the organisations are demonstrating a choice of mission **and** money – as opposed to either one or the other – with the mission as the starting point, it is clear that profit maximisation is not being pursued by these organisations.

Given that the mission is the starting point for the companies and they are following mission and money, two interviewees highlighted how the finance function in their organisations still saw money as a priority:¹⁶

I would say [the founder] puts the environment first and finance second and I would say our new financial director puts finance first and the environment second. (Terra Plana, interviewee)

I've heard somebody in finance say 'oh why don't we cut retail off and just focus on wind farms, 'cos they make more money'. [laughs]...I say, 'Well...that's not what we're here for, so forget it.' (Company B, interviewee)

Although the companies are balancing mission and money, this is more difficult than may first be appreciated given that there are potentially many environmental ends that the companies could pursue. For example, organisations could prioritise a particular set of environmental issues over another. With regard to how the companies made the choice of which particular environmental end to pursue, the interviewees were clear that it was a question of judgement as opposed to being guided solely by 'hard data'.

It is a judgement call on any given day with regards to what it is best to do. (Belu, founder)

You try to make a judgement about what your consumers expect of you. (Company A, interviewee)

It's a gut feeling. (People Tree, general manager)

16. The primacy given to money by the finance director or the finance team perhaps highlights the effects of an accounting/business education, which is arguably primarily focused upon educating individuals to understand companies through a monetary lens.

The need to achieve mission and money also became critical when interviewees discussed their views of growth. As argued in Chapter 2, if the Earth is materially limited, growth is ultimately impossible (with any 'growth' in economic terms involving the liquidation of natural or social resources). If these organisations are not pursuing maximum growth for its own sake, then they must be pursuing some sort of sufficiency and we now move to how these aspects are conceptualised.

4.4 GROWTH AND SUFFICIENCY¹⁷

The requirement for continual growth is inherent in conventional theories of strategy, organisations and our economy (King 1995; Shrivastava 1995; Starik 1995; Jackson 2008). A drive for growth puts increased pressure on the environment as growth requires more materials and energy (see Jackson 2009, for a more extended discussion). On a materially limited planet, a drive for growth (without decoupling growth from increasing energy and matter throughputs) could be seen as an accelerating force towards planetary limits. Efficiency, or decoupling, offers a potential way forward as it allows more growth per unit of resource input. Nonetheless, this approach only slows growth, it does not change the fact that a barrier to further growth will eventually be reached.¹⁸

Given the nature of the organisations interviewed, their view of growth is potentially very important. In summary, the interviewees' view is that **their** growth is desirable. This is perhaps not surprising given that they believe that their products and services create a better social or environmental outcome than conventional products. Thus, a key outcome of their mission is that 'better' products and services **displace** more environmentally damaging products/services and, as a result, their growth is consistent with a lower environmental impact. For example:

If we believe in organic cotton then let's sell more of it. If we believe in Merino base layers being better than petrochemical ones, let's sell more of them. If we want to be responsible for change, then let's give more money away, not less. (howies, co-founder)

17. Sufficiency can be defined as 'a sufficient quantity of something; enough' (*Oxford English Dictionary* 2005) whereby sufficient can be defined as 'adequate for a certain purpose; enough' (*Oxford English Dictionary* 2005).

18. At this stage, this discussion is ignoring potential rebound effects at the micro and macro level, whereby efficiency gains will not be fully realised because some of the gains will be spent on increased consumption. For a discussion of the rebound effect see Saunders (1992); Herring (1999); Figge and Hahn (2004).

We've got to step back and say that – using the toothbrush as an example – we would like every toothbrush sold everywhere to be ours; and it's not just from an economic perspective, that's from an environmental perspective. The more toothbrushes we can sell, we think the more good we're doing. (Recycline, operations director)

Growth is, if you like, a social target as well, if we can place more orders, it's not about profit this end, except we would like to have a profit this end...but it's about how much we can place and how much we can sell, so how many people we can help. (People Tree, general manager)

In moving people on to more environmentally benign solutions, interviewees also believe that they are edging out 'environmental bads' – a necessary but insufficient step towards ecological sustainability.

I think I can be absolutely clear: we are taking people from a bad product to a better one. So as we grow we're taking people from this brown supplier, kind of complacent place, to this world where they take responsibility for climate change. (Company B, interviewee)

Our type of trade is cannibalism [referring to existing non-'green' competitors]: we do not want to sell more and more cleaning products to our customers, we want to sell our cleaning products to more and more people and that's a different thing. (Ecover, concept manager)

We are happy to grow in terms of cannibalising existing [competitors'] business. (Belu, founder)

Consequently, the interviewees did not see themselves as expanding the overall market which they operate in, nor did they see their operations as increasing the environmental burden. Likewise, as their products are invariably more expensive than (non-green) alternatives, there may be less possibility that the rebound effect will undermine their argument that they are lowering the total environmental impact by their operations.

While these attitudes towards growth could be expected, it was also clear that some of the companies do not pursue growth unthinkingly or that growth was an axiomatic truth that should never be questioned. They do see the paradox in that:

[Referring to his company] if we grow then the paradox is that we will become more – more of a problem [referring to environmental burdens]. (howies, co-founder)

This quote suggests that these organisations are not universally following conventional meta-narratives that growth is good at all times (Cummins 2005). Conundrums about growth, however, arose when discussing the desirable size of the organisation.

Now if you go down the big mass-market route, to my mind all your eggs are in one basket and you get to the point whereby you lose sight of what you really should be doing...What we don't want is to be able to have a massive workforce whereby we lose control, and sight, of what we want to do. (revolve, interviewee)

[Regarding growth: there has been] *tension over the years on that question...The question is can we hold the culture together, can we still be who we are and not have that sort of dinosaur?*¹⁹ (Seventh Generation, director of corporate consciousness)

You can argue that it's impossible to retain that sense of integrity as you grow beyond a certain size. I think that's a bit defeatist actually. I think that it's very important that that isn't the case, that organisations like us can grow, can become more powerful and still retain their integrity. But it is something that...there has to be a real consciousness about. (Triodos Bank, managing director)

These quotes reveal a concern about maintaining the culture of the organisation. In this regard, two organisations offered alternative models for how they might organise as they grew.

We even wondered at one point...would we get to a point where we actually want to break ourselves up into smaller units just to keep that way of working? [referring to their culture]...if it's a case within the organisation of dropping into regional units in some way, and doing it that way, maybe that's how we do it when it comes to it. (Company D, interviewee)

The bio-mimicry²⁰ path goes on to one prototype, which was how do you really begin to create maybe a franchise business that could look at ways of building... little factories in a box (Seventh Generation, director of corporate consciousness)

It is apparent from the above that the interviewees displayed a consciousness about growth. That consciousness was about viewing growth through both an environmental lens and a company culture lens. That the companies do not display an outright challenge to growth is perhaps understandable given that many of them are small and not yet major players in their particular market,

19. The term 'dinosaur' here is a metaphor that was used in the discussion to describe large organisations which have bureaucratic cultures and are focused on monetary aims.

20. The basic principle of bio-mimicry is that of copying nature's design and production methods. For further information see Benyus (1997).

consequently they may believe that there is plenty of room for them to grow. At the same time what is also clear is that the interviewees do not view growth through a lens of necessity whereby continually increasing revenues and returns must be pursued because there is no alternative.

Interviewees' ability to question and find the balance between mission and money demonstrates not only a lack of pursuit of profit maximisation and an application of financial pragmatism but also some notion of sufficiency. Examples offered by the interviewees that demonstrate sufficiency (ie not making maximising their profit a priority), through the application of their mission and principles, included 'delisting' suppliers and employing more expensive labelling solutions.

We 'delisted' a couple of products, even though they were, at that time [worth] about £1 million-worth of turnover. Our buyer, in actually...what [was] a really rather unprecedented move, said 'No, that's it, this is ridiculous. Not only should we not be shipping water from [XXXX] any road – the cost both of shifting it and the environmental costs are stupid – but [also] they're a despicable company'...If we were being short-sighted, if we were looking purely at business costs, then you would have said 'What on earth are you doing? Why would you chop £1 million turnover out of your business?' But the choice for us wasn't that, it was clear...we always make this joke about karma here as well, you know. The fact that when we dropped [XXXX], it just so happened that the idea of local food initiative[s] and food miles came to the fore. (Suma, member)

[We now have] *the recycled plastic label [even though] it's more expensive. [and] when you shrink-wrap around the bottle it doesn't shrink-wrap quite as cleanly...So that was one trade-off. (TerraCycle, co-founder)*

Other examples of applying the notion of sufficiency include the following.

We have to believe that we're selling insurance because it's actually something that's worth having, and there have been occasions in the past where that clearly hasn't been the case, and so we haven't got engaged in that, which potentially puts us at a competitive disadvantage through not maximising our other income and so on. (Company D, interviewee)

If we were making an investment decision in a project...we aren't concerned [laughs] we don't even [laughs] calculate the internal rate return...we aren't interested. If it pays the bank back, which means we can borrow the money and build it, that's it, that's enough. (Company B, interviewee)

While it could be argued that the above quotes do nothing more than demonstrate examples of organisations making decisions that are congruent with missions, and with customers' and employees' expectations, they also demonstrate something more fundamental. In a world where most organisations are assumed to pursue maximisation of growth and profits, these organisations are fundamentally different. To quote one interviewee speaking about his company and contrasting its difference:

You know, that's fundamentally...a different proposition to your average business that exists to grow its market share, put its competitors out of business and make a lot of money, float off into the sunset kind of stuff as a classic model. But I think that way of life is unfulfilling and I think more and more people are seeing that.
(Company B, interviewee)

In summary, interviewees' missions not only shape their views on growth but also create the conditions whereby they may decide to pursue sufficiency. In this regard, the mission-and-money tension becomes reflected in a growth and achievement of mission-versus-sufficiency-in-money tension. This highlights again the overall tension that the companies have in straddling two worlds (economic and environment) that have different requirements.

Given that we have illustrated that interviewees do not believe in the primacy of money, their negative views on becoming a quoted company are perhaps unsurprising. Upon becoming a quoted company, the claim is made that a company becomes an investment vehicle and everything the company does is viewed through the prism of the 'money that is being made or not made' (Smith 2003: 358). The interviewees, however, offered a range of ownership models that they would rather pursue. In addition, given that three of the organisations are actually subsidiaries of, or partly owned by, quoted companies, their views on this matter are of particular interest.

4.5 QUOTED STATUS?

In general, interviewees were not positive about this type of ownership model.²¹ In response to being asked about the possibility that their organisation might become quoted, some of the interviewees discussed alternative ownership models, with two (from Pillars of Hercules and Seventh Generation) stating a desire to move towards a form involving greater employee ownership. The rationale behind this form of ownership is to reward the individuals who have built the business. Another company (People Tree) highlighted an intention to have a significant proportion of the company owned by its producers (ie the weavers of its clothes, which in this particular case are small cooperative groups of women). Finally, another company (Belu) stated that it didn't have shareholders in a conventional sense except for the people it supported through its water projects.

Ownership models based on employee, producer or community ownership can be interpreted as a desire to have an ownership that is not based purely on the exchange of money. Rather, such models are based on reciprocity. For example:

If some of your shareholders are your suppliers, then that fits your ethos completely because you're returning some of the profits to them. (People Tree, general manager)

Well I don't just mean money...if you look at it in terms of sweat, and you look at it in terms of all the intellectual investment that would go with that, and also the goodwill that would come with that and everything else...you would get a share certificate based on your sweat, not just necessarily on what came out of your wallet, and that will then tie you in to one policy, vision, philosophy. (Company E, interviewee)

When asked if their particular organisation would ever become quoted, interviewees' responses were largely negative because they believed the impact of this ownership would be negative. Only one interviewee (revolve) answered with a clear 'never' regarding becoming a quoted company, whereas others' responses were less absolute but nonetheless critical. They were critical because they believed that quoted status would change the company's parameters and move its focus away from the mission towards a demand for short-term monetary returns. For example:

It will never be a plc...Because it takes away from what we want to achieve, what we feel we want to achieve. I don't want to be forced into doing something which might harm the environmental side because we're not making enough money. (revolve, interviewee)

21. In the interviews, the responses often used the term plc. In the interview situation this was synonymous with quoted company status (a company can be a plc and not be quoted on a stock exchange).

Discussing whether the organisation would become a plc:

I think it's useful to go back to the Body Shop analogy once that was bought out by L'Oreal. I don't think, [L'Oreal will] maintain those principles within that subsidiary, I think too much of it is lost. (By Nature, co-founder)

There are no free lunches; people don't put money in to your company because they believe in what you do. Oh there are exceptions, I know there are ethical investors but...floating [on a stock exchange] would get us a bunch of shareholders that wanted to take money out of the company. There would be issues of control, issues of mission and...we wouldn't be the same entity. We'd have a share price to be concerned about; we'd have a City looking over our shoulder second guessing everything that we're doing, trying to tell us...the best way do stuff, and a whole bunch of distractions from the day job. So...I'm not a big fan of the City, or of shareholders or of venture capitalists or people like that, so don't really want any of them getting in the way. (Company B, interviewee)

BioRegional, a charity that spins out companies from its research base, supported these views. When discussing its own dealings with City investors, BioRegional commented:

I don't feel that we want to rip anyone off and we just want to be fair. But these people that we're dealing with [City investors] want to make as much money as possible. (BioRegional, co-founder)

I've always been scared of getting into one of these contracts with someone who puts money in or something, who then...destroys what we've tried to do. (BioRegional, co-founder)

Another of the interviewees highlighted how the company that he works for had been publicly listed, but the effect was so bad that it was taken back into private ownership:

It was public for a while and it was so bad²² that [the founder] bought it back. (Seventh Generation, director of corporate consciousness)

Another interviewee expressed concerns about the company's becoming publicly listed, but was also optimistic that short-term monetary demands may change to demands for long-term value creation, where this change would be created by the demands of the climate change agenda.

You have to be concerned about entering a pop-up²³ market because of the short-term time pressures. But watching some of the changes...climate change has forced a lot of change in board rooms and shareholders and I am more optimistic that we could be a public company, and the pressures on us would be realistic with the long-term value creation instead of short-term. (Recycline, operations director)

Three of the companies interviewed are partially owned by or are a subsidiary of a quoted company. It might be expected that they would be less critical of quoted status. In fact, even these three organisations (howies, Company A and Ecover) did not demonstrate outright support for quoted status. Two of the three (Ecover and Company A) highlighted how their degree of freedom is compromised because they are partially owned by, or a subsidiary of, a quoted parent company:

Even our CEO would agree...that he also, at times, would like to do things in a different way, but he's bound by rules and things which he has to report to the shareholder, he has to report to the banking commission and so on and so forth. (Ecover, concept manager)

Now I guess where it would come to conflict, if I suddenly said 'Well I think the right thing to do would be to give half of our profit back to farmers in the [XXX]'. I think we would then have a conflict with, with [the parent]...I'm sure we would. (Company A, interviewee)

The other organisation (howies) highlighted, along with Ecover, that if they ever became fully listed (rather than just subsidiaries of or partially owned by a quoted company) the problem would be that the compromise would be complete, because in this situation:

You can't run the company in the way that you wanted to and then..., all the things that you wanted to fight against...you can't. (howies, co-founder)

A publicly listed company...No. No, no and I hope they never will. I think the day that happens I retire...the Stock Exchange is unbelieving...buying and selling money. (Ecover, concept manager)

These negative perceptions are countered to a certain extent by a quote from Company A.

The great thing with this brand [is that] it is sort of self-reinforcing in a very nice way, the beauty with this brand is we do the right thing and people want us to do the right thing; they buy us because we do the right thing. (Company A, interviewee)

22. Within the context of this conversation, what was so bad was the focus on monetary returns as opposed to mission.

23. In this context – the interviewee was using the term 'pop-up market' to represent the short-term nature of the stock market.

In this particular case, the interviewee had come from the quoted parent company after that company bought Company A. What this quote illustrates is that the expectations of customers and the brand perception could be seen to compel 'appropriate' behaviour by a listed company. So while being fully listed may be too constraining for some of the interviewees, this interviewee highlights that the perceptions and expectations built up around a company and its offerings could be seen to oblige a certain pattern of behaviour. Thus this quote raises questions about whether organisations (such as those interviewed for this research) are destroyed or lost when they are bought by a larger parent, or whether the reverse can happen: that over time subsidiaries can change the parent.

The concerns expressed by interviewees about becoming fully listed and the loss of freedoms begs the question of why these three companies became part of a quoted company in the first place. Only Dave Hieatt of howies could provide an answer to this question, as he was the only incumbent founder interviewed. His response outlined that the rationale was based on the need for financial survival, in that he had had no other sources of cash to put into the business. He also described how, in searching for a larger company to invest in howies, he could find only three potential companies that he would like to have investing in the company, and that 'for us to only find three companies in the world to talk to, you kind of think – "God!"' (howies, co-founder).

The company that finally invested in howies was Timberland (one of the three that Dave Hieatt was happy to do business with). As Dave Hieatt explained it, Timberland is unusual in its ability to withstand the short-term pressures typically associated with listed status because of its large percentage of family ownership. Indeed, it was noted that:

the interesting thing about Timberland, which is quite odd, is that 61% I think [of] the shares are family owned. So they're in much more...control than in most companies. (howies, co-founder)

In summary, interviewees are generally not positive about becoming a listed company because of the short-term monetary pressures this status brings. This pressure was perceived to be a distraction from the core mission. Short-term pressures appear to filter through to interviewees even when they were only partly owned by or a subsidiary of a quoted company, unless their parent was 'out of the ordinary' and able to withstand short-term pressures. There was, however, a suggestion from company A that if a plc buys a company that is perceived as an environmental leader it is to some extent 'trapped' into maintaining environmental performance because brand perception almost forces individuals to behave in the 'right' way.

This chapter now moves to other topics that arose during the interviews.

4.6 OTHER AREAS

The other areas of discussion included examples of:

- how some of the companies are prepared to 'edit' who their customers are
- how long-term planning is undertaken
- how interviewees love their work
- the dynamic of staff loyalty
- how some everyday practices reduce the environmental footprint of their operations ('easy wins').
- the role of leadership.

Each area will be explored below.

Editing customers

In order to meet the requirement to be financially viable, the interviewees' organisations, like any others, have to compete for customers. Also, given earlier discussions of how interviewees believed their products and services might prick customer consciousness, it is not very surprising that their products are often a 'green choice' of an existing product rather than something completely new. A completely new product or service, in contrast, would be inherently more risky, potentially less acceptable to society and, thus, less likely to find its way into customers' hands where it could serve as a reminder of other values. Some of the interviewees rationalised their companies' offering the 'green choice' as follows.

Society's gonna consume whether we have our products out there or not, and if we're simply making a better version, then...we don't see any issue with that. (TerraCycle, co-founder)

If we don't go ahead and offer hope, hopefully a better alternative way of doing things, then people are just going to carry on as normal. (howies, co-founder)

While offering a 'green choice' may not directly challenge consumerism, and could in some respects be viewed as being complicit with it, it did not stop the interviewees recognising the limitations of their positions or outlining how they believe this is an appropriate step towards realising a sustainable world, with that step being partly mediated by customer expectations (or, more plainly, what will sell).

If we provided the greenest product, then a lot of people wouldn't use it, and so nothing would move forward. You'd just either have the standard product [over here] or the very, very green product right over here, and trying to get customers to move from here to here would be nigh-on impossible, so you have to make it in a, in a step,...you have to move through. (Green Stationery Company, founder)

This recognition that they are not providing the greenest possible choice could be seen as a criticism of these organisations. It is, however, a position congruent with the requirement to do both money and mission. Nevertheless this position does not mean 'anything goes' for all the interviewees. For example:

The only people I've never ever sold to is [XXX]...and they did ask me for a whole load of paper and I said, 'No, we're not [supplying you], there's no way we're supplying [laughs] you guys 'cos there's nothing positive about anything you do.' (Green Stationery Company, founder)

But...the [XXX] of this world, the [XXXs] of this world, the [XXX], the [XXX], no; no, we have a responsibility not to support their actions and their behaviour. (Suma, member)

We'd sell in [XXX]...Even though they're a big corporation they're doing it in...the right way...but we wouldn't sell in [XXX]. (Terra Plana, interviewee)

These statements reinforce the primacy of the mission for interviewees and the, ultimately, secondary nature of financial concerns. Acting on these statements invariably limits financial throughput as well as potentially affecting organisations' abilities to create change, as the product may not reach certain customers' hands. This is, therefore, another indicator of the rejection of the economic mantra of continual growth at any cost. From an alternative perspective, this rejection may not be that significant a sacrifice, given that the decision to supply certain entities may create negative reactions among employees and existing customers. The impression given by interviewees is that these decisions were principle based, rather than the result of calculating the likely financial effect of negative reactions among existing customers or employees.

Long-term planning

The missions of interviewees' organisations focused on environmental integrity. It could be argued that such a mission is congruent with the ecological element of sustainable development.²⁴ Sustainable development is especially concerned with inter-generational effects that dictate a consideration of generational timeframes. Typically, a generation could be seen to be 30 years.²⁵ As previously highlighted in this chapter, these interviewees reject short-term timeframes, particularly with regard to maximising monetary returns in contrast to pursuing their missions. Even so, none of the organisations interviewed were explicitly planning for 30 years ahead, (except Company E, which relied on the regeneration of a natural resource base that extended beyond 30 years).²⁶

Nevertheless, interviewees did describe instances when a longer-term view is taken. For example:

We're building turbines where people live, where people can see them and it's part of a very long-term strategy that says we have to have 50% of our energy from wind by 2050. (Company B, interviewee)

The long-term view of...how we see the future of the planet...you could certainly say that that guides us. (By Nature, co-founder)

We're kind of thinking about right, over the next 10 years...how do we try and shape howies...so [that] it could be a company that we hoped it would be? (howies, co-founder)

At the same time as taking this longer-term view, there was antipathy towards short-termism.

My problem with lots of companies is they're always governed by [the short term]...their idea of long term is the next 12 weeks,...and I think, we have to believe [in] this thing...on a Monday and a Tuesday and in 2007/8/9. (howies, co-founder)

We're not in for a short-term gain. (Triodos Bank, managing director)

24. Sustainable development can be defined as 'development which meets the needs of the present without compromising the ability of future generations to meet their own needs' (World Commission on Environment and Development 1987: 8).

25. A generation can be defined as 'the average length of time in which children become ready to take the place of their parents, usu. reckoned at about 30 years' (Oxford English Dictionary 2005).

26. In this instance, because the timeframe for regeneration was in excess of 30 years, the organisation focused on replanting as much woodland as they could, regardless of whether or not their particular organisation would benefit from that planting. The planting activity was driven (as is common with many organisations interviewed) by mission and values, rather than by a sense that it was economically rational for the activity to take place.

Two of the youngest companies (By Nature and TerraCycle) indicated that, although guided by long-term concerns, they were especially short term with regard to ensuring their financial viability because the companies were so young. Alternatively, other companies cited timeframes of between three and five years (Company A, Green Building Store, Recycline), or longer for particular aspects of business decisions related to critical issues such as supply lines (Company A) or where the business model dictates. Other interviewees use longer cycles by virtue of their operations. For example, Pillars of Hercules is forced to consider longer-term horizons because of their need to manage a land resource (similar to Company E).

This flux between being guided by, and/or taking a long-term view, while at the same time being concerned about shorter-term financial considerations, is unlikely to be a concern unique to these interviewees. A possible difference, however, may be that these companies are concerned with environmental integrity. As such, this is a mission that is committed to creating a future that benefits all (society and nature) as opposed to a particular subset of society such as shareholders. This mix between long-term views and short-term concerns again demonstrates how the companies are straddling two worlds, economic and environmental, and how ultimately their 'environmental reach' exceeds their grasp because their grasp is restricted by having to ensure current financial viability.

Love of work

The primacy and importance of organisations' core missions came through again when some of the interviewees used the word 'love' to illustrate their sense of connection to what they are trying to achieve. The use of the word 'love' is unusual in any interview context or business setting. Nonetheless, eight interviewees (BioRegional, Company B, Company D, Company E, Green Building Store, Terra Plana, Suma and Triodos Bank)²⁷ all used the terms 'love' or 'affection' when discussing their companies. For example, Sue Riddlestone (BioRegional, co-founder) described the work her organisation does as being work of 'love and attention'; Charles Middleton (Triodos Bank, managing director) described how the people in his organisation refer to themselves 'slightly tongue-in-cheek [as being] the lurve bank', and the interviewee from Company E highlighted how the work he does comes from a 'platform of soul'.

This connection between the individuals and their work can be summed by the following quotes.

It's just a whole way of living. You know, to me work is part of life, I don't separate it that much. (Green Building Store, co-founder)

It's fun, we love it. You know, what are you going to do with your life? (Company B, interviewee)

Nonetheless, this love is not a 'romantic' love, but 'tough' love. As Dave Hieatt, the co-founder of howies, explained vividly, he saw his role as being the difficult individual, where the difficult individual keeps the company moving forward in its search for improved methods.

Difficult guys in the corner going, 'We don't do that and we ain't ever going to do that and you can go and send it back and I don't care how hard you've done'. And I think...it needs those stubborn mules to go, 'We're not doing that, and I don't care, and that I'm quite happy...to talk to anybody, but we're just not going to do that'. (howies, co-founder)

Staff loyalty

Love of and passion for a company is also likely to show itself in commitment not only in the application of, or adherence to, the mission but also in terms of staff loyalty. In this regard, the interviewees offered examples that demonstrate that the companies' have strong staff loyalty. For example:

We try, as far as possible, to try to engender performance, if you like, from actual identification with the mission of the society, with...the goals of the society, and...by and large I think we're successful in doing that, and that['s] reflect[ed] in the fact that individuals tend to stay with us quite a long time. (Company D, interviewee)

Actually one of the advantages of the business, in the model we've got, is that people become very committed, and we keep our staff a long time...they find the direction of the business actually quite meaningful so therefore working here is more than just a job. (Green Building Store, co-founder)

The benefits of staff loyalty are well documented (see for example, Reichheld 2001) and for these companies this loyalty may be self-fulfilling, in that the individuals joining these organisations are likely to be self-selecting on the basis of the companies' missions.

27. Only four out of these eight interviewees are founders.

I suppose the people are attracted to us because [of] what they see as Triodos' mission or ethos, and that's a very important part of the...relationship we have... between the co-workers and Triodos. (Triodos Bank, managing director)

I think...quite a lot of people have come here 'cos they've wanted to work here, 'cos they...saw the business and thought 'that's the business I'd like to work in'. (Pillars of Hercules, founder)

What is also clear is that this loyalty and connection to the organisations' mission allows the companies to attract people who would otherwise be beyond their reach because of the typical market rates for remuneration.

[No]body who's not committed to what we do, or at least sympathetic [would work here]...our salaries aren't high enough, to be honest...I mean we wouldn't be able to recruit. (People Tree, general manager)

It is perhaps not surprising that an individual joining a company self-selects, based upon that individual's identification with a company's particular mission. Nonetheless, for some of the companies (biome Lifestyle, Green Building Store, Terra Plana, TerraCycle, Company B, Company C, Company D) it was also clear that no one type of individual joined their organisation. There were a variety of individuals with a range of strength of adherence to the mission. This range is best illustrated by the following quote.

Inside TerraCycle we have...an interesting mix of people. We have people who...I would describe them as pure capitalists – they don't necessarily care about the environmental nature of the company, they view this as a business. We have the people who are very concerned about the environment and the Greenpeace-type people, and we have everybody in the middle. (TerraCycle, co-founder)

Alternative rationales for staff loyalty, other than identification with the mission, were also offered. For two of the interviewees, they perceived that staff loyalty may have been engendered by low wage differentials.

[Referring to a 5:1 salary ratio in the organisation] It's really about reinforcing the idea that...we're not here...simply to make money, and therefore the [incentive] for the people here is not just to make money from the organisation making money....[W]e want to engender an idea that...within the organisation that we [focus] on the success of the organisation... and that we're all involved in that. (Company D, interviewee)

[Referring to low wage differentials] Well it, it makes life so much easier because you can motivate your workforce far more...Well I think they respect that you're doing something not just for the money,...it's for the quality of the product, if you like, or the service or whatever. (Green Building Store, co-founder)

Another rationale for enhanced staff loyalty offered by three of the companies (Company B, Company D and Seventh Generation) was that they are smaller and potentially more intimate and/or less bureaucratic because of this.

We've had people who have come and joined us from large organisations, say it's a breath of fresh air. (Company D, interviewee)

We've got a lot of people – refugees from the big six I like to call them, from the big six [XXXX] companies – and they had a career in conventional business and they're refugees and they come here, and it's like they're on the beach, you know, they love it. (Company B, interviewee)

Another referred to individuals who worked for another company in the vicinity that had been taken over by a plc:

all of a sudden [they're] taking a big gulp of the dinosaur, and smelling...the back end of the dinosaur. Everybody wanted to leave, and so we've been hiring an immense number of people because nobody likes the smell of the back end of a dinosaur. (Seventh Generation, director of corporate consciousness)

Leadership style

A lack of bureaucracy, while potentially engendering loyalty, was also demonstrated by the way some of the interviewees²⁸ discussed their leadership style. The general tone of the discussion of an individual interviewee's leadership style was one of reluctance, hesitancy and humility, implying that the leadership role was something that was forced upon them because of staff expectations.

People do expect you to be leading them a bit. (BioRegional, co-founder)

People will bring things to me and say they need a decision on that (Company B, interviewee)

It's just that I end up having [to make] the final decisions about things, 'cos somebody has to at the end of the day. (Green Stationery Company, founder)

Because people like to be told what to do. (Seventh Generation, director of corporate consciousness)

28. Nine interviewees/companies discussed this area (BioRegional, Company D, Company B, Green Stationery Company, Green Building Store, howies, revolve, Seventh Generation, Company E). Seven of these were founders, one was a CEO and one was a director.

By the same token, the interviewees highlighted how, even though they may be the leaders, there is no lack of discussion in the organisation, and that there is a striving for 'an engaged relationship rather than a relationship of fear' (Company D, interviewee) between everyone that works in the company, in order to ensure that the company continues to challenge itself.

Alternatively, two of the founders described themselves as being 'benign dictators', although, this benign dictatorship comment was not as negative as it may sound. It came across as being a shorthand term to describe and reinforce this tone of reluctant leadership with an engaged relationship between employees, while at the same time reinforcing their adherence to the mission, as the following quote, in response to a question about the interviewee's use of the term 'benign dictator', demonstrates.

How do I keep it in check?²⁹ I don't know, it must be about why I'm making the decisions. So it isn't for personal gain and I enjoy working with a team of people, we talk as equals, you know. When I say I'm a benign dictator...all I really mean is...I call the shots but there's no lack of discussion...I invite ideas and delegate and all that kind of stuff, but [when] the ultimate strategy [is involved], when push comes to shove, people will bring things to me and say they need a decision on that and then I make it...We're quite democratic really, but at the end of the day, somebody has to say, don't they? Even in our democracy, the Prime Minister has to. (Company B, interviewee)

This general tone of reluctant leadership may just be purposeful interviewee humility when discussing the subject of their leadership within the interview context, although it did not come across in this way. Rather, it came across that leadership is a role with which interviewees are genuinely uncomfortable and something that they accept reluctantly but that is ultimately inescapable because every company needs someone to make decisions.

Interviewees were also asked whether they had explored new organisational structures as opposed to conventional hierarchal structures. No interviewees could point to different approaches in their organisational structure, but one interviewee was particularly damning of conventional hierarchical structures, noting that:

It's blocking development when you have an old-fashioned structure where one guy on the top is able to decide alone and himself about everything without consultation and without any possibility of retaliation afterwards...where you have an old-fashioned hierarchy which is not enough based on consultation and dialogue. (Ecover, concept manager)

Two of the larger organisations (over 40 staff) discussed challenges that arise in trying to ensure free-flowing discussions and a lack of hierarchy. These same two interviewees highlighted how they employ two relatively novel practices to achieve these aims. One is the use of a lunch club, where:

Well, we're in pairs [ie two staff members] and then two of us go off for a week; so it's my week next week, and me and my partner will go and cook lunch for everybody for a week. (BioRegional, founder)

Another example was the more conventional notion of a Monday morning 'town hall'-type meeting where everyone gets together to challenge and discuss issues with the aim of ensuring that the organisation remains a special place to work, as the following quote highlights.

As you grow you can't make assumptions that some of those things that were inherent...in terms of everybody knowing each other and, and having a...quite intimate relationship: you do have to put in place certain things...There are certain things that are very fundamental to the way that we work. I mean we are a group of co-workers; every Monday morning we have a meeting with the entire co-worker group in one room, where it's getting quite challenging, and I'll always be worried about the floor caving in, but that's what we do and that's a really important part of what we do, it's just that it gives us an opportunity to be together and...talk about certain issues that are important to us. But yes we do have to work at it. I mean I'm very concerned that Triodos remains a special place to work at and that does require, as I say, a level of consciousness. (Triodos Bank, managing director)

While these two sets of practices may be fairly conventional, they do (in conjunction with the use of the term 'co-workers' in the quote above) indicate a sense of 'us' in the companies as opposed to an 'us' and 'them.' Therefore, these practices may reinforce an overall sense that arose from the interviews that these organisations are places of robust dialogue and engagement as opposed to hierarchy, silence and following orders. Furthermore, this dialogue and engagement appear to be built around the entities' missions, as the following quotes demonstrate.

[Referring to the questions the company asks of itself] *How do we design everything around the earth? (Seventh Generation, director of corporate consciousness)*

[Referring to the company's value team whose remit is to be] *continually refreshing and challenging our thinking about the ethos [of the company]. (Triodos Bank, managing director)*

We turn everything seven times up and down before we take a decision to make sure we don't take...the wrong one. (Ecover, concept manager)

29. Here the interviewee is referring to ensuring that they keep their leadership style open and engaged as opposed to one based on fear, for example.

Easy wins

The ability to ensure a questioning environment within a company is one thing. There is also a need for organisations to reinforce everyday practices that are congruent with its mission. To this end, interviewees offered some simple examples of practices that could be applied to most organisations that wish to pursue more environmentally benign practices. These have been labelled as ‘easy wins’ and summarised in Table 4.1.

Table 4.1: ‘Easy wins’ – practices the interviewees engaged in which are relatively easy for any organisation to undertake

| Area | Example |
|------------------------|---|
| Packaging | <p>Using recycled plastic bottles and applying recycled plastic labels to these bottles. These bottles and labels are then used as the package in which the product is sold (see www.terracycle.net for an example)</p> <p>Using recycled packaging, ie suppliers’ packaging – ‘we’ve never bought a piece of packaging in our life, you know, we don’t buy it,...we just use everybody else’s’. (Green Stationery Company, founder)</p> <p>Using biodegradable plastic wrapping for catalogue mailings – Suma</p> <p>Using non-plastic recyclable jiffy bags for packaging products for dispatch – biome Lifestyle</p> |
| Employee Incentives | <p>Employee pensions and company banking is done with ethical funds/banks – BioRegional</p> <p>Company loans for upgrading employees’ cars and houses to reduce their carbon footprint – Seventh Generation</p> <p>Mileage allowances for cycling to work – Green Building Store</p> |
| Operations | <p>Not making to stock – ‘we no longer produce t-shirts people don’t want to buy’ (howies, co-founder)</p> <p>Product take-back – Exploring trade-in policies for old clothes – howies</p> <p>Dematerialisation – (discussing their recent store opening) ‘we’re going to email you the receipt rather than give you one, a paper one’. (howies, co-founder)</p> |
| Trust and Transparency | <p>Transparent pay structures – BioRegional; Company E</p> <p>Trust – ‘If you say you’ve got 400 mls in the bottle, I don’t know exactly what the law says, but I think there’s a certain amount of latitude around the 400 mls. We don’t have latitude around the 400 mls, 400 mls is the minimum, right?’ (Company C, interviewee)</p> <p>Transparent bottles – ‘clear bottles means you can see what’s in it...warts and all’. (Company C, interviewee)</p> |
| Other | <p>Heating the building with a wood-powered boiler rather than burning oil – Pillars of Hercules</p> <p>Planting trees to offset its carbon emissions – Suma</p> <p>Sustainable/eco-efficient head office rather than a ‘shed on an industrial estate...important to us from the point of view of meeting our prime objectives’. (Company D, interviewee)</p> <p>‘When we buy furniture it’s second-hand or it’s wood from a sustainable source.’ (BioRegional, co-founder)</p> |

4.7 DOING MORE: CHALLENGES AND BLOCKERS

The interviews often came to a close with a final question that explored what the interviewees perceived as being the major challenges or blockers that prevented them becoming more environmentally sound. There was a range of responses to this question with discussions covering the availability of people and managing people effectively, through to the number of suppliers within the 'green space', to the challenges the companies set themselves and the difficulty this creates because the companies operate in an environment with a dearth of role models. Taking these areas in turn, the challenges regarding the availability of people, and managing them to ensure engagement are illustrated in the following quotes.

The biggest hurdle first of all is trying to find resource [referring to people] to do it, given the expansion's going [forward] so much right now (Seventh Generation, director of corporate consciousness)

The real barrier to doing any of those things is not the aspiration...it's how you deal with the people issues and train and develop and get people to work as a team and delegate and all this kind of stuff. That's always the most challenging part of any business and this business is no different, and if I had to point to one barrier, that's it. (Company C, interviewee)

Both the lack of 'green' suppliers that provide products or services that are consistent with organisations' missions and the demands of the market space that interviewees are operating in, provide a challenge. For example:

An ethical company obviously has...more hardships than a normal small business, purely because our choices are limited, a lot more limited. (Beyond Skin, founder)

I would say that materials...[are the] foremost [barrier]...It's difficult...just sourcing new ones. (Terra Plana, interviewee)

I do think some of it is partly because we're an environmental company, 'cos as I say, I think otherwise we'd be able to go and get things mass produced...in foreign countries, and I think...the costs would be a lot lower and therefore you'd probably be able to reach a lot wider market with the products. (biome Lifestyle, founder)

Other responses to the question of challenges and blockers focused on the current economic framework or the general challenges that arise from the way organisations wished to conduct business. For example:

The biggest gap to us becoming more sustainable is transportation and the fossil fuel economy. (Belu, founder)

How do we do the best organic line of cleaners, how do we achieve that?...We're doing a whole repackaging thing. So how do you look at packaging? And how do you look at the end of cycle? And how do we begin to think about designing, so that really there's no weight in the packaging?...How do we design? How can we design every moment for 100% of the well-being of all humanity?...Some people have talked about: can we actually make the packet out of the detergent, so at the end...the packaging goes straight into the washing machine or whatever....Another one is: why are we still thinking in spray cans? I mean why aren't we thinking [at]...another level of what does it really mean to create the healthiest house possible. (Seventh Generation, director of corporate consciousness)

How do...you make a tee shirt and cut down the amount of water used? How do you make something so it can be unmade? (howies, co-founder)

I mean it would be nice if I knew where to go. I mean,...with everything we do it's yet another step forward and then you have to find out something else, but it'd be good to know what are all the options. (BioRegional, co-founder)

There's no role models out there...so we're always having to make the way. (biome Lifestyle, founder)

So you're building a boat and, and you're sailing it at the same time...meaning that...whilst sailing you'll discover a lot of things which you then can apply in your business, and by doing that you'll discover other things and, well it's...a constant to and fro...between discoveries...and applications. (Ecover, concept manager)

The challenges and blockers that emerge are ones that point both to the leadership role the companies are taking, the relative newness of their markets and the lack of supporting business ecosystem;³⁰ as well as the ever-present balancing act of money and mission and the challenges of realising that mission and of pursuing more environmentally benign solutions.

These challenges and blockers all point to the emerging nature of the market in which the companies are operating and the way in which they are metaphorically surfing this edge between money and mission, where the rules have not yet been written and the practices are not yet mature.

To close this chapter, note that overall the findings from the interviews reveal that the organisations are a hybridisation because they are trying to pursue their environmental ends in an economic world (money and mission). This creates compromises that they try and alleviate, but ultimately they are at a point of tension while doing their best to change industry and society. Further discussion about operating at this point and some of the implications for conventional notions of business that arise from doing so will be explored in the next chapter.

30. In this sense eco-system refers to a mature set of suppliers, retailers and other component supply chain operators all aligned to offering the environmental choice. For a full understanding of business eco-systems and the concept it incorporates see Iansiti and Levein (2004). However, taking this concept further, mature organisations and market spaces have in their genesis co-created an established supplier base, a set of comparable companies and an evidence base for teaching and training personnel.

5. Discussion

This chapter discusses the findings from the interviews and explores the implications of the study. The final part of the chapter will reflect on the six points that formed the basis of the study and discuss the extent to which data from the interviewees 'prove' or 'disprove' these propositions. The chapter closes with a discussion of potential areas for future research.

The organisations involved in this research were selected because they had environmental integrity as part of their core mission. While there are many nuances in their responses, one key message that comes through in all the interviews is that the companies are pursuing their missions and money. It could be argued that the pursuit of both mission and money is a statement of the obvious because organisations are bound to this course of action by operating in an economy where, unless they maintain access to or can generate by their operations a flow of money, they will cease to operate. In fact, there is more subtlety to the interviewees' position. They are not just exploiting win/win strategies, rather they are using their organisations as a vehicle, and money as a means, to realise their environmental and social goals. It is because of this that they cannot be reduced to cynical, money-chasing business operators, at least not from the evidence gathered in this study. In particular, rather than pursuing win/win opportunities, the primary goal of these organisations is their environmental mission, and money is an outcome of pursuing that goal.

Evidence of the primacy of the mission is given in the examples the organisations offered with respect to:

- understanding sufficiency
- alternative measures of success
- the general rejection of (or being critical of) quoted company status
- identifying customers
- questioning growth
- creating a culture of engagement with people working in these organisations.

It is also demonstrated by the organisations' desire to change society and/or their industry so that society and or industry operate in a more environmentally sustainable manner. It is supported further by interviewees' views either that business should be built upon three pillars of society, environment and economy, or that there are no boundaries between society, environment and economy and hence neither the environment nor money comes first: each is but a component part of the total.

The pursuit of both mission and money, with mission as the primary focus, represents a departure from setting up a situation of 'either/or' between the environment and money. For example, these organisations depart from a scenario where a company might seek to undertake environmentally responsible strategies only if it is likely to make a certain level of profit/return. The interviewees reject this trade-off and appear to push their organisations to find the 'and' that allows them to do both. In pursuing the 'and', the organisations are taking a harder track, as they highlight that they lack:

- role models
- a sufficient variety of suppliers that can meet their needs
- at times, a lack of suitably trained staff.

In these respects, they are suffering the difficulties of pioneering companies that are trying to make new market spaces. This pioneer status, however, is something that the interviewees generally welcome.

Our mission is not that much to become the biggest in the world in, let's say a Microsoft way of dealing with business, but is to stay on the forefront of developments, to be a pioneering company. (Ecover, concept manager)

I think our charge is to always be looking for the next... horizon, where is the next area of social and environmental change that we want to influence and have an impact on? (Triodos Bank, managing director)

In this regard, pioneering status allows the organisations continually to challenge both the mainstream and themselves. Both are wrapped within the continual pursuit of more environmentally benign outcomes. For example:

Well I think there is this opportunity to perhaps never to be mainstream, almost to be constantly promoting that...more needs to be done, because, as I say, if people...bought in, en masse, and we were selling... hundreds of thousands of everything that's in our product line, we'd probably have to say, well what about the environmental impact of all this?...and we'd constantly have to be taking it a step further. (By Nature, co-founder)

Actually what's interesting is to be the leading edge and to be proselytising; we stand apart from it and abuse them for it, or say, why don't they do it properly? We know how to do it properly. So it's probably, for us, the kind of luxury of being able to stand apart. (Green Building Store, co-founder)

In light of this desire to be companies that are pioneers which continually challenge the mainstream, two issues arise. The first is with regard to achieving change, the second is with regard to government regulation. Although neither of these areas (theories of change and regulation) was discussed explicitly in the interviews, they emerge as issues from the completed work.

5.1 ACHIEVING CHANGE

If one is seeking to be always pioneering and never to be part of the mainstream stance, then these organisations are almost akin to campaigners. Further, the space they create between themselves and the mainstream (as they see it), not only enables their continued operation by allowing them to have a unique proposition, but it also creates a space into which the mainstream can move. In this regard, their pioneering status is perhaps a necessary requirement in order that the mainstream can move to less environmentally damaging activities. In light of this, their desire for growth (albeit not unquestioned growth) could be understood in a different context. Besides helping to ensure their economic survival, their growth also creates impetus for the mainstream to move. In this context, success would be to lose any niche that these organisations created, because that means the mainstream has moved. These organisations, however, believe that they should be continually innovating new market spaces that further differentiate them from the mainstream in terms of their environmental impact. Indeed, some interviewees would view it as a success if they ceased to exist because the mainstream had become environmentally sound.

In addition, at the level of the individual customer, there is an argument that we get what we pay for and thus, if we want less environmentally damaging products and services, we should spend our money with organisations such as those interviewed for this research.

5.2 REGULATION

Turning to the issue of regulation, the need for regulation to support the activities of these organisations was not raised during the interviews, either by the interviewees or the interviewer. When asked what is preventing their companies from becoming more sustainable, none of the interviewees responded with concerns about regulation. Nevertheless, the role of regulation in supporting the activities of these organisations is a pertinent consideration as, in this context, it is clearly a double-edged sword. In the first instance, regulation could level the playing field for all organisations, with less environmentally sound organisations no longer being at an advantage over the interviewee organisations, which currently incur more costs in order to be environmentally responsible. At the same time, however, regulation would clearly diminish some of the appeal (and potentially the survival) of some of the organisations interviewed, as their attraction (to some extent) relies on their being different from the mainstream. This said, a level playing field may not necessarily be an unwelcome result for the

interviewees. As Company B highlighted (albeit regulation was not being discussed), a level playing field where all companies operated as benignly as possible ' would be a measure of success; that would be one way to say, we've done our job because we, as a catalyst, have caused the change that made us redundant, as it were'³¹ (Company B, interviewee). Further, as howies highlighted, if all companies operated on a level playing field and 'green' is normal then 'once it is normal we have to show that we can run a company on the basics of a really great service, making great products' (howies, co-founder). Once again, the campaigning focus of interviewees is evident from their desire to create both wider societal change and change in how their sector operates. By the same token, however, their desire to be pioneers and push the agenda forward perhaps explains why the need for regulation did not come to the fore during the interviews.

5.3 A VIRTUOUS CIRCLE

While the interviewees may be pioneers who are taking a different approach to business, it is also important not to present the organisations or interviewees as the few 'heroes' of the piece. Indeed, it is clear from some interviews that the organisations are at the centre of (or alternatively are a catalyst for) a virtuous circle whereby both customers and employees support the organisations' innovations. The following quotes reflect this ethos.

The great thing with this brand [is] it is sort of self-reinforcing in a very nice way, the beauty with this brand is we do the right thing and people want us to do the right thing, they buy [from] us because we do the right thing. (Company A, interviewee)

It kind of reinforces our decision when people say well that's really good, I suppose because making those decisions actually works as well, in the context of our business. (Pillars of Hercules, founder)

Some of it we can do...because we, as an organisation, we come from within the issue. I'm always careful when I talk to other people to say, look this works in our context with this community. (Company D, interviewee)

This virtuous circle is also enabled by the relationship the companies say they have with their customers. This relationship is not solely defined by the exchange of money, it is more than that.

Interestingly we have...discovered, through the investments from our venture capital fund, that the people we engage with actually enjoy the relationship they have with us, and, you know, a conventional venture capital fund will want to exit, make the returns that they need to make [whereas] the people that we

31. Here, the interviewee is highlighting how, if climate change were tackled, their wider purpose and point of difference would no longer be required and in effect the company would become redundant.

invest in, because they are [in] the sort of projects that we support and are driven by very motivated and passionate people, they want us to stay in there because we're a part of their joint working, so that's something we've had to give consideration to in terms of establishing the funds. (Triodos Bank, managing director)

It could be argued that the companies are almost captured by their own missions and the expectations of employees and customers that arise from their execution of those missions. In this context, interviewees' rejection of, for example, quoted status and profit maximisation coupled with identifying customers is an outcome of not only their views but also the expectations of employees and customers. The following quote captures this.

We've got the initial kind of moment of inspiration, it's a bit like...writing a novel or whatever, you get the idea and then a lot of it is just slog and hard work...one per cent inspiration and ninety-nine per cent perspiration...We've got our principles and now we've just got to get on with that and in some ways life has become harder. (Pillars of Hercules, founder)

In addition, the commitment to operating according to their principles is favourable from a wider perspective as it facilitates and encourages moves to more environmentally benign solutions. An example of this is Company A, which is a subsidiary of a large quoted company. Although Company A has been bought for its profit and growth opportunities, its parent company has also (to a certain degree) trapped itself into a particular mode of managing that organisation. In this regard, while being purchased by a quoted company may be viewed as a poisoned chalice for interviewees, the possibility exists that such a move could create some change in the parent or, to lean on the metaphor, the poisoned chalice is affected by the principled pill.

A key proposition that emerged from the interviews is that these organisations pursue both mission and money. The missions of these organisations are based on achieving more ecologically sustainable outcomes, for which they charge a price premium (to cover the additional costs they incur in achieving their environmental outcomes). This ethos could be summed up as being 'altruistically selfish and selfishly altruistic' (see Maturana and Varela 1998: 197). This concept is drawn from biology and is used by Maturana and Varela to describe how herds of animals ensure their safety by having some of the herd act as lookouts for danger. Consequently, an individual lookout helps to ensure not only their own survival but also that of the group as a whole. By analogy the interviewed organisations could be argued to be serving the same function in that they are pursuing missions that will benefit the whole of society (as we all benefit from a healthy environment) while at the same time benefiting themselves and ensuring their own survival in the process.

5.4 IMPLICATIONS

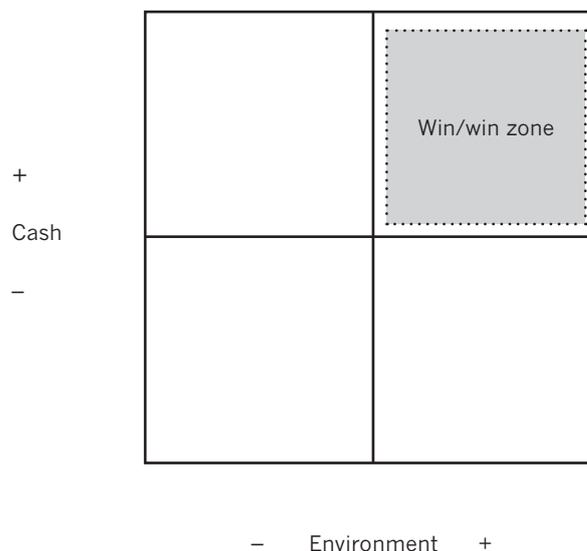
The findings from this study also challenge the assumption that is typically made that there will always be a trade-off between making money and realising environmental outcomes. Typically, the relationship is portrayed as being dichotomous and the only circumstances when organisations will realise positive environmental outcomes are when there is a win/win opportunity (see Figure 5.1).³²

At a superficial level it could be argued that the organisations interviewed in this study are operating in a win/win niche. A more nuanced and detailed reading of the interviewees' views, however, tells a more subtle story. For example, a win/win narrative tells us nothing about the size of the wins that would be deemed to be acceptable to organisations, and may lead to the assumption that profit maximisation is still being pursued in a win/win scenario.

The findings of this study suggest that this may not be a valid assumption for all organisations. Further, they suggest that the effects of a company on the environment are potentially positive or restorative. This is a notion that is too simplistic as, given that the Earth is a closed material system, every activity creates change and has effects on the Earth system.

As a result of these interviews, we would suggest that a more appropriate way to depict the relationship between the environment and money is shown in Figure 5.2.

Figure 5.1: 2x2 matrix (environment vs cash)



32. See Spence and Gray (2007) for a discussion on the win/win scenario.

Figure 5.2 is a 3x3 matrix, with the vertical 'cash' axis reflecting a gradation from 'too little', 'enough' to 'maximum'. Similarly, the horizontal 'environment' axis reflects that operations may have a heavy, light as possible or restorative impact (noting that for most of the interviewed organisations having a restorative impact represents an aspiration).³³ Using this matrix, interviewed organisations could be placed in the middle of the figure.

Figure 5.2: 3x3 matrix (environment vs cash)
Zone of operation of interviewees highlighted

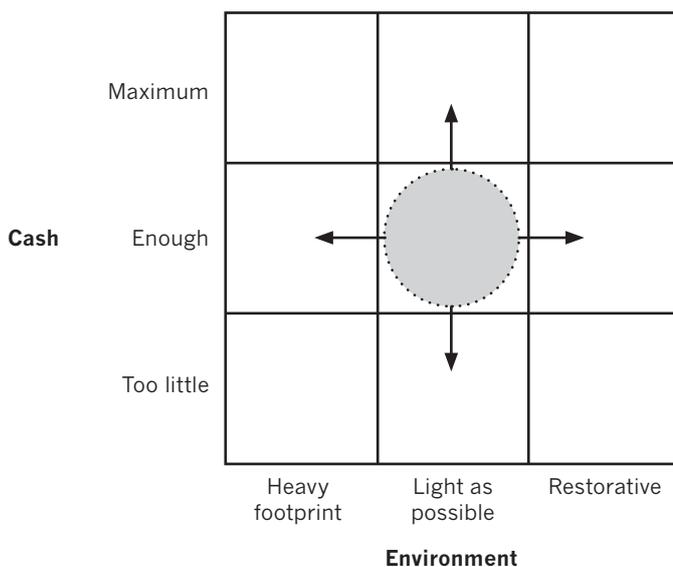
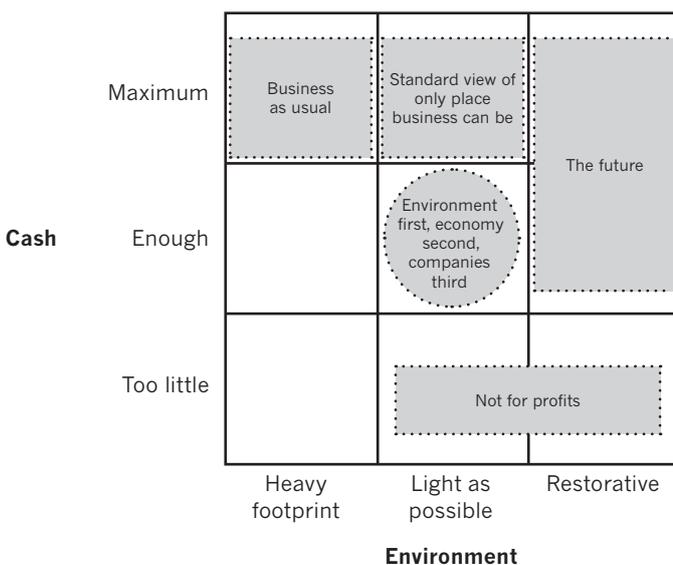


Figure 5.3: 3x3 matrix (relevant positions of business and NGOs)



33. Company E, for example, could be argued as being restorative because while they use timber products they are also involved in woodland restoration and plant more trees than they use in their operations.

This placing reflects that fact that the organisations do not pursue money at all costs (and hence they are not in the top row, which a mainstream business narrative would indicate as being the only rational position). At the same time, these organisations are pursuing the most appropriate environmental solution available to them in order to be as 'light as possible' in their impact. If this is the starting point for organisations, there are several potential future directions for them to go in (as indicated by the arrows in Figure 5.2).

The schema in Figure 5.3 can also be used to illustrate the conceptual space occupied by, for example, conventional businesses and NGOs.

5.5 REVISITING THE RESEARCH QUESTIONS

At the start of this research study, six propositions formed the core of what was to be investigated, as follows.

Companies that have environmental integrity or ecological sustainability as their core mission:

1. do not pursue profit maximisation
2. can demonstrate examples of pursuing sufficient (rather than maximum) return
3. do not believe in quoted status, because of the profit demands when listed
4. see money as a means to an end as opposed to an end in itself
5. are not likely to see clear lines of demarcation between the inside and the outside of the organisation (the environment), and
6. may have a world view that is either eco or sustaincentric (Gladwin et al. 1995).

The interviewees' responses support points 1 to 4. In particular, companies that have environmental integrity or sustainability as their core mission do not pursue profit maximisation and demonstrate the use of the notion of sufficiency in their operations. They are critical of quoted status and do not believe in money as an end in itself; rather, it is a means to an end (allowing them sufficient space to operate within in order to achieve their mission). With regard to point 5 ('are not likely to see clear lines of demarcation'), this was supported by some of the interviewees but not all.

With regard to point 6, the case is less clear from the interview commentary alone. The paradigms of ecocentrism, sustaincentrism and technocentrism (as developed by Gladwin et al. 1995) each contain 30 constituent assumptions, and it is difficult to make any judgement from an hour-long interview as to how responses fit within this framework. In order to gain some sense of the assumptions behind interviewees' beliefs, the interview transcripts were subjected to a separate piece of

analysis. In this analysis observations made by interviewees were matched against 20 of the 3034 constituent assumptions within each paradigm (see Appendix for the original paradigm framework proposed by Gladwin et al. 1995) using a criterion of whether a particular comment could be inferred broadly to support the particular assumption being made. High-level summary results of this analysis are shown in Table 5.1. As the table demonstrates (the grey shading denotes that evidence was found to support the characteristic proposed by Gladwin et al. 1995) the interview sample could be seen to be predominantly sustaincentric in its views (with some elements of technocentrism and ecocentrism also being present). In broad terms, therefore, it could be argued that the organisations interviewed can, at least according to Gladwin et al.'s views (1995), help enable the realisation of a more sustainable society.

In summary, the six core points of this research study have been largely supported. It is of particular interest that these organisations are viable while not subscribing to typical narratives of business (for example, profit maximisation and the narrow pursuit of money). These findings suggest that organisations can be far more adventurous in their pursuit of ecological sustainability than is often postulated within the narrative of the win/win solution.

Table 5.1: Interviews coded by constituent assumption on the Gladwin et al. (1995) framework

| Key Assumptions | Technocentrism | Sustaincentrism | Ecocentrism |
|-----------------------------------|----------------------|---------------------|----------------------|
| Ontological and ethical | | | |
| 1. Metaphor of Earth | Vast machine | Life support system | Mother/web of life |
| 2. Perception of Earth | Dead/passive | Home/managed | Alive/sensitive |
| 3. System composition | Atomistic/parts | Parts and wholes | Organic/wholes |
| 4. System structure | Hierarchical | Holoarchival | Heterarchical |
| 5. Human beings and nature | Disassociation | Interdependence | Indisassociation |
| 6. Human role | Domination | Stewardship | Plain member |
| 7. Value of nature | Anthropocentrism | Inherentism | Intrinsicism |
| 8. Ethical grounding | Narrow homocentric | Broad homocentric | Whole Earth |
| 9. Time/space scales | Short/near | Multiscale | Indefinite |
| 10. Logic/reason | Egoist-rational | Vision/network | Holism/spiritualism |
| Economic and psychological | | | |
| 1. Primary objective | Efficient allocation | Quality of life | Ecological integrity |
| 2. The good life | Materialism | Postmaterialism | Antimaterialism |
| 3. Human nature | Homo econimus | Homo sapient | Homo animalist |
| 4. Economic structure | Free market | Green economy | Steady state |
| 5. Role of growth | Good/necessary | Mixed/modify | Bad/eliminate |
| 6. Poverty alleviation | Growth trickle | Equal opportunity | Redistribution |
| 7. Natural capital | Exploit/convert | Conserve/maintain | Enhance/expand |
| 8. Discount rate | High/normal | Low/complement | Zero/inappropriate |
| 9. Trade orientation | Global | National | Bioregional |
| 10. Political structure | Centralised | Devolved | Decentralised |

34. The 20 assumptions were 10 each under the headings of 'ontological', 'ethical', 'economic' and 'psychological'. The 10 assumptions not matched were under the headings of 'scientific' and 'technological' and this task was not undertaken because issues in these areas were not investigated explicitly during the interviews.

5.6 AREAS FOR FUTURE RESEARCH

This was largely an exploratory study (using interviews with a relatively small sample of organisations) to investigate whether there are organisations that are able to operate against mainstream business expectations. The results of this study suggest a number of areas for future research. In the first instance, larger surveys of organisations similar to those interviewed here would provide an indication of whether the report findings have wider relevance. In addition, more in-depth case study research in organisations of this sort would allow the outline findings to be investigated in more depth, with new insights likely to emerge from such an approach. For example, this approach would enable a fuller understanding of an organisation's culture and decision making, and thus may provide greater insight into how these organisations challenge business meta-narratives.

Other possible areas for investigation might involve seeking to quantify how prevalent these sorts of organisation are. The number of firms, their customer base, and percentage of the population that interact with these types of organisation, may shed light on their potential economic impact. Further areas might include an investigation of the rate of job creation by the price premium these organisations need to charge in order to stay in business, and how future legislative changes (for example, in the price of carbon emissions) may erode cost differentials.

Further, studies that aim to identify environmentally focused organisations that failed (if they could be identified and the individuals involved in them located) and the reasons for this failure would provide valuable insights when juxtaposed with the organisations in this study. Likewise, organisations which operate in the same sector but which do not appear to have the same ethos could create another point of comparison.

Finally, there are possibilities for a range of studies that explore whether organisations of this nature tend to be of a certain size, and what happens as organisations grow in size. In addition, exploring what has happened to organisations (for example, the Body Shop, and Ben and Jerry's) after they have been acquired by a listed corporation could produce insights as to the effect the parent has had on these organisations, as well as the effect these organisations have had on the parent.

5.7 CONCLUDING COMMENTS

This study has shown that organisations can be viable while being far more adventurous in their desire to pursue environmentally sound activities. The organisations interviewed have been described as being 'altruistically selfish and selfishly altruistic' (Maturana and Varela 1998), and if they achieve their mission there is likely to be a relatively lower environmental impact of a particular good or service. Having said this, it would be unwise to assume that these organisations are the 'answer' to resolving the environmental pressures we are creating. Important questions about total environmental load remain to be resolved, and such questions need to be answered at a societal level (rather than at the level of the operation of individual organisations). The conclusion of this study can perhaps be best summarised in the interviewees' own words, as they are companies where it would appear that traditional thinking is not appropriate.

The traditional kind of thinking mind does not live here very easily. (Seventh Generation, director of corporate consciousness)

Even though organisations such as those interviewed would not exist if the pursuit of profit were always consistent with societal and environmental interests, they are perhaps what 'future normal' would look like. For example:

Now people say that's green...and ethical, and I'm like, 'oh well, I'm not sure it's either, but I think it should be normal behaviour to try and run your business in as good a way as possible'. So, you know, it's not normal to be a polluter or, or at least it shouldn't be. So that's why I'm slightly nervous about all this stereotyping, and you know you're green in your articles, that kind of makes it sound like that's odd behaviour, and what I'm trying to achieve is to make that normal. (howies, co-founder)

[Talking about sustainability and the organisation] Sometimes when I talk to people I realise that for us what's normal is not normal for everybody else. I just realise how far we've come and how much we know. But I just do think that it isn't weird and it is just, we're just slightly in the future. (BioRegional, co-founder)

References

- Bakan, J. (2004), *The Corporation: The Pathological Pursuit of Profit and Power* (London: Constable).
- Baumgartner, S. (2002), 'Thermodynamics and the Economics of Absolute Scarcity' Contribution to the panel session on Ecological Economics: Ecology, Entropy, Epistemology and Ethics at the 2nd World Congress of Environmental and Resource Economists, June 24–27, Monterey, California.
- Bebbington, J., Gray, R., Hibbitt, C. and Kirk, E. (2001), *Full Cost Accounting: An Agenda for Action* (London: Certified Accountants Educational Trust). Available for download at <http://www.accaglobal.com/pubs/general/activities/research/research_archive/acca_rr73_001.pdf> accessed 5 January 2008.
- Bebbington, J. and Thomson, I. (1996), *Business Conceptions of Sustainability and the Implications for Accountancy* (London: Association of Chartered Certified Accountants).
- Benyus, J. M. (1997), *Biomimicry* (New York: HarperCollins).
- Berger, P.L. and Luckmann, T. (1967), *The Social Construction of Reality* (New York: Anchor Books).
- Braudel, F. (1985), *The Perspective of the World*, (London: Fontana Press).
- Buchholz, R. G. (2004), 'The Natural Environment: Does it Count?' *Academy of Management Executive*, 18 (2): 130–33.
- Commoner, B. (1972), *The Closing Circle: Nature, Man and Technology* (New York: Knopf). Cited in Eckersley (2003). 29–44.
- Constanza, R., d'Arge, R., De Groot, R., Farber, S., Grasso, M., Hannon, B., Limburg, K., Naeem, S., O'Neill, R. V., Paruelo, J., Raskin, R. G., Sutton, P., Van den Belt, M. (1997), 'The Value of the World's Ecosystem Services and Natural Capital', *Nature*, 387: 253–60. May.
- Cummings, S. (2005), *Recreating Strategy* (London: Sage).
- Daly, H. E. (1996), *Beyond Growth* (Boston: Beacon Press).
- Deegan, C. and Shelly, M. (2006), 'Stakeholder Perceptions about Corporate Social Responsibilities: To Regulate or Not to Regulate'. Working Paper. Contact <craig.deegan@rmit.edu.au>.
- Den Hond, F. (2000), 'Industrial Ecology: A Review', *Regional Environmental Change*, 1 (2): 60–9.
- Eckersley, R. (2003), *Environmentalism and Political Theory* (London: Routledge).
- Ekins, P. (2000), *Economic Growth and Environmental Sustainability* (London: Routledge).
- Elkington, J. (1999), *Cannibals with Forks* (Oxford: Capstone Press).
- Figge, F. and Hahn, T. (2004), 'Sustainable Value Added – Measuring Corporate Contributions to Sustainability beyond Eco-efficiency', *Ecological Economics*, 48, 173–87.
- Florida, R. (1996), 'Lean and Green: The Move to Environmentally Conscious Manufacturing', *California Management Review*, Fall: 80–105.
- Gladwin, T. N., Kennelly, J. J. and Krause, T. S. (1995), 'Shifting Paradigms for Sustainable Development: Implications for Management Theory and Research', *Academy of Management Review*, 20 (4): 874–907.
- Green, K., Morton, B. and New, S. (2000), 'Greening Organisations: Purchasing, Consumption and Innovation'. *Organisation and Environment*, 13 (2): 206–25.
- Harding, S. (2006), *Animate Earth* (Totnes: Green Books).
- Hart, S. L. (1995) 'A Natural Resource Based View of the Firm' *Academy of Management Review*, 20 (4): 986–1014.
- Hawken, P., Lovins, A. B. and Lovins, L. H. (2000), *Natural Capitalism: The Next Industrial Revolution* (London: Earthscan).
- Herring, H. (1999), 'Does Energy Efficiency Save Energy? The Debate and its Consequences', *Applied Energy*, 63: 209–66.
- howies (2009), 'Our Purpose', <<http://www.howies.co.uk/content.php?xSecId=20>>, accessed 17 February 2009.
- HSBC (2009), *A Climate for Recovery. The Colour of Stimulus Goes Green* (HSBC Global Research). <http://www.globaldashboard.org/wp-content/uploads/2009/HSBC_Green_New_Deal.pdf>, accessed 11 August 2009.
- Iansiti, M. and Levein, R. (2004), 'Strategy as Ecology', *Harvard Business Review*, 82 (3): 68–79.
- IPCC (2007), 'Working Group III Contribution to the Intergovernmental Panel on Climate Change Fourth Assessment Report', May: 3. <<http://www.ipcc.ch>>, accessed 4 June 2007.
- Jackson, T. (2004), 'Chasing Progress: Beyond Measuring Economic Growth' (London: New Economics Foundation). <<http://portal.surrey.ac.uk/pls/portal/docs/page/eng/staff/staffac/jacksont/publications/mdp.pdf>>, accessed 18 August 2007.
- Jackson, T. (2008), 'What Politicians Dare Not Say', *New Scientist*, 18 October: 42–3.
- Jackson, T. (2009), *Prosperity Without Growth? The Transition to a Sustainable Economy* (London: UK Sustainable Development Commission).

- Jonas, H. (1984), *The Imperative of Responsibility* (Paperback edition) (Chicago: University of Chicago Press).
- Katz, D. and Kahn, R. L. (1966), *The Social Psychology of Organizations* (London: John Wiley and Sons).
- King, A. (1995), 'Avoiding Ecological Surprise: Lessons from Long-Standing Communities', *Academy of Management Review*, 20 (4): 961–85.
- Lozada, G. A. (1995), 'Georgescu-Roegen's Defense of Classical Thermodynamics Revisited', *Ecological Economics*, 14: 31–44.
- Maturana, H. R. and Varela, F. J. (1998), *The Tree of Knowledge: The Biological Roots of Human Understanding* (Boston: Shambhala).
- Millennium Ecosystem Assessment (2005), 'MA Findings and MA Findings' <<http://www.millenniumassessment.org/en/Presentations.aspx>>, accessed 8 January 2006.
- Norgaard, R. B. (1986), 'Thermodynamic and Economic Concepts as Related to Resource-use Policies: Synthesis', *Land Economics*, 62 (3): 325–28.
- O'Hara, M. (2008), 'Prophet for a New Age', interview with Rosabeth Moss Kanter, *Guardian*, 12 November: 2.
- Oxford English Dictionary* (2005) (Oxford: Oxford University Press).
- Peston, R. (2008), 'The New Capitalism' (BBC News, 8 December).
- Polanyi, K. (2001), *The Great Transformation* (2nd edn) (Boston: House of Beacon Press) (1st edition 1957; written in 1944).
- Poole, R. (2008), *Earthrise: How Man first saw the Earth* (London: Yale University Press).
- Porritt, J. (2006), *Capitalism as if the World Matters* (London: Earthscan).
- Rees (1997), *Resource flow: The Material Basis of Industrial Economics* (Washington DC: Worldwatch Research Institute)
- Reichheld, F. F. (2001), *The Loyalty Effect: The Hidden Force behind Growth, Profits and Lasting Value* (Harvard: Harvard Business School Press).
- Saunders, H. D. (1992), 'The Khazzoom-Brookes Postulate and Neoclassical Growth', *Energy Journal*, 13 (4): 131–43.
- Seventh Generation (2009), 'About Us', <<http://www.seventhgeneration.com/about>>, accessed 17 February 2009.
- Sharma, S. (2000), 'Managerial Interpretations and Organizational Context as Predictors of Corporate Choice of Environmental Strategy', *Academy of Management Journal*, 43 (4): 681–97.
- Shrivastava, P. (1995), 'The Role of Corporations in Achieving Ecological Sustainability', *Academy of Management Review*, 20 (4): 936–60.
- Smith, C. (2003), 'Strategy as Numbers'. In: S. Cummings, D. Wilson (eds) *Images of Strategy* (Oxford: Blackwell).
- Spence, C. (2005), 'Social and Environmental Reporting in the UK: A Neo-Gramscian Critique', unpublished PhD Thesis, University of St. Andrews.
- Spence, C. and Gray, R. (2007), *Social and Environmental Reporting and the Business Case*, ACCA research report no 98 (London: Certified Accountants Educational Trust). <http://www.accaglobal.com/general/activities/research/reports/sustainable_and_transparent/rr-098>.
- Starik, M. (1995), 'Should Trees have Managerial Standing? Toward Stakeholder Status for Non-Human Nature', *Journal of Business Ethics*, 14 (3): 207–17.
- Starik, M. and Marcus, A. A. (2000), 'Introduction to the Special Research Forum on the Management of Organizations in the Natural Environment: A Field Emerging from Multiple Paths, with Many Challenges Ahead', *Academy of Management Journal*, 43 (4): 539–46.
- Stead, W. E. and Stead, J. G. (1992), *Management for a Small Planet* (London: Sage).
- The Economist* (2005), 'The State of Denial We're In', 15 January: 65.
- The Green Stationery Company (2009), 'About Us' [online text], <http://www.greenstat.co.uk/storefront/evolution_ContentPage.html?Content=1>, accessed 17 February 2009.
- Triodos Bank (2009), 'Mission Statement' [online text], <http://www.triodos.co.uk/uk/about_triodos/mission/>, accessed 17 February 2009.
- Van Hoek, R. I. (1999), 'From Reversed Logistics to Green Supply Chains', *Supply Chain Management*, 4 (3): 129–34.
- Wintour, P. (2009), 'Brown's New Year Message Hails End of Free Market Dogma', *The Guardian*, 1 January: 8.
- World Commission on Environment and Development (1987), *Our Common Future* (Oxford: Oxford University Press).

Appendix

Gladwin et al's (1995:993) Paradigm framework and their constituent assumptions)

| Key assumptions | Technocentrism | Sustaincentrism | Ecocentrism |
|-------------------------------------|----------------------|---------------------|----------------------|
| Ontological and Ethical | | | |
| 1. Metaphor of Earth | Vast machine | Life support system | Mother/web of life |
| 2. Perception of Earth | Dead/passive | Home/managed | Alive/sensitive |
| 3. System composition | Atomistic/parts | Parts and wholes | Organic/wholes |
| 4. System structure | Hierarchical | Holoarchival | Heterarchical |
| 5. Human beings and nature | Disassociation | Interdependence | Indisassociation |
| 6. Human role | Domination | Stewardship | Plain member |
| 7. Value of nature | Anthropocentrism | Inherentism | Intrinsicism |
| 8. Ethical grounding | Narrow homocentric | Broad homocentric | Whole Earth |
| 9. Time/space scales | Short/near | Multiscale | Indefinite |
| 10. Logic/reason | Egoist-rational | Vision/network | Holism/spiritualism |
| Scientific and technological | | | |
| 1. Resilience of nature | Tough/robust | Varied/fragile | Highly vulnerable |
| 2. Carrying capacity limits | No limits | Approaching | Already exceed |
| 3. Population size | No problem | Stabilise soon | Freeze/reduce |
| 4. Growth pattern | Exponential | Logistic | Hyperbolic |
| 5. Severity of problems | Trivial | Consequential | Catastrophic |
| 6. Urgency of solutions | Little/wait | Great/decades | Extraordinary/now |
| 7. Risk orientation | Risk taking | Precaution | Risk aversion |
| 8. Faith in technology | Optimism | Skepticism | Pessimism |
| 9. Technological pathways | Big/centralised | Benign/decoupled | Small/decentralised |
| 10. Human vs natural capital | Full substitutes | Partial substitutes | Complements |
| Economic and psychological | | | |
| 1. Primary objective | Efficient allocation | Quality of life | Ecological integrity |
| 2. The good life | Materialism | Postmaterialism | Antimaterialism |
| 3. Human nature | Homo econimus | Homo sapient | Homo animalist |
| 4. Economic structure | Free market | Green economy | Steady state |
| 5. Role of growth | Good/necessary | Mixed/modify | Bad/eliminate |
| 6. Poverty alleviation | Growth trickle | Equal opportunity | Redistribution |
| 7. Natural capital | Exploit/convert | Conserve/maintain | Enhance/expand |
| 8. Discount rate | High/normal | Low/complement | Zero/inappropriate |
| 9. Trade orientation | Global | National | Bioregional |
| 10. Political structure | Centralised | Devolved | Decentralised |

RR/116/001

ISBN: 978-1-85908-460-1