

Sustainability is a Journey not the Destination; Instrumental Logic in Developing Corporate Sustainability

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Abstract

Dominant epistemological assumption of previous research about organizational sustainable development involved either form of corporate environmentalism and/or social responsiveness mostly bounded to instrumental nature of corporate decisions, which eventually ended with the interrelation of such commitment to organizational financial performance. This means organizational commitments are built to create a financial return while social concern and environment protection separated from the core perception of business operation and their commitments. This study through the inductive method of investigation explored the systematic interconnection and interdependence of human beings with the proponents of corporate sustained development. This study, used triangulated data from multiple case investigations validated by several round expert confirmations describe the current scenario of sustainability implementation. Findings from this study highlight the integrative paradigm of sustainability management, which aims contribution toward the inherent dynamics to perceive and develop corporate sustainability.

Key words: Corporate Sustainability, Instrumental Logic, Simultaneous Decision Model, Ecological Paradigm

1. Introduction

There has been significant concern about business sustainability. Numerous researches have been framed around instrumental logic aims to find interconnections between corporate sustainability and environmental and social responses with the firms' correlated benefits (Bachoo, Tan & Wilson, 2013 ; Kearins, Collins & Tregidga, 2010 ; Wu, He & Duan, 2013 ; Lo & Sheu, 2007 ; Vintró, Sanmiquel & Freijo, 2014). Based on this logic, corporate environmental concern and social responsiveness originated from the institutional isomorphism mainly results of stakeholder expectation that could impact on growth in the financial implications (Mohammed, 2013; Stubbs and Cocklin, 2008; Bachoo, Tan and Wilson, 2013; Kearins, Collins and Tregidga, 2010; Lo and Sheu, 2007). In contrast to previous research, corporate strategic concerns based on institutional isomorphism typically discriminate environmental and social commitments from the traditional formation of morality concern such as ethics, social norms and values (Bare, 2014 ; Bachoo, Tan & Wilson, 2013; Marcus, 2012; Lo

& Sheu, 2007 ; Garavan & McGuire, 2010 ; Orlitzky, Siegel and Waldman, 2011 ; Montiel, 2008). Hence, the main aspect is to manage various environmental and social initiatives as if such strategic decision rests solely in economic return. However, this approach strengthens the friction between social expectations and business demands. While the result at the end is nothing just reinforce the tension and polarizing relations between society and business as if the two are at odds. Typically, the direct financial returns are considered as the prime strategic concern of corporate leaders derived from their environmental and social investments rather than embracing the corporate sustainability (Wu, He & Duan, 2013; Lo & Sheu, 2007; Tan & Wilson, 2013). While there is a need of complying with environmental, social and economic component of corporate sustainability and simultaneously and creatively integrating these elements of responsiveness into corporate activities (Bloxham, 2011 ; Persons, 2012 ; Tenam-Zemach et al., 2014 ; Montiel, 2008 ; Starik & Kanashiro, 2013; Bridges & Wilhelm, 2008).

This study inductively investigates the corporate sustainability and following instrumental logic, which is considered as the core conception of corporate sustainable development. This approach address the cognitive perspective as the basis of individual operations embedded in the corporate sustainability decision.

2. The Notion of Corporate Sustainability

Egalitarian conception of sustainable development has been interconnected environmental integrity, social equity and economic prosperity (Persons, 2012; Montiel, 2008). Accordingly, environmental integrity acknowledged as the concern about the importance and scarce of natural resources. A prosperous economy concern improving human welfare through appropriate convert and distribution of the worth locked in ecological resources (Dornfeld, 2014). Social equity makes sure that value is equally distributed within society and at their expectation (Bloxham, 2011; Bachoo, Tan & Wilson, 2013; Kearins, Collins & Tregidga, 2010). Stubbs and Cocklin (2008) combines a sense of corporate sustainability into simultaneously improving the corporate ecological goals (i.e. biological productivity and environmental protection) and corporate social goals (i.e. social justice an enhancement of equity, institutional sustainability and cultural appropriation) and corporate economical goals (increasing productive potential ensuring of meeting the basic needs). Several round conferences (i.e. Environment and Development conference that took place in 1992 in Rio de Janeiro, the New York Earth Summit in 1997 and the Sustainable World Summit in 2002 in Johannesburg) had been formed to reinforce and regulate the view about three pillars of sustainability. While the interdependence of the component of sustainable development have been broadly accepted; however, this concept within organizational theory has been ignored in favor of more decisions based isomorphism logic. Previous researches mostly tend to compartmentalize variables and investigate the causal relationship between organizational environmental and social commitments related to firm financial performance (Dornfeld, 2014; Montiel, 2008; Persons, 2012; Garavan and

McGuire, 2010; Stubbs and Cocklin, 2008; Kearins, Collins and Tregidga, 2010; Lo and Sheu, 2007). Arguably, this assessment approach separates the human systems of logic that they are embedded in. While, considering finite variables separately subject to diverse corporate strategic considerations, which might yield distinctive initiatives. Derived result in this approach is oversimplified relationships among provisioned components and under theorizing of the notion of corporate sustainability.

The prime assumption in this study is the integration of environmental and social concern with the core strategic issue within corporate decision-making procedure, which is required to accurately reflect the sustainability paradigm and corporate sustainability principles. Sooner or later the notion of sustainability will be prevalent and organizations will comply with triple bottom line; the question is how this notion will be embedded in the organization strategy and how will it be entrenched in the business' regular operation.

3. Sustainability Management

Most of the previous research concerning more on the corporate impact on the physical environment (i.e. environmental degradation, waste threatening) and relatively little attention paid to the human factors (Dornfeld, 2014; Bloxham, 2011; Garavan & McGuire, 2010; Marcus, 2012; Kearins, Collins & Tregidga, 2010). It was assumed that by separating the cognition/perception of human behavior from the impact of organizational strategy on social/environmental issue, we can shed more light on the deserted fundamental perception of corporate sustainability an integration of social and environmental commitments. Furthermore, the sole concerning on firm performance might have masked the importance of organizational commitments to social and environmental issue, so separate treatment results have deepen understanding about sustainable management (Vintró, Sanmiquel and Frejjo, 2014). Organizational commitment has been shown as managerial positive efforts to align corporate affair regarding social and environmental issue.

Corporate environmental activities include establishing the environmental management system (EMS) and voluntary environmental programs for the means of implementing pollution prevention, clean energy, recycling and prevention of negative environmental activities such as waste and emissions. Corporate social commitments include establishing better practices within the organization to create philanthropy and community relations, managing diversity and employee relations. These component was most frequently investigated, however, the conclusion of most of them was not actively managing sustainability (Kluge, Stein, & Licht, 2001; Vitró, Sanmiquel & Freijo, 2014).

4. The Institutional Approach of Sustainability Management

A great deal of knowledge has accumulated the relationship between corporate sustainability and financial performance (Bachoo, Tan & Wilson, 2013; Pelozo, 2009; Lo & Sheu, 2007; Wu, He & Duan, 2013; Mohammed, 2013). As deduced from previous studies, aggregate positive and negative relation concluded between financial return, social, and environmental activities. Mostly the notion of isomorphism applied in previous studies in which the main focus was investigating the causal bilateral relations (Srikantia & Bilimoria, 1997; Bloxham, 2011; Persons, 2012; Stubbs & Cocklin, 2008). Many of them conclude with the benefit of employing rather than ignoring the social and environmental commitment (Mohammed, 2013; Srikantia & Bilimoria, 1997; Lo & Sheu, 2007; Bridges & Wilhelm, 2008; Kearins, Collins & Tregidga, 2010). However, many others while considering the components of corporate sustainability but relieve no positive financial outcome in relation with social and environmental responsibility (Bare, 2014). These scholars used empirical inquiry found no evidence to show causal effects. It was argued that organization's commitment to environmental and social responsibilities enhance the dynamic relation with stakeholders, which fruit intangible capabilities and influence the organizational performance. Findings of remarkable number of research has relied on institutional isomorphism investigates organizations initiatives embedded in regulatory

compliance, normative amenability and cognitive institutions, revealing in corporate routine and inertia (elements Vitró, Sanmiquel & Freijo, 2014; Bare, 2014). Kramer and Porter (2006) were revealed corporate leaders usually has complications seeing the relativity of complex elements of the system, in other word they miss the opportunities of integrating organizations' mission and society expectation especially in connecting environmental and social commitments with strategic management. It seems to be easier to study strategic implications and amend singular activities rather than involve with ambiguity and complexity supplemented with sustainability. Consequently, it leads organizations to frame environmental and social issues from the benefit cost ratio along with causal perspective (Stubbs & Cocklin, 2008; Orlitzky, Siegel & Waldman, 2011; Persons, 2012).

Based on this explanation we argue the deficiency of the causal method in investigating the in-depth of the relation between organizational sustainability commitments. Therefore, this research exploits the integrative logic in investigating the influential role of human factors and strategic decision related to three dimensions of corporate sustainability. It is posited that sustainability may be simultaneously determined through meaning making logic and responsiveness decision-making. As we explored, integrative instrumental logics build upon the cognitive orientation that allows deeper reconciliation of sustainability rather controversial elements.

Furthermore, the underlying ethical logic in this approach by identifying the nature of decision conveys the high capacity of organization to reduce the tension between society and organization. Consequently, the value created by corporate sustainability will be intimately linked in strategic integration, which leads to competitive competency and integrated profitability.

5. Methodology

Interviews were executed in 3 different pioneer industries related to sustainability and with top executives in different positions, while in related

to implementation of sustainability. The interviews were semi-structured and covered: definition of sustainability and importance in the organization (strategic level), implementation mechanisms, stakeholder support on sustainability and executive's inner perception about sustainability, and elements contributing to sustainability.

In this paper, the subject points of three main emerged themes are presented. This study draws upon the cognitive perspectives and integrative logic in decision-making approach to business sustainability. While systematically is in contrast with the underpinning theory of institutional between casual instrumental and the logical integrative approach of managing two logics of environmental and social initiatives. The focus was on the organizational positive efforts to manage environmental and social issues.

Emphasize on positive impact of environmental and social initiatives differentiates this study from previous research which were mostly related to corporate strategies performance. In fact, the performance indicators of environmental and social initiatives are not included in this study as they involve different management mindset, process and consequences than more positive commitments.

We propose that environmental and social responsiveness are not only drawing upon the causal effect perspectives but also simultaneously related to cognitive logic.

Whereas cause effect approach which implies an "if-then" logic position characteristic of human aside as an independent issue, the integrative cognitive logic considering simultaneous relationships associated with organizational cognition (logic). By contrasting managers' inner logics and enriched triangulated notion of the corporate sustainability in organizational commitments, the findings of this research amplifies the earlier contributions of corporate sustainability and promote the harmonious perception behind the sustainability initiatives.

6. Factors that Contribute to Sustainability Management

What ends in our findings is corporate sustainability, set beyond of observable circumstance and societal assigned values and

institutional isomorphism. Based on our inductive content analysis we acknowledge individual pattern of thinking and cognitive overhead as the patterns that impact the process of sustainable development. It was revealed here that perception and cognition overhead of individual which effect on their decision and intention can be improved by being aware of their patterns of thinking. We debate over the human development as subject to organization sustainability initiatives. In this view, unsustainable development occurs when core value of the cognitive excluded and human perception disconnects which reflects disregard or raises discontinuity. We recognized that three factors contributed to the notion of sustainability management. Each of these components is further explained in detail while also illustrated in schematic structure of figure 1.

6.1 Believes

Finding of this study embraces both organizational decision-making and human cognitive systems. To understand the corporate sustainability the human dimensions must encompass the normative driving force and system of believing. Corporate sustainability therefore will not bounded with ecological efficiency and social sufficiency; it goes beyond economic performance to include attitudes and beliefs. While corporate responsiveness have spread globally, individuals and belonging community have established their own set of rules and regulations in order to monitor and control responsible behavior. Methods of building sustainability in organization range from adopting ethical policies, system of beliefs and practices by showing responsiveness corporate citizenship.

6.2. Connectivity

Development of sustainability cannot reach without achieving well connectivity with the community and understanding of the pertaining challenges as it systemically interconnected and interdependent. Sustainability demands an understanding of the equitable distribution and access of resources and sustained natural resource, education and fair employment opportunity.

6.3. Equity

The fundamental dimension encompasses nearly all conceptions and elements of developing sustainability grounded on fair distribution of resources. Some people even address obligations concerning the nonhuman world as well. Due to the lack of objective criteria, developed codes based on interviews of this study pushed towards normative isomorphism where rules formulated overtime via debate on human morality and socialization and dominant beliefs.

7. Sustainability Management in practice

Comprehending sustainability and driver factors of initiatives are the basis of organizational sustainability programs and formulate the target in the organization. However, once the targets are defined, the way in which sustainability strategies are transformed in operations and projects has to

be determined. To gain competitive advantage, the sustainability principles must be integrated into the core processes of an organization structure. When exercising sustainability, organizations expand distinguish competitive competency in their operation. While in some cases sustainability defined to enhance the elements of the triple bottom-line, another could simply reinforce certain aspects in the daily operation like communication, the use of “sustainable” or certified resources, or even the planning to profit from specific resources and opportunities. In this research , the “implementation mechanisms” found significant in the interviews were arranged and classified according to the organizational level in which they are most likely to act, according to factors that contribute to sustainability management (i.e. believes, connectivity and equity). This analysis is consolidated in [Figure 1](#).

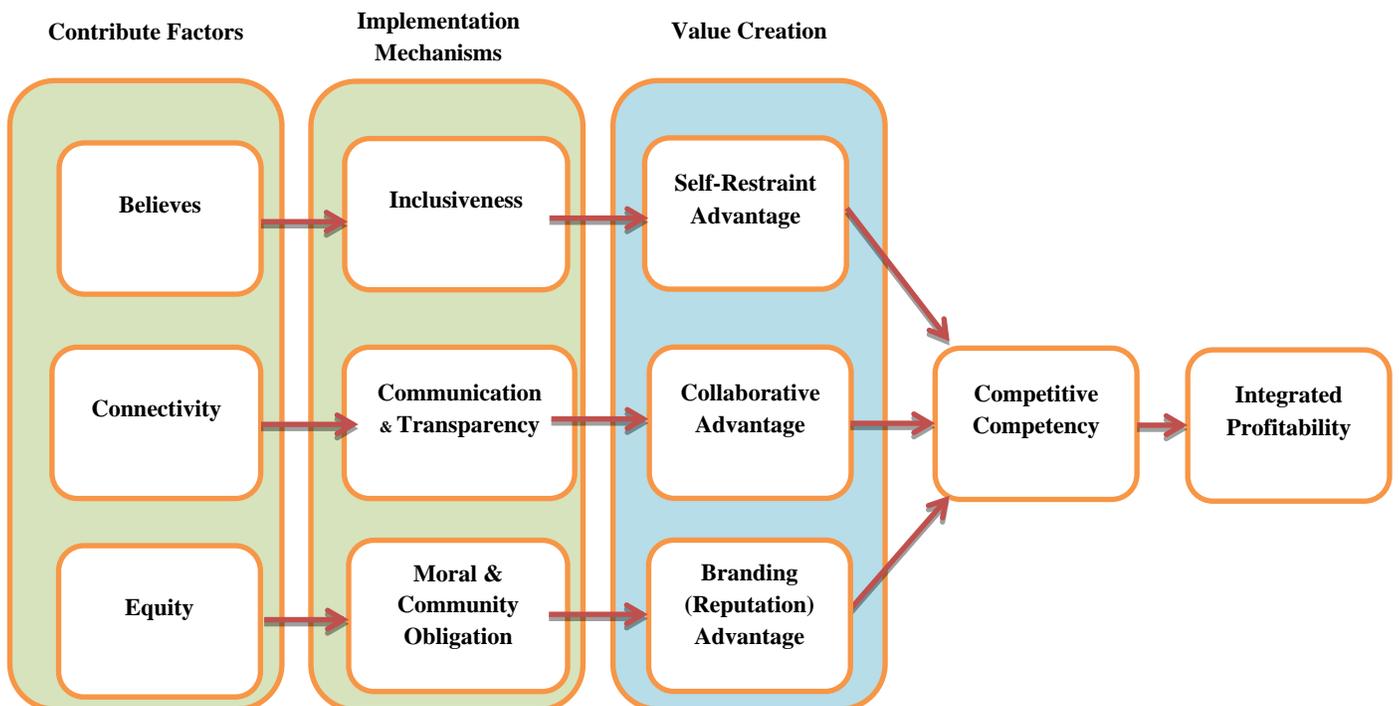


Figure 1
Integrative Sustainability Decision Model

8. Discussion

The findings of this study expand the understanding of corporate sustainability through

theorizing the cognitive logic of decision making that value-laden to corporate operation. Prior researches were mostly based on conventional instrumental focusing on causal relationships of corporate sustainability, which arguably overlooking the potential impact of human dimensions and the simultaneous determination of the three pillars of sustainability initiatives. However, such a linking combination is the fundamental mechanism of corporate sustainability. By demonstrating the presence of cognitive relationships, finding of this study invigorate implication and over rationalization of corporate sustainability and motivate researchers to go beyond the causal effects and explore more deep the very nature of sustainability and efficient implication of social, environmental responsiveness. Theorizing the mechanism of cognitive reasoning helps organizations increase dexterity to change and equipped them to deal with increased complexity and operational ambiguity. Managing contradictions elements, rather than well-aligned factors or linearly finite aspects, provides a far better depiction of business life that managers are enduring in reality. Particularly in persistent new areas of concern, managers have to transcend and embrace contradictions constitute within organizational and operational activities such as change and dynamism versus stability, globalization versus indigenous concern and quality in relation with cost. Strategic development should be characterized by creative solutions and progress that derive not only a competitive advantage rather than build in hand with harmonious of society and the planet. Certainly, the cognitive logic depicts a way that organizations can follow in value judgment, enhances the capacity of dealing with complexity and various tensions in decision-making, and generate frame-breaking changes.

As such, the proposed framework allows scholars to comprehend the interconnections rather than separate into distinct caused category, which artificially pictured the polarized organizational elements and constructed contradictions. Framing the logic behind the decision pushes researchers to look into variables that might appear pointless, but when linked with nature of cognition they do make sense.

The findings of this study not only demonstrated the existence of shared values when a cognitive logic is applied but also show that it is possible to do good and do well. This aspect is particularly encouraging corporate that concerning in applying an instrumental logic in decision-making. Particularly it influence on ethics of care and effort propensity on environmental responsiveness, because they comprehend the nature of logic that caring for society is not a burden as it seen by shareholders.

9. Conclusion

This paper renders some examples of the current application of corporate sustainability and how some managers are “doing right” in the practice. The interviews have led us to identify some of the points discussed. There is a wide diversity in understanding of sustainability in both literature and business practice and even more diversity in the way to implement it. However, the wide range of definitions in practice talks about the lack of maturity in the understanding of the concept (Bloxham, 2011; Garavan & McGuire, 2010; Marcus, 2012; Stubbs & Cocklin, 2008; Kearins, Collins & Tregidga, 2010). It is approached from different components, it could be profit, it could be the planet or it could be the people, but it is difficult to find a reason to widespread and balance among the three elements, which might open the possibility for opportunistic or polarized perspectives. Looking into the interview results, and based on the Integrative Sustainability Decision Model illustrated in Figure 1, it can be seen that organizations are not driven only by one of these motivations, but by a combination of them that influence the way in which sustainability is implemented. Further, it was illustrated that profitability no longer comes solely from the margins in the value chain but a meaningful part of it has to come from corporate social and environmental commitment. Sustainability is increasingly becoming a prime driver in organizational strategies, however it is not always understood in the same way, and therefore, the way it is perceived and exercised in an organization and in the day to day operations varies completely according to the organization. Today, sustainability plays a prime role in the

value creation, thus sustainability driven strategies could ensure the delivery of new added value in organization performance. While some presented in this paper but the reasons for driving an organization towards sustainability can be vary from different cases and therefore, implementation of sustainability is still in development.

10. Future Direction

This study focused on environmental and social commitment, while the negative aspects were excluded. Future researches might be interest to look into the negative environmental and social impact, which might generate different insightful result. It is also suggested that further research consider interaction of negative and positive action, which seems received not enough attention in practical and theoretical implications. Furthermore, there may be a link between cognitive logic and causal effects as this relation may facilitate integration. Organizations that acknowledge the causal relationship amongst the three commitments factors may be able to combine and build capabilities and resources accordingly. As a result, it hopes to see that organizations develop ability to address corporate sustainability. However, it should be acknowledge that given research purpose did not allow exploring of the extent and conditions of integration three pillars of sustainability, nevertheless, understanding related to meaning making logic and pattern of decision-making helps building commensurate sustainability within the society. Proposed framework and notion of sustainability implementation in this study is fruitful in nature for future studies in which research scholars need to look into how richer information can be collected through extensive qualitative inquiry.

11. Limitation

Given our qualitative baseline, the findings of this study should be cautiously generalized because there are fundamental differences in organizational responses and policy in different societies, culture, stakeholders' perception and attitudes.

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