

SUSTAINABILITY AND ENTREPRENEURSHIP

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Abstract

High aptitude characteristics of an entrepreneur would lead one to realize the importance of dealing with sustainability issues. Yet, not all those involved in the sustainability debate are eager to pursue sustainability with enthusiasm. Different stakeholder groups have been observed dealing with sustainability through their discursive action and that of others. Stakeholder groups considered are Traditional Shareholders, Incentive Coerced Management, Enlightened Management, and Activists. These stakeholder groups are shown to each engage in a unique discourse, which provides insight into how they approach sustainability and react to other approaches. These discourses are understood in this paper with a framework derived from Foucauldian thought and Harré's positioning theory. In doing so, this unique approach derives a greater level of understanding about the different points of view about sustainability. Entrepreneurs can harness this to improve how to best approach sustainability.

1.0 Introduction

This paper draws on findings of an inquiry into how CEOs deal with sustainability issues to understand how entrepreneurs may effectively approach sustainability. The observation that not all people are equally enthusiastic about sustainability issues suggests that entrepreneurs need to deal with a varying support for sustainability.

It is assumed that individuals within stakeholder groups view sustainability in a common way. This paper considers the following stakeholder groups; Traditional Shareholders, Incentive Coerced Management, Enlightened Management, and Activists. How they approach the sustainability debate will be expressed in terms of the observations made by individuals who have successfully dealt with sustainability.

The research was conducted by creating transcripts of structured interviews. CEOs from a variety of industries offered their reflections of how they dealt with sustainability issues. These interviews were tape recorded and subsequently transcribed to enable a thorough exploration of ideas raised.

Qualitative data analysis has been conducted due to the nature of interviews and richness of personal experience sought. Transcripts were subjected to discourse analysis using a positioning theory framework developed in part by the author. At various times during the analysis, preliminary interpretation was revealed to participants for their verification and further disclosure.

It was shown that, in dealing effectively with sustainability issues, CEOs deal with individuals to align perceptions, specify outcomes, establish rules for behaviour, and engage in actions appropriate to the outcomes specified. That is, they define rights, duties, the moral order and actions. In this paper individuals are assumed to be representative of specific stakeholder groups.

This research provides a model of behaviour for entrepreneurs who aspire to deal with sustainability issues in an effective way. The model can be applied to specific circumstances and across a variety of industries. It is suggested that this data can produce further insight through extrapolation beyond the participants.

2.0 Method

The research was conducted by creating transcripts of structured interviews. This is a realist paradigm driving a retroductive strategy, in which the phenomenon observed has been the discursive positioning of senior managers as they deal with sustainability issues. The author's interest was regarding what had generated the positioning he observed. Thus, he has taken a realist perspective about what was generating positioning. Harré (2002) argues that in mainstream human sciences, human action occurs in ways that individuals are neither aware nor can influence. While this ontology may not be consistent with constructionist thought about social construction, it is consistent regarding constructionist thought about personal construction. Positioning theory, however, is about personal construction of self. Personal construction of self implies agency and agency implies realism. That is, a level of consciousness regarding acting.

CEOs from a variety of industries offered their reflections of how they dealt with sustainability issues. These individuals were selected to participate because they were known for leading their organisations successfully through the resolution of sustainability issues. A variety of industries were included in the study, because the author perceived sustainability to be a business practice common to all industries. In other words, in the same way as accounting and quality are common to all industries, so is sustainability a practice that needs to be observed and engaged with in a structured way and applied within a local context.

These interviews were tape recorded and subsequently transcribed to enable a thorough exploration of ideas raised. The identity of participants was veiled through the use of aliases and the removal of organisation-specific references.

Further interpretation of data is extrapolated subsequent to initial research to explore the perspectives of various stakeholder groups involved in the sustainability debate. While not every participant CEO expressed observations about all stakeholder groups, it is assumed that their consistent approach to how they deal with sustainability will be reflected in their individual descriptions of stakeholder groups.

3.0 Analysis

Structured interviews produced a richness of personal experience that could not be subjected to quantitative analysis. Rather, qualitative data analysis was conducted to extract the feelings behind behaviours of CEOs. Transcripts were subjected to discourse analysis, using a positioning theory framework developed in part by the author from preliminary work by Ling (1998) and other educationalists. This framework was informed by positioning theory (Davies and Harré 1991, Harré and van Langhoven 1999, Harré and Moghaddam 2003) and various Foucauldian concepts. It was shown that positioning theory was influenced in part by Foucault's work (Boxer 2005, 2004, 2003a, 2003b, 2003c). Then from these Foucauldian first principles a framework was established using a derivation of gaze (Foucault 1973, 1973) and governmentality (Foucault 1979). At various times during the analysis interpretation was revealed to participants for their verification and further disclosure.

3.1 Positioning Theory Framework

Preliminary analysis led the author to construct the Foucauldian-gaze-like theory of social flux that borrowed from electromagnetic theory. That is, a social residue of social flux is given off by the dynamics of social encounters in much the same way as the electromagnetic residue of electromagnetic flux is given off by the dynamics of electromagnetic incidents. Solenoids involved in the production of electromagnetic flux provided an analogue to describe the categories of social phenomena that produce social flux. Reflecting Harré's (1979, 1983, 1986) earlier work with the data contributed to the development of four categories that contributed to social flux:

- The local system of rights
- Duties and obligations
- The local moral order
- Public and private actions

These are simplified as rights, duties, moral order and actions and used to distinguish discursive data. It is at the intersection of these four components that discursive action takes place as shown in Figure 1, where discursive action is shown to be composed of positions of those involved, storylines and speech acts.

Figure 1 also demonstrates how each person brings their personal perspective of truth and ethics to every social encounter. That is, when a person speaks with another person each defines them-*self* from each of their perspectives. That is known as positioning. Throughout the course of each conversation, the positioning may change. So, the position of themselves and others that each person brings to a conversation may be different to the position of themselves and others that they leave the conversation with. Likewise, the positioning process can alter the underlying mood, which in turn can alter the rights, duties moral order and actions. However, an individual conversation altering an organisational mood is like a tiny tugboat push on a massive ocean liner in open ocean. That is, it takes many many tiny pushes to change a mass in motion.

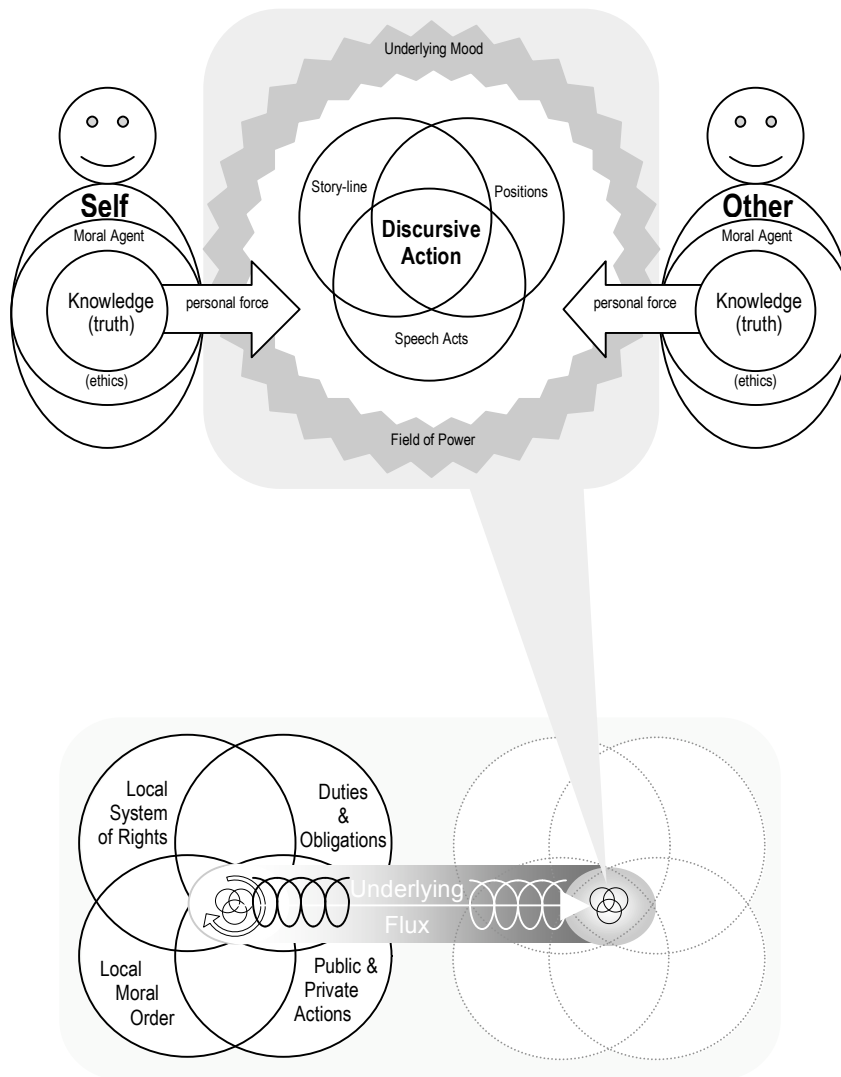


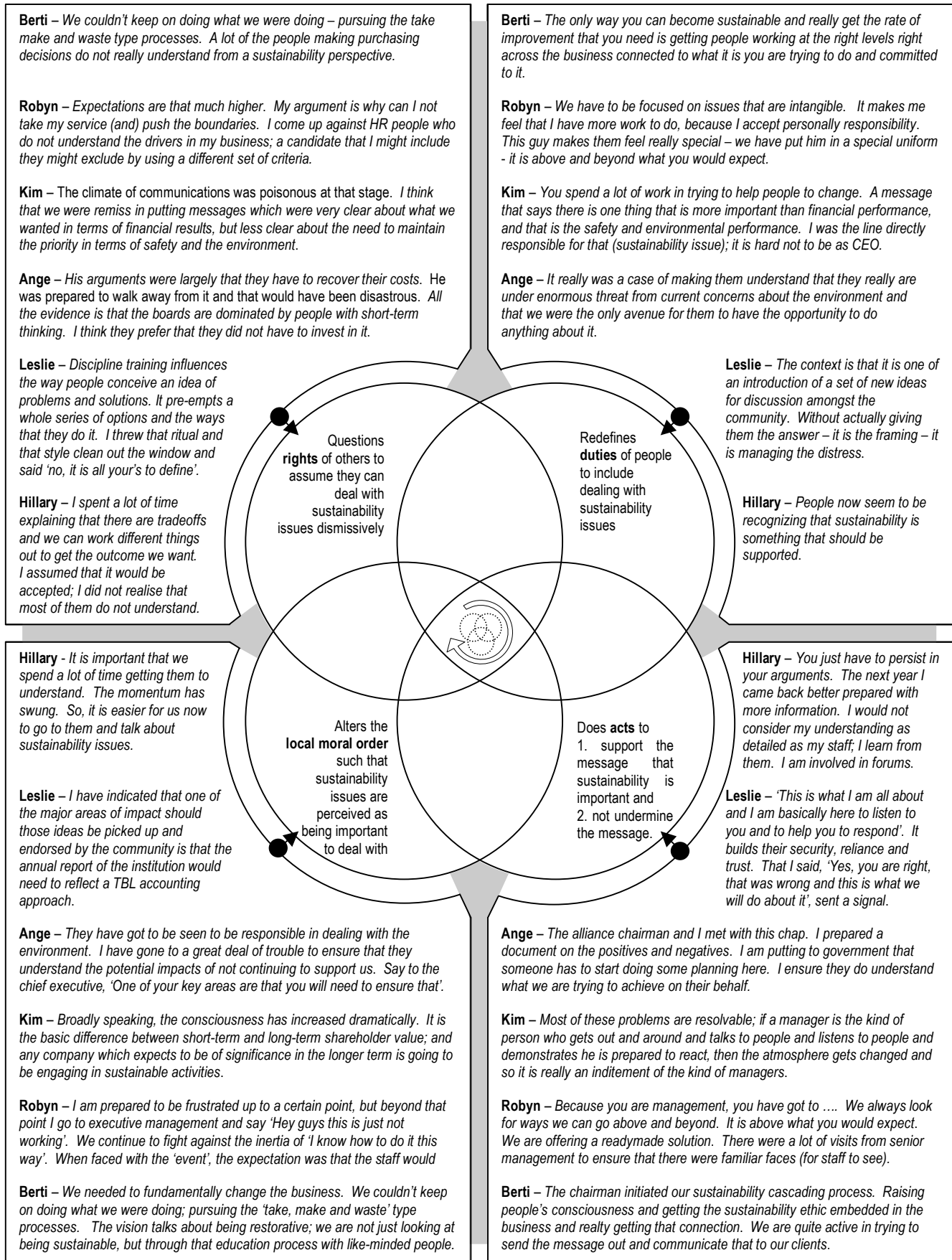
Figure 1



3.2 Application of Framework

The framework was initially used to deconstruct conversation so that efforts to alter components of culture could be isolated and considered. These isolated phrases were categorised to provide a measure of how CEOs dealt with sustainability issues. Figure 2 shows a sample of allocation of this data.

4.0 Results

Behaviour of CEOs when they deal with sustainability in an effective way has been shown to define appropriate rights, duties, moral order and actions. Figure 2 shows these categories to be interdependent components of social flux. That is, a change in any one component influenced the other three. The objective of this behaviour has been to align the social flux with the nature of the sustainability issues faced by the organisation. This behaviour was shown to be consistent across all participants regardless of their specific industry. In terms of the four components:



 - Social Flux
  - Discursive Action (leading to positioning)

Altering the Social Flux to Enable Sustainability to be Dealt With
Figure 2

- First and foremost, CEOs recognised cases that individuals and collectives perceived a right to prevaricate with respect to the sustainability issue. That is, they noticed cases where appropriate resolution of sustainability issues were avoided, ignored or flaunted.
- With rights appropriately aligned, CEOs defined duties for individuals and collectives to perform that would lead to the appropriate resolution of sustainability issues. These included both specific and general obligations.
- To guide organisation-wide behaviour, CEOs established a moral order specific to their organisation and the sustainability issues being faced. This is not a matter of ethical rightness or wrongness. Rather, a system of policies to provide people an example of how to behave consistently across the organisation.
- Finally, CEOs provide an example for subordinates to emulate; they engaged in actions that reinforced rights, duties and the moral order they desired to be established. More important, these CEOs required their subordinate leaders to replicate their actions in a way appropriate to each individual leader's spheres of responsibility. This condition of leadership was cascaded throughout organisations of participating CEOs.

As a whole, the four components of social flux produced a vector that represented the way the CEO dealt with sustainability issues. It is generalised that *the sustainable way* (Boxer 2005) is consistent for any organisations. However, not all stakeholders share the same enthusiasm for behaving in a sustainable way. Insight into their perspective on the sustainable way has been extrapolated from the comments of participants in this research and summarised here.

4.1 Traditional Shareholders

Traditionally, shareholders – whether individuals or corporations – expect a good short-term economic return on their investment. This expectation can interfere with the way decisions with longer-term or philanthropic implications are made. They perceive it is their *right* to receive maximum return on their investment. One CEO of a petrochemical business explained:

If you do not create shareholder value then you cannot do the other things.

The CEO of a Research and Development (R&D) corporation funded by, and performing work for, various utility businesses also reflected a similar sentiment. He explained:

The problem for organisations like mine, is that chief executives of businesses are meant to get the share price up and do everything in the short term, very very little long term thinking. So, the dilemma I am faced with quite often is of convincing these people that they have to plan out ten or fifteen years.

One chairman of a manufacturing business pursuing sustainability faced opposition from the share market. Australian CEO explained:

There was enormous pressure brought on the chairman in terms of "is this the right direction that we are pursuing – this sustainability agenda" and "were we betting the business or is it delivering a return that is out of line with what we could get if we pursued a different agenda". Our share price went down from about \$20 a share to \$4 at the bottom and at that point it undervalued the company so dramatically it was just amazing.

Recent initiatives by business to contribute to the 2004 South East Asian Tsunami appeals have led to shareholder outrage (Maiden 2005). Furthermore, Maiden shows that it is the prevailing view of academics and the Australian Shareholders Association that business has a *duty* to obtain the authorisation of shareholders prior to dispensing shareholder funds to charity. While there was outrage from the general public – who may or may not be shareholders – there is academic foundation to the apparently uncharitable *actions* of shareholders. In terms

of economic theory, Friedman (1970) states, 'there is only one social responsibility of business – to use its resources and engage in activities designed to increase profits.' Such is the *moral order* in which traditional shareholders establish meaning; that economic gain takes precedence over social or environmental issues.

4.2 Incentive Coerced Management

Barsky (2004) observes that incentives can lead managers to make bad ethical choices. That is, managers can be coerced into making bad ethical choices by rewards for performance (Gellerman 1986). Many managers, who are coerced by incentive systems, continue to ignore these contemporary moral discourses and deploy forms of power and power relations that undermine sustainability initiatives.

The research and development CEO observes one of his alliance partners who appeared to be coerced by incentives to cut costs.

He can get more money in his own pocket personally if he can cut costs. He was very reluctant. His arguments were largely that they have to regain their costs – substantial costs to them – approaching \$2,500,000. His remit was to reduce costs in Australia. He was brought in (with a three year incentive package) to do something about the Australian business and we were a substantial cash cost – you know, straight off the bottom line.

The alliance partner perceives he has a *right* to maximise his personal income through eliminating sustainability issues. He perceives no *duty* to be sustainable. His employer has established the *moral order* – in terms of the rules of his incentive pay package.

The petrochemical CEO explained:

They were under very severe cost pressure; our operations had been under financial difficulties for a number of years and particularly in that year. I had placed very tight cost constraints on the whole organisation, in an attempt at last to achieve our targets – financial targets, which we did, by the way. I think that that driving force from the top was part of the process, which caused people to believe that they should postpone expenditure that certainly was a

part of (the cause of our sustainability problem).

Business managers appear to perceive that they have a *right* to optimise their personal remuneration at all costs and that their staff have a *duty* to support them in their pursuit. Their *actions* reinforce the *moral order* that underlies these aberrations.

4.3 Enlightened Management

Once an organisation has set out to behave in a sustainable way, a discourse supportive of sustainability is observed. It appears that this discourse needs to be driven from the top of the organisation. The manufacturing CEO explained how he initiated sustainability-positive discourse throughout the organisation:

(In the face of shareholder opposition), the chairman had to show a lot of conviction and courage to maintain this was the way forward. The chairman sat down with all the people that reported to him and had this dialogue what is sustainability what does it mean to you and so on. That process was right the way down through the organisation.

This manufacturing chairman was inspired to change and, as explained by the CEO took steps to implement his ideas:

The chairman and founder of our company had his epiphany and took on board the fact that we needed to fundamentally change the business. We couldn't keep on doing what we were doing; pursuing the take, make and waste type processes. The only way you can become sustainable and really get the rate of improvement that you need is getting the people at the working levels right across the business connected to what it is you are trying to do and committed to it. We have seen significant improvement because the right people at the levels are involved.

The CEO went on to explain the need to involve people throughout the organisation in the sustainable way:

That is all about raising people's consciousness and getting that sustainability ethic embedded in the business and really getting that connection. It was more of putting some more definition and flesh around (the meaning of) sustainability.

These experiences led the CEO to ask himself some serious questions:

Why am I here? Why was I so fortunate to have been born where I was born? What gives me the right to be in this esteemed position in life?

The point was to communicate to the people right across the world that this was the way forward and we were going to become sustainable and hopefully restorative.

Similar discourses of communication and understanding were revealed by the research and development CEO:

We have gone to a great deal of trouble to ensure that they understand the potential impacts of not continuing to support us ... basically they have got to be seen to be doing something about their environmental contribution to greenhouse gasses ... so that is certainly a lever that I use both with the industry and with government, to continue to get government support for what we are doing.

He explained that when people understand and accept sustainability issues they realise the need to commence resolution of the problems.

Their investment is so large that they simply can't allow something to occur that might erode that value quite substantially. So they must be seen to be responsible in dealing with the environment.

He went on to explain that even after change had been accepted, implementation remains elusive in the shadow of other objectives.

Yes, they understand the issue, but they wish it were not there; the cost of doing something about it is enormous. Let me give you an example, this organisation has developed a technology that is successful. It will allow for an enormous reduction in greenhouse gas emissions from existing (operations). That comes at a cost of about a billion dollars – a thousand million dollars. The issue to deal with it at a time when they are (A) losing money and (B) when our society puts no value on carbon abatement; lots and lots of lovely warm feelings, but not one cent of (financial) value on it. How can we really expect businesses to spend a billion dollars when it does not increase their income by one

cent? It is just a nonsense ... so ... having to deal with that all the time

Three approaches can be observed. (1) Enable everyday spaces where the impact and *moral order* can be experienced by teams working in the organisation. (2) By speaking with one another in positive terms about the sustainable way and encouraging this to become habitual, people incorporate sustainability into their *rights* and *duties*. (3) Involve people in task forces in *actions* to resolve sustainability issues in the sustainable way.

4.4 Activists

Having learned from the global feminist movement of the incredible power of small discussions in localities, sustainability activists compete with global forces through the hopeful engagement in telling small stories at the local level. They create varying degrees of resistance in order to express hopes for new power relations. They realise they can be autonomous subjects rather than objects of development. They are well guided to operate their local resistance in certain global ways through an aggregate of local effort. They engage in deconstruction and practices of *resubjectivation*. They create breaches for unequal power to be introduced with the objective to destabilizing the hegemony of unsustainable practices. As deconstructionists, activists see a dominant discourse that lacks concern for sustainability. Because they realise its colonising power, activists stand outside the main stream for a more transparent perspective.

Activists liberate society from the non-sustainable practices by creating new discourse that enable re-positioning of individuals into a more sustainable approach and assume power in new forms. It becomes a project of resubjectivation; that is new institutions and practices are created for people to align with.

A senior manager in a hospitality complex reflects on how activists converging on his site had influenced his planning:

We are so big and our core business attracts a lot of media attention. It means that we have a responsibility that goes far and beyond what other organisations might.

A university CEO explained how influence leaders (in some cases activists) were helpful in understanding issues:

I am very assiduous at picking influence leaders, who are conducting debates in their own right or are involved in sub debates or subsets going on in the university. So, you are working with multiple levels, multiple

conversations, conversation forms, both formally and informally right across the community

The petrochemical CEO explained his reliance on younger people, who may be idealistic about sustainability issues, to drive the sustainability movement within his organisation:

Often you will find that this is led particularly by young people. We have a number of processes that enable young people to be very active – we have a thing called project better world for example which involves allowing people to go off and spend time with earth watch; and we have a fairly significant environmental sponsorship that we will be announcing in the not too distant future which will also enable people to get involved.

The CEO of a municipality has similarly harnessed the enthusiasm of activists.

I would not consider my understanding anywhere near as detailed as my staff or as some of the councillors – I mean they are very progressive. I am involved in a few (sustainability forums), but (I learn) mainly through my staff and the councillors. Two people who have been influential are (a manager) who has been a very strong advocate for sustainability for a long time and one of our councillors, who I learn a lot from just by listening to him and the passion.

Those CEOs who deal with sustainability well realise that they do not have a right to ignore activists. In fact they realise their *duty* to embrace and involve activists already employed in their own organisation. By establishing a *moral order* that respects the views of those passionate about sustainability, they encourage *action* that contributes to organisation-wide sustainable behaviour.

5.0 Conclusions

Leadership behaviour by those CEOs who effectively deal with sustainability issues can be defined by the sustainable way observed in participants in this research. The sustainable way can be used as a model of behaviour for other CEOs who aspire to effectively deal with sustainability issues. Beyond that, CEOs can apply the same model to gain an understanding of stakeholders who impact their organisation and its objectives.

It appears that each stakeholder group can be represented by distinctive discursive data from the transcripts of interviews with CEOs. While these data were not collected for the purpose at hand, they do provide a degree of insight into the other stakeholder groups of interest to leaders. There is indeed a variation amongst stakeholders considered here of perspectives relating to the sustainable way observed in Boxer (2003a).

Further research into stakeholder groups could be conducted by returning to the field with a wider group of participating CEOs and with more focused questions relating to the stakeholder groups. Alternately and perhaps complimentary to the reflections of CEOs, similar interviews could be held with representatives of each stakeholder group. This research would validate or invalidate the extrapolative and tentative results of this current exploration.

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