The Greening of Corporate Ethics

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Abstract

There is increasing reason to believe that the world's financial crisis is inextricably linked to the environmental crisis, both because current corporate practices contribute to environmental degradation but also because global climate change threatens to impact upon the way in which business can continue to function profitably and sustainably. After summarizing some key reasons for moving beyond the traditional dichotomy between "environment" and "economy," the paper argues for a need to better integrate the fields of business ethics and environmental ethics. The final section of the paper presents some strategies for increased awareness and behavior modification within the corporate sector.

Introduction

According to Sir Nicholas Stern, Head of the UK Economic Government Service and former World Bank Chief Economist, "climate change presents…the greatest example of market failure we have ever seen."[1] Recognizing that the world financial crisis arises from a traditional neoclassical economic model that is, for the most part, conceptually and pragmatically divorced from environmental realities, he argues for a rethinking of the relation between global climate change, economic health and ethical imperatives.

This paper builds on Stern's vision, arguing that the world's financial crisis is inextricably linked to the environmental crisis and that there is a new role for ethics within such a setting. Part I presents a case for explicitly linking economic health to social and environmental sustainability. There is growing recognition that a healthy economy should value not only financial and manufactured capital, but also human and "natural capital" as well.[2] Part II then presents examples of key ethical challenges that arise within such a context. Finally, Part III suggests some strategies to facilitate increased awareness of underlying value systems as well as to encourage behavior change within corporations. In the end, the paper supports continued interdisciplinary dialogue between the study of economics, environment, human behaviour and ethics.

Linking Climate Change, Environmental Degradation and Market Failure

It is important to acknowledge that, for many business leaders, private companies are created for the express and primary purpose of generating profit and increasing market shares. The main duty of officers is seen to be the promotion of the corporation's bottom line rather than to advance either the public good or any principled environmental agenda. As Law Professor Bruce Pardy points out, "private companies are private. They are created for the purpose of pooling private capital and making profit…The directors and officers are not at liberty to use the corporation's assets to promote public welfare unless those

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[1] Sir Nicholas Stern, *The Economics of Climate Change: The Stern Review,* (UK and NY: Cambridge University Press, 2007), p. 1.

[2] Hawken, Paul, Amory Lovins and L. Hunter Lovins, *Natural Capitalism: Creating the Next Industrial Revolution,* (New York: Little, Brown and Company, 1999.)

actions also have the effect of promoting the corporation's bottom line. Corporate social responsibility is really a marketing strategy. It serves to enhance the corporation's image and increase market shares." [3]

On this reading, it actually becomes *unethical* to invest in "environmental" initiatives if the consequences are expected to lead to a reduction in shareholder value, or in diminished rates of employment. In fact, some argue that it is precisely such a loss of jobs that will indeed emerge from the so-called "green economy." Professor Gabriel Calzada of the Juan Carlos University of Madrid found that for every green job created by the Spanish government, an average of 2.2 jobs were destroyed and only one in ten of the new green employment opportunities were permanent. The study concludes that the United States can expect a loss of approximately nine jobs for every four that are created.[4] Studies such as these fuel the longstanding debate regarding "jobs vs. environment," making it clear that the economy has a higher priority than sustainability or conservation initiatives.

To be sure, other studies present very different findings, suggesting that there are net *gains* that one can expect through employment opportunities in the environment sector.[5] While the debate on these issues continues to rage, the bottom line is that, for many, investing in a green economy will only make sense on the condition that such an investment increases a company's financial profit margin. Direct duties toward the common good are not, in and of themselves, seen to be integral to such a traditional corporate paradigm. Basically, on this standard neoclassical model, the fiduciary duty in traditional neoclassical economic theory is seen to be to the corporation rather than to public interest.[6]

Such a reading of corporate responsibility, however, is not without its critics. What has been called "business' own special brand of ethics" is seen to reflect a corporation's high-stress, individualized performance standard that rewards specialization and promotes notions of power, implicitly opening the door to the evasion of accountability.[7] Critics of the neoclassical model argue that business in reality holds significant responsibility for the public good, particularly because it has had a history of such extensive negative impact upon common grounds.

The fact that we have devastated 97% of North American ancient forests or that we are drawing 20 billion more gallons of water from the ground than can be replaced through annual rainfall means quite simply that current business practices are not sustainable in the long run.[8] As entrepreneur and author, Paul Hawken writes, "our business practices are destroying life on earth. Given current corporate practices, not one wildlife reserve, wilderness or indigenous culture will survive the global market economy…There is no polite way of saying that business is destroying the world." [9] Under such

[3] Law Professor Bruce Pardy suggests that it is a common "myth" that companies should act in the public interest. See "Myths and Legends" in *Canadian Water Treatment*, November/December 2009, p. 9.

[4] Cited by Dan Whitcomb, "Do Green Jobs Cannibalize Other Jobs?" in *Reuters*, April 7, 2009. See http://blogs.reuters.com/environment/2009/04/07/do-green-jobs-cannibalize-other-jobs/ Professor Calzada's report can be found at: http://www.juandemariana.org/pdf/090327-employment-public-aid-renewable.pdf

[5] See Richard D. Morgenstern, William A. Pizer and Jhih-Shyang Shih, "Jobs versus the Environment: An Industry-level Perspective," (Washington, DC: Resources for the Future, 2000) where they argue that jobs in four major industries will result in a net gain of 1.5 jobs per $1 million in additional environmental spending.

[6] *Ibid*.

[7] Brenkert, George G., "The Environment, The Moralist, the Corporation and Its Culture," *Business Ethics Quarterly* 5(1995):675-697.

[8] Hawken, Paul, *The Ecology of Commerce: A Declaration of Sustainability*, (New York: HarperCollins, 1993), p. 3

[9] *Ibid*.

circumstances, the global financial crisis is, at the same time, a crisis of environmental destruction and the conclusion to be drawn is that ethical business practices must extend beyond narrow parameters of profit gains for only a narrow range of shareholders.

Moreover, as we look to the future, it appears that the economic impacts of climate change and related environmental pressures will only exacerbate the current global crisis and present new challenges to traditional ways of doing business. According to the Stern Review, climate change is expected to cost world-wide economies as much as $7 trillion in lost output, and create as many as 200 million environmental refugees. Whereas an acceptable reduction of global emissions are expected by the Stern Review to cost one percent of global GDP by 2050, the implications of not doing so could well cost up to 20%.[10]

That a healthy economy depends upon a healthy environment is similarly recognized by the Intergovernmental Panel on Climate Change, who point out that climate change will impact upon society at all levels.[11] To be an "environmentalist" today no longer means that one is a member of a "fringe" community. Increasingly, sustainability challenges have come to infuse strategic financial planning from the corporate to public sectors. In fact, as Robert Bradley of the World Resources Institute notes, "one thing that we've really broadly started to appreciate more is that climate is not an environmental issue. Climate change is a systemic and fundamental issue about the way our economics work and the way we get our energy."[12]

As indicated below, with forecast extreme weather events and rising temperatures of global climate change, we can expect broad scale impacts of intensified flooding and droughts leading to property and infrastructure damage, disease and loss of human life, as well as decreased agricultural productivity, and ecosystem destruction. The risk to financial stability under such scenarios is clear.[13]

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[10] Sir Nicholas Stern, *op.cit*.

[11] See *An Assessment of the Intergovernmental Panel on Climate Change*, a summary, approved in detail at IPCC Plenary XXVII (Valencia, Spain, 12-17 November 2007), that "represents the formally agreed statement of the IPCC concerning key findings and uncertainties contained in the Working Group contributions to the Fourth Assessment Report." Found at http://www.ipcc.ch/pdf/assessment-report/ar4/syr/ar4_syr_spm.pdf

[12] Cited in Labatt, Sonia and Rodney White, *Carbon Finance: The Financial Implications of Climate Change*, (New Jersey: John Wiley & Sons, 2007) p. 1.

[13] See Sonia Labatt and Rodney White, *Environmental Finance: A Guide to Environmental Risk Assessment*, (New Jersey: John Wiley & Sons) 2002.

SOME ENVIRONMENTAL CHANGES	EXAMPLES OF ECONOMIC IMPACT
Intensified flooding, wildfires and drought; changing weather patterns	Property and infrastructure damage; increased insurance costs
Heat waves; pest and disease vectors; increased frequency of natural disasters	Increased health costs
Ecosystem and wildlife destruction	Decreased agricultural and resource productivity
Depleted natural resources (oil, coal, gas, water)	Higher water and energy costs

These findings are not only a matter of discussion amongst only the scientific community but, significantly for business, the public is now watching. An October 2008 Environics poll in Canada identified by a margin of more than 2:1 that Canadians want their federal government to provide equal priority to the economy and the environment.[14] On an international level, a 2004 GlobeScan survey of more than 23,000 individuals in 21 countries suggests that citizens now expect more from the corporate sector. The survey identified the "ethically active consumer" as consisting of somewhere between 12-30% of the population. One in five have read corporate social responsibility reports for individual companies.[15] The bar is being raised by an increasingly aware public sector and businesses are increasingly paying heed, if only through "greenwashing" strategies (that is, through initiatives that "appear" green more for public relations than for genuinely substantive sustainability management) – although business are also arguably responding more substantively in certain cases, as we will discuss later in this paper. [16]

As environmental lawyer, Robert F. Kennedy, Jr. reminds us, there is a growing consensus that our carbon dependency has become what he calls a "principal drag on American capitalism".[17] The practice of borrowing a billion dollars each day to buy foreign oil has caused the American dollar to implode. More than a trillion dollars in annual subsidies to coal and oil producers has beggared a nation that four decades ago owned half the globe's wealth. Carbon dependence has eroded our economic power, destroyed our moral authority, diminished our international influence and prestige, endangered our national security and damaged our health and landscapes. It is subverting everything we value."[18]

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[14] Cited in Hazell, Stephen, "Green Collar Revolution," in *Alternatives*, Vol. 35, No. 6, 2009, p. 9.
[15] Industry Canada, "An Overview of Corporate Social Responsibility," 2009. http://www.ic.gc.ca/eic/site/csr-rse.nsf/eng/rs00129.html. See also White, Allen L, "Sustainability and the Accountable Corporation: Society's Rising Expectations of Business," in *Environment*, 41, no. 8, October, 1999, p. 30.
[16] See, for instance, White, Allen L., "Sustainability and the Accountable Corporation: Society's Rising Expectations of Business." Environment 41(No. 8, Oct. 1999): 30. The author is looking at what he feels is a shift in corporate behaviour in regards to accountability.
[17] Kennedy, Robert, "Foreword," to Van Jones, *The Green Collar Economy*, (New York: Harper Collins, 2008) p. viii.
[18] *Ibid.*

Kennedy points to countries such as Sweden, Iceland, Brazil and Costa Rica who are "decarboning" their economies and, in the process, profiting from the move. For instance, in the 1970s, when Iceland was 80% dependent upon imported coal and oil, it was the poorest country in Europe. Today, Iceland has become 100% energy-independent and is ranked by the IMF as the 4th most affluent nation on the planet. "Brazil, which decarboned its energy over the past decade, is now experiencing the most sustained economic boom in its history. Costa Rica, which is phasing out carbon, is Central America's wealthiest economy."[19]

Whether the relation that Kennedy points to between decarboning economies and wealth is merely a coincidental correlation is, perhaps, open to dispute. What is clear, however, is that the corporate community is beginning to recognize that it is simply good business practice, both in terms of the long-term strategic financial bottom line but also in terms of broader corporate social responsibilities, to engage in proactive environmental planning. To be sure, there are clear business opportunities in the environmental sector, through "cleantech" products in such fields as solar, geothermal or wind alternative energy systems.[20] "The environment" is becoming a source of new investment for banks, pension fund investors, governments and public institutions. As the co-authors of a pioneering book on *Environmental Finance* point out, the true entrepreneurs within the corporate sector are more and more recognizing that "environmental performance is compatible with, and perhaps central to, competitiveness and superior financial performance."[21]

In such cases, it is not simply a matter of investing in a greener economy, but of taking the lead in rethinking business strategies, supporting innovative technological designs and re-envisioning moral obligations. Take the case of Ray Anderson, founder and chairman of the "Interface" carpet manufacturing company who, in 1994, restructured his firm with a vision to become the global leader in industrial ecology. In Anderson's words, the traditional "take-make-and-waste" system of production "no longer enhances our prosperity; instead, it is endangering it."[22] Focusing instead on long-term sustainability, the company has moved beyond the standard industrial model that only understands wealth in "financial" or "manufactured" terms. As Paul Hawken and his co-authors, Hilary and Amory Lovins state, "an economy needs four types of capital to function properly." These authors argue that, in addition to traditional neoclassical concepts of financial and manufactured capital, we must look to investment opportunities in "human" capital (labor, intelligence, culture and social organizations) as well as "natural" capital, consisting of resources, ecosystem services and living systems.[23]

Altogether, there is growing recognition of a role for business in the environmental field. As the United Nations Environment Program reports in its 2008 *Green Jobs: Towards Decent Work in a Sustainable, Low-Carbon* World, "a global shift toward a low-carbon, sustainable economy can be an

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[19] *Ibid*, pp. viii-ix.
[20] "Green Is Good Business," Perry A. Trunick. *Material Handling Management*. Cleveland: Dec 2008. Vol. 63, Issue No. 12; pg. 70.
[21] Labatt, Sonia and Rodney White, *op.cit.*, p. 17.
[22] For more, see Interface's website at: http://www.interfaceglobal.com/Sustainability.aspx.
[23] Hawken, Paul, Amory Lovins, L. Hunter Lovins, *Natural Capitalism*, (New York, Boston, London: Little, Brown and Company, 1999. P. 4.

engine for development, adding large numbers of green jobs across many sectors."[24] Such a shift can also provide a motivation to rethink the meaning of business ethics and corporate responsibility.

Ethics, Environment and Corporate Culture

Once one assumes that business will have some role in advancing environmental sustainability, the question arises regarding the manner in which this relation will in fact play itself out. Today, there are at least two major directions that seem to be addressed within the literature of business, ethics and environment. While there is certainly a continuum along these gradients, there is a sense, on the one hand, that business needs what I will call some "fine-tuning" in order to incorporate sustainability challenges and opportunities. On the other hand, there are those who argue that business needs to entirely re-envision itself within a more holistic context of social, cultural, ethical, regulatory, technological and ecological frameworks.

There may be a parallel conversation occurring within the field of economics itself. On the one hand, environmental economists seem to suggest that the traditional discipline should be expanded to include strategies for increased resource efficiency in order to more realistically address risks of market failure. On the other hand, ecological economists have questioned some of the positivist assumptions of mainstream thinking, arguing for a complete re-positioning of economics within a more "holistic," transdisciplinary ecological framework.[25] While the former scenario in some sense still prioritizes notions of economic efficiency, the latter locates economic priorities within broader ecological and sustainability frameworks.[26]

Similarly, within the field of business ethics, one can either argue that the field should be extended to include environmental considerations among many others, or else one can argue for a thorough re-positioning of business within the context of environmental ethics. In the scenarios that argue for a "fine-tuning" of business ethics, environmental considerations are sometimes described as relevant, but "optional" add-ons.[27] Even those who believe that sustainability has a more central role in business ethics still may advocate for a continuing neoclassical growth model, where one's own self-interest *includes* sustainable options. In such cases, it is seen to be good business to incorporate pollution prevention strategies, product stewardship and clean technology into one's daily operations in order to minimize risk and increase shareholder value.[28]

In many ways, such initiatives continue to be built upon a traditional, neoclassical "anthropocentric" ethic that is *extended* to include issues of environmental sustainability. The traditional language of "duties," for instance, is broadened on this model beyond shareholders in the narrow sense to

[24] Hazell, Stephen, *op.cit.*
[25] For an informed discussion of the relation between environmental and resource economics, on the one hand, and ecological economics on the other, see Jeroen C. van den Bergh, "Ecological economics: themes, approaches and differences with environmental economics" in *Regional Environmental Change*, Vol. 2, No. 1, August 2001, pp. 13-23.
[26] *Ibid*, p. 16.
[27] See the Modified Tucker Framework for Stakeholder Impact Analysis, reported in Brooks, Leonard J., and David Selley, *Ethics and Governance: Developing and Maintaining an Ethical Corporate Culture*, 3rd edition, (Toronto, Canada: Canadian Centre for Ethics and Corporate Policy), 2008, p. 85.
[28] *Ibid*.

all who have a stake in the firm, such as governments, courts, employees, clients, NGOs, communities and neighbourhoods, the media, potential investors, consumers and even competitors.[29]

In fact, such extensionism even finds expression in some authors' attempts to include "the environment" as a company stakeholder. Mark Starik, for instance, argues that organizations would be more inclined to give priority to non-human nature if it were defined as a stakeholder. [30] Referring to cases where many humans (such as women, slaves or indigenous peoples) have in the past had no direct political voice, he suggests that there is a similar need to extend a voice to "the environment." The most advisable way in which to do this, Starik argues, is to extend to it some formal sort of stakeholder status.

Starik may have a point here: perhaps if we look for ways in which to incorporate some kind of stakeholder status to ecosystems and the non-human animals within them, businesses will be held accountable not only for their profit margins and increase of financial capital but also for their preservation and enhancement of natural capital as well. Certainly, it is becoming evident that the environmental costs of doing business – for instance, the pollution that they create – are "externalities" that society is increasingly demanding that corporations "internalize" in order to account for *real* costs of production. If that is the case, finding a formula whereby companies begin to report ways and means of internalizing these externalities will become the norm, if businesses are to survive in the long term.

That being said, it is also the case, however, that labeling "the environment" as a "stakeholder" is not unproblematic. Which part of "the environment" do we somehow measure in order to incorporate stakeholder interests? Is a forest a "stakeholder" in the same way as an employee and if not, how do we define these differences? It is for such reasons that others argue that simply *extending* traditional anthropocentric language and ethical theories to the natural world cannot do justice to a meaningfully sustainable business ethic.

In fact, critics argue that simply tacking on an environmental ethic to traditional ways of doing business cannot hope to address the root of the problem. For instance, if we try to extend the deontological language of "duties" and "rights" to "environment," could we viably argue that forests have a "right" to be protected against degradation or clear-cutting proposed by logging companies? What does such language mean when it comes to defending those rights, given that forests cannot, in and of themselves, give voice to such rights? Extending an anthropocentric ethic to ecological issues is often convoluted in such circumstances and so perhaps a different starting point, other than this sort of traditional, anthropocentric grounding of business ethics might prove more useful, if large-scale environments are to be meaningfully included within the sphere of moral considerability.

It is not only traditional deontological language that is seen to be problematic however. Extending traditional *utilitarian* concerns to ecological functions becomes equally cumbersome, according to some critics. Is it right to analyze the value of nature by weighing costs and benefits? How does one calculate the value of an aesthetic experience of the natural world? Does nature, properly speaking, have a dollar value? Critics suggest that relying upon a traditional utilitarian ethic of "eco-efficiency" is ultimately seen to perpetuate the very problem that caused environmental degradation in the first place. Through cap-and-

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[29] *Ibid*, p. 27.
[30] Starik, Mark, "Should Trees Have Managerial Standing? Toward Stakeholder Status for Non-human Nature," Journal of Business Ethics 13(no. 3, 1995): 207-217.

trade or recycling schemes, it is true that society will reduce the rate of contamination and depletion of resources, but such programs do not stop or reverse these problems. As McDonough and Braungart point out, while a company can be praised for cutting emissions of airborne cancer-causing chemicals, those very chemicals still continue to exist.[31]

What these and other authors suggest is that, instead of "adding on" an environmental ethic to traditional ways of doing business, there is a need to contextualize the way in which we do business in light of ecological constraints. In that sense, one moves from a traditional "anthropocentric" business ethic to a more "eco-centric" or at least, ecologically-sensitive ethic, within which corporations must re-envision their responsibilities.

David Korten, for instance, argues that "the solution to the financial crisis is to let go of Wall Street and built a new economy based on different values and institutions."[32] In Korten's view, "the whole Wall Street edifice" is built on an illusion of what he calls "phantom wealth." Through a 12-point "new economy agenda," he suggests that western economies are obliged to move from "Wall Street Capitalism" to "Main Street Capitalism," where the role of profit is no longer an "end to be maximized" but instead, it becomes a "means to sustain viability" overall.[33]

In a similar vein, holistic eco-philosopher, Holmes Rolston III points out that "there is actually no such thing as a healthy economy in a sick environment; it appears so only where industry can rape and run, rape one environment and run to another."[34] Just as a sailboat requires a skipper in order to set the sails against the wind, Rolston suggests that all technology must operate in accordance with natural tendencies and laws. Life has operated in such a way for several billion years. "Our conduct," he concludes, "ought to fit this natural life story."[35]

How does such an eco-centric ethic translate into practice? Basically, one way is to advocate for a "cradle-to-cradle" paradigm of design that will ensure that, from beginning to end, products are designed in such a way that once they come to the end of their useful lives, they return them to the earth as biological nutrients. There are a growing number of innovative examples that illustrate that, through ground-breaking technologies and thought processes, we can engage in a re-design, not only of specific products but of the way in which contemporary society functions.[36] In such a scenario, business ethics is intimately related to a broader environmental ethic, one that challenges corporations to move beyond short-term financial interests to longer term aspirations of social, economic and environmental sustainability.

Is grounding a business ethic within an eco-centric perspective preferable to extending traditional, anthropocentric corporate ethics to include environmental considerations? Philosophers will continue to

[31] McDonough, William, and Braungart, Michael, "The Next Industrial Revolution," *The Atlantic Monthly*, October 1998, pages 82-92.
[32] Korten, David C., *Agenda for a New Economy: From Phantom Wealth to Real Wealth*, (San Francisco, CA: Berrett-Koehler Publishers, Inc., 2009) pp. vii-viii.
[33] *Ibid*, pp. 122,33.
[34] Holmes Rolston, III *Environmental Ethics: Duties to and Values in the Natural World*, (Philadelphia: Temple University Press, 1988), p. 313.
[35] *Ibid*, p.43.
[36] For superb examples, see the landmark volume, *Ecological Design* by Sim Van Der Ryn and Stuart Cohen, (Washington, DC: Island Press, 2007.)

debate this question.[37] Some will suggest, with some credibility, that the wiser route ahead is found in neither an anthropocentric nor ecocentric extreme. Gladwin *et.al.*, for instance, agree that modern management theory can no longer proceed as if organizations are separate from biophysical foundations. While they are critical of the technocentrism underlying traditional business ethics, they are equally critical of an abstract, "deep ecology," suggesting instead that corporations should be "sustaincentric," advocating a pluralist ethic of environmental stewardship.[38] "Neither technocentrism nor ecocentrism appears to offer a basis upon which sustainable development can be achieved," they argue. "As competing paradigms, they appear locked in a state of mutual contempt and negation. The notion of a paradigm centered on sustainable development can be understood as a dialectical outgrowth of this colossal struggle."[39]

My own, somewhat pragmatic view is that, no matter which approach one advocates in theory, in reality, corporations are increasingly recognizing that issues of sustainability affect the way in which they must do business in an era of global climate change. Whether they choose to simply internalize externalities (or are forced to do so through new legislation) or whether they reconfigure their business practices from the ground up in light of environmental challenges and opportunities or sustainability principles, business ethics can no longer proceed as if it were a separate domain from environmental ethics. Financial leaders who are not asleep at the wheel are recognizing that their corporate social responsibilities increasingly must include ecological concerns.

From Ethics to Behaviour Change

Even if an explicit corporate ethic includes mention of sustainability, employees may still feel that large homes, large cars and generally unsustainable but luxurious lifestyles remain a measure of their success within their own personal careers. In such scenarios, a green corporate ethic amounts to tinkering with value systems that are publicly impressive but empty of content. In fact, simply articulating an ethic does not amount to much, unless that ethic ultimately translates to behavior change.

There are, in my view, three important steps that one must take in order to appropriate a suitable environmental ethic within the corporate agenda. (1) The first step is to *clarify and articulate a corporation's current* environmental and business ethic. (2) Second, *a critical evaluation and rethinking* of that ethic is required, both in terms of what is explicitly stated as well as what is implicitly taken for granted. (3) Third, and finally, strategies for linking a corporation's ethic with corporate policies and practices will ensure that the ethic remains more than words on paper. Let us address each step in turn.

Many businesses support the notion of corporate social responsibility and often, published codes of ethics are available to help employees negotiate moral challenges. Assuming that a corporate leader

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[37] See, for example, Laura Westra's article, "A Nonanthropocentric Environmental Evaluation of Technology for Public Policy: Why Norton's Approach is Insufficient for Environmental Policy," in Westra, L, and P. Werhane, eds., *The Business of Consumption: Environmental Ethics and the Global Economy*, (Lanham, MD: Rowman & Littlefield, 1997.) Also see "Buchholz, Rogene A., "Corporate Responsibility and the Good Society: From Economics to Ecology" in *Business Horizons*, (Indiana University Graduate School of Business), 34, No. 4, (1991), pp. 19-31.

[38] Gladwin, Thomas N., James J. Kennelly, and Tara-Shelomith Krause, "Shifting Paradigms for Sustainable Development: Implications for Management Theory and Research," *Academic of Management Review*, vol. 20, No. 4, 1995, pp. 874-907.

[39] *Ibid*, pp. 889-890.

wishes to move a business forward in terms of sustainability initiatives, a first step is to identify the values that are inculcated both in explicit documents but also, that are implicitly reflected in their overall business practices. One way in which to proceed here is to engage in what can be called "values mapping."[40] A variety of qualitative research methodologies can be utilized in order to conduct interviews, hold focus group meetings and/or investigate archival documents.[41] The aim here would be to bring to light ethical judgments, perceptions, attitudes and value systems that currently define the corporation's activities. In that sense, the first step is primarily *descriptive*.

The next step is to critically evaluate these ethical foundations, asking questions such as: Does the corporation's current code of ethics adequately capture sustainability concerns? What does it imply in terms of realistic, long-term planning strategies for the company? Does the corporate ethic reflect traditional deontological, utilitarian, or other ethical biases and if so, how can the business productively and realistically extend such an ethic to include environmental considerations? Does the implicit and explicit business ethic present logical inconsistencies with respect to developing an appropriate environmental ethic? What arguments can be advanced to ensure that the corporate agenda includes an ethically appropriate response to pressures of global climate change? To what extent does the corporate ethic reflect awareness of issues of equity, justice and responsibility to future generations? What ought this business include within its code of ethics? In each of these cases, a primarily *prescriptive* philosophical critical evaluation is called for.

Finally, the third step requires identifying ways in which to translate what has been identified as an appropriate ethic to actual policies and practices within the corporation. To be sure, there is not a single, "right" ethic and the process of identifying ethical principles to guide a corporation is iterative and dynamic, rather than conclusive and static. Nevertheless, an element of such iteration includes the lessons to be learned from actually attempting to put that ethic into practice. In that respect, the field of environmental psychology provides some useful methodologies to both understand and modify human behavior. Techniques range from the design of visual prompts, to encouraging the modeling of new community norms, to explicit requests for a commitment to a broader environmental ethic .[42] Identifying appropriate strategies in order to move a company toward a more sustainable set of values provides the opportunity to integrate the descriptive and prescriptive steps described above, in order to effect actual behavior change, whether in the form of new corporate policies or practices on the ground.

While it appears that there is a logical linear progression from the first to third steps here, it must be acknowledged that the three are interrelated. A corporate ethic is justified by critical, prescriptive analysis which finds expression in the way in which employees and the corporation itself behaves with respect to environmental pressures. The challenge will always be to ensure that an ethical code of conduct is never developed in abstraction from the lived experience of putting those principles into action.

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[40] Lambert, Judy, Jane Elix and Bianca Priest, "Values Mapping: A flexible tool for building sustainability partnerships," (Australia: World Wildlife Foundation, 2002), found at: http://www.communitysolutions.com.au/pdf/ValuesMappingPaperFinal.pdf.

[41] See Cresswell, John W., *Qualitative Inquiry and Research Design:Choosing Among Five Traditions*, (Thousand Oaks, CA: Sage Publications Inc., 1998); as well as Silverman, David, editor, *Qualitative Research: Theory, Methods, Practice*, (Thousand Oaks, CA: Sage Publications, 2004.)

[42] A useful introduction is provided in McKenzie-Mohr, Doug, and William Smith, *Fostering Sustainable Behaviour: An Introduction to Community-Based Social Marketing*, (Gabriola Island, BC: New Society Publishers, 1999.)

Conclusion

It is certainly true that companies are actively beginning to buy into the sustainability message. In Canada, over 100 large corporations are members of the Canadian Business for Social Responsibility network – only one example of a not-for-profit initiative that is focused on advancing sustainability in business.[43]

This paper highlights some of the reasons for this shift toward sustainability – reasons that range from rising costs of internalizing externalities, to the pressures that broader societal awareness is bringing to corporate culture in an era of global climate change. The extent to which companies choose to redefine themselves in terms of environmental pressures will depend upon the degree to which they are prepared to rethink foundational values that may be explicit or implicit. Part II described a range of possible positions, from the anthropocentric to the ecocentric, recognizing that plural avenues will likely be required in the global context.

Finally, it is evident that simply articulating an ethic remains empty in the absence of actual behavior change. There is a need to develop strategies to identify corporate values, to critically evaluate them, and to suggest ways in which to realistically assist companies to translate paradigm shifts into new financial policies and practices.

It is true that never before has humankind experienced the global scale of challenges presented by environmental pressures and climate change. No longer are these challenges the exclusive purview of community activists and non-governmental organizations. On the contrary, as Paul Hawken points out, no other institution than business "is powerful enough to foster change."[44] By addressing deeply rooted value systems, business has the opportunity to take up this responsibility and begin to address these issues in a truly fundamental manner.

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[43] For more information, see http://www.cbsr.ca/, updated 2008.
[44] Hawken, Paul, *The Ecology of Commerce: A Declaration of Sustainability*, (New York: HarperCollins, 1993), p. 17.