THE BALANCING ACT: TOWARDS A TERMINAL LOGIC OF SUSTAINABILITY

A Busca do Equilíbrio : A Lógica da Sustentabilidade como um fim.

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Abstract: Building on recent work seeking to redress the shortcomings of contemporary sustainability practices, two versions of sustainability are explored. The first, built on the logic of the market with its emphasis on growth, is found to use sustainability as a means to an end; an end which is not sustainable: growth. The second version, built on the logic of equilibrium developed by Georges Bataille (1967/2007), treats sustainability as the end itself and is thus sustainable by definition. The logics underlying and the mechanics of these forms of sustainability are explored. The ability of the Bataille logic to incorporate existing findings and offer a parsimonious goal on which to build strategies is discussed in light of specific connections to recent research. An empirical case is provided to illuminate the existence of the sustainability logic in contemporary business practice. Practical and theoretical implications are provided.

Keywords: sustainability, marketing, strategy, structure

Resumo: Com base em trabalhos recentes que buscam corrigir as deficiências das práticas de sustentabilidade contemporâneas, são exploradas duas versões de sustentabilidade. O primeiro, construído sobre a lógica do mercado com sua ênfase no crescimento, utiliza a sustentabilidade como um meio para um fim; um fim que não é sustentável: o crescimento. A segunda versão, construída sobre a lógica de equilíbrio desenvolvida por Georges Bataille (1967/2007), trata a sustentabilidade como o próprio fim e, portanto, é sustentável por definição. As lógicas subjacentes e a mecânica destas formas de sustentabilidade são exploradas. A capacidade da lógica Bataille de incorporar os achados existentes e oferecer um objetivo parcimonioso sobre o qual construir estratégias é discutida à luz de conexões específicas para pesquisa recente. Um caso empírico é fornecido para iluminar a existência da lógica de sustentabilidade na prática comercial contemporânea. São fornecidas implicações práticas e teóricas.

Palavras Chave: Sustentabilidade, Marketing, Estratégia, Estrutura.

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INTRODUCTION

For over thirty years, business academics have paid considerable attention to the role of sustainability, corporate social responsibility, “green” business, social performance, ethical operation, and related constructs in contemporary business practice (e.g. Gupta and Singh 2017; Henion and Kinnear 1976; Tuzzolino and Armandi 1981; Zenisek 1979). Following this stream, I define sustainability as “an approach to business that considers economic, environmental, and social issues in balanced, holistic, and long-term ways that benefit current and future generations of concerned stakeholders,” a definition borrowed from the World Commission on Environment and Development (1987) and deployed in much of the sustainability literature (e.g. De Lange, Busch, and Delgado-Ceballos 2012).

Much of this work has been directed towards connections between these socially responsible practices and firm financial performance; stakeholders want to know if these practices contribute to the bottom line, a thought process heavy with instrumentality (Gao and Bansal 2013). Unfortunately for those stakeholders, the messages have been, at best, mixed, with some studies reporting negative (Griffin and Mahon 1997), mixed (McWilliams and Siegal 2000), or, occasionally, positive (Orlitzky, Schmidt, and Rynes 2003) relationships between sustainable practices and firm financial performance.

Despite the fact that many conceptual arguments make compelling cases for why sustainable practices should be profitable (Connelly, Ketchen, and Slater 2011 for an overview of theories relating sustainability to organizational practices; Dangelico and Pujari 2010; Telles, Petrokas, and Nakagawa 2012), empirical results are, as previously mentioned, less convincing. Trudel and Cotte (2009) found that, despite Hult’s (2011) enthusiasm for the profitability of market-oriented sustainability as a resource, consumers are not in fact more willing to pay a premium for sustainable goods. Even when a positive relationship has been found, it is bidirectional, suggesting that some CSR is a function of prior financial performance (Orlitzky et al. 2003 for a meta-analytic review). In the absence of a clear, consistent relationship, academicians next turned to reflective investigations of sustainability research itself (Gao and Bansal 2013; Hahn and Figge 2011), supposing rightly that the problem lay in the logic and approach of business, and thereby business academics, to sustainability issues.

This reflection has been a healthy one, consistent with the call of Anderson (1986) for reflectivity in business research, and has spawned a great deal of research seeking to bring alternative perspectives to bear on the issue of sustainability and strategy. Gao and Bansal (2013) argue that an integrative logic is needed, one that considers the three pillars of responsibility for sustainable practices. Castelló and Lozano (2011) maintain that the colonization of business thought by positivist rationality has substantially impeded progress in sustainability. Hahn and Figge (2011) critique instrumentality in sustainability research, a point that I endorse thoroughly and build upon. They argue that instrumentality creates a great number of problems for actual sustainable practices and offer a refinement of corporate profitability to reflect sustainable development in such a way that “sustainability matters” (2011, p. 333). York (2009) calls for the deployment of American pragmatism, arguing that multi-perspective pluralism and the valuation of multiple perspectives is critical in the development of sustainability in business.
I maintain that these perspectives all offer much-needed insight into the problem of sustaining sustainability in business (de Lange et al. 2012) and my purpose here is in no sense to refute them. On the contrary, the goal of this paper is to integrate these divergent perspectives into a logic that is clear, actionable, and consistent with the goals of sustainable work. In order to make these useful insights more accessible to managers, a unifying logic is needed that can be deployed in the face of the default market logic that has plagued sustainability decisions. It needs to be actionable (de Lange et al. 2012) and it “should be explicit on the ultimate goal it refers to” (Hahn and Figge 2011, p. 327). This is my goal here.

In the same vein as these previous explorations, I argue that there is an incommensurability in the underlying logic of the market economy and sustainability (Borland and Lindgreen 2013; Gao and Bansal 2013). This is not a new idea; Poff (1994) recognizes that sustainability within the market logic is in many respects a task of reconciling the irreconcilable. Many of the papers mentioned have touched on the tremendous problems of growth that are necessitated by the market logic (Berkhout, Muskens, and Velthuijsen 2000; Dyllick and Hockerts 2002). My aim here is to underline the fact that the market logic is in and of itself incompatible with sustainable practices because of this emphasis on growth. A focus on growth requires the subordination of sustainability to an instrumental role wherein sustainability can be leveraged to increase profits, as Gao and Bansal (2013) convincingly argue. Noting again that empirical results do not shine favorably on this leveraging when it comes to actual sustainable outcomes, I argue that attention to a demonstrably alternative logic is necessary if sustainability is to be pursued, never mind realized.

Drawing on the work of Bataille (1967/2007), I present an alternative sustainability logic: one where sustainability is the end, rather than merely a means to an end. This follows the prescription by Hahn and Figge (2011) that there is a need for a distal goal and a logic to get there. If, as extant research on sustainability as argued, we take as axiomatic that current business practices within the current economy are not sustainable, then this opens the door for consideration of actual alternatives to the philosophy of the economy itself, rather than to the nature of traditional market-oriented business practices. Such a proposition may seem drastic, but in a manner similar to Rocha and Miles (2009), I aim to demonstrate that radical departures from the status quo can be perfectly applicable to daily decision-making. The fallacy that current thinking is the only way of thinking (Sahlins 1995) is precisely the error we as a field seek to overcome. In fact, suggestive of the possible epistemic shift identified by Birkin and Polesie (2011), I aim to demonstrate to some degree that this radical departure is already being employed, albeit perhaps unknowingly, through the exploration of an empirical case.

To this end, I will first provide a clarification of the nature of two logics: the market logic, or the prevailing logic of neoliberal capitalism, and what I call the equilibrium logic, or the general economic logic developed by Bataille (1967/2007). Next, I will introduce two breeds of sustainability based on these different logics. The first, which we term instrumental sustainability (Gao and Bansal 2013; Hahn and Figge 2011), is based on the market logic and positions sustainability as a means to an end: profitability and growth. The second sustainability, which we call terminal sustainability, is based on the waste logic and positions sustainability as an end in and of itself. Next, I provide an empirical case (Eisenhardt 1989) that illustrates this logic in action in contemporary, profitable business. From there, I turn to a general discussion and the practical implications of these differing logics and the sustainabilitys based thereon. I conclude with a brief return to the crux of the argument, from its motivations to its implications for business practice.
TWO LOGICS

In this section, I cover two logics of the economy. The first is the market logic which underlies much of current economic thought as well as practice (Gao and Bansal 2013; Hahn and Figge 2011). The second is the waste logic which was developed conceptually and empirically by Bataille (1967/2007). The primary purpose of this discussion is to clearly outline the logics so that their application to research on sustainability can be readily made without confusion, drawing parallels to existing conceptualizations where appropriate. This should help elucidate the ways in which the logic of equilibrium is consistent with extant work on alternative logics of sustainability. Secondarily, the elucidation of these competing logics will shore up the foundations of my arguments regarding the incommensurability of the market logic and sustainability, as well as the effectiveness of employing the equilibrium logic in seeking sustainable ends.

Central to the discussion of both logics is the role of excess. That is, both logics deal explicitly with the ways in which excess resources—those beyond what is required for subsistence—should be handled. This is of imminent relevance to sustainability as much of what could be considered unsustainable is essentially the frivolous (or one might say excessive) waste of excess. Consumer goods, manufacturing byproducts, raw materials, human labor time: the expenditure of these things in excess constitutes a vital part of sustainability research and the management thereof is equally vital to the generation of wealth beyond traditional profit maximization (Enderle 2009).

The Market Logic

Articulated most prominently by Smith (1776), the market logic has nearly become synonymous with general economic logic. The market logic rests on the idea of free exchange of commoditized goods, services, and currency between individuals. Of primary importance is the supposition that if individuals act in their own self-interest, then the interest of the collective will be satisfied. This is effectively the groundwork for the anthropocentric thinking nicely articulated by Borland and Lindgreen (2013). Essentially, the greatest good is a function of each individual pursuing their own individual good. At the individual level, actors in this tradition are thought to be rational calculators of their own self interest, pursuing and maximizing optimal outcomes for themselves.

An interesting implication of this assumption of the relationship between the pursuit of rational self interest and the interest of the greater good is that self-interested behavior is viewed as ethical. Without pursuing their own self interest, then individuals cannot guarantee the attainment of the collective interest. As such, self-interested behavior is not only acceptable, but it is ideal, ethical, and therefore expected. Birkin and Polesie’s (2011) notion of the epistemological man as the metaphysical glue of the modern episteme accounts for this phenomenon and as we will see, it has considerable ramifications for efforts toward sustainability under the market logic.
As individuals pursue their self interest, they accumulate resources; the default norm of the market economy is the obligation to receive (Sahlins 1972). Goods, currency, and other commoditized assets accrue to them through their labor and exchange. Beyond subsistence levels, the market logic dictates that individuals take the excess of their acquisitions and reinvest them towards growth. Growth implies the ability to make additional, greater acquisitions in the future. This is a cyclical process wherein the excess of acquired resources, that which isn’t directly related to subsistence and maintenance, is to be reinvested in growth, which leads to greater acquisitive power, which leads to greater growth. This is the market logic at work: acquire, reinvest, grow, acquire more, reinvest more, grow more.

This cycle of investment and growth is not just relevant to the individual actor. The market logic also suggests that individuals will form groups, organizations, in order to reduce the risk of their exchanges with other individuals and to increase their acquisitive capabilities. This phenomenon is explained by transaction cost economics (e.g. Williamson 1979) and it is a prominent theory explaining the formation of the firm. With the formation of organizations, the links to current business practice become clear. In the case of firms, the market logic suggests the same process of reinvestment. Of critical importance for the connection between the market logic and the (non-) sustainability of sustainability is this emphasis on growth. Recall that self interest is not only expected but is ethically required for the benefit of the collective. Further, note that growth is the logical culmination of self-interested behavior. As such, within the market logic, firms should be expected to pursue profitability above all other ends; it is the ultimate goal. As such, growth is a necessary piece of the equation; the ultimate goal can best be achieved through reinvestment of all excess resources into growth. With growth occupying this privileged position as the ultimate end, all other goals (including sustainability) become subordinated to growth, serving instead as means to the growth end. And as Hahn and Figge point out, when growth is the ultimate goal, even gains in eco-friendly endeavors can be overcompensated by this growth, leading to overall greater environmental and social harm (2011). Bearing this in mind, I move next to an alternative: the equilibrium logic.

The Equilibrium Logic

The crux of the equilibrium logic revolves around the assertion that any endeavor will generate excess and waste. Bataille maintains that the key issue is what is done with the waste. Throughout his book The Accursed Share: Vol. 1 (1967/2007), Bataille presents empirical examples both historical, contemporary, and “natural” of how waste can be delivered towards equilibrium rather than growth.

The reason for Bataille’s focus on equilibrium is imminently relevant to sustainability. Growth is not sustainable by definition without an infinite space. Because humans are working with a finite area, both in terms of the economy (Enderle 2009) and physical space (i.e. the surface of the globe), the growth goal cannot be maintained indefinitely. To illustrate with an extremely simple case, Bataille (1967/2007) offers an example of a pond on which a colony of algae is living. The surface of the pond is a finite space; the algae cannot grow indefinitely. Once the algae has covered the pond, there will be nowhere else to go. But rather than attempting to grow indefinitely by shifting expansion upwards rather than outwards, which would smother the algae on the surface of the water, the colony reaches a state of equilibrium. Here, the algae can exist indefinitely in its current state. Some algae die, but the reproduction replaces them in turn. The pressures of growth do not cause death and conflict; instead, equilibrium is associated with sustainable existence. If this is reminiscent of the thought process behind ecocentrism in Borland and Lindgreen (2013), it is not coincidental.
This phenomenon, illustrated by the algae on the pond, is the equilibrium logic in a microcosm: with the primary goal being equilibrium and sustenance, sustainability is the means and the end. Excess and waste are channeled into maintaining the equilibrium and the status quo rather than being redirected to growth. This stands in marked contrast to the market logic’s emphasis on limitless growth.

The unmanageable project of growth has many ramifications. Bataille (1967/2007) presents numerous examples of these. One historical example he provides is particularly illustrative for the applicability of the waste logic to large-scale social issues like the economy. Bataille argues that much of the first World War can be understood as a result of the market logic gone to its logical conclusion. The Industrial Revolution saw a period of tremendous growth. Nations were increasing their production, growing their economies, and reinvesting all of their excesses into further growth. In the case of Europe, where space and resources are limited amongst a relative multitude of nations, this led to a violent outburst in the form of World War One. Essentially, industrial engines, social unrest, and the logic of growth led to the accumulation of pressure within this region. Growth became limited at the periphery of any given countries by other nations also seeking to grow. Eventually, the excess created by this unmanageable and unsustainable growth found an outlet in the form of radical destruction as the fruit of this growth were brought to bear in war machines.

Here is another of Bataille’s crucial points: that when growth can no longer be sustained, the excess will be wasted. In this sense, all excess will be wasted in some sense. If the management of the excess is oriented towards growth and the growth cannot be maintained, then the way in which the excess is wasted will be violent (not necessarily in the physical sense of the term) or at least non-fruitful. As such, it makes more sense to organize one’s waste management strategy around a goal that will put the waste to good use. It is on this count that Bataille argues for the benefits of equilibrium.

Consider again the case of the nations in Europe from the Industrial Revolution to the First World War. If the excesses created by the Industrial Revolution had been channeled towards equilibrium, as in the case of the algae, rather than towards growth, as was the case historically, then perhaps the violent outburst of excess would not have occurred— or at least not have occurred on the same massive scale. Examples of this investment of waste in equilibrium would include shoring up internal conditions for the given nations rather than seeking additional space, both literal and figurative, for market-oriented growth. Reducing social unrest, improving living conditions across social strata, and channeling industrial energy towards domestic improvement are all potential candidates for sustainable excess management. To carry the metaphor of the pond a bit further, in the words of Borland and Lindgreen, “industrial ecosystems should enhance and add to their local environment, rather than poisoning the environment and human health” (2013, p. 180).
At the most personal level, Bataille provides additional examples of the waste logic, one of which is particularly relevant to any discussion of sustainability. Consider the case of an individual’s personal consumption in the most literal sense: the food they eat. If an individual is focused exclusively on growth, then they would choose to eat high-calorie foods, particularly meats. The energy consumed when eating a meat product is substantial: there is the energy of the animal eaten, as well as what that animal ate (in the case of carnivores), what that animal ate (likely plants), and all the energy that the plant acquired from the sun, water, and soil. The result is tremendous excess in terms of total energy consumed. Further, growth is not sustainable for humans any more than it is for economies. This excess is wasted in the sense that the individual employing the growth logic is likely to become obese. To make matters worse, their impact on the rest of the food chain is decidedly unsustainable; to affect the lower rungs of the consumption ladder at such a rate cannot be maintained (Helms 2004). On the other hand, an individual that only consumes the original plant that might be two animals removed for the former individual has a much smaller impact. Their consumption is oriented more closely towards equilibrium and they are unlikely to see the negative ramifications of excess that the former might. Given contemporary interest not only in sustainability but also in obesity, this example is relevant and demonstrative.

The central premise of the waste logic, then, is that all endeavors will generate waste; how that waste is managed will differentiate the outcomes of various strategies. Growth is not limitless unless the space, both literal and figurative, is limitless. Given that we as individuals, researchers, and societies are operating in a finite field, growth cannot be managed indefinitely. As such, we should consider equilibrium-inducing efforts at waste management as viable alternatives to growth whether through the lens of ecocentrism (Borland and Lindgreen 2013) or a new episteme (Birkin and Polesie 2011). In short, equilibrium is sustainable; growth is not. With these differing logics laid out, I build upon them to offer two competing sustainabilities.

TWO SUSTAINABILITIES

Here I present two alternative forms of sustainability: one based on the market logic, one based on the waste logic. Within these different forms, the actual role of sustainable practices changes radically. In the former, sustainability is subordinated to an instrumental role, ultimately serving the purpose of profitability and growth, which is itself unsustainable (de Lange et al. 2012; Gao and Bansal 2013; Hahn and Figge 2011). In the latter, sustainability is the end of interest. This is consistent Gao and Bansal’s (2013) argument that a clear end-goal must be in place for effective change in sustainability policy. In this case, it is equilibrium and it obviates the tensions of business and society engendered by the instrumental approach. By elucidating these alternative forms of sustainability, I hope to highlight the potential of the equilibrium-based, terminal sustainability to substantively guide business practice, as well as the incommensurability of instrumental sustainability with meaningful change.

Instrumental Sustainability

Within the market logic, sustainability is seen as a means to an end: more growth. This subordinate role is of course not unique to sustainability; all other goals and motives are secondary to the end products of profitability and growth. Because sustainable here is merely instrumental to further growth and expansion, and following Gao and Bansal (2013) and Hahn and Figge (2011), I term this form of sustainability instrumental sustainability.
I argue that much of what has been called sustainability in the literature falls under this heading. Greenwashing, overt CSR, rebranding of existing products as green, and incentives for firms to conduct “sustainable” practices are a few examples of instrumental sustainability (Dangelico and Pujari 2010). In each case, the sustainable action is a means to a profitable end; a profitable end which will be parlayed into reinvestment in growth. What firms are really pursuing when they engage in, for instance, sustainable packaging for products, is profitability. The sustainable aspects are simply marketable features of a product, features that the firm hopes to promote in order to sell additional products, make additional profit, and make further investments in growth.

Taking Bataille’s (1967/2007) point that growth cannot be managed indefinitely, instrumental sustainability offers little, if any, incremental sustainable value above and beyond standard business practices. Indeed, one might argue that instrumental sustainability is simply another manifestation of typical, non-sustainable business practices: a manifestation that is dressed in green clothes. Laverty (1996) points out that instrumentality may even lead to opportunism. As such, instrumental sustainability is no more sustainable (in either sense of the term) and thus of little value if one is ultimately interested in a system that can be maintained indefinitely, or at least for longer vis-a-vis the current system.

This weakness of instrumental sustainability can shed light on current questions regarding the viability of sustainable business practices. For instance, one explanation for consumers’ lack of willingness to pay for green-labelled goods (e.g. Trudel and Cotte, 2009) may be that consumers see it as merely a marketing ploy and are thus unwilling to pay a premium. Why pay more for something that does not deliver on its promise? This strongly echoes Dangelico and Pujari’s (2010) argument that motives of firms making sustainable choices must be viable under scrutiny. If profit and growth are the goal, then this cannot be. This could also explain the inconsistent results between firm financial performance and sustainability; with growth opportunities limited (as implied by Bataille’s examples), perhaps instrumental sustainability is simply not an effective tool for growth in limited conditions.

Clearly, instrumental sustainability is not sustainable in the true sense of the term. Whether consumers and other relevant stakeholders are attuned to this inconsistency remains an issue for additional inquiry, though the epistemic analysis of Birkin and Polesie (2011) suggests that they may be, even if the understanding is non-discursive. But before taking this incommensurability of instrumental sustainability and long-term sustainable action as the death knell for sustainability research, let us consider an alternative form of practical sustainability.

**Terminal Sustainability**

Drawing on the equilibrium logic rather than the market logic, the focus of practices is geared towards equilibrium rather than growth. Because equilibria are by definition sustainable until the balance is disturbed, true sustainability is here the goal—the end itself—rather than a means to an end. This is a motive that will stand up to scrutiny (Dangelico and Pujari 2010) and it is a clear goal for the organization and development of sustainable strategies (Gao and Bansal 2013; York 2009). It is for this reason that I term sustainability built on the equilibrium logic terminal sustainability. Equilibrium and the maintenance thereof is the terminus of practices within this model of sustainability.
The key for this model is to focus on the creation and maintenance of an equilibrium both within and between firms. This model is of course not limited to firm practices as Bataille’s (1967/2007) breadth of examples demonstrates, but we confine our discussion there due to topical considerations. Here, excess (in the form of profits) should not be invested with an eye towards growth, but rather with an eye towards stability. This can be understood as an embrace of the ecocentric logic (Borland and Lindgreen 2013). Increasing wages for employees at the bottom of the organizational hierarchy, improving the efficiency of production, reducing energy consumption in the office, reducing the carbon footprint of the firm, and “greening” the supply chain (Morali and Searcy 2013) are all examples of investments that need not be oriented towards growth. For example, improving operating efficiency could be seen as an opportunity for growth, but drawing on the waste logic, it could instead be seen as an opportunity to reduce the impact of the production process at its current levels. No expansion is needed for sustainable improvement that would have a substantive impact on the firm’s equilibrium and therefore on sustainability.

The result of this shift in focus from growth towards equilibrium and sustainability is that sustainable practices no longer need to be built into a firm’s motivational milieu. It isn’t about attracting customers to pay a premium, nor is it about impressing government stakeholders with green-oriented actions in order to acquire favorable tax exemptions. Instead, sustainability here is the natural outcome of the system. The firm’s actions are sustainable because they are oriented towards maintaining a balance rather than on limitless growth and expansion. And this is not to say that such actions would not be profitable. As I demonstrate in the next section, consumers are willing to pay for products made by a company that limits its growth and focuses instead on balance. What is important, however, is that these profits still be allocated within the equilibrium logic rather than the market logic. In doing so, sustainability is a viable goal. And in this sense, terminal sustainability is truly sustainable.

Of key importance here is how well terminal sustainability can accommodate existing explorations of alternatives to traditional sustainability work. Consider York’s (2009) call for attention to pragmatism. Not only is this sustainability consistent with the tenets of pragmatism in the sense that it embraces creativity and rejects dogmatic thinking, but even in York’s (2009) example of 3M as a sustainable ideal, terminal sustainability can be seen underlying the decisions. 3M “has had a longtime commitment to sustainability, [but] the commitment has been powered primarily by economic, not ethical drivers” (2009, p. 100). And this is perfectly consistent when the goal is equilibrium; 3M was driven by savings, which maintains the balance. And, as York (2009) observes, 3M has profited substantially in the very simplest sense of wealth.

Enderle (2009) offers a richer, more nuanced approach to wealth creation as an idea. And this, too, is compatible with terminal sustainability. Because he recognized that “wealth creation involves a distributive dimension, permeating all of its stages from the preconditions to the generation process, the outcome, and the use for and allocation within consumption and investment” (2009, p. 289), his conceptualization dovetails nicely with a focus on equilibrium. It is vital that the distribution of resources be considered in wealth discussions and the balance of that distribution must be sustainable.
Birkin and Polesie (2011) emphasize the need to match needs and aspirations of actors with the consequences of their actions. By outlining a specific goal (equilibrium and sustainability), it becomes possible to integrate (with thanks to Gao and Bansal 2013) these needs and aspirations and the consequences thereof within a single logical framework. Further, in their identification of a potential epistemic shift, they note that epistemes are not programs for change. I argue that terminal sustainability could well be another symptom of the change that they identified; I aim to demonstrate that fact by pointing out that, without discursive, programmatic agenda setting towards equilibrium, current business is employing this logic fruitfully.

Thus, with these two sustainabilities have been outlined, their logics delineated, and their sustainability (in both senses of the term) evaluated, it is to an empirical manifestation of terminal sustainability that we turn.

AN EMPIRICAL CASE

The intention of this empirical discussion is not to provide a thorough case study in the sense that Eisenhardt (1989) may suggest for theory building. I simply aim to show that, consistent with Birkin and Polesie’s (2011) identification of a possible epistemic shift, businesses are effectively employing the rationale of terminal sustainability in profitable, private ventures in today’s economy.

A Sustainable Brewery

Firm A is a brewery in the central United States. They are resource and cash rich, according to the owner, and are constantly faced with choices between growth and equilibrium. Their sales are at an all-time high, but their footprint is unchanged; they distribute in their home state as well as proximal parts of two contiguous states. When faced with the potential of expanding their footprint given their productive capabilities and their access to capital, they chose to maintain their footprint and invest instead in more efficient processes.

Firm A sources their grains directly from farmers and, when possible (over 60% of their grains), from local farmers. When the farms are not local, the owner and a member of the brewing team travel to the farm to inspect the grains themselves. In addition to the basic grains of brewing, specialty products often call for fruit and other agricultural goods. These, too, are sourced in a similar fashion from local farmers when possible and always from personally-inspected, small farms. The management at Firm A thus seeks to reward small, sustainable farming businesses with large-contract purchases. Their fermentation system is state of the art; they paid heavily for digital controls that allow them to minimize waste in the production process. Profits may have been higher if the money that went into this digitalized system had been reinvested into expansion of the distribution footprint, but the owner of Firm A believes that making choices in light of local (i.e. social) and environmental considerations is essential to their brand identity and brand community (Muniz and O’Guinn 2001).

At the end of their production process, they are left with what is designated by the Environmental Protection Agency (EPA) as industrial waste; due to the chemical reactions that the grains endure in the brewing process. Of course, what they’re left with is essentially depleted grains. The owner of Firm A has negotiated a solution to the disposal of this waste: he gives the depleted grains back to farmers to use as fertilizer. In some cases, the farm to whom this is given are the very farms from whom the grains were bought. In this sense, equilibrium between multiple economic actors is maintained and an eco-friendly solution to “industrial waste” is devised. Clearly this is not an option for the majority of waste which would be toxic as compost, but it is a striking example of sustainable innovation with balance as the terminus. Further, it is a healthy, mutually-beneficial, sustainable corporate-community partnership that requires no diversion of profit and, importantly, can exist in an equilibrium (Esteves and Barclay 2011).
At start-up, Firm A’s decision makers were confronted with a choice between glass bottles and aluminum cans (each 12 fl. oz.) for their main product lines. In the interest of conscientious choices, they decided to go with recycled-source cans. On the one hand, this gives them some potentially-profitable product differentiation: few breweries distribute their main product lines in cans. And on the other hand, this is an eco-conscious decision that stakeholders value, particularly when seen within the constellation of their practices and the motive underlying them (Dangelico and Pujari 2010).

Interpretation

Despite the fact that the owner, managers, employees, and partners of this brewery had never heard of Bataille, a logic of equilibrium, terminal sustainability, or instrumental corporate planning, they consistently made choices consistent with the former’s philosophy. When faced with the choice between growth and improvement, they chose improvement. When faced with the issue of efficiency versus production capacity, they chose efficiency. When faced with an eco-friendly decision and an easy one, they chose to consider the social, environmental, and economic milieu and went with eco-friendly (Gao and Bansal 2013).

The fact that these decisions were being made in the absence of a policy-driven agenda suggests some further evidence for Birkin and Polesie’s (2011) arguments regarding a potential change in epistemes. Contemporary thinking is not limited to the growth-pursuant calculations of homo economicus, and suggests that some business owners are already moving “past [the] oversimplification of social, environmental, and financial issues... and [are pursuing an agenda consistent with] a deep understanding of the very nature of sustainability” (Gao and Bansal 2013, p. 252). Further, they are cognizant of the fact that they “depend on environmental and social resources that are scarce and thus have to be taken into account in corporate decision making” (Hahn and Figge 2011, p. 325).

I reiterate that this is not meant to conclusively demonstrate the efficacy of the equilibrium logical or terminal sustainability. It is simply meant to shed some empirical light on the discussion to this point, particularly insofar as it demonstrates the ability of arguments presented here to account for a diversity of perspectives offered in the literature parsimoniously and coherently without reversion to idealism. This seems the heart of York’s (2009) arguments for pragmatism: think creatively, challenge ideological notions of business practice, and innovate.

GENERAL DISCUSSION

The notion of eschewing the market logic with its growth orientation may be difficult for many business academics, much less practitioners, to accept. Thus, as Hahn and Figge argue, “any notion of corporate sustainability should inform and guide corporate decision makers toward more sustainable business practice” (2011, p. 328). As we mentioned in the previous section, this embrace of the equilibrium logic need not be unprofitable; the implication is not that every business become a non-profit. Instead, what is advocated is that decisions consider an integrative view of wealth, capital, and resources (Castelló and Lozano 2011). Further, I encourage that profits made be redirected towards equilibrium and improving the sustainability of “business as usual” practices rather than towards unsustainable growth. Investments in increased operational and production efficiency, improved employee health and well-being, reductions in environmental impact, and supply chain practices (Gimenez and Sierra 2013; Morali and Searcy 2013) all have the trappings of profitable ventures.
The benefit of the comprehensive, integrated approach to sustainability that I’ve called terminal sustainability manifests in several ways. As Morality and Searcy (2013) note, a unifying logic is greatly beneficial when trying to introduce sustainable choices. It is a pragmatic, functional approach with clear goals and benefits that is already being used successfully in some businesses today (York 2009). It takes an appropriately rich view of resources (Gao and Bansal 2013) in order to assist decision-makers in moving towards sustainable wealth creation (Enderle 2009). And Bataille’s philosophy delivers these things while being good for people (Rocha and Miles 2009) but not restrictively anthropocentric (Borland and Lindgreen 2013).

Perhaps most importantly, this is a sustainability that is truly sustainable because it considers the means as well as the ends (Pirson and Lawrence 2010) of decisions and strategies, providing a clear goal (Birkin and Polesie 2011) that matches the actions and consequences thereof (Hahn and Figge 2011) in a concise, approachable manner. While it may not reconcile the irreconcilable (Poff 1994), it is a viable, practical way toward sustaining sustainability in organizational strategy and research (de Lange et al. 2012).

Practically, there are some issues to consider. In the case of an existing firm that would wish to introduce this perspective into practice, it must be acknowledged that “ecocentric transformational leadership is a central element of the success of corporate ecological sustainability” (Borland and Lindgreen 2013, p. 180) though one may well point to the fact that there is a strong need for the presence of values within the organization if an initiative is to be successful (Florea, Cheung, and Herndon 2013). The cultural context(s) within which the firm is operating would be a good starting point for such considerations (Parboteeah, Addae, and Cullen 2012). The fact that the goal is clear and uncontentious should help legitimize any strategic plan based thereon in most cultural contexts, if not all; the added benefit of this clarity, simplicity, and consistency is that external or internal scrutiny of the motives should be happy with what it sees (Dangelico and Pujari 2010).

Such success under scrutiny may lend itself to additional legitimacy (Castelló and Lozano 2011), which would help spread these practices through mimetic, normative, or regulative isomorphism (Scott 2001). If these motives do hold up to scrutiny, community engagement and collaboration may emerge organically and sustainably (Esteves and Barclay 2011). Regardless of the way in which it happens, the empirics of Gimenez and Sierra (2013) suggest that logic initiative should lead to successful outcomes, ceteris paribus.

Implications

The first major implication is pedagogical. If we as academics can reconsider the basic philosophy underlying the current system of business practices, then future teaching and research in sustainability will only breed better recommendations and solutions. In the classroom, introducing students to an alternative to the market logic can foster a new generation of citizens and workers who are able and willing to employ a thought process that revolves around sustaining balance rather than on voracious—unsustainable—growth. This may lead to greater willingness to engage in sustainable practices as well as to a greater commitment to conducting business in this manner, both of which would be beneficial not only for future employers but also for society at-large, as sustainability is such a far-reaching endeavor. Similarly, encouraging dialogue on the viability of alternative logics in general and models of sustainability in particular amongst the academy should prompt additional research that can establish empirically the effects of these alternatives in contemporary business practice in order to establish which is the most comprehensive, viable, ultimately, sustainable.

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The second major implication is practical insofar as it suggests a literal reduction in waste. Implied by the waste logic is the notion that excess will be channeled into the maintenance of an equilibrium rather than growth. This means that the volume of waste will be limited both by the scale of the operation not expanding but also by the fact that profits can be reinvested into efficiency rather than expansion. Consider the case of Patagonia, Inc. Despite strong performance, the firm has repeatedly elected not to expand their production. Instead, they have invested much of their profits into environmental action, from conservation endowments to green buildings (Patagonia, Inc. 2012; York 2009). The result has been anything but unprofitable. Further, the reduced environmental impact of the firm is far more sustainable than a growth-oriented reinvestment of profits would have been. When a firm chooses not to invest in expansion, that means a reduction in raw materials, fewer byproducts, less pollution, and a smaller footprint. These are all the hallmarks of what is called for when discussing sustainable business practices.

The third implication is simply that the proof is in the pudding: the current logic is not working. Despite thirty years of attention to business sustainability, we aren’t anywhere near a sustainable point for business practice. Many academicians have noted and have demonstrated that this is a function of instrumental sustainability and the market logic (Gao and Bansal 2013; Hahn and Figge 2011). By considering the equilibrium logic and terminal sustainability, we may be able to see the sort of results sustainability advocates have been requesting. At the very least, the equilibrium logic provides an actionable set of considerations beyond growth. Clearly, additional research is needed to determine if, in fact, this particular pudding I have proposed will hold definitive proof of more fruitful practices, but starting the conversation is critical and it seems almost axiomatic that the current system isn’t sustainable. As such, if we are interested in sustainability, then alternatives must be considered.

Finally, there are some largely academic benefits to remaining philosophically reflective, evaluating the underlying assumptions of our research programs’ objects of study and how these assumptions may be self-defeating. We are reminded of Anderson’s (1986) compelling argument that we as academics must keep a critical gaze inward. If we are studying business practices with an eye towards sustainability, we must examine every layer of our studies. In my case, this means examining the logic underlying the traditional business model of profit, reinvestment into growth, greater profits, greater growth, and so on. By questioning this logic, we as academics are in a unique position to make instructive, practical recommendations to businesses that can not only help them flourish, but also keep their flourishing from becoming wasteful or potentially ruinous.

CONCLUSION

Looking back at thirty years of academic research, consistent public demand, favorable governmental legislation, and the interest of firms in their own survival, one may wonder why efforts aimed at developing sustainability have not been met with more success. I argue that this is a function of instrumental sustainability, a model of sustainability based on the market logic wherein greater profits through growth are the ultimate goal. This version of sustainability is merely a marketing tool, a business practice that is subordinated to the overarching growth goal. Sustainability then is a means to an end. This end is itself not sustainable. Growth cannot be limitless without a limitless space, an infinite playing field. The economy, the arena of business, is finite; the Earth, the arena of human activity to date, is finite. Thus, sustainability is a means to an unsustainable end. As such, instrumental sustainability is not sustainable at all. If we take as axiomatic than sustainability is desirable, then clearly instrumental sustainability is not.
To address this need for a sustainable model of sustainability, we have turned towards the work of Bataille (1967/2007) to explicate an alternative logic to that of the market. We have termed this logic the waste logic as its center revolves around the use of waste; waste which is an unavoidable byproduct of activity. Within this logic, growth is eschewed in favor of a focus on equilibrium. Importantly, this model is not argued to be unprofitable. Instead, the profits are to be funneled into improving the equilibrium and the status quo rather than investing in growth for the sake of growth. Taking this logic to its conclusion, I have offered a form of sustainability labeled terminal sustainability. Here, sustainable practices are the means and the end rather than simply a means to a different, incompatible end. If equilibrium and improvement are the foci, rather than expansion and growth, then the outcome will be sustainable. This balancing act may require substantial changes in thought, but the profits, both monetary and environmental, will be truly sustainable.
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