The growth paradox, sustainable development, and business strategy

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Abstract
Economic growth is a two-edged sword. Expanding economies and industries create wealth and employment, but global economic expansion is having unprecedented deleterious impacts on vital planetary systems. Despite this, the core strategic goal of all economies and many businesses continues to be the pursuit of ongoing economic growth. To resolve this paradox, a reconceptualization of firm-level growth is presented. I describe and discuss the organizational characteristics of the growth paradox and follow this with a metatheoretical review of economic, organizational, and ecological perspectives on growth. From this review, a typology of firm-level strategy is developed that radically reconceptualizes business growth as developmental activity primarily concerned with social–ecological flourishing. The features of this typology and its implications for business strategy are discussed according to three principles that emerged from the analysis: multidexterity, resilience thinking for design, and inclusive balance (embeddedness). Together, these strategy principles form the prerequisite management competencies needed for the development, implementation, and evaluation of sustainable business strategies. Transformative firm-level responses to the growth paradox are needed if sustaining forms of organizational growth are to be achieved and this paper presents a novel integrative framework for informing those strategies.

KEYWORDS
business strategy, degrowth, growth paradox, growth typology, metatheoretical research, social–ecological system, sustainability, transformation

1 | INTRODUCTION

Contemporary understandings of strategic management increasingly emphasize the importance of managing organizational contradictions, dilemmas, and tensions (Dameron & Torset, 2014; Schad et al., 2016; Zimmermann et al., 2015). A growing source of tension for contemporary businesses is the balancing of economic growth with social and environmental development. The ongoing pursuit of economic growth, also known as “the growth imperative” (Banerjee et al., 2020, p. 1), is, however, a two-edged sword. This imperative provides a financial foundation for all organizational activities, generates employment, drives improvements in living standards, provides benefits to individuals and communities through wealth creation and can result in greater consumer choice. Economic growth provides a set of widely shared goals that galvanize organizational purpose and provide readily measurable outcomes to guide business strategies. Simultaneously, however, the unchecked pursuit of exponential growth has profound, deleterious impacts on the health of...
natural systems and human communities (Steffen et al., 2015). Paradoxically, the pursuit of growth is undermining the capacity of Earth's atmosphere and biosphere to provide a stable basis for economic and social development. One result of this paradox is the growing gap between the planet's rapidly deteriorating environmental condition and the pursuit of business-as-usual growth by national economies and individual companies. This “big disconnect” (Dyllick & Muff, 2015, p. 156) is a consequence of maladaptive business responses to the fundamental dilemma of economic growth. While there are encouraging signs of aspirations for “true sustainability” (Dyllick & Muff, 2015, p. 165), that is, developing businesses that create significant positive benefits for both society and ecological systems, the reality is that the “big disconnect” is growing rather than narrowing. Reconnecting economic sanity with global health and resilience requires the re-evaluation and reconceptualization of business growth as developmental activity primarily concerned with social-ecological flourishing and business strategy needs to be envisaged with that regenerative perspective in mind.

This problem was pointed out almost 30 years ago by David Fleming (1992) in the very first issue of this journal. Fleming called the dilemma of pursuing economic growth even as it undermines environmental sustainability, “the growth enigma” (Fleming, 1992, p. 13). Fleming understood that all contemporary economies, both developed and developing, are “wholly dependent on growth” (Fleming, 1992, p. 13). He also saw that ongoing growth results in increasingly “irreversible, environmental stress” (Fleming, 1992, p. 19). He warned that the global economy was entering a period of “clashing needs” with the imperative to reduce environmental impacts conflicting with the need to maintain the momentum of growth. As Fleming put it, the growth enigma was the dilemma of meeting “the needs of a stable economy and a stable environment ... at the same time” (1992, p. 18). Accelerating economic growth has continued since Fleming made his observations, that is, until early 2020 when the current COVID-19 pandemic has temporarily paused that exponential increase. However, the catastrophic zoonotic disease outbreak of COVID-19 is itself one of several environmental crises that stem from the impact of economic growth on the stability and resilience of global ecological systems (Everard et al., 2020; Gibb et al., 2020). Business growth is largely dependent on the same economic activities that drive biodiversity loss, climate change, soil degradation, water pollution and unsustainable geochemical flows (Steffen et al., 2015). The problem is so firmly entrenched in the global economy it is even present in the Sustainable Development Goals (SDGs). As Hickel notes, there are “contradictions” and an ongoing “tension between economic growth and ecological sustainability” (Hickel, 2019, p. 875) in many of the SDGs. For example, SDG 8 seeks “sustained and inclusive economic growth [that can] drive progress” and yet several analyses of the impact of ongoing economic growth find this goal incompatible with other SDGs such as combating climate change and the sustainable management of ecological systems (Hickel, 2019). As Banerjee et al. note, “[e]ven progressive discourses focused on sustainability and climate policy ... seem to be mired in status-quo reinforcing growth narratives” (Banerjee et al., 2020, p. 5).

The dilemma created by a narrow conceptualization of economic growth is also present at the firm-level. While many micro, small and medium-sized enterprises exercise conservative, nongrowth strategies (Braidford et al., 2017), many segments of market economies doggedly pursue economic growth as their dominant goal. There are many reasons for this emphasis on economic expansion. Governments build expectations of ongoing growth into national budgets and economic policies. Business schools educate their students with the assumption of economic growth underpinning much of their curricula (Fotak & Prasad, 2015; Ghoshal, 2005). International and domestic markets, banks and financial institutions demand that companies prioritize growth goals over all other concerns. In his assessment of the role of growth in producing societal benefits, Ahlstrom makes the following comment:

Though sustained growth is difficult to achieve, capital markets insist that firms grow. They can reward firms handsomely for growing and can punish firms - with falling share prices and higher borrowing costs - for failing to grow or even having long pauses in growth. (Ahlstrom, 2010, pp. 12–13)

Studies of equity markets show that companies with flat or below market expectation rates of growth are harshly punished (Antonios, 2010). At the same time, the need to comply with new legislative and reporting requirements regarding environmental and social issues is increasingly recognized by businesses as a core responsibility (Lubin & Esty, 2010). While market imperatives for economic performance remain paramount, management’s awareness of broader responsibilities has been increasing over the last two decades (Carroll, 2015). Social responsibilities and sustainability are now central concerns in many companies’ strategic planning. The growing awareness and increased strategic activity around sustainability issues heightens these tensions. Finding innovative means for dealing with these tensions is a topic of growing importance for business strategists. For example, a recent paper on open innovation proposed eco-innovation as an organizational strategy for “embracing their tensions to achieve integrated environmental strategic goals” (Russo Spena & Di Paola, 2020, p. 1961). The authors advocate for a “more holistic perspective leading to a both-and rather than an either-or outcome” (Russo Spena & Di Paola, 2020, p. 1970). Integrative growth strategies are needed to overcome the disconnect between contending economic, social, and environmental demands.

Resolving these inherent tensions and dichotomies remains a difficult task. While management researchers have proposed theories to align sustainability and economic interests more closely (see, for example, Porter & Kramer, 2011), the fundamental disconnect between the two is still theoretically and practically unresolved. Economic growth remains an “aggrandizing hegemony” (Banerjee et al., 2020, p. 4) where market dominance overrides more human-centered forms of social growth and concerns about the natural systems of the planet. In their efforts to grow businesses while complying
with environmentally sustainable policies and regulations, businesses and their managers are caught in the middle of this growth paradox. In a recent special issue on post-growth theorizing, Banerjee and colleagues call for, “more theory building that articulates post-growth possibilities at the organizational level” (Banerjee et al., 2020, p. 15). This conceptual study responds to their call by reconceptualizing firm-level growth as an embedded process where new strategic pathways for resolving the contradictions and tensions generated by the growth paradox can be explored.

This conceptual study contributes to the literature on the strategic management of sustainable growth in three ways. First, given the context of accelerating global environmental crises, this paper contributes to the awareness and understanding of the paradoxical characteristics of firm-level growth within a sustainability context. Second, differentiated understandings of growth are compared to construct a pluralist typology that situates these diverse perspectives. Third, based on the typology, a set of principles are proposed for guiding the development of sustainable growth strategies. Each of these contributions focuses on reimagining the core purpose of business strategy. To move from strategy as the pursuit of ongoing exponential economic growth, to strategy as the quest for sustaining human development and ecological flourishing. The paper is structured as follows: First, I discuss the paradoxical nature of growth and propose a process model for its reconceptualization. Second, to develop this reconceptualization, I review major theoretical perspectives of economic growth and its alternatives. Based on this review, an integrated typology is proposed that accommodates divergent understandings of growth. In the conclusion, I discuss the implications of the typology for management strategy and for working with the ongoing tensions arising from the complexities involved in balancing economic, social, and environmental sustainability.

## 2 | THE GROWTH PARADOX

Organizational life is rich with conflicting dynamics that persist over time (Lewis, 2000) and there are numerous contending demands that constitute a complex fabric of tensions and ambiguities in contemporary business activities. Managers can respond to these tensions in adaptive or maladaptive ways. In this section, I argue that growth is another of these fundamental paradoxes and I draw on and extend Smith and Lewis’ (2011) theory of paradox to unpack how the tensions arising from the growth paradox can stimulate widely varying strategy responses at the business management level.

### 2.1 | Firm-level characteristics of the growth paradox

Smith and Lewis (2011) identify three definitive elements of a paradox. A paradox consists of (i) “contradictory yet interrelated elements” that, (ii) “exist simultaneously” and which, (iii) “persist over time” (Smith & Lewis, 2011, p. 386). To these three I add a fourth distinctive element in that paradox, (iv) generates the possibility for transformation (Hargrave & Van de Ven, 2016). A paradox perspective can be transformative when it motivates a developmental process of “personal and organizational reframing” (Bartunek, 1988) that supports the exploration of new forms of “radical innovation” (Andriopoulos & Lewis, 2009, p. 696) and leads to “the emergence of new practices and institutions” (Jay, 2013, p. 138). Economic growth is paradoxical because it is strongly characterized by all four aspects and its resolution offers possibilities for qualitatively new shifts in business strategy. I now look at each of these four elements of the growth paradox in more detail.

### 2.1.1 | Organizational growth consists of contradictory yet interrelated elements

The contradictory polarities of the growth paradox are that (i) economic growth is fundamental to successful business strategy and (ii) it undermines the resilience of ecological systems that are the basis of stable societies and businesses. Growth has long been held a core organizational goal and measures of growth are taken as key indicators of successful performance (Ayers & Warr, 2009). An organization’s growth can be defined in terms of economic indicators such as profit-loss ratios, sales figures, asset values, share value, market share, and various financial indicators, for example, liquidity, equity, leverage, or debt ratios (Wiklund et al., 2007). Growth in these indicators is a primary objective of commercial business strategy and, increasingly, for strategic management in the public and not-for-profit sectors (Maier et al., 2014). However, as Fleming pointed out in his concept of “the growth enigma”, there is a deep contradiction inherent in the pursuit of ongoing growth. No physical, biological, or social system grows limitlessly. The repeated confirmation of “limits to growth” studies over the past 50 years (see, e.g., Meadows & Randers, 2012) highlights the intrinsic risks of pursuing exponential growth policies.

Perhaps the most immediate problem arising from the growth paradox at the firm-level is the balancing of economic goals with social and environmental goals. A marketing campaign by the Californian-based clothing company Patagonia illustrates the tensions that companies experience in pursuing economic growth in sustainable ways (Hwang et al., 2016). The campaign features an advertisement for one of Patagonia’s largest selling items, an outdoors men’s jacket. Underneath the picture of the jacket are the words “Don’t Buy This Jacket” (Patagonia, 2011). The accompanying text states, “We [Patagonia] ask you to buy less and to reflect before you spend a dime on this jacket or anything else” (Patagonia, 2011). By recognizing the environmental costs of overconsumption, Patagonia is willing to invest in marketing that supports the sustainable consumption of its products. Irrespective of the motive for the campaign, that a commercial enterprise is asking potential customers to reduce their purchasing is indicative of how this paradox is impacting on contemporary businesses (Rattalino, 2018).
2.1.2 Contradictory organizational growth goals exist simultaneously

The second definitive aspect of a paradox is that the contradictory polarities of the paradox generate tensions because they coexist, that is, they arise concurrently. In the absence of integrative perspectives, the simultaneous coexistence of contradictory objectives leads managers to choose one growth strategy over the other. When managers frame strategic choices as simultaneously contending opposites, it is not surprising that short-term financial goals and responsibilities win out over other kinds of obligations. Smith and her colleagues argue that an “either/or” approach to strategic tensions is inadequate (Smith et al., 2010, p. 449). One area where the simultaneous coexistence of contending responsibilities is becoming increasingly prominent is in living standards and community prosperity. In his book “Prosperity without Growth”, ecological economist Tim Jackson regards “reconciling our aspirations for the good life with the constraints of a finite planet” as the “biggest dilemma of our times” (Jackson, 2009, p. 3). Even when sustainability strategies are adopted at the firm-level, the simultaneous demand for both growth in financial indicators and evidence of achieving sustainability goals constitutes a serious dilemma for businesses and their managers.

2.1.3 Organizational growth goals persist over time

The third definitive feature of a paradox is that it endures over time. A paradox is not resolved by choosing one option and committing to that course of action. The paradox will reappear in some other way and present systemic problems, anomalies, and periodic crises that eventually require a whole-of-system response. Encountering a paradox that is ever-present and durable creates tensions and demands responses that “fuel reinforcing cycles that can be negative or positive” (Smith & Lewis, 2011, p. 391). At the firm-level, both positive and negative responses have been observed in the growth strategies developed and pursued by managers. Negative responses result in vicious cycles that reinforce behaviors that maintain the paradox and amplify the negative outcomes of unsustainable growth. An illustration of this at the organizational level is BP’s Deepwater Horizon oil spill in 2010. The Presidential Report (Graham & Reilly, 2011) on the disaster documents the cycle of policy and strategy malpractices that culminated in one of the worst environmental disasters in history. In response to falling profit margins and a steep drop in oil production from more easily accessible areas, the 1990s and early 2000s saw oil wells being built in increasingly deeper and riskier ocean environments. BP prioritized economic cost savings over social and environmental risks which resulted in multiple breaches of safety and environmental regulations (Graham & Reilly, 2011). The increasing need for oil pushed the strategy of drilling, “ever deeper and farther from shore” (Graham & Reilly, 2011, p. 21) so that, “technological hurdles rose ever higher - and risks grew ever greater” (Graham & Reilly, 2011, p. 21). Vicious cycles of policy commitments leading to maladaptive organizational strategies and management decisions led to a human and ecological tragedy on a massive scale that still continues (Barron et al., 2020). In the absence of integrative initiatives, management responses to the growth paradox entrench maladaptive strategies and practices resulting in large-scale environmental disasters and the ongoing failure to address global sustainability challenges.

2.1.4 The paradox of growth can initiate transformative change

The pursuit of growth is paradoxical in that it also discloses tensions that generate transformative potentials. In addition to the maladaptive responses that reinforce unsustainable practices, the growth paradox can stimulate virtuous cycles of innovation. Virtuous cycles raise “awareness of tensions” which act as an “invitation for creativity and opportunity” (Smith & Lewis, 2011, p. 391). At the microfoundational level of individual mindsets, possessing a “paradoxical mindset”, that is, the ability “to value, accept, and feel comfortable with tensions” (Miron-Spektor et al., 2018, p. 34) can enhance “performance, innovation, and leadership” (Miron-Spektor et al., 2018, p. 27). These microfoundations provide a basis for organizations to translate ongoing contradictions into transformative potentials.

A firm-level case exemplifying this transformative potential is Marshalls PLC, the UK’s largest landscaping materials company (Edwards et al., 2013). Growth in demand for its products combined with dwindling supplies of high-grade sandstone from the UK, forced Marshalls to import stone to meet customer demand. They looked to India, by far the world’s largest exporter of sandstone. However, bonded and child labor and environmental damage were widespread throughout Indian quarries. Rather than ignoring the dilemmas inherent in such situations, Marshalls responded by consolidating supply chains, introducing safety and health auditing, building schools, mechanizing workplaces, and addressing environmental concerns in innovative ways (Edwards et al., 2013). The problems caused by rapid growth led Marshalls to embed social and environmental innovation into its strategic vision for new product development, engaging with stakeholders, and managing environmental responsibilities. The Marshall’s case highlights the social and ecological benefits that can flow from a transformative response to growth-related dilemmas.

In summary, the strategic response to ongoing firm-level tensions surfaced by the growth paradox can push organizations into “negative dynamics” (Lewis, 2000, p. 768) that, “fuel self-referential cycles, fostering incremental learning at best and organizational paralysis or decline at worst” (Lewis, 2000, p. 766). Alternatively, paradox can be responded to with transformative mindsets, “sparking innovation and peak performance” (Miron-Spektor et al., 2018, p. 27). It is precisely this dilemma of responding to the growth paradox by either protecting business-as-usual practices or transforming established mindsets and routines, that contemporary businesses and their managers are presented with. Lewis (2000) proposed a process model of management responses to explain these divergent outcomes. Her approach describes how managers navigate the ongoing tensions that
emerge from paradox by (i) becoming aware of tensions and attempting to resolve the resulting conflicts, (ii) seeking to align diverse reactions to these tensions, (iii) searching for new sense-making reconceptualizations of these tensions, and (iv) adopting strategies that translate these reconceptualizations into drivers of transformation. Remaining in the first and second steps of this process, that is, dealing with tensions without reconceptualizing their paradoxical source, results in ongoing maladaptive cycles of response. Smith’s model emphasizes the crucial role of first reconceptualizing and then adopting strategies to transform an organization’s orientation. In the following sections I take up this task and develop a reconceptualization of growth based on a review of existing perspectives. The purpose of the review is to identify important dimensions of growth that can then be combined to develop an integrative typology of growth strategies.

3 | RECONCEPTUALIZING GROWTH

3.1 | Methodological approach

Developing alternative conceptualizations of growth requires further theoretical framing. The approach adopted here is to review the constitutive lenses of several perspectives on growth and assemble a conceptual typology that can accommodate economic, social, and ecological growth strategies. A typology is useful for providing a “parsimonious framework for describing complex organizational forms” (Doty & Glick, 1994, p. 230). A typology is not simply a categorizing tool but can offer theory building possibilities through the description of ideal organizational forms. These ideal types are “holistic configurations of multiple unidimensional constructs” (Doty & Glick, 1994, p. 223) that “represent organizational forms that might exist rather than existing organizations” (Doty & Glick, 1994, p. 233). Hence, typologies are useful for capturing possibilities for reconceptualizing organizational practices. Typologies describe the various organizational types “in terms of multiple dimensions” (Doty & Glick, 1994, p. 233) so each type “represents a unique combination” (Doty & Glick, 1994, p. 233) or configuration of the dimensions used to describe the typology. In the following review, I identify several dimensions of growth drawn from relevant multidisciplinary perspectives. The intent is to move beyond either/or logics (exclusively either economic or environmental strategies) to more integrative both/and logics (strategies that integrate economic, social, and environmental goals).

The review considers five important disciplinary and theoretical perspectives on economic and organizational growth–steady state, degrowth, resource-based view, organizational development, and the social-ecological perspective. Each of these perspectives involves an extensive body of literature, however, the intention here was not to exhaustively review all this material but to select a varied range of theoretical perspectives across the relevant disciplines of economics, organization theory and environmental ecology. Any integrative typology for business growth will need to include perspectives from each of these domains. I begin with a brief review of the steady-state perspective.

3.2 | The steady-state perspective

Early theorists of growth in human society and economics proposed a wide range of arguments about whether growth in economic activity was beneficial or even desirable as a societal goal. Adam Smith was convinced that ongoing growth was the natural and appropriate direction for the economy and that a stationary state runs counter to human progress (Kerschner, 2010). Thomas Malthus argued that exponentially increasing populations would result in growing states of social misery resulting in famine and war (Malthus, 1826 [1798]). The first classical economist who saw a steady-state economy as feasible and desirable was John Stuart Mill (1893). Mill famously foresaw the depletion of natural systems through economic growth as a potential danger and hence advocated for “stationary state” (Mill, 1893, p. 215) economies as the preferred condition for human social stability and happiness. Mill hoped, “for the sake of posterity, that we humans will be content to be stationary, long before necessity compels us to it” (Mill, 1893, p. 516). Mill saw stationary economics as preferable to the excesses of the growth economy and the “trampling, crushing, elbowing, and treading on each other’s heels” (Mill, 1893, p. 516) of competitive capitalism. The stationary state would naturally be reached as nations outgrew the need for growth and developed deeper social and cultural aspirations.

In the 20th century, as the environmental impacts of exponential material growth became increasingly evident, steady-state economics saw a resurgence of interest, notably in the work of Herman Daly. Daly argues that a steady-state global economy is not static but a dynamic state of regulated growth that preserves the basic stock of natural capital within a stable human population (Daly, 1974). The physical boundaries of the planet demand the recognition of limits in the use of natural resources and the inherent physical limits of transforming rich ecological resources into low value waste. The purpose of a steady-state economy is to sustain the basic levels of natural and human capital that are needed to ensure intergenerational wealth creation and social development (Daly, 1972). Neither negative nor positive growth can do this. Daly argues that negative growth does not create the wealth needed to provide for human economic needs, and that positive growth ultimately results in undermining the stocks of natural resources needed to ensure sustainable production and consumption (Daly, 1974). Steady-state economics amounts to a “dynamic equilibrium” (Daly, 2008, p. 117) between these two destructive extremes. Steady-state economics describes a human system of material activities that is contained within, and sustained by, a biosphere whose essential resources and ecosystems are not degraded or depleted over time.

3.3 | The degrowth perspective

Daly’s mentor, and often a harsh critic of steady state theory, was the main theorist behind the “degrowth” approach to economic growth, Nicholas Georgescu-Roegen (1971). Georgescu-Roegen’s research was instrumental in the emergence of ecological economics and was heavily critical of mainstream growth economics. Degrowth theory is based on
the laws of entropy and thermodynamics in that human economic activity inevitably degrades (or increases the entropy of) the natural world. The higher the level of economic growth, the greater the level of degradation, so global environmental problems can only be delayed through lower levels of economic activity, hence the proposition of degrowth to address global environmental challenges such as climate change. The term “degrowth” has been used to refer to reduced levels of economic activity at multiple levels from global GDP to local consumption and production cycles (van den Bergh, 2011). The degrowth perspective differs from steady-state economics in several respects (Kerschner, 2010). First, degrowth theory sees a steady state as physically impossible because of the fundamental physical laws of thermodynamics and entropy. Degradation of resources will always occur and the question is, over what timeframe? Second, degrowth is more than an economic theory and includes political, economic, social and public policy positions that radically critique the conventional growth paradigm. Third, degrowth is a planned reduction in the absolute rate of economic activity to a sustainable level. In this way, degrowth is complementary to steady state economics in that, degrowth is not an end in itself but a transition to a sustainable steady state at a scale that can exist over the long-term within the planet's carrying capacity (O’Neill, 2012). Therefore, while cognizant of environmental harm resulting from ongoing economic growth, degrowth also highlights the social inequalities generated by growth-based market capitalism. The degrowth approach argues that the planned reduction in economic activity must be accompanied by strategies that support social-cultural flourishing (Krueger et al., 2018). These strategies can be targeted at both macrolevel change in, for example, legislation and public policy and microlevel change in, for example, local community initiatives (Perkins, 2019). Recent approaches to degrowth theory recognize that not all sectors of economies need necessarily decline as some are much more sustainable than others. This has led to the notion of “a-growth” (van den Bergh & Kallis, 2012) which refers to strategies that disregard growth indicators such as GDP in favor of regulatory initiatives to promote environmental sustainability and social equity.

In summary, there are three core elements of the steady-state and degrowth and other post-growth approaches (Hinton, 2021) that need to be included in any reconceptualization of sustainable economic growth. First, there is an urgent need to replace the conventional view that perpetual, exponential growth is a central or even desirable goal for business. Second, any alternatives need to recognize the reality of planetary ecological limits. Third, those alternative perspectives must be inclusive of social and ecological wellbeing and result in regenerative forms of social-ecological flourishing and prosperity. However, while steady and degrowth approaches offer directions for more sustainable economic alternatives they have not dealt substantially with growth theory at the firm-level.

3.4 The firm-level economic perspective

The most important theorist on firm-level growth was the economist Edith Penrose. Her book “The Theory of the Growth of the Firm” (first published in 1959) provided the intellectual foundations for the resource-based theory of the firm and remains the most comprehensive economic theory of firm-level growth to date (Lockett et al., 2011). Penrose’s views complement the conventional theories of macroeconomic growth with a dynamic model of a company’s human resource capacities. Penrose’s theory assumes that companies are social institutions of, as she put it “flesh and blood” (Penrose, 1995, p. 13). Her view is that companies are autonomous organizations that administer and manage human and natural resources to produce goods and services and achieve desired goals. It is “human resources” (Penrose, 1995, p. 24) that are the most important ingredient in this definition because they provide the means by which companies offer unique contributions to their markets to establish competitive advantages over competitors.

Penrose makes an important distinction between two types of economic growth. One is concerned with changes in economic quantities, and the other is concerned with developmental qualities. She states that

The term ‘growth’ is used in ordinary discourse with two different connotations. It sometimes denotes merely increase in amount; for example, when one speaks of ‘growth’ in output, export, and sales. At other times, however, it is used in its primary meaning implying an increase in size or improvement in quality as a result of a process of development. (Penrose, 1995, p. 1)

There is a definitive distinction here between growth as an “increase in amount” and growth as an “internal process of development.” The most important application of these two forms of growth for Penrose is seen in her discussion of “economies of size” and “economies of growth”. Economies of size are achieved when firms scale-up production to benefit from cost reduction due to greater efficiencies. In contrast, economies of growth are achieved when firms grow through the development of unique internal constellations of human and material resources. Economies of growth may or may not be associated with economies of size. This distinction by Penrose influenced the emergence of the resource-based view of the firm but has largely been lost in subsequent economic theories of organizational growth (Rugman & Verbeke, 2002). However, while the role of human endeavor is central in Penrose’s thinking, her theory also assumes that firms and their managers are motivated by “the profit motive”, that growth and profits can be regarded as “equivalent” (Penrose, 1995, p. 27) and that both forms of growth are ultimately measured by changes in economic outputs and ultimately “the ability to make profits” (Penrose, 1995, p. 30). Penrose’s growth theory of the firm was based on her observations of the fast-growing economies of the 1950s and 1960s. Researchers have noted that this leads her to underestimate the limits to growth. She held the view that “there are no external limits to the growth opportunities of firms” (Lockett et al., 2011, p. 49). Therefore, while differentiating between
quantitative and qualitative growth, Penrose held to the conventional view of economic growth as the fundamental purpose of business.

In summary, Penrose's theory contributes two important distinctions for reconceptualizing growth. First is the distinction between growth as an increase in quantitative size and growth as a developmental process involving human skills and potentials. Second, she highlights the development of human resources as the core driver of growth capacities at the firm-level.

3.5 | The organizational change perspective

Research on firm-level growth has typically adopted the size-growth perspective when assessing firm performance. For example, growth is operationalized as annual revenue (Thornhill, 2006), sales (Lartey et al., 2020), profit (Baum et al., 2001) or some other quantitative measure of increase in the size of the organization. As Davidsson et al. point out, “Most research has undoubtedly been directed at explaining differences in the amount of growth and neglected other aspects of the process of growth” (Davidsson et al., 2006, p. 366).

However, alternative approaches have adopted process-based understandings utilizing concepts such as “stage of maturity” (Landrum & Ohsowski, 2018), “stages-of-development” (Davidsson et al., 2006, p. 367), “developmental phases” (Benn et al., 2018), and “process growth” (Achtenhagen et al., 2010). Process models describe the qualitative shifts in internal and organic growth and therefore necessarily involve the development of human competencies, cultural qualities and social capital (Benn et al., 2018). From a process perspective, growth is not essentially about increasing profits, sales, ROI, or share price but primarily the development of the people who make up the business, drive its activities and purposes and provide competitive and collaborative advantages for the strategic success of the company.

In the following, I briefly discuss a body of process growth research on what is variously referred to as “consolidative model” (Maon et al., 2010), the “sustainability spectrum” (Landrum & Ohsowski, 2018) and the “stages of corporate sustainability” model (Benn et al., 2018; Dunphy et al., 2003; Landrum, 2018). This research stream theorizes organizational growth as a developmental process occurring across multiple organizational domains through the interplay of both transformational and incremental processes (Bartunek & Jones, 2017; Howard-Grenville et al., 2011). Transformational process growth is a “system-wide change” (Bartunek & Jones, 2017) involving reconfigurations of key organizational qualities such as governance structures, norms and practices, technologies, knowledge and information management systems and stakeholder relationships. Transformational change is typically contrasted with transactional change which refers to “the everyday interactions and exchanges that more directly create [organizational] climate conditions” (Burke & Litwin, 1992, p. 527). In theories of organizational sustainability, transformational models emphasize the normative dimensions of growth toward socially preferred states. Sustainability transformations occur when an organization undertakes systemic shifts in how it strategically responds to economic, social and environmental sustainability imperatives. For example, Landrum and Ohsowski (2018) provide a detailed description of firm-level transformation from “very weak sustainability” through moderate levels all the way to “very strong sustainability”. This “sustainability spectrum” model provides a map for evaluating “the company’s stage of maturity in corporate sustainability” (Landrum & Ohsowski, 2018, p. 132). From this normative sustainability perspective, growth is not simply about expansion in size or material output or quantitative amounts but involves qualitative shifts in the company purpose and how it views its relationship with, and responsibilities toward, its stakeholders and the natural systems that support them. Those shifts can occur as either incremental changes or as whole-of-system transformations depending on the depth of the change. Landrum describes it this way,

On one end are businesses that see sustainability as incremental improvements over business-as-usual and on the other end are businesses that see sustainability as a paradigm shift in thoughts and actions.

From the organizational change perspective, as well as an economic phenomenon, growth is conceptualized as a process of transformational and transactional shifts that go beyond economic measures of firm growth to include social cultural growth.

3.6 | The ecological perspective

There are many streams of research on firm-level growth that come from an ecological or environmental sustainability perspective. These include green growth (Lartey et al., 2020), the natural resource based view of the firm (Hart et al., 2010) and the social–ecological systems approach (Pogutz & Winn, 2016). To different degrees, these perspectives frame their theorizing within a systems view of the human–nature nexus so that a flourishing, sustaining natural environment is the primary context for social and economic growth. For example, in their discussion of the relationship between business, society and the natural environment, Marcus et al. (2010) describe what they call the “embedded view” where “business is seen to exist within society, and society within the broader natural environment” (Marcus et al., 2010, p. 419). The embedded view presents a transformative challenge to the conventional understandings of economic growth in that it, calls for a “global shift from actions that drive perpetual growth to actions that respect systemic limits across time” (Marcus et al., 2010, p. 426).

The embedded view of growth is also central to the social–ecological perspective of resilience where sustainable growth occurs within the boundaries of social and environmental limits and opportunities (Ray et al., 2011). The social–ecological perspective realigns the connection between the economy, society and the environment such that “the global economy services society, which lies within Earth’s life-support [environmental] system” (Griggs et al., 2013, p. 306). This perspective reframes economic strategies as the means for social and environmental development and sustainability and not as the
dominant frame for all social and political planning. Economic growth is seen as dependent on the wellbeing and growth of the social-ecological sphere of human-nature relationships.

3.7 Review summary

The preceding metatheoretical review has identified several lenses for re-conceptualizing growth: (i) from the steady state and degrowth approaches: the distinction between unsustainable economic growth, as it is currently conceived, and sustainable economic degrowth or a-growth transitioning to a post-growth economy based on social equity, community wellbeing and resilience; (ii) from the Penrosian school of economic theory: the size-process lens that differentiates between size growth and internal process growth, (iii) from organizational change literature: the process growth lens that differentiates between transactional-incremental growth and transformational-radical growth, and (iv) from environmental science, the reframing of the relationship between the economic, the social and the environmental to place the social-ecological nexus as the framing context for economic growth. The following brings together these four lenses together to develop an integrative typology of strategic firm-level growth.

4 A firm-level strategy typology for sustainable growth

Combining theoretical lenses to build a typology is a common method for theory building in business studies. Okhuysen and Bonardi comment that scholars “regularly combine lenses, from within and outside the management discipline, to further our understanding” (Okhuysen & Bonardi, 2011, p. 6). The following typology emphasises that sustainable growth strategies must be based on social-ecological growth rather than exclusively economic growth strategies. This re-conceptualization sees the growth and development of people within flourishing social-ecological settings as the purpose of sustainable business. In this framework, economic growth becomes a means for working toward social-ecological sustainability rather than the dominant purpose of organizations. Figure 1 describes this typology by way of an embedded lens of economic, social, and (social)ecological growth in combination with the transactional-transformational growth lens. This process generates six types of growth which, when combined with an integrative type, results in a framework of seven growth types.

4.1 Business-as-usual perspectives—Economic growth strategies (types 1 and 2)

Business-as-usual growth, that is, business growth based on conventional profit maximization, is represented by two types where growth is conceptualized as quantitative increase in the size of the firm. Type 1, endogenous size growth, is the endogenous and incremental expansion of a business as measured by, for example, profitability, market share, sales, and so on. Type 2, exogenous size growth, is the radical increase in size through, for example, external-focused activities such as mergers, acquisitions, and takeovers. Both of these views are examples of size-change, or as Penrose calls it, the “economic power of bigness” (Penrose, 1955, p. 531) and they dominate “old economy” perspectives at all levels from small businesses to multinational corporations. In the absence of other, more integrative growth strategies, Type 1 and Type 2 constitute business-as-usual approaches where business strategy is purely profit-driven. For both Type 1 and Type 2, strategic planning, measuring and evaluating business growth is dominated by objective measures of expansion in the size of financial indicators. Through the ubiquitous use of Type 1 and Type 2 growth indicators,
such as GDP at the macrolevel and quarterly sales at the business level, conventional growth strategies target size-change as the dominant context for all business activities. All strategies are aligned to achieve this goal of growth in economic size. As such, Type 1 and Type 2 strategies assume sustainability to be a regulatory impost and that regulatory requirements such as, for example, carbon taxes are hindrances to business growth (Williams et al., 2018).

Where social or environmental aspects of growth are considered within the Type 1 and Type 2 views, they typically are done so from an instrumentalist orientation. Human and natural resources are means for pursuing economic growth rather than ends to be developed for their own intrinsic value. In focusing exclusively on Type 1 and Type 2 growth strategies, mainstream business activities reinforce maladaptive and unsustainable responses to the growth paradox. The goal of economic wealth creation, as formalized in size–growth metrics, subsumes other goals. Consequently, economies are locked into a vicious cycle of reliance on growth-based budgeting for environmental expenditures. At a collective societal level, we see this dynamic present in the COVID-19 crisis, where social and economic perspectives battle for priority in the setting of public policy (Brammer et al., 2020). Type 1 and Type 2 strategies see economic stabilization and the return to normal levels of economic growth as more important than controlling the pandemic through community health regulations (Gibb et al., 2020). When utilized as the dominant frames for developing business strategy, both endogenous and exogenous size–growth reinforce unsustainable forms of growth and result in business-as-usual responses to the growth paradox that increasingly undermine the ecological basis for human prosperity.

### 4.2 Social perspectives—Socio-cultural growth strategies (types 3 and 4)

Socio-cultural perspectives (Types 3 and 4) see firm-level growth as intimately connected with growing the human dimension of the organization. These types of growth strategies are what Klapper et al. (2020) refer to as “collective growth”—“an embeddedness in a collective habitus... a form of wellbeing for [entrepreneurs], their families and the surrounding collectivity” (Klapper et al., 2020, p. 11). Type 3 socio-cultural growth strategies are incremental and internal in that they focus on creating opportunities for the key internal stakeholders of the business. Type 4 strategies, in contrast, aim for transformative shifts in organizational culture where organizational norms, practices, and values shift to qualitatively new configurations. Type 4 growth strategies develop new relationships with a wider circle of stakeholders to explore new learning opportunities, partnerships and business model innovations to transform organizational culture and provide opportunities for internal and external stakeholders to transform their skills, mindsets and work potentials (Bartunek & Jones, 2017).

The socio-cultural growth of Types 3 and 4 is increasingly recognized by management scholars and practitioners as central to organizational performance (Crook et al., 2011). The mainstream focus on quantitative expansion is complemented by the recognition that growth in human capital is fundamental to organizational prosperity. This is evidenced in the increasing attention given to intrapreneurial creativity, stakeholder relations, social innovation, and the role of values in growing businesses. This is not an instrumentalist position toward human resources, as with Type 1 and Type 2 perspectives. Types 3 and 4 growth strategies enlist human creativity and innovative potential in responding to the challenges of the paradox of growth as a goal with its own intrinsic value. Type 3 and Type 4 growth strategies shift from the instrumentalist position of managing “human resources” to “human development management” as a process of valuing the growth potential of stakeholders. Firm-level encounters with global limits to growth, such as climate change, provide conditions that challenge organizations to reconceptualize growth as the socio-cultural development and transformation of an extended circle of stakeholders.

### 4.3 Environmental perspectives—Social–ecological growth strategies (types 5 and 6)

Types 5 and Type 6 growth strategies target business goals that recognize the interdependence of human and natural systems. One approach to theorizing on this topic, the social–ecological systems perspective (Holling, 2001), proposes a view of sustainable growth that places human social and economic wellbeing within the context of flourishing and diverse natural systems. Sustaining development strategies (Type 5) aim for growth through integrated social–ecological improvements. Hart’s Natural-Resource-Based-View (NRBV) of the firm exemplifies this Type 5 sustaining development approach to growth. NRBV recognizes that in response to global environmental crises “businesses will be challenged to create new concepts of strategy” (Hart, 1995). NRBV distinguishes between incremental greening strategies (Type 5), which advocate for sustained competitive advantage through green technological improvements, and “beyond-greening” strategies (Type 6) which are transformational “breakthrough strategies that actually resolve social and environmental problems” (Hart & Dowell, 2011, p. 1476).

Type 6 growth strategies aim for social–ecological innovations that preserve and regenerate ecological systems as a function of pursuing organizational purposes and enacting cultural norms and practices. The social–ecological perspective brings together insights from multiple levels of human–nature interactions including human agency and values (Armitage et al., 2012), organizational and international governance (Ostrom, 2010), and global social–ecological systems (Steffen et al., 2015).

Holling, one of the founders of the social–ecological perspective, expressed the mutuality between people and nature in this way:

[S]ocial-ecological systems (for instance, co-evolved systems of management) ... are interlinked in never-ending adaptive cycles of growth, accumulation,
restructuring, and renewal. These transformational cycles take place in nested sets at scales ranging from a leaf to the biosphere over periods from days to geological epochs, and from the scales of a family to a sociopolitical region over periods from years to centuries. (Holling, 2001, p. 392)

Within this context of nested scales, growth is reconceptualized as “sustainability-as-flourishing” (Schafer et al., 2015, p. 394) and “sustainable prosperity” (Jackson & Victor, 2020, p. 177). Both Type 5, sustaining development, and Type 6, sustaining transformation, reconceptualize growth as economic and social prosperity and development within flourishing global ecologies.

4.4 Integrative perspective—Embedded growth strategies (type 7)

The final type of growth strategy consolidates and builds on the preceding types in two ways. First, Type 7 embedded growth recognizes the contingent validity of each of the preceding types and systematically accommodates their contributions with strategic flexibility. This flexibility is a vital strategic capacity that adds integrative agility and adaptability to the strategic growth competencies described above. Second, Type 7 reconceptualizes growth as resilience-building in social–ecological–economic systems. In a world of “overshoot,” where the human ecological footprint massively exceeds Earth’s carrying capacity, Type 7 includes growth strategies for economic degrowth (or at least a-growth) and social-ecological regenerative growth. Growth is reconceptualized as qualitative maturation and social–ecological–economic wellbeing. This requires strategic flexibility to innovate ways of meeting needs and developing opportunities in countries and organizations with resource constraints while also recognizing the ultimate constraints of a finite planet.

Two theoretical frameworks that illustrate Type 7 growth strategies are Raworth’s “doughnut economics model” (Raworth, 2017) and the “SDG within PB” approach (Randers et al., 2019). Doughnut economics aims to “meet the needs of all people within the means of the living planet – an ecologically safe and socially just space in which humanity can thrive” (Raworth, 2020, p. 5). The social floor of adequate health, justice, education, empowerment, employment and living standards, together with environmental limits and planetary boundaries (PB), creates the space for strategic sustainability innovation and transformation. Similarly, the SDG within PB framework (Randers et al., 2019) aims for an “inclusive and prosperous world development within a stable and resilient Earth system” (Randers et al., 2018, p. 4). Recognizing the highly problematic nature of SDG 8 on the need for economic growth, the SDG within PB framework emphasizes targeted strategies that promote economic growth and social investments in poor countries while accelerating transformation policies in energy, sustainability innovation, circular economy and decoupling in developed economies.

However, because of the enormous differences in economic conditions between communities and national economies, Type 7 embedded growth requires (re)localization strategies for different economies. An example of this type of localized Type 7 business strategy can be seen in the social business Pollinate Energy Ltd. (Pollinate Group, 2020). Pollinate was established in 2012 to provide solar lights and stoves to slum residents in South India. This technology not only reduces carbon emissions but also eliminates the main source of indoor air pollution which kills millions every year in South Asia. Over the last 8 years Pollinate Energy has extended its business model to develop financial skills in its customers, recruit and employ local people as local entrepreneurs (“pollinators”), focus on female customers through gender equity, and improve the environmental performance of its technology (Gifford, 2016). All these activities are integrated within partnerships with local social businesses and charities to amplify its economic, social, and environmental impact in some of the poorest communities in India. Type 7 strategies will generate very different strategies in highly consumptive economies and, for example, pursue social-ecological growth based on post-growth perspectives (Hinton, 2021). The work of the Commonland Foundation is illustrative of this kind of embedded social–ecological–economic growth that regenerates ecologies and communities while also initiating post-growth forms of economic activity (Chabay et al., 2015).

Type 7 growth strategies systematically re-evaluate the relationship between social and ecological benefits derived from a business’s economic activity. This re-evaluation stimulates innovations and collaborations that benefit an organization’s extended circle of stakeholders. In addition to internal sustainability, Type 7 growth strategies look to collaborate with external stakeholders and adopt “collectivist strategies” (De Mendonca & Zhou, 2019) for building broad-based sustainability capacities. In a recent study of the benefits of ecological sustainability for private companies (De Mendonca & Zhou, 2019), it was found that financial performance improved when companies pursued co-evolutionary and regenerative strategies. A central point in such cases is that the economic dimension of the company is redefined in the process. Economic resources are reframed as means for achieving social–ecological benefits rather than as the dominant ends of business activity. Type 7 strategies can include modest economic growth but these financial goals are themselves transformed such that, “ecological sustainability should no longer be considered a strategy in conflict with long-run profitability and market value goals” (De Mendonca & Zhou, 2019, p. 1591).

4.5 Summary of the sustainable growth typology

This typology offers a pluralist resolution of the growth paradox because it relaxes contradictory either/or assumptions, for example, that profit growth is the core purpose of business or that sustainability is an economic cost. By themselves, Types 1 and 2 emphasize economic size. Types 3 and 4 emphasize social growth; and Types 5 and 6 emphasize ecological growth. Growth Type 7 is a pluralist and integrative growth perspective that draws on, but also reframes, each of
these growth strategies. This integrative capacity has close parallels with “resilience thinking” (Folke et al., 2010) which “addresses the dynamics and development of complex social–ecological systems” (Folke et al., 2010). Type 7 employs resilience thinking in that it adapts and transforms the contributions of other growth types within a prioritized order. For example, when held exclusively, growth strategies will reproduce maladaptive cycles that result in negative impacts on economic, social, and environmental wellbeing. Alone, size growth creates wealth for many but will also result in biosphere degradation and social inequality. Alone, socio-cultural growth will support better employment conditions and improved social wellbeing but will neglect the ecological base on which all social benefits depend. Alone, environmental outcomes might benefit ecological systems but risk neglecting economic floors and social equity goals. The general characteristics of each of the growth types is summarized in Table 1. The table collates the foregoing discussion and describes illustrative strategies, practices, the sustainability priorities and focus for each growth type.

In contrast to these exclusionary strategies, an integrative growth logic, as described in Type 7, permits an adaptive inclusion of each of these perspectives but, in so doing, also transforms them. This “resilience thinking” logic supports the development of business strategies that “recognize that economic growth is bounded by environmental limits” (Landrum & Ohsowski, 2018, p. 130). From the Type 7 perspective, the growth paradox becomes a driver for responding with locally embedded solutions to intractable environmental and social problems. Locally embedded solutions are strategies that take into account the specific conditions, histories and cultural practices of relevant communities and regions. Type 7 strategies prioritize integrative innovations for developing human capital and regenerating natural capital while ensuring adequate economic resources for those purposes. Such strategies work within and across organizational boundaries and see businesses as sites for enabling human growth and maturation and for regenerating flourishing ecologies.

5 | IMPLICATIONS OF SUSTAINABLE GROWTH STRATEGIES

Here, I discuss three strategy implications of these reconceptualizations of growth for organizations and their management. The multiplicity of growth types implies the principle of multidexterity; their varying capacity to address the need for integrative sustainability and resilience implies the principle of resilience thinking; and the embedded nature of the growth types implies the principle of inclusive balance.

5.1 | Multidexterity

The first implication is that businesses extend their capacity for “strategic flexibility” (Herhausen et al., 2020) to experiment with their capacity for pursuing different types of growth. This flexibility has similarities with the notion of the “ambidextrous organization” (O’Reilly & Tushman, 2004). Ambidexterity refers to the capacity of an organization to implement both evolutionary and revolutionary strategies. Type 7 or embedded growth presents a multifaceted strategic capability, multidexterity, that harnesses different forms of financial, human, technological, and natural capital to create multiple types of value. Multidexterity takes an embedded perspective of growth (Type 7) by holding economic objectives (Types 1 and 2) as subject to social (Types 3 and 4) and social-ecological benefits (Types 5 and 6). The analysis offered here argues that resolving the growth paradox will require of organizations and their managers multidexterity that sees economic, social and ecological strategies within an embedded order of priority (growth Type 7). Economic growth strategies are pursued if, and only if, they contribute to social-ecological growth. Multidextrous strategies and multidextrous innovations are those that meet this integrative principle. If they do not, they are either dropped or undergo significant alteration through sustainability-related modification, redesign, and life-cycle, biomimicry, and circularity assessment. The principle of multidexterity guides the managerial recombination of forms of socio-technical and natural capital to optimize embedded social-ecological wellbeing. Multidextrous strategies creatively tap into post-growth innovations and practices such as frugal abundance (Alexander, 2017), collective sufficiency (Gorge et al., 2014), relocalization (Hopkins, 2018), and conviviality (Kerschner et al., 2018). Each of these strategies reframes growth as purely economic to growth as social-ecological prosperity and wellbeing.

5.2 | Resilience thinking and design

A multidextrous organization will employ resilience thinking in designing and planning strategic opportunities afforded by: i) the range of economic (Types 1 and 2), social (Types 3 and 4), ecological (Types 5 and 6), and integrative (Type 7) growth strategies available to it and ii) the need to design strategic plans based on those options (Sellberg et al., 2018). Resilience thinking design requires managerial knowledge of an organization’s current and past growth perspectives and corresponding social-ecological competencies. These competencies facilitate the design, planning, implementation, and evaluation of strategies oriented toward a post-economic-growth society. Such competencies include systems thinking, diversity management, anticipatory thinking, normative competencies, interpersonal skills, and strategic management competencies (Wesselink et al., 2015). Taking an organization to the “next level” will mean utilizing resilience thinking to pursue embedded growth strategies associated with more complex and integrative stages of sustainability. Strategic planning based on resilience thinking looks beyond organizational boundaries to seek cocreative opportunities with other business and community actors (Landrum & Ohsowski, 2018). This brings us to the third implication and to the topic of how different economic, social and environmental growth strategies are balanced and prioritized.
| Growth type          | Illustrative strategies                                                                 | Illustrative practices                                                                 | Locus of strategy (internal or external) | Sustainability performance                                                                 | Sustainability priority | Approach to the growth paradox                                                                 | Type of economy                |
|----------------------|-----------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|-----------------------------------------|-------------------------------------------------------------------------------------------|------------------------|-----------------------------------------------------------------------------------------------|------------------------------|
| Type 1: Endogenous size | Financial incentives, product/service development and diversification, sales drive       | Accounting measures: Sales, ROI, ROA, tax minimization, revenue, workforce growth        | Endogenous/internal growth              | Unsustainable (when exclusive of other growth types)                                       | “Sustainable” economic growth | Continue the vicious cycle of prioritizing economic size-growth strategies at the cost of human and ecological harms | Old economy (profit at the expense of the biosphere) |
| Type 2: Exogenous size | Mergers, acquisitions, takeovers, spin-offs, internationalization                       | Market measures: Share price, market share                                               | Exogenous/external growth               |                                                                                           |                        |                                                                                               |                              |
| Type 3: Social development | Corporate social sustainability, cultural competence, diversity training, gender equity | Internal stakeholders: Pay rates and working conditions, diversity training, work-life balance | Internal social innovation and development | Weak to moderate                                                                         | Sustainable social-economic development and transformation | Economic growth and social development of internal and external (human) stakeholders | Transitional economy (profit while doing less harm to the biosphere) |
| Type 4: Social transformation | Collaborative business models, cross-sector social partnerships, democratic ownership, empowerment | External stakeholders: Consultation and empowerment, recruitment practices | External social transformation       |                                                                                           |                        |                                                                                               |                              |
| Type 5: Sustaining development | Natural-resource-based-view strategies, “lean green”, “green leap”, place-based sustainability, ecological embeddedness | Eco-social practices: Integrated green-social practices focused on internal stakeholders | Internal social-economic innovation and development | Moderate to strong                                                                         | Sustainable social-economic development and transformation | Social–ecological flourishing and resilience of internal and external human and ecological stakeholders | New economy (profit while doing good for the biosphere) |
| Type 6: Sustaining transformation | Collaborative sustainable business models, integrated TBL ecosystem (supply chain) assessment | Eco-social practices: Integrated green-social practices inclusive of both internal and external stakeholders | External social-economic transformation |                                                                                           |                        |                                                                                               |                              |
| Type 7: Embedded growth | Multidexterity (strategic flexibility), resilience thinking, design for social–ecological resilience inclusive balance, developmental | Doughnut economics evaluation, relocalization, frugal abundance, conviviality | Integrated and locally embedded (internal and external) | Strong to very strong                                                                    | Integrated social-economic development and transformation | Locally embedded social–ecological flourishing and resilience of internal and external human and ecological stakeholders | Regenerative economy (profit through regenerating the biosphere) |
5.3 | Inclusive (re)balance

Resolving the growth paradox for a multidextrous organization means (re)balancing, coordinating, and recombining strategies such that economic benefits are subject to social benefits and these, in turn are subject to environmental benefits. Figure 1 depicts this inclusive balance as an integrative mapping of economic-size growth as subject to social–cultural growth and both as subject to social–ecological growth. The embedded, holarchical nature of economic, social, and ecological systems and associated types of sustainable growth represents this principle of inclusive balance. This embedded logic challenges and radically reframes conventional understandings of economic growth. Inclusive balance means that economic growth is pursued in service of social–ecological wellbeing and not the other way around. The use of this principle in building business strategy highlights the role of social and ecological innovation in the “creative destruction” of the old, fossil fuel economy (Brenkert, 2009) and the emergence of post-growth economies that benefit natural environments and the communities that depend on them.

In summary, the principle of multidexterity recognizes the judicious use of all types of growth, the principle of resilience thinking draws on all growth types to design strategic plans using competences such as systems thinking, ethical awareness and foresight, and the principle of inclusive balance prioritizes types of growth such that economic growth is subject to the maturation and flourishing of social–ecological systems. Together, these principles serve to promote a “post-growth agenda of wellbeing, social justice and ecological restoration” (Banerjee et al., 2020, p. 10).

6 | CONCLUSION

The pursuit of exponential economic growth is a key factor in undermining the global ecological base on which all economies depend. However, without economic growth, economies enter into recessions resulting in unemployment and poverty (Banerjee et al., 2020). This paradox requires the reconceptualization of growth and transformative growth strategies to better deal with the global encounter with natural limits. Responding adaptively to the growth paradox requires responses that enable virtuous cycles that raise awareness of tensions so that they become opportunities for visionary leadership and innovation. In this way the emerging global crises that organizations and their managers face become a source for transformative growth and creative renewal.

Responding to the current global environmental crisis and to problems emerging from the associated COVID-19 pandemic, present opportunities to invest in innovative strategies flowing from new understandings of the relationship between business, society, and nature. The typology presented here contributes to this investment opportunity in three ways. First, the logic of the typology emphasizes how economic strategies and projects can be judged by their contribution to preserving and restoring the integrity and diversity of social–ecological systems. Second, the typology gives direction for reconceptualizing the management of growth and the stewarding of organizations toward embedded forms of sustainability. Sustainability as doing “less bad” or even as doing “more good” (Landrum & Ohsowski, 2018, p. 131) needs to shift toward sustainability as “enhancing” and “regenerative” (Landrum & Ohsowski, 2018, p. 131). Finally, the typology and integrative growth principles contribute to new institutional logics of embedded growth. Current institutional logics lock businesses into assuming short-term economic growth as their central purpose and natural and human resources are instrumental to that purpose. In old economy businesses, the result is vicious cycles of reasoning that rationalize the degradation of nature and devaluation of workforces in pursuit of diminishing margins of economic profit. Such logics rationalize global crises into “the mundane and comfortable concerns of ‘business as usual’” (Wright & Nyberg, 2017, p. 1633).

Society is faced with a profound dilemma. To halt or even slow economic growth is to risk widespread economic recession, unemployment, and social disorder. To relentlessly chase after exponential growth is to endanger the basis of stable and resilient global ecologies on which all social wellbeing depends (Banerjee et al., 2020). Businesses are increasingly confronted with fallout from the pervasive denial and avoidance of the “growth enigma” as Fleming called it almost 30 years ago. The ideas presented here offer some preliminary conceptual tools for resolving this paradox. Much more work needs to be done by business and management scholars to raise awareness of this deeply entrenched dilemma, to investigate its implications for global social and environmental crises and to develop useful theoretical and empirical interventions for resolving the growth paradox.

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ENDNOTES
1 Exponential in that the ubiquitous political, economic and business convention of setting percentage growth targets based on the preceding year’s performance leads to accelerating levels of growth over time.
2 This strategic flexibility is described more fully in the following section on ambidexterity.

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