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ENVIRONMENTAL ETHICAL RESPONSIBILITY AND PROFIT- ORIENTED RESPONSIVENESS. CASE OF A FINNISH FOOD COMPANY

FOREWORD

Questions related to the business company - natural environment relationship have now been debated for some decades in various forums: academic, economic, political and social. Business people have proclaimed their responses, with a varying degree of enthusiasm, being, so has been claimed and evidence found, most of all concerned with reassuring their stakeholders that dealing with their company, they deal with a model citizen. Environmental arguments in mission statements and environmental reports are used to divulgate this information. Systems and standards have been designed to help companies in environmental management, and an army of the consultants have found a fertile work field - hopefully rather than a nice money spinner. Global, local, international, national regulators have acted, by fair or by foul means. Consumers have become environmentally aware and are believed to consider environmental friendliness of products in their buying decisions, obviously with a varying intensity and frequency. Public opinion, with the media and environmental pressure groups as leaders, debates environmental scandals and points the finger willingly at presumed scapegoats. A fair spirit of making common efforts to improve the management of environmental issues has been shown: different economic and social parties have changed ideas and established dialogues. This is evidenced e.g. by numerous conferences on environmental issues calling together representatives of different social entities, industry wide environmental programmes, and supply chain cooperation in company environmental management.

Business companies with their objectives of economic growth are readily put under accuse for environmental problems, though we are well aware that all social actors are involved, not only business companies. We can call into question the whole western lifestyle, which seem to be overcome with a passionate desire to consume more and more material goods. Production, consumption, policies, and life style patterns should all change in order to pursue sensible environmental improvements. Business companies are not alone accountable for environmental degradation, but they have a key role in their resolution. According to one opinion future business companies operate in an increasingly uncertain environment, full of dangers and potential social conflicts, where those capable of creating values, but without environmental costs, are the most competitive (see Environment Program elaborated by World Resources Institute and World Business Council for Sustainable Development). Business companies have to decide how to approach such questions as type of production,

consumer trust, territorial ties and social inclusion. Therefore new insights to the dynamics of organizational environmental change are needed.

1. RESEARCH TOPIC AND PURPOSE

The present research addresses the vast debate concerning environmental management in business organizations by investigating empirically the institutionalization and challenges of environmental concepts and practices in food companies, putting in evidence particularly the case of one Finnish industrial food company.

It is sustained that environmental management is now in many companies regarded as a part of daily organizational routines, and making continuous environmental improvements may be even taken for granted. As there are food companies that work for environmental improving for a good time now, there are certainly also food companies that still have not yet introduced any environmental programs in their activities, and have not particular interest to do so. Since environmental management concepts and proposed standardized system approaches are not anymore a novelty, companies have had opportunity to take initiatives and reflect on their commitment. On the basis of these experiences it is interesting to investigate why and how environmental management has institutionalized in the organizational life (of the target company and other food companies), and how it can be a challenge from now on.

The concept institutionalization is used to indicate the way environmental issues get embedded in organizational behavior (e.g. Jennings and Zandbergen 1995), or as the way they gain “...character of being right, appropriate and obvious, and thus constrain (but also enable) action” (Heiskanen 2000, about institutionalisation according to definitions of DiMaggio and Powell 1991; Scott 1995). A similar significance has been attributed to the concepts of “normalization” and “routinization” of environmentalism.

Institutionalization of environmental management obviously assumes different forms and outcomes in different organizations. Though some general tendencies can be traced - due to environmental management instruments available, imitating moves, etc. - there are not two similar companies. The degree of differentiation among companies has always been high: that held good during the so called Fordist period, and that is the current state of affairs, though many tentatives - according to one opinion a real mania - to build a model of an ecologically (or more broadly socially) responsible company have been advanced.

A few years ago there was in course a debate of the importance and centrality of environmentally sustainable decision rules in business organizations, with conceptual distinctions between environmental management and ecological or ecocentric approaches. The ecocentric approach, as described e.g. by Shrivastava (1995, 131) - a management style that is primarily focused on ecological and social objectives in all organizational decisions - was destined to remain a theoretical idle description of companies that do not exist, because adopting this decision rule would in practice easily lead to the conclusion that shutting down is the only truly ecocentric thing to do. At the same time the concept “ecological” was suggested to be used instead of “environmental” to stress a higher degree of importance attributed to environmental issues in business companies, but impossibility to define practical lines between the concepts left the distinction abstract. Given that we are talking about business organizations it is quite obvious that even ecological initiatives try not to damage the business, and of they contemporarily are profitable that would be ideal.

The significance of proposed differences between ecological and environmental is that they prospect different values, beliefs and attitudes beyond organizational behavior; Environmental would be something more calculating and superficial respect of ecological: environmental actions would be e.g. those imposed by regulations or undertaken principally

for profit purposes, whereas ecological actions would have deeper, primarily ethical and altruist motivations.

Currently it is common to collocate environmental management in broader discourses of corporate social responsibility. A bridge from ecological to social has been proposed e.g. by Stead and Stead (2000), who define ecological actually something boarder than the natural environment, extending its significance toward a more ethical way of conceiving the relationship between a man and other men, and between the man and the natural environment:

“although ecological is often used as a synonym for the natural environment, it is actually a broader term that reflects all of the environmental, social, cultural and economic interconnections necessary to maintain a healthy relationship between humankind and the planet”.

The European Union Commission has defined the concept of social responsibility of business corporations just in the above mentioned way: it refers to companies that take voluntary initiatives to improve the society and to make the environment cleaner (see the Green Book presented by the Commission, COM 2001 366). These basically anthropocentric but ethical values are promoted to convince companies to act in a more sustainable way.

Though environmental management in policy outlines is now presented as the right way to behave, contributing to the general social well being, it is also a question of economic sense making for business companies - with their primary task, as proclaimed by Friedman and repeated by others ad nauseam, to generate profit. It is sustained that while pursuing profit, companies can at the same time contribute to social objectives and to the environmental protection, and that profit generation is their principal but not unique task (see UNICE). Profitability of ethics has been seen by some as rhetoric persuasion behind a tentative to assign business companies functions of public administration. Environmental and social awareness does not necessarily improve a company's profitability. The challenge is to integrate profitability and environmental protection in such a way to guarantee the ecological, social and economic viability of business activities in the long term.

The purpose of this research is to interpret the institutionalization and challenges of environmental concepts and practices in food companies. More precisely, its main purpose is to gain understanding of motivations that have lead to a certain environmental approach, and identify potentialities to improve environmental management.

The concept of institutionalisation is used to investigate why environmental concepts and practices have become a part of organizational life and how they influence it. Institutionalization allows to investigate environmental achievements as well as drawbacks, since, as opportune to remind, it is not necessarily a linear unidirectional process. In fact, the institutional approach acknowledges the possibility of a reverse process, i.e. “deinstitutionalization”, which is regarded as important for a dynamic interpretation of organizational behavior. Within this framework it is possible to study why and how environmental concepts and practices may disappear, be transformed or replaced. (see Jennings and Zandbergen 1995)

The research design is a case study, where one case (the main case) has the primary importance, being studied holistically and thoroughly. Case study is adopted because it is a suitable research strategy for an empirical investigation of a contemporary phenomenon, rooted in the context where it occurs (Yin 1991). In this research the phenomenon is strictly embedded in its organizational context: environmental management in the target business organization is approached taking account of the immediate external business environment where the organization operates. Furthermore it is confronted with broader tendencies in course and environmental solutions adopted in food sector.

2. FOOD INDUSTRY AS RESEARCH DOMAIN

To greater or lesser degree all individuals, organizations and communities cause negative environmental impacts, so why stick at food industry? Each social actor is expected to contribute to the change in course toward a more sustainable way of living, producing and consuming, which means that all individuals and organizations are called to participate in pursuing common goals. E.g. Vellinga and Wieczorek had such a participatory path in mind when they claimed that ecologically efficient solutions require no less than an industrial transformation. As defined by Vellinga and Wieczorek (2001):

“Industrial transformation (IT) goes beyond the notion of “green” products and beyond the domain of single sectors. It is about system innovation. Different sectors are likely to get involved simultaneously. Industrial Transformation cannot be planned by a single actor, it requires the engagement of the society as a whole.”

An increasing number of business organizations across different production fields is implementing strategies of social responsibility and environmental protection, driven by social, political and economic forces. There are general standardized management techniques (like environmental management standards ISO 14000, EMAS and Ecolabel, and social accountability standard SA 8000, introduced to implement international and European Union environmental quality and audit policies), but they are embedded in industry specific contexts, being placed side by side with environmental management initiatives internal to the sector, like labels, codes of conduct and specific production methods.

It is sustained that the relationship between a production field and the natural environment is specific, for numerous reasons. It can be claimed that the diversity of products and processes should always be taken into account in assessing environmental behavior: so, food companies should be compared with each other, but not e.g. with car manufacturers or pulp industries. Due to these differences urgency and priority of environmental issues is industry specific (see e.g. Flannery - May 2000, 643), influencing in turn external environmental pressures (coming from the civil society: public opinion, consumers, associations, mass media, and from institutions). The advantage is that a single industry context facilitates the control of relevant external influences.

Food industry is an interesting field for environmental studies for many reasons. For most of us food industry is present in day-to-day lives. The food that we eat provides us with necessary nutrients, and affects directly our well being. At the global level food production is easily inserted in discourses about fundamental problems of survival, disparity, poverty and the future of mankind. The problem of quantitative availability of products has not been globally resolved, and it is strictly connected to the population growth. In fact, at the global level the food sector is still challenged by serious ethical problems, such as population growth, food production growth, growing wealth and consequent over consumption in advanced countries, and under nutrition in developing countries. For modern western people food is not a mere measure of survival, but it is visibly present in many social occasions. Currently such a level of welfare has been reached that for the majority of people foodstuffs are quantitatively sufficient, and many consumers can afford selecting products from a wide assortment, not for their lowest price, but for their qualitative superiority, giving a subjective interpretation to the last mentioned. Farming methods used to produce food raw materials are an important valuation principle. According to one opinion in today's Europe there is no need for environmentally degrading intensive agricultural methods, since extensive methods are able to provide sufficiently foods. At least some facts of overproduction support this thesis.

Food is an argument that insinuates its way easily in conversations. In trivial conversations it is common to tell others about delicious culinary experiences we have had or recommend good restaurants. Recently food quality and security has become a notorious issue to debate,

for which lots of words and ink have been spent. The crisis of the bovine spongiform encephalopathy (BSE), popularly known as the “mad cow” disease, has fed mistrust of the whole food industry, making the most suspicious now consider eating a potential threat. Some of us seek remedy for disorders from appropriate food products, others follow tenaciously a particular diet. We appreciate different qualities, and expect food industry to satisfy our needs.

In western countries food industry has also an important economic role in the society as employer and source of income. The role of basic agriculture, the basic provider of raw materials for food industry, is as well peculiar, for its importance as a source of income and rural area settler. The European food industry is worldwide the biggest in its class, exceeding widely the United State’s industrial food production. Within the European Union, the food industry is one of the leading industries as far as employment and value added are concerned. In addition to maintain and improve economic and occupational development, food industry has to face other demands, regarding its social utility and responsibility. It is expected to provide quantitatively sufficient food products, and guarantee that the products do not cause any risks to the human health. To pursue these objectives it has developed to produce with high technologies and low costs, so that food is available always, at reasonable prices. Like many other industry branches, it is called to conciliate different social needs, and in this framework it should manage its distinctive relationship with the natural environment: it should use diligently natural resources in order to maintain production possibilities as well as healthy and pleasant living conditions for the future.

In the food sector environmental risks are often interpreted in terms of risks that affect the quality of products. The quality is measured by customer satisfaction and economic results. Food quality and safety problems have been treated systematically for decades. In 1950’s and 60’s research and technology became important factors in food production. Initiatives to increase food quality were directed toward limitation of potential hazardousness of foods: preservatives were added and attention paid to production processes. Thanks to scientific research and technological progress, the food industry has brought to market new products, increased food safety and prolonged the preservation of products. In 1970’s and 80’s focus was on eliminating hazardous or undesirable components from food commodities: such products as non-alcoholic beer, decaffeinated coffee and light versions of various products were commercialized. Later the technological component in foods has become an increasingly important factor. Furthermore, consumers have started to perceive the importance of eating healthy and pure food (like organic food). Eating has become an important mean to enhance well being, reduce risks to meet disorders (some foods are almost perceived as medicines), and improve the quality of life. This shift in consumer values has without doubt stimulated changes in the products that food industry offers.

Treating food quality and safety problems does not, however, automatically mean that environmental problems are considered. This is pointed out e.g. by Dobers (1996), who claims that many food industries separate environmental issues strictly from food quality and safety questions. Furthermore, consumer security and food quality may mean even increasing manipulation of the nature by the man (GM foods), which is certainly not in harmony with the preservation of biological diversity (though its supporters claim that it mitigates environmental impact). It has been claimed that the real challenge of the food industry is to find a point of balance between technology and genuineness, traditional typical productions and standardized industrial production.

3. THEORETICAL APPROACH

In every research a phenomenon is examined only from a determined, explicit viewpoint (Alasuutari 1999). This research applies a twofold perspective on drivers and barriers to the institutionalisation of environmental concepts and practices in the organizational behavior of the company: they are divided in ethical responsibility and in profit-oriented responsiveness. The significance of this distinction is next expounded.

Environmental ethical responsibility refers strongly to environmental management as a question of treating right and respectfully all living things and taking account what is best to the whole society. In general ethics in business corporations implies conducting business in such a way not to harm intentionally customers, environment and society (Carroll 1996). It refers to business decisions influenced by ethical values, made within limits of legality and respecting people, communities and the natural environment. Environmental responsibility forms a subset of corporate social responsibility. While the term business ethics refers usually to what is right and good for humans, in the context of environmental management it is extended to include what is right and good for other living things too.

Ethical approach in general, and to environmental issues in particular, is regarded as an unforced and plausible perspective to interpret institutionalization of environmental concepts and practices in organizational behavior. E.g. Caselli has claimed that moral dimension is peculiar to all human action, and hence social responsibility and ethics are basic elements of corporate activity (Caselli 1998). It has been noted that ethical issues are an intrinsic part of organizational life, characterized by uncertain conditions where multiple stakeholders, interests and values are in conflict. In the debate on business organization-natural environment relationship, the harm caused to the environment and other humans is central and therefore an ethical approach to interpret institutionalization of environmental concepts and practices in organizational behavior is both suitable and promising. It is worth pointing out that a potential lack of environmental ethical responsibility does not mean that the subject is to be classified as unethical. It indicates that the subject is not ethically inclined toward environmental issues, but it does not exclude ethical inclination toward other ethically loaded issues (similarly e.g. Robertson - Hoffman - Herrman 1999).

While in the ethical approach altruism, equity and sense of duty play an important role, though keeping in mind that we talk about profit pursuing economic entities, in the profit-oriented approach motivations are more remarkably egoist: environmental improvements are suggested as a means to gain business benefits, tangible or intangible; immediate or in the long term. Environmental profit-oriented responsiveness is related to questions of company survival and profitability. Profit-oriented environmental responses are typically adopted to foster sales or lower costs. Their aim can also be to avoid present or future social conflicts, which could threaten the profitability and even survival of the company. The instrumental nature of environmental measures in this approach is evident. It is not necessarily a question of either ethical responsibility or profit-oriented responsiveness: they are not mutually exclusive, but they can well coexist as motivations for environmental actions.

Adoption and diffusion of environmental concepts and practices is evaluated according to their strategic importance in a business company. Strategic importance is defined broadly as characterized by corporate long term goals, courses of action and allocation of resources (see e.g. the classic definition of strategy by Chandler (1995)). Strategic management consists of a stream of decisions that guide a business company's relationship with its external environment and shape internal policies and practices.

Ethical and/or profit motivations may attribute strategic importance to environmental concepts and practices. For such evaluation two complementary definitions of strategy assume particular relevance in this research: strategy as position and as perspective. In a

competitively oriented analysis a market based definition of strategy as position is often applied. Following the massively quoted definition proposed by Porter, it indicates the position that an organization assumes in relation to its competitors, in function of its product and market decisions (Porter 1985). Environmental issues would in this market based perspective assume importance as differentiating factors for products and as factors that characterize a market segment. Another way to define strategy is to see it as perspective, which is one of the definitions given to this concept by Minzberg. This is a very holistic way to perceive strategy; in Minzberg's words, strategy as perspective is:

“an organization's way of doing things” (1994, 29), *“its content consisting not just of a chosen position but of an ingrained way of doing things”* (1994, 27).

Within this definition environmental management issues can be treated expansively. Strategy as perspective goes very close to another concept, namely the organizational identity, which can be defined as central, enduring and distinctive features of an organization, understood collectively by its members (see e.g. Alvesson - Berg 1991). Like strategy as perspective, identity too is related to the way an organization operates, and provides one possible conceptual framework to examine how important environmental issues are to the organization, as perceived by the people that work in it. Identity and especially its evolvement is connected to strategic management, which is highly concerned with organizational adaptation and change, in alignment with future expectations. Strategy as perspective provides therefore a dynamic framework for examining how and why institutionalization of environmental concepts and practices in business organizations takes place.

Strategy is often related to an organizational change: a strategic perspective assumes interest when new strategies are adopted to change the course of actions. Increasing strategic importance of environmental issues is as well destined to change company behavior. As any strategic change, it can be radical or incremental by its nature: this distinction allows to highlight the approach that a company undertakes towards change. A radical strategic change (see e.g. Gersich 1991) toward a proactive environmental management, as any other suddenly implemented strategic change, is likely to occur at intervals, when there is a need to regenerate the company. This kind of decisions are typically made by the top management, from where their implementation is diffused in the rest of the organization (see e.g. Santalainen 1991). A radical change contains usually a relatively high degree of risk. Alternatively environmental management can gain a footing in the organization incrementally (see e.g. Quinn 1980), which is typically much more risk avoiding approach, going on continuously and spontaneously (Santalainen 1991). It has been suggested that radical change contains usually innovative ingredients, while incremental change typically contents with imitating moves already made by other companies. This distinction is not shared without reserve in this research, since it is not believed that an innovative way to improve environmental behavior necessarily has to contain a “surprise effect”. Innovative and original environmental improvements can, it is believed, as well be incremental, especially when they involve all business operations, products and facilities. Correspondingly, a radical change can also be based on imitation of practices that appear to be successful. Rather than pure imitation it is more opportune to talk about translation of ideas (see e.g. Czarniawska and Joerges 1996), which means that organizations modify and reshape ideas “*borrowed*” from others, so that they fit the particular organizational reality. E.g. Strannegård has recently emphasized that such interpretation of imitation in relation to the integration of business goals and environmental concerns should be adopted (Strannegård 2000).

Values and beliefs are frequently used to interpret an organization's behavior, because they are believed to have substantial influence on it. According to Sathe (1985) they function as justifications for behavior. Similarly, Ott (1989) sustains that they provide a reason why

people behave as they do. Values and beliefs as behavior-affecting factors have been related to individuals and collective entities, like business organizations or societies. Who of us has not heard complaints about the current state of affairs in modern societies, as a consequence of wrong values - or lack of any values? The lack of appropriate values to guide people's behavior has been retained responsible for many contemporary social problems, to a point to label the societies we live in "illfare states". Environmental degradation is regularly inserted among these "ills". In the organizational culture literature values and beliefs are defined as one layer of organizational culture (see e.g. Schein 1985). In this research values and beliefs are regarded as potential factors that influence institutionalisation of environmental concepts and practices in the behavior of the target companies.

What makes values and beliefs a popular research target is that they are what people are likely to admit to be beyond their actions, because by definition they are conscious. E.g. Schein, in his work of organizational culture, sustains that fundamentally the behavior of people is influenced by their basic assumptions, which are believed to represent what people actually feel, deep inside them (Schein 1985). However, they are hard to reveal since they are likely to be unconscious (Ott 1989). Not only the researcher is in difficulty, but also the subject under investigation, which is asked to reveal something that may not be completely clear even to the subject itself.

Values' meaning appears somewhat complicated to understand, and to make their role clear some definitions proposed to them are next discussed. Quite straightforward, instead, seems the meaning of beliefs: they can be defined as "consciously held, cognitive views about truth and reality" (Ott 1989). Beliefs, the way we think things are "out there", make some courses of action seem more suitable than others. They certainly make determined initiatives appear impossible, because manifestly in contrast with the reality. These beliefs about reality and truth can change e.g. in response to new knowledge.

To clarify the significance of values, some definitions given to them are quoted: they are from organizational culture literature, except for the definition of Hofstede, which is originally related to values and cultures of entire societies. According to Ott (1989) values are:

"conscious, affective (emotion-laden) desires or wants. They are things that are important to people: the shoulds, should nots, and ought-to-be's of organizational life".

Since they are conscious, people are likely to perceive and admit their existence. The fact that they are important to people makes their potential influence on behavior important, though it may not be easy to put in practice the "shoulds" and "should nots". Hofstede (1980) has defined a value briefly as:

"a broad tendency to prefer certain states of affairs over others".

These preferences, which Hofstede describes as determined "end states", should then direct the behavior to reach the desired end state. Rokeach has defined value as a determined type of belief:

"a value is an enduring belief that a specific mode of conduct or end-state is personally or socially preferable to an opposite or converse mode of conduct or end-state of existence" (Rokeach, quoted by Wiener 1988).

It does not contrast the definition attributed to beliefs, but it overlaps it defining value as a peculiar type of belief: it is enduring and related to preferences.

Value as an end state is something that individuals or organizations strive to pursue for its own sake. It belongs to the pair of classification of values in end (or, if we prefer, terminal) and instrumental values.

It is important to note that there may well be significant inconsistencies between values and behavior. Values can be a source of behavior in different ways: these different modes can be understood by examining some value classifications that scholars have proposed, in order

to highlight their different capacity to influence behavior. Hofstede (1980) has distinguished desirable values from desired values. Very similar is the pair of concepts proposed by Dyer (1986), who distinguishes ideal values from real values. Desired (real) values function like we would expect in the basis of previously provided general value definitions: they act as guides for concrete decisions and behavior. Sensibly different are desirable (ideal) values, which are ideals of how people in general should behave, but which do not affect directly the proper behavior. Desirable values appear in statements and discourses. For example, an organization may hold that natural resources should be saved, and hence a decreased consumption would be desirable. It can insert arguments which refer to these ideals in its statements and scenarios, but it does not make efforts to reduce its own consumption. A plausible motive for desirable values not to affect behavior is that they are believed to be out of reach, impossible to pursuit. Hence, in a business organization, a real value affects behavior, whereas ideal values, though regarded as noble, remain abstract, since organizations are not capable to act accordingly. Another important value classification is proposed by Argyris and Schön (1978), who emphasize that in assessing the relationship between values and behavior, one must be careful to distinguish values that are espoused from those that are in use. Espoused values may influence what the people say, but they may not predict how they will actually behave (Schein 1985). Values in use are internalised, and they affect the behavior. When examining values in organizations it is important to note that espoused and internalised values may be incongruent (see e.g. Ott 1989), especially as a response to external social pressures. As Meglino and Ravlin (1998) have noted:

“because values are socially desirable, there are strong pressures to publicly express and validate values whether or not they are held internally (“in use”)”.

Again, values can be used for instrumental purposes, only to please organizational stakeholders.

Organizations are coalitions of individuals and groups that have both particular and general interests, and individual and collective values. Given that there may coexist a great number of values in a business organization, how has the question of whose values count been resolved? A frequently proposed solution is that values and beliefs of organizational management (layers of management culture) are directly reflected in the behavior of the organization. This emphasizes the role of individuals as organizational decision makers. More precisely, it emphasizes the role of individuals assuming managerial roles. The basic motivation for this is that managers have power to impose certain ways of doing, owing to the responsibility that corresponds to this power. At least formally, the values that they want to diffuse should be shared in the organization. Management's values and beliefs would hence be able to affect beliefs, values and behavior at all levels of the organization, though the degree of consensus among organizational members may vary. Another argument in favour of the importance of managerial values is that there are different ways how managers can promote values, in this case particularly environmental values, in the organization: they can e.g. set formal rules (diffused by a written environmental policy or an environmental handbook), foster environmental improvement activities (e.g. through a certified management system) or undertake educational activities. Through formal rules at least espoused organizational values get commonly shared. Educational activities can eliminate a lack of knowledge, which is one potential obstacle that can hamper behavior according to values (see e.g. Alvesson 1989; Starik - Rands 1995). Imposed in this way, values could fulfil some functions that are commonly attributed to organizational culture: they could make the organizational members aware of how they are expected to act and think, and function as a control system, prescribing and prohibiting certain behaviors (Ott 1989). Sustaining that only managers are able to introduce new values and ideas in the organization would evidently be a mistake: such an authoritarian view of organizational relationships belongs to history. In fact, it is commonly

sustained that all organizational members can potentially get their ideas through. Though promotion of ideas and values through formal roles is reserved to managers, any organizational member can promote environmental initiatives by personal activism. All he or she has to do is to “sell” the idea to the top management (Andersson - Bateman 2000). If the issue is not regarded presently important, it is likely that it will not evoke concrete measures. Organizational managers have hence decisional power to get the organization involved in pursuing values proposed by other organizational members.

From collective perspective values and beliefs are commonly seen as a part of corporate culture. Indeed, commonly shared values, as well as beliefs, are probably the most popular view of culture in organizational research (Alvesson - Berg 1992). Organizational culture is commonly seen as a multi-layer concept: the most superficial layer consists of verbal, physical and behavioral artifacts, whereas in deeper levels lie values, beliefs and basic assumptions. (Dyer 1985; Schein 1985) E.g. Reidenbach and Robin (1991) elevate shared values and beliefs in a central position, at the core of corporate culture, defining the last mentioned as follows:

“the shared values and beliefs of organizational members, specifically beliefs about what works within an organization, and values about preferred end states and the...approaches used to reach them”.

The assumption of values as important behavior-affecting factors holds well also at collective level. First, it is suggested that organizational culture affects the way organizations behave. This is supported e.g. by Kilmann et al. (1985):

“A culture has a positive impact on an organization when it points behavior in the right direction....Alternatively, a culture has a negative impact when it points behavior in the wrong direction...”

Second, in organizational culture literature it has been suggested that it is difficult to interpret organizational behavior without knowing its deeper levels (Schein 1985; Sathe 1985). Checking the meaning attributed to the other above mentioned levels of organizational culture, the popularity of values and beliefs gets understandable. Artefacts as tangible aspects of the culture are alone regarded as too superficial to interpret organizational culture. Basic assumptions, seen as tacit premises underlying overt artefacts, values and beliefs (Dyer 1985), instead, are difficult to discover, since they operate unconsciously, in a taken-for-granted manner (Schein 1985).

However, it is not likely that all organizational initiatives and courses of action can be explained by values. Behavior can change also without a value change. This is sustained e.g. by Sathe, who claims in particular that behavior change does not necessarily produce change in deeper cultural levels (Sathe 1985). The same opinion is shared by Hofstede, who sustains that it is an idealistic assumption to claim that value change has to precede behavior, since it neglects the contribution of the situation to actual behavior (Hofstede 1980). A behavior change that is not based on a value change is often regarded as superficial. Especially an improvement in environmental performance that is based on other motivations is regarded inefficient. That is the opinion hold e.g. by Gladwin, Kennelly and Krause, who doubt that sustainability can be achieved without profound changes in values, such ideals like equity, humility and sufficiency becoming predominant (Gladwin - Kennelly - Krause 1995). Other than value based motivations beyond environmental initiatives have altogether been criticized by some scholars who strongly disapprove the whole way to exploit environmental consciousness for profit purposes. On the other hand, it has been claimed that rather proactive environmental approaches can originate also from other than ethical motivations.

It is important not to presume that an improved environmental behavior has some value-based motivations. If irrelevant values are used to explain behavior, it leads to erroneous conclusions (see e.g. Meglino - Ravlin 1998). To acknowledge institutionalization of

environmental concepts and practices for other motivations, it is here regarded convenient to treat organizations as purposeful entities that act in pursuit of goals. This is a traditionally assumed view of organizations in management literature. The most obvious goal of business organizations is to maximize profit, but there are other important goals too (see Milgrom - Roberts 1992). Like in case of values, there are multiple goals in an organization, formed of individuals having self-interests and affected by stakeholders with their own interests and goals. Unavoidably some goals dominate and others must be compromised: situational opportunities and constraints contribute to determining which goals will be pursued.

4. ANALYTICAL APPROACH AND EXPECTED RESULTS

In this research a multilevel approach to the research phenomenon is applied, with the objective of generating a holistic interpretation of driving forces and barriers to the institutionalisation of environmental concepts and practices in organizational behavior. In conformity with the theoretical standpoint adopted, the multilevel approach has the scope to generate a thick and holistic interpretation of environmental ethical responsibility and profit-oriented responsiveness effects on organizational environmental behavior.

The levels of analysis here included are three: individual managers, organization and business environment, which environmental values, beliefs and goals are investigated to interpret the environmental behavior of the target company (fig. 4.1.).



Figure 4.1. Levels of analysis

The main reason to integrate particularly (and only) these three analysis levels is that they incorporate entities which values, beliefs and goals are believed to affect significantly the institutionalization of environmental issues in business organizations. The importance of entities at these levels for organizational environmental behavior is supported by earlier research frameworks. E. g. Catasùs and Lundgren (1999) have proposed that corporate culture and traditions together with top management's attitudes determine the level of organizational

environmental awareness. Recently e.g. Lindell and Karagozoglu (2001) have suggested that the following factors are particularly important in creating environmental sustainability and competitiveness in companies: environmental orientation of management, corporate resources, government policies and regulations, and business opportunities. As evident, these factors can be collocated at the three levels of analysis chosen in this research. The choice of analysis levels is coherent also with the selected research strategy, which is a case study grounded in empirical data.

Individual level refers in this research exclusively to managers working in the target company and participating in environmental decision making. Individual managers are included because they make decisions on behalf of the organization. As Liedtka (1991) has claimed:

“Organizations do not make decisions - individuals do”.

Owners and employees are not included directly, but it is sustained that organizational managers should interpret and foster company's owners interests, and to encourage and facilitate the use of employee potentialities. The role of managers in determining the environmental approach of business organizations has already been emphasized in numerous researches. It has e.g. been sustained that managers' attitudes (which can be defined as one outcome of values) are determinant in the choice of organizational environmental actions, (and in particular pollution prevention measures; see e.g. Ashford 1993; Dieleman - de Hoo 1993; Kemp 1993; Schmidheiny 1992). Moreover, in accordance with the importance attributed to it in the literature of organizational change, the leadership (style, key objectives) has been regarded influential in determining organizational environmental actions (e.g. Ghobadian et al. 1998). Evident support for the importance of managers in environmental change comes from Starik and Rands (1995), who view organizations as:

“entities that are able to foresee and adapt to environmental conditions based on the strategic decisions of organizational leaders”.

Leaders, then, develop strategies based on their evaluations of external limits and opportunities, internal assets and their personal values, beliefs, goals and preferences. Starik and Rands claim further that:

“Managers often have taken the lead in introducing sustainability concept and practices into their organizations.”

When treating environmental issues as ethical questions, the importance of ethical sensitivity of managers has been emphasized. E.g. Flannery and May (2000) believe that in order to understand what organizations must do to become ecologically sustainable, it is critical to understand the decision intentions of managers as they encounter environmentally sensitive dilemmas. However, the significance of individual values must not be overstated, and values that dominate private life actions can not be automatically transported in the professional sphere. It has been suggested that values that are the most important in private life may be quite different from values that are dominant in professional life (see e.g. McCuen 1998). Think about a hobby-value that the natural environment may have in the private sphere of an individual, without influencing his/her professional decisions. It is not sure that individuals are able, even if they desired, to pursue their environmental values at the workplace. It is also too simplistic to suppose that ethical values always underlie environmental decisions. The concept of *“depersonalization”* has been related to environmental issues, to indicate that they are not treated according to personal ethical preferences. It has also been argued that endeavours to be objective and scientific in treating environmental questions has made the sensibility and moral worrying shallow. More plausibly, technical and market considerations place personal ethical judgements.

Organizational level is the core level in this research: we can refer to the analytic setting as an organization-based multilevel setting. The aim is to interpret institutionalization of

environmental concepts and practices in organizational behavior. More precisely, the focus is at the corporate level: it coordinates the activity and decides what environmental approach will be adopted. The individual and business environment level driving forces/barriers influence and interact with organizational driving forces/barriers. Again, environmental issues can be managed on ethical and/or profit oriented bases. Being organizational culture, and especially shared values and beliefs, a popular perspective for tentatives to predict organizational behavior, it has been readily adopted as predictor for organizational environmental behavior. Putting it simply, it has been suggested that the greener the culture, the greener the organizational behavior. Consequently, if the company does not develop “*a green mind*”, the starting point for environmental improvement is regarded rather weak. Greening the corporate culture has been seen as a prerequisite for a proactive environmental behavior: according to this view, improved environmental performance requires greener corporate cultures. Craine observes that such opinion is based on two rather controversy ideas about the nature of corporate culture: first that it is uniform in an organisation, and second that managers can deliberately manipulate it (see Craine 1995). I is here suggested that it is not necessary to assume uniformity of organizational culture, but presence of a plurality of cultures in an organization may as well be accepted. Hence, what e.g. Schein has suggested about the presence of a plurality of cultures in an organization does not necessarily hamper organizational greening:

“Within organizations we will find subunits that can be referred to as groups, and such groups may develop group cultures” (Schein 1985).

A “*greener*” corporate mind can develop within a dominant corporate culture, or in a parallel subculture. At least initially an environmentally oriented subculture could even be in conflict with the dominant corporate culture, forming what is called a counterculture (Ott 1989).

Business environment level relates the organization into its external social, political and economic circumstances. We can look here for external driving forces, which include all factors outside an organization that influence its - in this case environmentally oriented - routines and competencies. We can approach these drivers also as external stakeholders. The most important external environmental drivers/barriers can be divided in four groups: regulatory, resource, market and social drivers (recently e.g. Hoffman 1999). Regulatory forces may affect at local, national or international level. Resource forces are related to suppliers, buyer-distributors, investors and insurance companies, including as well shareholders inside the company. Market forces derive from consumers, trade associations and competitors. Social forces include environmental groups, citizen groups and the media.

In a multilevel analysis different analysis levels do not obviously remain separate - otherwise as many independent research reports could have been drawn up. There are different ways to build up an integrated multilevel analysis model. Some forms are more used than others, as noted by Klein, Tosi and Cannella (1999):

“Perhaps the most common form- and a very useful one- is the cross-level model in which higher level variables are hypothesized to moderate the relationship of two or more lower-level variables. Far less common are models focused not on the role of organizational context in moderating individual-level relationships but on the role of individuals in shaping the organizational context”.

This research develops a model that does not fit the above mentioned popular class of models: institutionalisation of environmental concepts and practices in organizational behavior is presumed to be mediated and moderated by behavior-affecting factors at all three analysis levels. Moreover, between entities at all levels are believed to exist important interactions, which are next briefly explored.

The suggestion that managers may bring their personal environmental values and beliefs to the organization where they work, and that their decision making is affected by their personal

goals, must be completed by the proposition that the organization can influence the values, beliefs, goals and behavior of its members. In the organizational culture literature the connection between individual and organizational values and beliefs has been seen as dialectical: management styles, which reflect personal values and beliefs, affect and are affected by the predominant corporate culture (see e.g. Ott 1989). This way to perceive the mentioned relationship is supported e.g. by Wehrmeyer (1995), in the way he defines a management style:

“A management style is the manifestation of individual preferences at work and is dependent on the organizational and situational context as well as on the personal background”.

The interrelationships are not always smooth and compromises are needed, but how can they be reached? Generally it is sustained that organizational context is a powerful constrain to individuals, so if individual values are in conflict with organizational values and goals, individuals may have to accept a compromise. This is the opinion held e.g. by Quinn, who claims that it is difficult to allow personal ethics to influence business decisions especially in large-sized organizations. There are established organizational norms and sense of responsibility toward stakeholders that dictate how to behave (Quinn 1997). The influence of organizational context on ethical decision making is further emphasized by Ford and Richardson (1994), who sustain that the more ethical the organizational culture, the more ethically will an individual act in a decision making situation. This kind of compromises could be hypothesized especially in case that personal success would be at stake, or that important organizational goals could not otherwise be achieved. Wehrmeyer further sees that congruence between individual and organizational values forms an integrated part of corporate culture, i.e. it is one character of organizational culture. Referring especially to environmental corporate culture, (defined following Schein as a culture with environmental protection elements embedded in the basic assumptions, core values and artefacts of an organization), Wehrmeyer (1995) claims that:

“Goal congruence or fit between personal and organizational values in effect is a constituent part of an environmental corporate culture...”.

It has already been noted in passing that individual values are influenced also by external situational factors, to be found in the surrounding business environment. In fact, the nature of business and socio-economical characteristics of the business environment are also regarded as factors that influence dialectically managers' attitudes and the corporate culture (e.g. Ott 1989). Individual values will have little impact on behavior if situational variables restrict the behavior from taking place. This restriction has been pointed out e.g. by Alvesson and Berg (1992):

“Values do not affect behaviour in a simple and straightforward manner. ...the hard economical, political and physical reality in many cases cuts through corporate ideologies and belief systems when it comes to concrete action, at least in the short run”.

On the other hand, external context can also mediate certain kinds of behavior. There is hardly an external context characterized by environmental value consensus, though some mainstream tendencies can well be identified. Like Peterson has pointed out, environmental values are broadly spoken a product of cultural characteristics in a certain moment (1999):

“...the ways people see and value nature are strongly influenced by their cultural context; understandings of nature and relations to the non human world differ widely by culture and epoch; and even individuals within a culture may interpret nature in radically divergent ways”.

Peterson adds (1999):

“Recognition of the huge range of ways that diverse individuals and cultures understand, value and live in nature can help us view our own culture’s attitudes and practices in a critical light, showing us that what we see as “inevitable” or indeed “natural” may in fact be humanly constructed, changeable, even arbitrary.”

Individuals and organizations hence perceive and interpret external environmental values, and can change their own values and behavior accordingly.

In the environmental management literature the influence of external environmental values has been emphasized in the way the business organization perceives its key stakeholders’ environmental values. It has been claimed, in particular, that key stakeholder values can be an important external source of environmental ethic in organizations. There may be various stakeholders regarded as crucial in establishing the environmental approach. Often the importance of consumers is emphasized: we can talk about “*consumer-driven*” environmental behavior. In these cases business managers model their own conception of environmental responsibility on what they perceive as the conception of corporate environmental responsibility accepted by most consumers (Dion 1998). Although a consumer-oriented approach may be motivated by the capacity of the market to exercise direct environmental control by consumption choices and product boycotts, this approach is not usually regarded environmentally efficient: it is not sufficient to improve inefficient production processes, eliminate over-generation of waste, substitute environmentally inappropriate technology and avoid planned obsolescence, because these inefficiencies cannot be effectively observed by markets alone. Moreover, the companies should not reduce environmentalism to the question about how much customers are willing to pay, or find an excuse to avoid environmental improvements because market does not demand them. Much depends in this consumer-oriented approach on the internal environmental responsibility of business companies (Iyer 1999). The choices of managers can affect entities at the business environment level. E.g. Lawless and Finch sustain that the decisions of organizational management affect operational environment, which in turn affects choices of managers (Lawless - Finch 1989).

Interpretation of corporate behavior gets further more complicated by the presence of values, beliefs and goals of different nature in organizations. A business company is many things contemporarily: it has multiple dimensions and relationships. It follows that in business organizations many decisions are ethically problematic and conflicting. When organizational values collide, they generate a moral dilemma that has to be resolved. Different stakeholder interests can also be in conflict, requesting a more or less balanced compromise solution. (see e.g. Caselli 1998) Although ethics would be firmly present in the business organizations, it would not give straightforward guides of action. The complexity increases because the question is not whether generating benefit or harm, but to what degree benefits and harms are generated to the organization and its stakeholders (Collins 1989), the natural environment included. In this context environmental values may remain latent, and environmental objectives squashed by the hard business reality. On the other hand, environmental values could change the nature of other organizational values, making them more ethical and socially oriented (Crocì 1993).

Expected results of this research are patterns identified on the basis of descriptive interpretations of organizational environmental behavior and interactive factors affecting it. Putting together the twofold theoretical approach of this research, and the chosen three analysis levels a scheme can be drafted, a sort of “skeleton” of the interpretive pattern set that is expected to emerge. Such a scheme is illustrated in the fig. 4.2.; it functions as a basis for the collection of empirical data, indicating the areas of the phenomenon that must be examined to build intended interpretations, but it is open to new items that in course of empirical investigation may integrate or modify it.

In addition to building patterns, the data analysis will relate the findings to previous theoretical propositions and empirical findings inherent in this research area. Comparisons can be made to establish what is similar or different and why. As typical to the empirically grounded theory building, literature is only used as data to explain the emerged patterns, but the interpretation is not derived from it. Although the aim is not to test existing theories, some results may confirm previously proposed patterns and relationships. As well as analogies, there may also emerge contradictions with other researches. There may also be internal contradictions in the data that must be analyzed and interpreted.

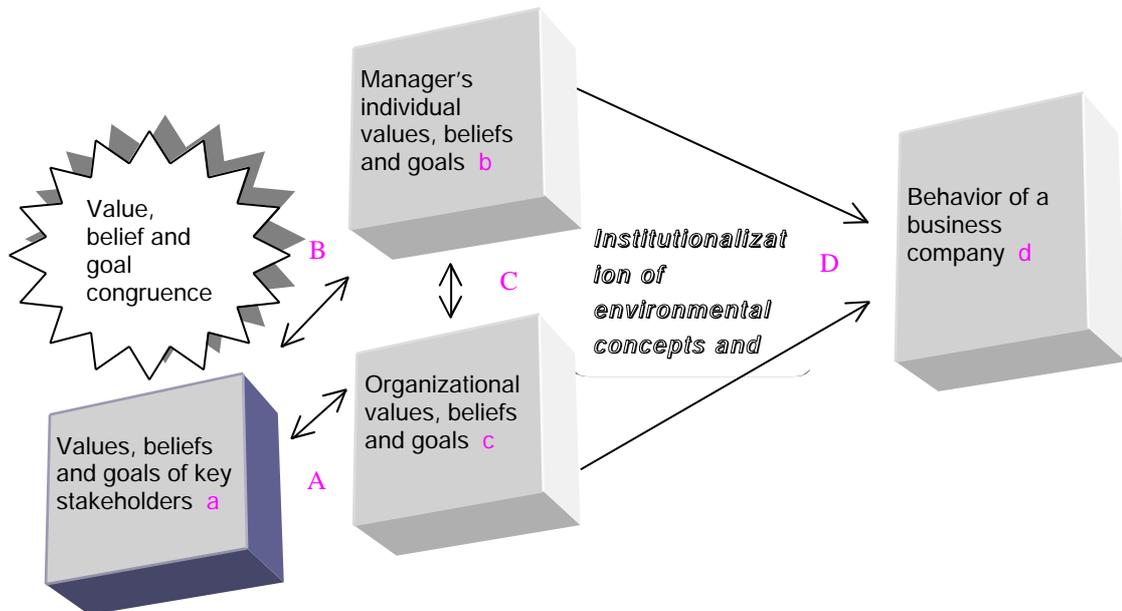


Figure 4.2. Analytical framework

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