

Sustainability strategies more successful when managers believe in them

January 22 2020



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New research from Cass Business School has found that business sustainability strategies can succeed alongside mainstream competitive strategies when managers believe in them.

In 'Toward a Process Theory of Making Sustainability Strategies Legitimate in Action', published in the *Academy of Management*

Journal, the researchers found that although managers support sustainability strategies, there can be tensions in goals, values, and in [product features](#). This can occur when implementing them alongside the mainstream strategy, creating the potential for 'decoupling' - where organisations adopt policies symbolically, without implementing them substantially.

However, they found that working through these tensions on [specific tasks](#) helps to overcome them. Resolving tensions reinforces the organisational-level legitimacy of the strategy and its integration within the mainstream strategy.

The three-year qualitative study focused on the implementation of a new sustainability strategy alongside a mainstream strategy at TechPro, a market-leading global manufacturer with 20,000 full-time employees and an annual revenue of \$3.5 billion (USD). While the company had no existing sustainability strategy, it had a long history of placing a high premium on corporate values such as 'trustworthiness' and 'truthfulness' which guided the firm's environmental and social standards. The new sustainability strategy was popular with staff, who were keen to demonstrate their own values through its implementation.

While the new strategy focused on addressing TechPro's social and environmental responsibilities in product policy and staff behaviour, their existing mainstream strategy focused on the competitive objectives and targets associated with defending their market position. For example, improving operational efficiency to ensure competitive pricing and maintaining, and growing, [market share](#).

Tensions arose when managers tried to implement the sustainability strategy alongside the mainstream strategy, in their day-to-day operations. Tensions were in three areas:

1. Between strategic goals when there was incompatibility between tasks involving both organisational environmental compliance and organisational profit.
2. Between product features where there was incompatibility in incorporating the sustainability and mainstream strategy features in the technical design of a product or in production process. For example, by choosing materials that were cost friendly versus environmentally friendly.
3. Between organisational values, defined as between competitive orientation versus social orientation and competitive products versus trustworthy products.

The researchers found that workers could resolve these tensions to carry out the two strategies in three ways:

1. Mutually adjusting by compromising and reinterpreting or splitting between the strategies, when they could not physically incorporate both into a product or product development process.
2. Prioritising the sustainability strategy over the mainstream strategy on values-driven tasks, so enabling differentiation between the tasks, while not inhibiting wider integration of the strategies within the organisation.
3. Combining them within a common purpose and by including the new sustainability strategy within their existing procedures.

Sustainability has become a strategic priority for companies worldwide as consumers, shareholders and employees become more environmentally and socially aware, said report co-author, Professor Paula Jarzabkowski of Cass Business School.

"Prioritising sustainability strategies can simultaneously enhance an organisation's competitiveness and its social agenda," she said.

"However, although the sustainability strategy was seen as the right thing to do, the company was also faced with rising cost pressures and a battle to maintain market leadership so it was difficult to implement both strategies at the same time."

Professor Jarzabkowski said the research was particularly interesting as TechPro is a leading global manufacturer of the kind of high-end goods that many of us have in our homes, rather than a traditional social enterprise which tend to already have an inbuilt sustainability strategy within their business.

"Surprisingly, we found that rather than suppress the sustainability strategy, or do only the minimum, sometimes TechPro managers prioritized it over competitive actions they could have taken," she said.

"This research gives us hope. If a mainstream global business with a huge market share and presence in households around the world can develop, and implement, a successful sustainability strategy alongside their mainstream strategy, then other businesses can do the same. This means that more firms are more environmentally and socially aware and this understanding will have positive benefits for people, planet and profit."

Professor Jarzabkowski said the support that managers and workers gave the sustainability [strategy](#) was also crucial to its success.

"Their belief in, and commitment to, incorporating [sustainability](#) within the business played a significant part in the success of both strategies."

Toward a Process Theory of Making Sustainability Strategies Legitimate in Action is published in the *Academy of Management Journal*.

More information: Iris-Ariane Hengst et al, Toward a Process Theory

of Making Sustainability Strategies Legitimate in Action, *Academy of Management Journal* (2019). [DOI: 10.5465/amj.2016.0960](https://doi.org/10.5465/amj.2016.0960)

Provided by City University London

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