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TACKLING SUSTAINABILITY TENSIONS PRAGMATICALLY: IMPLICATIONS OF PARADOXICAL THINKING

HADI CHAPARDAR
Ivey Business School,
Western University
London, ON, Canada N6G 0N1

INTRODUCTION

Most businesses find embracing the principles of sustainable development challenging because of the prevalence of tensions and, consequently, the frequent need for different forms of tradeoff. Tensions exist in the core idea of sustainable development (Roehrl, 2012; WCED, 1987), yet even more tensions surface when sustainability is brought from its original societal, macro level to the context of firms — what we know as "business sustainability."

One subset of these tensions surfaces due to the conflict between the dominant paradigm of the firm as a wealth-creation unit, and the emerging paradigm that deems firms to be responsible not only for economy, but also for society and ecology (e.g., Gladwin, Kennelly, & Krause, 1995; Margolis & Walsh, 2003).

Another major group of sustainability tensions pertains to time and temporality. Sustainable development is widely viewed as meeting "the needs of the present generation without compromising the ability of future generations to meet their needs" (WCED, 1987: 43). This seminal definition explicitly puts emphasis on the needs of both the present and the future, or the principle of "intergenerational equity." Given the scarcity of many types of natural resources, meeting the needs of both today and tomorrow creates an intertemporal tension (ITT), because the former may impede the latter (Slawinski & Bansal, 2015; Smith & Lewis, 2011).

Despite the early recognition of some of the tensions (e.g., Bansal, 2002; Held, 2001; Shrivastava, 1995), they were virtually disregarded in mainstream business sustainability research until recent years. Arguably, tensions were subjugated by a dominant view that firms can meet the three pillars of social equity, environmental integrity, and economic prosperity simultaneously, and create a win-win situation. However, despite its advantages, researchers have recently noticed the limitations of this win-win view, or the so-called "business case" approach (Beckmann, Hielscher, & Pies, 2014; Hahn, Figge, Pinkse, & Preuss, 2010; Hahn, Preuss, Pinkse, & Figge, 2014; Van der Byl & Slawinski, 2015). Overlooking such tensions and the needed tradeoffs in scholarly works results in a research-practice gap as well. Disregarding tensions can also encourage firms to address safe sustainability areas that involve weak tensions with relatively less important outcomes, such as philanthropic activities, with insufficient attention being given to significant sustainability problems.

I use the general term "tension" to represent any circumstance under which, during a particular period, at least two elements of organization compete to absorb resources, influence means, and/or determine the ends. Tradeoff is known as one way to address tensions. Tradeoffs are "compromise situations when a sacrifice is made in one area to obtain benefits in another" (Byggeth & Hochschorner, 2006: 1420).

Given the diversity of sustainability tensions (Hahn et al., 2010; Hahn, Pinkse, Preuss, & Figge, 2014) and centrality of time in sustainability (Bansal & DesJardine, 2014), in this paper I will first explore different tensions in sustainability based on their relevance to time. The primary

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focus will be on ITTs; nonetheless, due to the interrelatedness of different tensions, non-temporal tensions form an inseparable part of this discussion.

I will then adopt the paradox perspective (Smith & Lewis, 2011) to explore how firms can tackle ITTs. In general, paradoxes are contradictory but interrelated dualities that seem logical when one element is in isolation, but the juxtaposition of both elements seems absurd and irrational (e.g., Clegg, 2002; Lewis, 2000; Poole & van de Ven, 1989). Famous examples include exploration-exploitation (O'Reilly & Tushman, 2008) and action-structure (Poole & van de Ven, 1989). The goal here is to discover the implications of paradoxical thinking for the process of tackling the tensions — not least the tension between the long and short term. In doing so, I adopt the classical pragmatic approach (Dewey, 1933; James, 1975) to suggest prescriptive outcomes for strategy. I expand on past insights and discuss four complementary strategies for tackling ITTs: *tradeoff*, *balancing*, *synthesis*, and what I name *temporal slacking*.

This abridged paper describes some of the thoughts and propositions that can contribute to the extant knowledge about firm-level tensions as part of the sustainability journey, especially ITTs. It also contributes to the literature on organizational contradictions by suggesting insights to facilitate the move between abstract and concrete representations of paradoxes.

SUSTAINABILITY TENSIONS: SOURCES AND TYPES

Sustainability tensions constitute both *real* and *cognitive* aspects. In the realm of "realities," many tensions occur due to the scarcity of material resources, which makes it difficult to satisfy the needs of both today and tomorrow. A noticeable case of scarcity emerges when resources are generated in macro-cosmos *eigenzeiten* — that is, when the embedded time of regenerating the resource is out of human experience (Held, 2001). For many other resources, the regeneration rhythms are shorter, which makes them renewable. Nevertheless, even if resources are not considered scarce, overconsumption may bring about undesirable changes in ecosystems that affect the capacity of the system to absorb disturbance (i.e., system resilience) (Holling, 2001; Whiteman, Walker, & Perego, 2013).

These real limitations lead to further cognitive tensions. Sustainability issues are complex problems, identified with terms such as wicked problem (Rittel & Webber, 1973) or grand challenge (Ferraro, Etzion, & Gehman, 2015). These problems are non-linear, and confront organizations with radical uncertainty in forecasting the future. Cognitive aspects of sustainability tensions pertain to individually or socially constructed views, or to the barriers to scan and make sense of the problems, especially in future. As temporal construal theory proposes, temporal distance alters the way people mentally represent future events, and consequently changes people's responses to those events (Trope & Liberman, 2003, 2010).

Initially, business sustainability and its adjacent fields, such as corporate social responsibility (CSR), were cognizant of one primary type of tension: the tension between triple bottom line (TBL) or economic, social, and environmental pillars. This tension is also evident in ontological foundations of the stakeholder view of the firm (Freeman, 1984). Nonetheless, a dominant stream of research on "strategic CSR" (Galbreath, 2006; McWilliams & Siegel, 2001; Porter & Kramer, 2006) reduced focus on tensions, particularly by providing evidence for a positive relationship between corporate social performance and financial returns (Garcia-Castro, Ariño, & Canela, 2010; Orlitzky, Schmidt, & Rynes, 2003). Silence about tensions is even more noticeable in business sustainability than it is in CSR, because sustainability also embraces time at its heart (Bansal & DesJardine, 2014; Slawinski & Bansal, 2012). Below I suggest a typology

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of temporal and non-temporal tensions in business sustainability.

Non-Temporal Tensions of Business Sustainability

Tensions across and within Triple Bottom Line. As mentioned earlier, this long-known tension usually stems from resource constraint, and often exists between economic versus social or environmental aspects. However, due to the complex nature of sustainability, this tension may also occur between social and environmental pillars, or even within one pillar (Roehrl, 2012).

Tensions across the Levels. Scholars of multi-level perspective (MLP) have noted the tension between the firm and other levels, mainly society. As Geels comments, "[M]ost 'sustainable' solutions do not offer obvious user benefits (because sustainability is a collective good), and often score lower on price/performance dimensions" (2011: 25). Reasons for such tensions include the conflicting goals of the entities in each level, the different means they utilize, and the differences between cognitive and social construction systems.

Within-Firm Tensions. Firms comprise functions and individual decision-makers. Multiplicity of goals, values, cognitive frames, processes, missions of functions, and other factors may generate various intra-firm real and cognitive tensions (Banerjee, 2001; Bansal, 2003; Henriques & Sadorsky, 1999; Reinecke & Ansari, 2015).

Intertemporal Tensions of Business Sustainability

Short and Long Term Tension. This dominant subcategory of ITTs can surface as a result of objective conflict between satisfying current and future needs due to resource scarcity (Garud & Gehman, 2012), or subjectively (e.g., due to temporal orientation of different actors) (Slawinski & Bansal, 2015). A unidimensional subset of this tension has been discussed in strategy, generally known as financial short-termism or managerial myopia (e.g., Laverty, 1996; Marginson & McAulay, 2008), yet this sustainability tension includes TBL. This tension is also linked to the conflicts of resilience and profitability (Ortiz-de-Andojana & Bansal, 2016).

Tension between Real and Perceived Needs of the Future. Envisioning future needs is challenging (Garud & Gehman, 2012). Factors such as technological change and non-linear dynamics of the system make it difficult to articulate what the emergent needs of future others will be. A sustainable alternative today might not be deemed sustainable tomorrow. In the absence of a confirmed consensus regarding future needs, important long-term problems are likely to be compromised for the sake of urgent short-term needs. This emphasis on the short term will, in turn, fuel the tension between the short and long term in next steps, because neglecting the long-term needs at time t_1 will diminish system resilience at t_2. Such a system would require more resources to restore it to the initial situation, which will leave fewer resources for short-term needs of t_2, which will heighten the tension.

> *Proposition 1: The higher the within-firm tension in perceiving the needs of the future, the more likely the firm is to adopt a short-term approach, resulting in higher tension between the short and the long term in future.*

Anchoring Tension. A distinct but relevant type of ITTs pertains to the problematic question, "How far in the future is far enough?" Even if one is able to identify the future needs with certainty, the needs at time t_1 in future might be different from those at t_2. Another

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anchoring problem arises because the time horizons of firms are shorter than those of society, which reduces the temporal depth of firms and makes intergenerational equity a difficult goal for business (Padilla, 2002). Further, consistent with strategy scholars' findings that instability of the business environment impedes long-range planning (e.g., Lindsay & Rue, 1980), arguably, turbulence in sustainability context (e.g., changing environmental policies or uncertainty of the impacts) makes future anchoring more problematic. This instability instigates a process (similar to the one explained in Proposition 1) that fuels short and long term tension in future:

> *Proposition 2: The more unstable the social and environmental context, the higher the anchoring tension — and consequently, the more likely the firm is to adopt a short-term approach, resulting in higher short and long term tension in future.*

Asynchrony Tension. This ITT appears when temporalities of different actors or objects involved in the system are not synchronous. Diverse asynchronies may happen within or across TBL (e.g., when technological, institutional, ecological, or financial factors are not synced).

Other Subjective Tensions. ITTs can surface due to conflicts between temporal variables (e.g., between clock-time and processual approaches) (Reinecke & Ansari, 2015). Different dimensions used for classification of time (Mosakowski & Earley, 2000) can underlie tensions.

Figure 1 depicts the two main tension groups. In general, tensions surface when managers go beyond the "area of non-sustainability." Attending to short-term non-financial issues creates a basic tension (vertical arrow). This includes typical CSR initiatives, in which time is not pivotal. Extending this tension across temporal boundaries creates the aforesaid tensions between the present and the distant future (diagonal arrow). Arguably, this arrow represents the core tension, where managers should attend to long-term needs of diverse stakeholders while they act under the short-term firm pressures. It also embodies the interaction of ITTs and other tensions.

Figure 1 about here

For a "green business," the diagonal arrow will be attenuated and converted to ITTs within the financial domain (horizontal arrow), because sustainability is embedded at the core of such a business and it would be pursued if the firm accomplishes its business mission.

> *Proposition 3: By embedding sustainability at the core of the business, green businesses can attenuate the tension among TBL and pragmatically constrain their ITTs to the financial dimension.*

PARADOXICAL APPROACH TO SUSTAINABILITY TENSIONS

ITTs mostly surface as dualities composed of long- and short-term actions or attentions. A particular type of duality is paradox, referring to "contradictory yet interrelated elements" (Lewis, 2000: 760). Research has mainly used paradox as a state (Fairhurst et al., 2016; Schad, Lewis, Raisch, & Smith, 2016), but paradoxical thinking can provide a different view to the dynamics and *process* of dealing with particular contradictions, including in sustainability (Hahn, Preuss, et al., 2014; Jay, 2013).

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Paradoxical thinking traditionally calls for abstract thinking and broad consideration of conflicting elements or poles. In contrast, I juxtapose paradoxical thinking with pragmatism (c.f. Hahn et al., 2014). Classical pragmatism focuses attention on problem solving as the main function of human thought (Gross, 2009; James, 1975). According to pragmatism, problems do not come ready-made; definition of the problem is a main part of its potential solution (Dewey, 1933). This approach is useful for paradoxical thinking, because making sense of a paradox also depends heavily on its definition and framing (Poole & van de Ven, 1989); for example, we make sense of the dynamics of the paradox based on the temporal bracket we consider.

Making sense of a paradox pragmatically warrants moving between abstract and concrete. Fathoming the implications of paradoxical thinking about sustainability tensions will enable actors to utilize abstract views in concrete cases.

A key characteristic of a paradox is *persistence over time* (i.e., the insolubility of the tension). Further, conflicting elements in one level might be found to be *interconnected* in another (Smith & Lewis, 2011). Moving to the concrete level, I suggest that a third identifier of paradoxes in social science is *negative correlation* between the poles within the boundaries of a concrete case. That is, all other things being equal, an increase in one element of the paradox in a concrete case will result in a decrease in the other. This attribute is critical for understanding the contradiction process of the elements. The short and long term tension can be viewed as paradoxical, because it can satisfy these three criteria.

Some strategies have been suggested to tackle paradoxes. In particular, Poole and Van de Ven (1989) suggest spatial or temporal separation, synthesis, or appreciating the contrast. On this basis, Hahn, Pinkse, and their colleagues (2014) shed light on the implications of Poole and Van de Ven's (1989) acceptance and resolution strategies in sustainability. Adopting a different approach, I place primary focus on ITTs in order to develop more detailed strategies.

Tradeoff and Balancing Strategies

To make abstract paradoxes concrete, they should be investigated in a reasonable bracket of time. I suggest the concept of the *latency period* as the linear distance in time in which endogenous actors do not conceive a tension as the source of problems. During the latency period, one or more elements of tension are active in the system, but the conflict does not surface — that is, the actors do not perceive that the downsides are putting the firm in peril. Tackling the tension pragmatically needs strategies for extending latency period by inclusion of both poles.

When the firm approaches one pole of this tension, it adopts a *tradeoff* strategy, which is a significant compromise of one pole. Tradeoff is based on an either/or view to the two poles. In contrast, in *balancing*, elements coexist in a rather even state. Both tradeoff and balancing may apply to either a single action or to the portfolio of the firm's actions over a period. A single decision choice is balanced when the decision-maker considers different poles simultaneously, and a portfolio of decision choices is balanced when the decision-maker aligns different tradeoffs made in that period. Firms can extend the latency period by balancing the portfolio of actions and decrease ensuing costs.

Synthesis Strategy

By synthesizing, the firm obviates the need for tradeoff between the short and long term by developing a frame-breaking solution that sufficiently meets both temporal windows.

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Synthesis is possible for concrete cases, but not in abstract and broad systems of realities or meanings that shape the general, insoluble paradox. Integrative thinking entails framing issues as "both/and," allowing for a more holistic view and consequent creative solutions (Martin, 2007).

Synthesis of ITTs can occur at different scales, such as products (e.g., designing shared platforms for different cars) or industry sectors (e.g., electric vehicle business, see Proposition 3). At another scale, Hahn, Pinkse, and their colleagues (2014) assert that governance structures such as hybrid organizations or social enterprises (Battilana & Dorado, 2010; Battilana & Lee, 2014) can also synthesize ITTs.

Temporal Slacking Strategy

Firms adept in adopting a paradoxical approach can achieve the temporal latitude that keeps them away from the abject need for the short and long term tradeoffs. They can postpone their decisions and play on with alternatives when provisions are not in place (e.g., in case of insufficient information or unavailable resources for action). This mechanism is similar to how slack (Nohria & Gulati, 1996; Penrose, 1959) works: because slack is in excess of the minimum necessary for the intended function, it can provide opportunities for going beyond immediate needs, and can foster adaptation, innovation, and learning. Time is at the heart of acquiring slack (Lawson, 2001). But considering time itself a resource, firms can also slack time *per se*. In other words, firms can organize their actions in a way that permits periods of equivocality or procrastination without letting tensions surface. Temporal slack is mainly created by thoughtful temporal planning of activities and the relationships between their outputs.

Final Thoughts

In this abridged paper, I tried to illustrate my core ideas about ITTs, but much remains to be explained, proposed, and instantiated in concrete examples of real firms. Using empirical data, future research can provide more in-depth insights about the emergence of these tensions and the mechanisms that can be deployed to address them in organizational settings.

REFERENCES AVAILABLE FROM THE AUTHOR

Figure 1. Positioning of Different Business Sustainability Tensions