



# HIJACKING ENVIRONMENTALISM

CORPORATE RESPONSES TO SUSTAINABLE DEVELOPMENT

RICHARD WELFORD

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This we know.  
The Earth does not belong to man;  
man belongs to the Earth.  
This we know.  
All things are connected  
like the blood which unites one family.  
All things are connected.

Whatever befalls the Earth  
befalls the sons of the Earth.  
Man did not weave the web of life,  
he is merely a strand in it.  
Whatever he does to the web  
he does to himself.

*Chief Sealth  
Puget Sound, 1854*

For Jason



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# Preface

During the past few decades almost every ecosystem and primal culture on Earth has been disrupted, and in many cases totally ruined, by aggressive human beings (mostly men) and the institutional structures which we have created. The massive deforestation, associated species extinction, the replacement of complex animal communities with monocultures of cereal grain or tree plantation, intensive cruel animal farming practices, the poisoning of water supplies, the displacement of many indigenous populations and the murder of protesters who get in the way of 'progress' are all the result of human greed and the organization of the world's resources to serve private capital.

Our world is now caught up in a vicious circle. The more growth there is the more problems appear. The technocrats cannot stop the spiralling monster associated with the large corporation and private capital because they are afraid that if they do, everything will come to a standstill, the system will fall apart and we in the West will be plunged into financial ruin. Of course, the powerful corporate interests in the system, at the root of the crisis, tell us that there is nothing to worry about because they are leading the move towards environmental responsibility. This book demonstrates that this is another corporate lie.

The culture of consumption, materialism and greed which now dominates human behaviour in the West is, of course, a very comfortable one, and one which separates us (for now at least) from the havoc which such a culture brings. Even though we are aware of poverty, hunger, torture, suffering and injustices we do not get too excited about them because they rarely touch us too deeply. In any case as individuals we either feel powerless to do anything about them or feel that it is simply not our responsibility to sort them out. To try to tackle the issues might also put ourselves and our way of life at risk. Such is the extent of our selfishness.

One of the things we must realize is that the growth which we have come to expect and the increasing standards of material living which we

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have seen over the past decades cannot go on for ever. Infinite growth with a finite pool of resources is impossible. As we exploit our Earth more and more, the consequence is simply further loss of biodiversity, more pollution, increased problems with human health and a widening of the divide which exists between rich and poor.

Awareness of these issues is key. As awareness increases so openness to new ideas expands. The 1990s have seen a growth in awareness and a search by more and more individuals for answers to more and more unsolved issues. Some people are coming to realize the despair which materialism causes, both by those who have consumed but have been left unsatisfied and also amongst those who have been alienated by the inability to consume at all.

There is a recognition that the environmental crisis exists but a great deal of helplessness about what to do about it. On the other hand there are a lot of people (and businesses) who profess to know a lot about environmental issues and claim to have the answers. We must be very wary of those who offer simplistic solutions to complex problems, especially when their wider agendas are unclear.

This book therefore examines the way in which industry has, to date, attempted to deal with the challenge of sustainable development. It argues that progress has been poor because of the lack of a real commitment to all the aspects of that concept. It challenges business to change, to recognize its potential for leadership and to go beyond mere lip-service to the environmental and social crises which are mounting.

The book is divided into three parts. The first, on defining the problem, demonstrates that whilst modernist versions of environmental management have received some attention, the wider ecological, ethical and social aspects of sustainable development have been ignored and usurped. In brief, industry has hijacked the more radical environmental debate taking it out of its traditional discourses and placing it in a liberal-productivist frame of reference. The book shows how senior executives and their business clubs have achieved this by reconstructing the environmental agenda.

In the second part of the book we examine some fundamental underlying tensions between the protection of the environment and the nature of modern businesses. The arguments here show how businesses continue to operate outside of the ecological carrying capacity of the environment. In addition it challenges the sacred tenet of international trade arguing that there remain strong underlying conflicts between sustainable development and free trade. It is also argued that business puts too much emphasis on hierarchical organizational forms which stifle participation (a key aspect of sustainable development) inside the organization.

The final part of the book examines the way forward for the more

## *Preface*

sustainable business. It presents new models of the sustainable organization which place greater emphasis on issues such as equity and ethics. It calls for an ecological and spiritual awakening amongst business leaders and it ends with a call for more critical research on business activities, abandoning both the restrictive positivist and traditional interpretive paradigms of analysis.

The contributions in this book are best read as a set of related essays. Although there is a structure to the book and I try to move from defining the problem to offering some solutions, each chapter can easily be read and understood in isolation. It also means that the chapters of the book can be read in any order. For the new researcher, for example, starting with the final chapter on research methodology would be a useful way to proceed. Equally the contribution by Tarja Ketola (Chapter 5) mapping out how business operates outside of natural ecological boundaries is a good starting point for people new to this subject area.

Writing this book and collaborating with my co-authors has been one of the most depressing yet enlightening periods of my life. It has left me with bouts of helplessness and depression because I have come to realize just how wrong a system we have created. It is simply ridiculous that we allow businesses to continue to destroy our planet. The bottom line is now simple – people are dying as a result of environmental degradation, people are forced into working for subsistence wages because companies need to increase their profitability, those who resist the progress of capitalism are subjected to torture and even murdered by the state because they have campaigned for human rights. Yet business still operates in concert with the institutions and governments which cause such suffering and people still buy their products. Doing business in countries which abuse human rights and torture citizens means that you accept that practice. Not protesting when your opponents are hanged is tantamount to killing them yourself. To buy the products of such a company is to agree with its actions.

Yet the experience has also made me re-evaluate many of my own values and experiences. We can bring about change through our own actions. Each and every one of us can challenge business to operate more ethically. We can choose the products we buy and reject those which are produced in unreasonable ways. We can come to recognize our spirituality and interconnectedness and feel part of a more mystical process rather than a detached and helpless observer. We must do something however. As Chief Sealth reminded us over 140 years ago, to harm the world around us is to harm ourselves.

As ever, this book would not have been possible without the help and cooperation of many people. As well as the contributors to the book and the staff at Earthscan, I would like to thank a number of people who have given me ideas for parts of the book: Alicia Barcena, Edith Jenkins, Tom

*Preface*

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*About the Contributors*

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# PART 1

## Defining the Problem





# 1

## Introduction: What are we Doing to the World?

*Richard Welford*

There can now be little doubt that the environmental damage caused to the planet over the last few decades has got to a point that it is causing untold damage to humans and to other species. Much of that damage is irreversible and the massive use of non-renewable resources has taken little account of the needs of future generations. The situation is getting worse, impacting on human health, biodiversity and the social infrastructure of many societies. There is now clear evidence of climate change and we are losing the areas of wilderness left on the planet at an alarming rate. Governments have demonstrated little real effort directed at reversing these trends, preferring to leave the task to the voluntary efforts of businesses, pressure groups, other non-governmental organisations and individuals.

We are now faced with a series of very tangible environmental crises. There is a serious water shortage across most of Africa, China, North America and now in parts of Europe. Global food security has declined with carryover grain stocks dropping to their lowest levels in twenty years between 1994 and 1995. Fish catches are in decline and in 1995 there was a shortfall of two million tons of rice (Brown 1995). Over 90 per cent of ancient forests in North America have been destroyed. We lose 25 billion tons of topsoil every year, the equivalent of all the wheat fields in Australia. This type of environmental unsustainability associated with continuously rising demand and a shrinking resource base now spills over into social and economic instability. Events in Rwanda, Somalia, Haiti and even former Yugoslavia have all been exacerbated by battles over access to basic resources. Human health is deteriorating and life expectancy rates in the poorest countries are in decline. The immune

system of every unborn child in the world is now adversely and probably irrevocably affected by toxins in food, air and water.

How will we explain to future generations that we were responsible for all this destruction, knew it was happening and then did nothing about it? These critical losses are occurring while the world population is increasing by almost 100 million people per year. Business has to accept a very large share of the responsibility for this devastation and crisis. Businesses are central to a system which is destroying life on Earth and if we continue with this path not one area of wilderness, indigenous culture, endangered species, or uncontaminated water supply will survive the global market economy.

It is important to examine the system which has brought this about. The global economic system and its consequential unsustainable path is founded on the vestiges of modernism. This term has been used to distinguish the contemporary from traditional ways. It originally referred to the new civilization developed in Europe and North America over the last several centuries and fully evident by the early twentieth century. The models of economic development developed there have come to permeate the whole world along with the Western cultural domination which is inevitable in such a process. Modernism therefore saw new machine technologies and modes of industrial production that have led to an unprecedented rise in material living standards. The continuation of this process with an emphasis on output growth is what has become so unsustainable. This modernist Western tradition is therefore characterized by capitalism, a largely secular culture, liberal democracy, individualism, rationalism and humanism (Cahoone 1996). As a package, the modern Western model dominated by the domination of technology, science, industry, free trade, liberal productivism, neo-classical economics and a fixation with growth is certainly unique in human history. The results are easy to see: environmental destruction, anthropocentrism, the dissolution of community, the loss of individuality and diversity, the rise of alienation and the demise of tradition. Even notions of development are now simply equated with economic growth. As Shiva and Bandyopadhyay (1989) point out:

*The ideology of the dominant pattern of development derives its driving force from a linear theory of progress, from a vision of historical evolution created in eighteenth- and nineteenth-century Western Europe and universalised throughout the world, especially in the post-war development decades. The linearity of history, pre-supposed in this theory of progress, created an ideology of development that equated development with economic growth, economic growth with expansion of the market economy, modernism with consumerism, and non-market economies with backwardness.*

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Modernism, the continuation of what exists, translates into 'business as usual'. Business practices and current business education are failing us. They fail to recognize that the future will have to be very different if we are to avoid environmental and social conflict. Business seems content to see the natural system on the planet disintegrating, people starving and social structures falling apart. Business is central to the problem and must be central to the solution. There is no alternative but to change and many businesses would agree with that. The conflict is over the degree of change. To date most businesses who have begun to respond to environmental issues have done so in quite piecemeal and marginal ways. But tinkering with the system will not bring back the extinct species, donations for a prize to underpin a local environmental art competition will not cure the asthma of the painters, periodic environmental audits will not protect an indigenous population, green marketing will not replace slashed rainforests, and printing glossy annual environmental reports on recycled paper will certainly not rehabilitate thousands of square miles of dangerously contaminated land. Change has to be much more radical and much more speedy. Businesses do not like radical departures from what they know and understand. But such change is necessary and, ultimately, inevitable.

Currently, business stands at the edge of a precipice unsure about which way to turn. Its instincts tell it to stand fast and resist the risky path ahead. But it also recognizes that there is no turning back. Inevitably it is faced with an uncertain future and knows deep down that it will have to move forward into the unknown. At the moment however, it is hedging its bets by moving forward in minute steps, groping in the dark and doing everything it can to dictate the road ahead. Thus if the environment is to become centre stage, then business will want to make sure that it is its definition of the environment that we all settle on. Deeper green politics are not consistent with the other aspirations of business which will always be put before the environment.

Since there is very little analysis of what a business really is and what its place in society is (in terms of social responsibility and politics), so there is very little understanding of what it could become. And change is often resisted by shareholders, managers and others who are generally satisfied with the performance of their corporations. So many of us hold shares in large firms in one form or another and all too often pensions are based on profits and the security of our homes dependent on rising share prices. It is not surprising therefore that many people are frightened of 'rocking the boat'. Free-market capitalism is therefore not the great dynamic entity which its proponents espouse but actually creates a good degree of inertia to change. The single-minded emphasis on profit, efficiency, cost reduction and growth dwarfs issues such as

employment, protection of the environment, social responsibility and sustainable development.

Businesses have yet to realize that continuation of present forms of industrial activity will simply bring about their own demise. After all, what use is profit accumulation when we are living in a decaying world? The wealthy may be able to build large fences around their property and employ security guards to keep the growing disenchanted out, but there is little they can do to clean up the air around them which is causing asthma in their children. Will industry still be happy with its lot when it has suppressed people's immune systems to such a level that they are allergic to their products, or when their operation has become so efficient that there is no one left in work to purchase their output? When will the business world look at itself honestly and recognize that it is time to change? I suspect only after we have seen a wave of tangible disasters affecting the middle classes in the West. After all, nothing else really counts in the corporate culture.

Business stands at the edge of a massive potential transformation. Whether it grasps its new opportunities will largely dictate the extent to which humankind maintains its well-being. We are in the hands of large corporations who must be persuaded, cajoled or even forced to change. However, as will be demonstrated in further chapters of this book, few businesses have recognized the potential crisis, are committed to change or have any view at all about how to do business better. The reality is that corporations duck and dive, invest in smoke screens, hide behind science and technology and espouse gradualist, marginal solutions to societal pressures. Managers lack vision, are short on creativity, narrow in their outlooks and are driven by a naive model of the economic process. They can never admit this to themselves because that would threaten their very reason for being. Since they are successful, their narrow selfish outlook dictates that the system must be successful.

Many of us, as business educators, must share some of the blame for the inertia in business. It seems that we would rather teach our students how to read a balance sheet, how to forecast growth and how to avoid employment legislation than to know themselves and to understand, appreciate and protect the world around them. Surely, business education should be as much about personal and spiritual education as it is about the functional components of the modern industrial enterprise. I often toy with the idea that we should restructure our universities so that social work educators teach management students and management educators teach social work students. This just might result in a Pareto improvement. At the very least it would open up the minds of our future managers to the social and political ramifications of their actions and make them more sympathetic to the plight of other humans with which they share the world. At the moment they have such short-sighted,

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blinkered outlooks. Education is central to moving to a more sustainable economy and as a starting point Palmer (1992) lays out some basic requirements:

*In an ideal situation, there would be immediate and massive expansion of environmental education at all levels, bearing in mind that education is no short-term process and that time is of the essence to the future of our planet. Such education must take account not only of the practical dimensions of sustainable lifestyles and development issues, but equally of differing values and ethical implications. A holistic understanding of natural systems and the place of human endeavour and concern within these would seem essential to the success of any policies aimed at leading the world in the direction of a sustainable future.*

Business can and will have to be different. Hawken (1994) believes that we are on the verge of a transformation which will be brought about through social and biological forces that can no longer be ignored or put aside. This change will be so thorough and sweeping that business, in the future, will be unrecognizable when compared to the commercial institutions of today. That scenario is entirely possible but it is currently blocked by business itself which is risk averse and does not understand the nature of the changes occurring around it. At the moment their myopic planning cannot identify any real reason for change.

The development of capitalism with its emphasis on enterprise and private ownership has separated economics from ecology and created a dominant ideology which sees the monetary side of economics as more important than the real side. It is true that commerce has enriched countries and increased material standards of living but in so doing it has also created powerful individuals, ruling families and a corporate elite. Capitalism has pillaged the natural environment and businesses pick off the opportunities which this has created in a typical predatory manner. There is now, therefore, a dominant corporate culture which believes that natural resources are there for the taking and that environmental and social problems will be resolved through growth, scientific advancement, technology transfer via private capital flows, free trade and the odd charitable hand-out. It is undeniable that capitalism has been a great wealth creator because it has unlocked the potential to use basic natural resources and process them into valuable material objects. However, it is also undeniable that, because growth has been so rapid, current wealth is being generated by stealing it from future generations. How will future generations continue the process when there are no resources left? Can this be left to the ubiquitous free market system to sort out?



The free market purists are naive and dangerous people. They seem to have a blind belief in their system which left to its own devices is supposed to achieve the best social and environmental outcome possible. How this is possible, when such people even refuse to define what constitutes social and environmental improvement is puzzling. When Western values and Western life is implicitly seen as being more important than other alternatives, it is difficult to see an outcome which is at all sustainable, either politically or environmentally. The fact is that there are no simple solutions to our problems and that we are a long way off finding any system which can reverse long term environmental degradation and mounting social chaos. But as a starting point businesses can recognize that everything they do has an ethical dimension. Business is only one part (albeit an important part) of a world which is complex, interwoven and cannot be simplified by models of rational economic behaviour. Current business practices seem to be guided by a vague promise that we can continue to increase our standards of living, that the developing world can attain developed world aspirations and that science and technology will come to the rescue and clean up the destruction which we have caused. This is not the case. If we can simply recognize this fact then at least we have a starting point for discussion.

One of the most important lessons we must learn is that the major problems of our time are all interconnected. Individual problems cannot be dealt with in isolation, we must think systemically about the systems and structures which lead to all the problems around us. Take world population, for example. We are not going to be able to stabilize it until we are able to alleviate hunger and poverty. Similarly we are not going to be able to stop the extinction of species until we are able to help the developing world get rid of its huge economic debts. These problems are all interrelated and interlinked and we need to improve our perception of the world in terms of relatedness, interdependence and context.

The emphasis put on science and technology is one of the more damaging aspects of the dominant corporate culture. Reality goes far beyond any scientific framework to a more intuitive awareness of the oneness of all life, the interdependence of its multiple manifestations and its cycles of change and transformation. Moreover, the common Western vision of a mechanized world has created a giant chasm between economic development (normally defined in narrow output growth terms) and the individual's spiritual nature. This is reinforced by the increasing alignment of our institutions with money and markets. The more dominant money has become in our societies, the less room there has been for any sense of spiritual bond that is the foundation of community and a balanced relationship with nature. The world of money

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and its associated materialistic greed has pushed out the spiritual meaning in our lives to such an extent that you, the reader, may well be thinking now that although my arguments to this point have seemed plausible, to start talking about spirituality in a book about business is crazy. Yet once the concept of the human spirit is truly understood, then consciousness becomes one with the wider cosmos as a whole and it then becomes clear that ecological awareness is truly spiritual.

Conversely, the current narrow vision of business as usual seems to be a world of global products, mass-marketing, free trade, private capital, technology transfer, deforestation, species destruction, chemical-based agriculture, featherless chickens and sick children. Of course, most of this is not an explicit vision but most managers fully (if tacitly) understand the consequences of their decisions and then either ignore them because they are difficult and threaten their egos and value systems, or feel powerless to do anything about them because of the overriding corporate culture which divorces commerce from common sense. Those in charge of our biggest corporations know that they are damaging themselves and their families but continue to do nothing about it. Are those the actions of sane individuals?

When challenged about the impacts of their activities, managers usually respond in two ways. Firstly, they attempt to devalue any challenge to the orthodox capitalist model as being unworkable and unrealistic. Secondly, they hide behind their egos and tell you in school-master-ish tones that there really is no alternative. Perhaps one of the biggest challenges ahead is to change the mindsets and values of key decision makers. But that will not be achieved through expensive management training at existing business schools or even new academies of business. It will only be achieved when managers can come to understand themselves and learn to appreciate nature and diversity, rather than exploit everything around them. That process is far more difficult than organizing yet another three day course on eco-efficiency, costing the equivalent of an annual salary of a Thai sweatshop worker.

Even the internal structures common in business alienate individual workers and remove their powers of self-determination. Modernism has dictated hierarchical management systems rather than more cooperative forms of organization. More contemporary management techniques have done little to improve this. On the face of it, total quality management techniques, for example, call for an increase in teamworking and more responsibility to be given to workers. But very few advocates of total quality management systems ever dare to go so far as to suggest that a logical extension of teamworking would be participation with respect to strategic decision-making and ownership. That would remove power from managers and more senior executives who will always want to hang on to their high salaries, business class trips and company cars.

We should therefore not be surprised to see the deep-seated unwillingness of businesses to change. They find the thought of reconstruction of the capitalist system threatening and difficult to comprehend. There seems to be a fundamental value associated with seeing growth as good. Industry can not imagine that it can survive in a world of adjustment which may require cut backs, decentralization, less rather than more, and free trade being replaced by fair trade. The driving force is more and more profit and the accumulation of ever greater stocks of capital. The basic idea seems to be that the action which yields the greatest financial return to the individual or firm is the one that is most beneficial to society. But we rarely bother to examine just how profits are made or ask if they are justifiable or in the interests of the wider international community which has worked to produce them. Paul Hawken (1994) makes a very perceptive point about corporate profits:

*The language of commerce sounds specific, but in fact it is not specific enough. If Hawaiians had 138 different ways to describe falling rain, we can assume that rain had a profound importance in their lives. Business, on the other hand, only has two words for profit – gross and net. The extraordinarily complex manner in which a company recovers profit is reduced to a single numerically neat and precise concept. It makes no distinctions as to how the profit was made. It does not factor in whether people or places were exploited, resources depleted, communities enhanced, lives lost, or whether the entire executive suite was in such turmoil as to require stress consultants and outplacement services for the victims. In other words, business does not discern whether the profit is one of quality or mere quantity.*

Business is driven by the imperative to replicate money, to increase efficiency and to cut costs. Since labour has to be paid, the simple consequence of this drive is that employment becomes a source of inefficiency. Thus there is always an incentive to employ fewer people, to pay them less, to shed labour whenever possible and to replace human capital with technological capital. We are therefore moving into a world where fewer and fewer people will be involved in the productive process and therefore the number of people benefiting from the activities of industry will decline. The redundant now end up as disenfranchised and in worst cases become the victims of malnutrition and violence. It is difficult to see how social systems can continue to support growing numbers of unemployed people who in many countries become homeless beggars, criminals, drug addicts and residents of refugee camps. It is little wonder that such people give little consideration for the environment when their main priority is feeding themselves and their families. It is not unlikely that social crisis will be the force