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Building a Social Case for Business Sustainability

Abstract

The business case for sustainability is interpreted within the sustainability literature to mean the pursuit of sustainability should increase an organisation's financial performance. The inherent weakness in this approach is the singular focus on economic performance to evaluate sustainability projects which necessarily contain environmental, social and economic components.

This paper reviews the literature pertaining to the business case for sustainability prior to developing a broader social case framework which shows the potential for stakeholder well-being to be affected by numerous social impacts caused by business activities across a broad range of impact categories. Application of the social case framework is demonstrated using the case of Coca-Cola in Kerala, India leading to the conclusion that the effectiveness of implementing sustainability in business is increased by combining the business and social case frameworks to assess potential impacts prior to sustainability implementation.

Keywords

Business case, social case, social impacts, sustainability, stakeholder wellbeing.

Introduction

Whilst there is a growing literature concerning the relevance of sustainability to business theory and practice, there are only a small number of articles which focus specifically on the social dimension of sustainability within the context of a business organisation. This paper addresses this gap by reviewing the business case approach to sustainability at the micro level of the firm, leading to the development and operationalisation of a social case framework. This research is motivated by a concern that a narrow business case approach reduces sustainability to primarily an economic concept failing to account for potential environmental and social benefits, or conversely ignoring the environmental and social costs of continuing unsustainable business practice.

Given limited theoretical development of the social case for sustainability, this research utilises Lynham's (2002) general method of theory building and Storberg-Walker's (2007) systematic approach to conceptual development to establish a strong theoretical framework capable of application in business practice. The resulting social case framework is operationalised using the case of Coca-Cola in Kerala, India leading to important implications concerning the interdependence of business with society and the natural environment.

The paper follows the order of reviewing literature pertaining to the business case, followed by a discussion of the brief literature which focuses primarily on the social dimension of sustainability within business. The chosen research methodology is then described in detail leading to development of the social case framework. The paper concludes with a case analysis which operationalises the social case framework before drawing conclusions and identifying important areas for future research.

Reviewing the business case

Reference to the business case within the sustainability literature typically carries the intended meaning that the pursuit of sustainability as a business objective is expected to increase an organisation's economic performance (Epstein and Roy, 2003; Dyllick and Hockerts, 2002). The implicit assumption is that profitability and other key measures of financial performance are the relevant criteria with which to evaluate the success or failure of an organisation's shift towards sustainability.

The potential business case for sustainability needs to be examined on a case by case basis, as the link between sustainability and economic performance could be

positive or negative; and there is data showing evidence of both (Salzmann *et al.*, 2005, p.29). Schaltegger (2010) contrasts negative business case sustainability projects (that is projects implemented by business in pursuit of some or all of the environmental, social and economic elements of sustainability) which represent an additional cost thereby reducing profitability, with positive business case projects that reduce environmental costs and impacts, and thereby improve both environmental and economic performance.

Schaltegger (2010) contends negative business case sustainability projects are typically end-of-the-pipe pollution control measures, whereas positive business case projects focus on prevention of waste or pollution and thereby improve the efficiency of economic production systems. Schaltegger (2010) contends that the need for robust and effective internal management control systems to improve the economic outcomes from sustainability projects is critical to this contrast between positive and negative business case projects.

The link between sustainability and financial performance has been hypothesised as an inverse U relationship (Salzmann *et al.*, 2005) suggesting there is an optimal level of environmental and social performance initiatives beyond which lead to reduced financial performance. An example provided by Salzmann *et al.*, (2005) is the pursuit of high cost sustainability outcomes (e.g. zero emissions) rather than low cost eco-efficient outcomes (e.g. small incremental reductions in emissions). It is possible the inverse U relationship hypothesis explains why empirical studies fail to show a clear positive or negative linear relationship between sustainability implementation and financial performance, as the direct link between sustainability and profitability may well depend on the stage the organisation is at, along the path of transformation to sustainability.

Epstein and Roy (2003) have developed a framework which links sustainability actions with long term financial performance. Central to this framework are potential impacts of sustainability actions on stakeholders, identified across eight diverse sustainability categories covering social, environmental and economic impacts. Epstein and Roy's framework focuses primarily on the business case as they examine the link between improved financial performance as a result of sustainability project implementation. Epstein and Roy's framework which includes sustainability impacts on a diverse range of stakeholders is noted, and forms an important component of the social case framework developed in this research.

Epstein and Roy (2003) suggest their framework can improve the effectiveness of sustainability implementation by leading to the identification and prioritisation of wealth creating strategic business opportunities. This strategic component to sustainability implementation is also evident in Salzmann *et al.* (2005, p3) where the business case is defined as a strategic and *profit-driven corporate response to*

environmental and social issues caused through the organisation's primary and secondary activities. Grayson and Hodges (2001) reinforce this economic focus when evaluating sustainability projects, suggesting the value of the business case be measured by change in financial performance, cost of capital, market share and business reputation.

WWF-UK (2001) expand the business case beyond economic impacts identifying significant business impacts on environment and society, as well as sustainability actions which will create and conserve value in areas of strategic importance to the business. However the critical process which they define for evaluating sustainability projects defaults to measures of financial performance using standard indicators such as economic cost-benefit, return on investment, and net present value.

Sprinkle and Maines (2010) emphasise the predominance of economic thinking in their six point rationale explaining why firms engage in CSR activities. Of their six reasons, three are primarily economic (increase market share, reduce production costs and reduce risk of increased costs of litigation or compliance with new regulations); one reason is socio-economic (help recruit, motivate and retain employees); and the final two reasons are green-wash and altruism.

Carroll and Shabana (2010) provide an extensive discussion of the business case for corporate social responsibility (CSR), with the latter concept being defined to contain economic, legal, ethical and philanthropic categories. Given the ethical component of CSR includes both environmental and social actions, and philanthropy is one of the social impact categories of sustainability (refer Figure 2 presented later in this paper), this broad definition of CSR is conceptually similar to sustainability.

Although acknowledging that general usage of the business case refers to bottom-line financial performance, Carroll and Shabana's (2010, p 86) discussion is refreshing in that they define the question central to the business case as '*...how do they benefit tangibly from engaging in CSR*', where tangible benefits expand beyond solely economic concerns. This leads to their distinction of a narrow business case view concerned primarily with direct links between CSR and financial performance, and a broader view of the business case which considers indirect links such as improving competitive advantage, building stakeholder relationships and improving social welfare.

According to Carroll and Shabana (2010, p 93) their broader definition of the business case for CSR, rather than...*pitting business against society*, which is often the case where environmental or social programs are viewed only as an additional cost to the business, recognises the interdependence between business

and society. This broader view has some commonality with the social case for sustainability developed later in this paper.

This brief overview of the business case for sustainability confirms a focus on the expected economic impacts of a shift towards sustainability. Conceptually the weakness of this approach is the inherent multidimensionality of sustainability. Sustainability as a relevant business goal is supported on the grounds that business performance is more complex than a single dimensional economic perspective can provide. Sustainability captures this complexity within its multiple dimensions and within the inherent interconnection between these dimensions. In other words, to exclude social and environmental impacts from the analysis which supports or rejects sustainability implementation is not to consider sustainability at all.

The underlying premise of this research is there is a much broader social case for business to engage in sustainability activities; and this social case must consider the essential interconnection with environmental and economic aspects captured within this multidimensional conception of sustainability.

The social dimension of sustainability within business

Within the sustainability literature, the social dimension of sustainability is the least conceptually developed (Littig and Grießler, 2005; Partridge, 2005; Cuthill, 2010; Brent and Labuschagne, 2007); and there is minimal reference to a social case for sustainability within a business context (Dyllick and Hockerts, 2002; Mitzenberg, 1983; Hendersen, 2001).

The precise nature of the social dimension of sustainability is unclear and contested (Littig and Grießler, 2005; Cuthill, 2010). Furthermore the quantification of the social dimension of business sustainability using financial units has proven difficult leading some researchers to suggest that sustainability is a phenomenon that will always defy precise measurement (Zadek, 2004; da Piedade and Thomas, 2006; Fricker, 1998).

Every business causes social impacts on stakeholders (Porter and Kramer, 2006) which could be either positive or negative, causing varied effect on different stakeholders. At a business level social sustainability concerns business responsibility to the social well-being of current and future stakeholders (Dyllick and Hockerts, 2002), examining the human and social well-being component of sustainability encompassing human needs, human rights, social justice and quality of life.

Dyllick and Hockerts (2002, p.138) present a separate ‘societal case’ for sustainability against a benchmark of ‘*absolute positive social impact*’ that an organisation could have achieved, to be made in addition to any business case. DesJardins (2007) observes that the primary goal of business is to contribute to social well-being and that profit, whilst essential to business provides the means to achieving this primary (social) goal. This essentially social perspective of business sustainability is supported within the growing corporate social responsibility literature and historically. Historical support for this social perspective of business is provided in the form of the original corporations in the United States which were created to provide essential infrastructure and engage in domestic and international trade to serve the public good (Seavoy, 1978).

“At its origin in Massachusetts the corporation was conceived as an agency of government, endowed with public attributes, exclusive privileges, and political power, and designed to serve a social function for the state” (Handlin and Handlin, 1945, p 23).

The primary goal of these original US corporations was to meet vital human needs and the business corporation was seen to be the most effective legal vehicle for achieving this goal. Dyllick and Hockerts (2002, p.138) suggest

“... that corporate managers will place greater emphasis on the business case while the natural or societal case will only become relevant if external systems (politics and consumers) force firms to take notice.”

This view is challenged in this paper given the inherent self-contradiction of evaluating sustainability, a multidimensional concept, from a non-sustainability, single dimensional economic perspective. Furthermore the interconnection between these multiple dimensions is considered an essential element that cannot be excluded from an authentic analysis of the expected consequences of implementing sustainability in business.

The paper now describes the methodology used in this research to develop the social case framework.

Methodology

The primary objective of this research is to provide a comprehensive framework which clarifies the precise nature of the social dimension of business sustainability. Application of such a theoretical framework would enable a

business organisation to determine whether there is a social case to support a change towards sustainability.

Theory has long been recognised as the underlying requirement of effective practice where it is useful for making sense of phenomena in the real world through ordering relationships among the elements (Dubin, 1976, p.26). The method of theory building used in this research which is depicted in Figure 1 is based on Lynham's (2002) *General Method of Theory-Building Research in Applied Disciplines* and Storberg-Walker's (2007) five step approach to conceptual development. This model identifies four stages in a continuous cycle of theory building, where each stage provides the opportunity for new information to enable theory to be refined and developed.

In this research stage one (conceptual development) and stage two (operationalisation) are implemented leading to refinement and development of a preliminary social case framework.

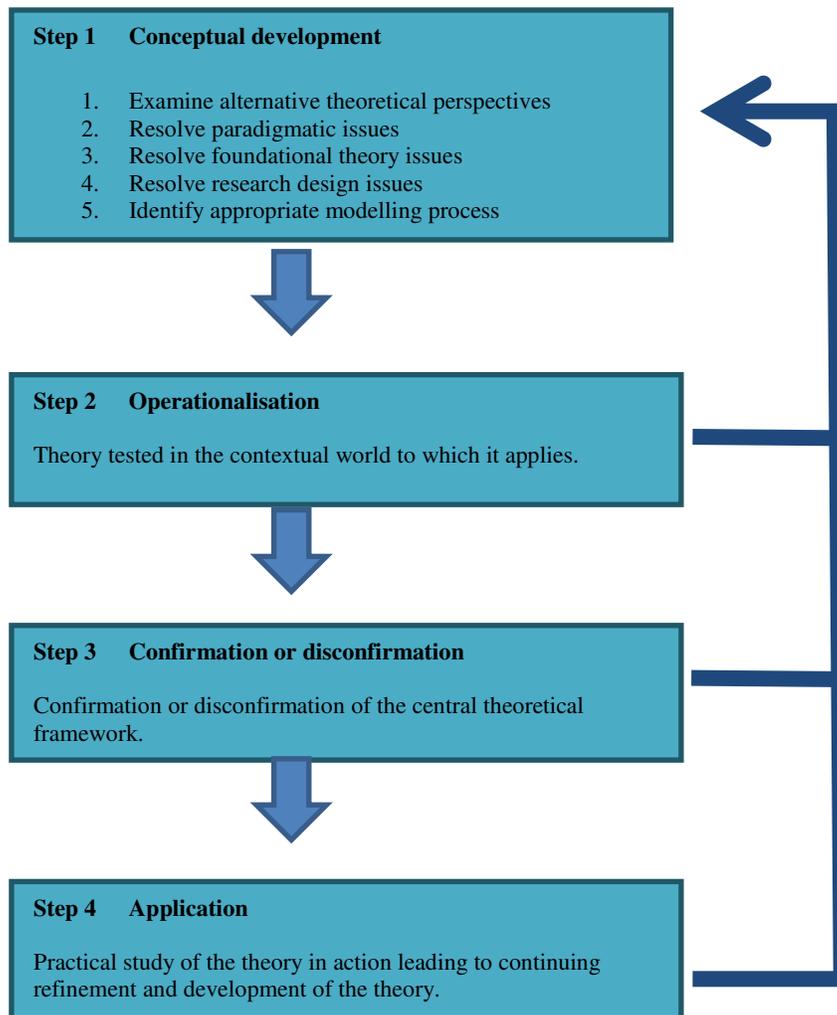


Figure 1: The general method of theory building
Source: based on Lynham (2002) and Storberg-Walker (2007)

Theory building establishes a process for theory development by describing the phenomenon and its attributes, exploring the relationships between these components and explaining the relationships between these characteristics (Edgar and Lockwood, 2010). The purpose of this first stage of conceptual development is to provide an informed conceptual framework that supplies a preliminary understanding and explanation of the characteristics and relationships of the phenomenon under study (Lynham, 2002, p.231). This explanation includes

“the development of the key elements of the theory, an initial explanation of their interdependence, and the general limitations

and conditions under which the theoretical framework can be expected to operate” (Lynham, 2002, p.232).

Storberg-Walker (2007) identifies five essential components in the conceptual development research phase which is included in Figure 1 as ‘Step 1 Conceptual Development’. The first phase of this process is to examine alternative theoretical perspectives thereby allowing for multiple ways of thinking about the phenomenon to be examined. In this research sustainability as a complex and contested concept with many competing views was explored from the differing perspectives of sustainability versus sustainable development; weak versus strong sustainability; sustainability as a process or state; and variations of three and four pillar models of sustainability.

The important second and third steps of resolving paradigmatic and foundational theory issues requires identifying and confirming underlying assumptions and the examination of opposing foundational theories to assist in opening up varying possibilities for the construction of the framework (Storberg-Walker and Chermack, 2007, p.517). Alternative views on the dimensions of sustainability (triple bottom line, quadruple bottom line) and the nexus between sustainability and stakeholder management were considered crucial foundational theory issues. The three dimensional process-oriented definition of sustainability which emphasises the essential interconnection between these dimensions is reflected in the social case framework depicted in Figure 2. This perspective has widespread support in the literature as it goes beyond the single dimension business case towards a social case model which reflects the integrated reality of sustainability.

The fourth phase of conceptual development is the essential step where “*careful specification of important research design issues on the front end of theory building*” is needed (Storberg-Walker and Chermack, 2007 p.518). This step required important decisions to be made early in the theory building process concerning causal relationships between the components of the social case framework. Examination of causal relationships included in Epstein and Roy (2001) and Dyllick and Hockerts (2002) conceptual sustainability models assisted in this phase; with the eight sustainability impact categories depicted in the Epstein and Roy (2001) model refocused and expanded to 10 social impact categories (refer Figure 2).

This fifth and final phase of conceptual development involves the diagrammatical representation of the theory under construction (Storberg-Walker and Chermack, 2007, p.51) enabling a systematic examination of the framework components, the relationships between these components, the causal impacts that result from these relationships and the components that are affected by this logic and reasoning.

The case analysis of Coca-Cola in Kerala ‘operationalises’ the social case framework developed in this research. This diagrammatical representation of the social case framework is provided in Figure 2 in the next section of this paper followed by the case analysis of Coca-Cola in Kerala in Section 6. The case study enables the concepts included in the social case framework to be tested using an historical example of the implementation of an alleged sustainability project, leading to a revision of the social case framework in the final section of this paper.

Hence this research applies steps one and two of the general method of theory building depicted in Figure 1. Steps three and four of the Figure 1 theory building model are to be explored in future research.

The social case framework

Figure 2 presents the social case conceptual framework.

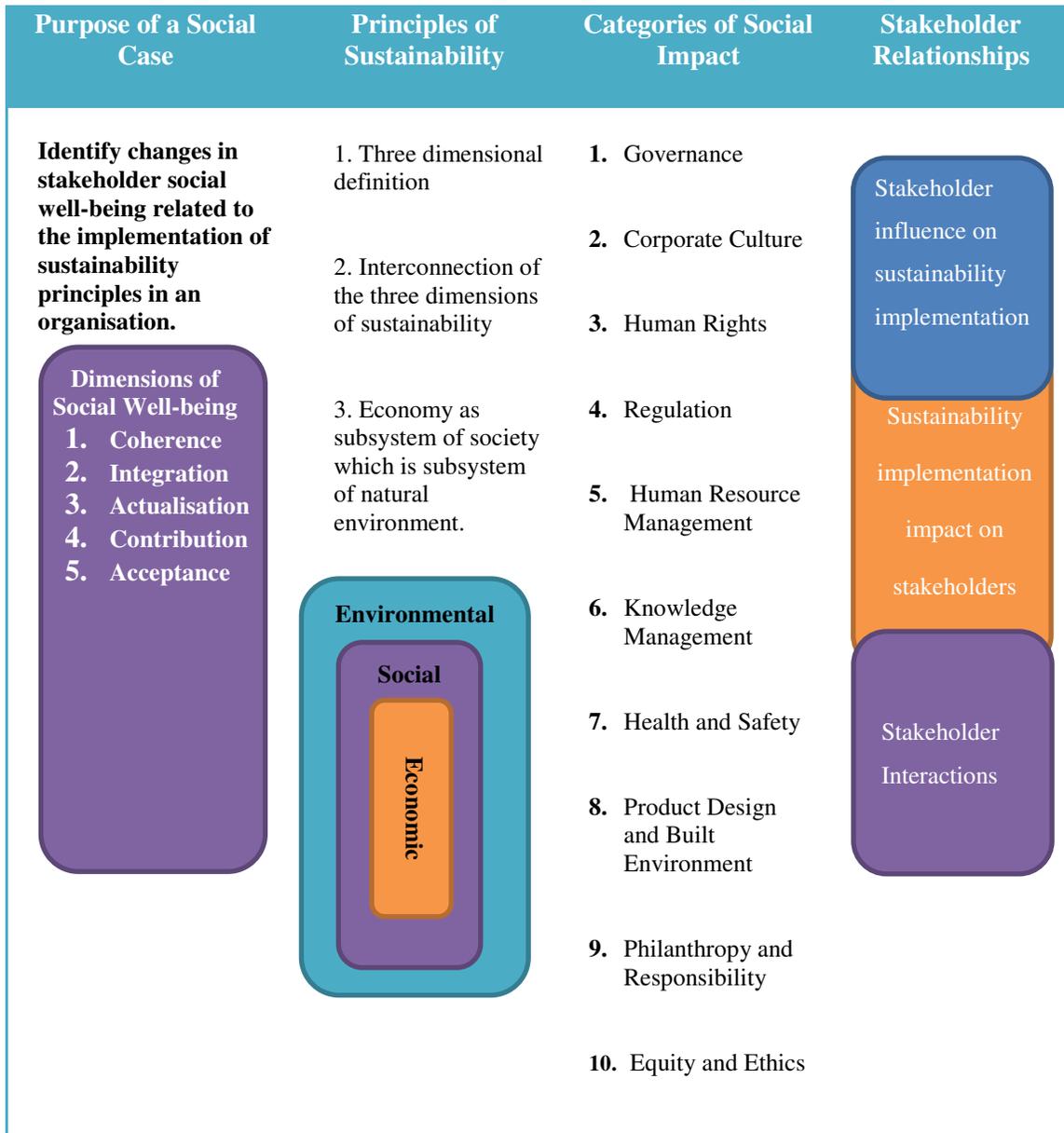


Figure 2: The social case framework

The primary purpose of the social case for business sustainability is to identify changes in stakeholder well-being as a result of the implementation of

sustainability within business. Keyes (1998) recognises five components of social well-being as:

- *Social coherence* which concerns interpretations of the social world, its qualities and a concern for knowing about the world in which people live.
- *Social integration* acknowledging an individuals' relationship with the community and with society and the extent and depth of quality within that relationship. A sense of belonging (to a community) is integral to social integration.
- *Social actualisation* which concerns society's potential for growth and development, where institutions and citizens operate at their full social potential.
- *Social contribution* which refers to the evaluation of an individual's social value within society enhanced by their level of contribution to and how they fit within society.
- *Social acceptance* which examines the character and qualities of trust, kindness and industriousness of others. Self-acceptance is also an underlying construct of social acceptance.

Critical to development of this framework are the sustainability principles presented in the second column of Figure 2, recognising the interconnection between the dimensions of sustainability and the concentric circle representation of these dimensions. Sustainability is often dissected into separate environmental, social and economic components with the disclaimer that these separate dimensions are actually connected, although Hawken (2007) suggests meaning is lost through this disaggregation process.

The breadth of social impacts of business is captured by the ten categories depicted in the third column of Figure 2. The categories which are not mutually exclusive, and where overlap is highly likely, are governance, corporate culture, human rights, regulation, human resource management, knowledge management, health and safety, product design and built environment, philanthropy and responsibility and equity and ethics.

Governance focuses on management's decision making within an organisation (Sethi, 2002; Kemp, Parto and Gibson, 2005) and concerns four key principles of transparency, accountability, responsibility and fairness (Aras and Crowther, 2008). Workplace negotiation, implementation of operating standards and conflict resolution are examples of governance issues that may cause impacts on stakeholders during sustainability implementation.

Corporate culture includes the organisation's value and belief systems (Epstein, 2008). When an organisation's culture changes as a result of sustainability implementation, this could for example result in tension between stakeholders

whose values become divergent (Maignan, Ferrell and Ferrell, 2005). Successful sustainability implementation requires an internal value system that promotes sustainability and senior management have an important role in developing this type of corporate culture.

The human rights category of social impact directly relates to issues defined in the *Universal Declaration of Human Rights (1948)* including the right to freedom of association, religious choice or freedom of speech. Business operations can impinge on these rights and sustainability project implementation must ensure these rights are upheld and encouraged as an important contribution to social wellbeing.

Regulation can impact on management, employees, government and communities by providing legal standards for business to comply with that reduce negative impacts on stakeholder well-being. Corporate codes of conduct must address sustainability to assist an organisation in meeting regulatory requirements (Epstein, 2008).

Human resource management (HRM) includes labour relations, employment management and performance review. Positive employee outcomes from sustainability implementation are reliant on human resource management that has the ability to directly affect stakeholders by means of equity, personal development and well-being (Gollan, 2005, p.25).

The knowledge management social impact category concerns issues such as knowledge transfer, creation, capability and strategy (Shani, Sena and Olin, 2003). Knowledge management may result in increased information flows from sustainability implementation such as increasing consumer knowledge of environmentally friendly products and their impact on environment and human health.

There is a large range of potential health and safety (OH&S) impacts both internal and external to the organisation. For example, employee welfare may be reduced by unsafe work practices and consumers may suffer from consumption of unhealthy or contaminated products.

Product design and built environment covers the physical elements which impact on stakeholders. Examples include pollution and toxic waste discharges from production operations; sick building syndrome which negatively impacts on employee health and mental wellbeing; and increased choice resulting from a more ethical and environmentally friendly range of products to choose from.

Philanthropy and responsibility includes direct social impacts such as charitable donations and responsible business actions such as releasing employees for

volunteer programs with social and environmental aims (Maignan, Ferrell and Ferrell 2005, p.964).

Equity and ethics concerns the specific sustainability related goals of intra and inter-generational equity or justice in distributions between present and future generations, and for example equal employment opportunities.

The stakeholder relationship component depicted in the fourth column of Figure 2 identifies the dynamic relationships of the impact that sustainability implementation has on stakeholders, the influence that stakeholders can have on sustainability implementation and the interactions that stakeholders may have with other stakeholders. For example, local communities can create pressure which influences managerial decisions concerning new project implementation. Furthermore interaction between management and other stakeholders, for example at stakeholder consultation meetings, can inform all affected parties as to potential social impacts of the proposal.

The next section of this paper uses a case study from India involving bottom-of-pyramid sustainability project implementation to demonstrate application of the social case framework.

Coca-Cola in Kerala

The case of Coca-Cola in Kerala, India is used to demonstrate application of the social case framework depicted in this paper as Figure 2. The Kerala case provides the opportunity for comparison and connection between the business and social cases drawing on a combination of facts and claims that have become publically available after the decision to implement the project. This case is ideally suited to the social case analysis given the Coca-Cola Company promoted social benefits prior to establishing the Kerala bottling plant which was believed to have a sound business case (Karnani, 2007), as well as the public availability of information concerning this case given the protracted legal process that occurred as a result of this project.

In 2000 the Hindustan Coca-Cola Company set up the bottling plant in Plachimada, a small village in Kerala on 34 acres of land classified as 'arable' by the Indian Government. Although the bottling plant was located in a drought-prone region of India it was commonly referred to as the 'rice bowl of Kerala' as farms are irrigated by a series of water reservoirs and canals which surround the bottling plant.

The underlying support for establishing a bottling plant in Kerala was based on the idea of bottom-of-pyramid marketing (Karnani, 2007) which pursues market growth by connecting globalisation to the idea of inclusive capitalism

“...the billions of aspiring poor who are joining the market economy for the first time...For companies with the resources and persistence to compete at the bottom of the world economic pyramid, the prospective rewards include growth, profits and incalculable contributions to humankind” (Prahalad and Hart, 2002, p 1).

Some estimates suggest there are 4 billion people living in poverty with US\$5 trillion of purchasing power (IBLF, 2007) although these estimates are varied and highly contested. Karnani (2007, p 90) summarises the BOP proposition as follows:

- *There is much untapped purchasing power at the bottom of the pyramid. Private companies can make significant profits by selling to the poor.*
- *By selling to the poor, private companies can bring prosperity to the poor, and thus can help eradicate poverty.*
- *Large multinational companies (MNCs) should play the leading role in this process of selling to the poor.*

Prahalad and Hart (2002) call for new business strategies to exploit the bottom of pyramid opportunity. These include the design of robust, smaller products, produced by labour intensive rather than resource intensive production systems, sold at high volume and low price, distributed using local labour and knowledge, and pay per use strategies replacing upfront purchase of assets.

Coca-Cola's business plan for their Kerala bottling plant included many of these bottom of pyramid strategies, specifically the design of small 200 millilitre bottles, local production, using the high volume, low price strategy, and drawing on cheap local labour where possible. However Coca-Cola's experience in Kerala was quite different to that suggested by the bottom of pyramid proposition described previously by Karnani (2007).

Opponents of the Kerala bottling plant accused Coke of drawing up to 1.5 million litres of water each day through deep wells to enable the company to bottle its familiar Coke, Fanta, Sprite, Thumbs-Up and bottled water products. Local villagers in Plachimada reported problems within six months of the plant becoming operational. Their complaints were that fresh water had become saline and hard, local crop yields had fallen, and villagers were experiencing a range of health problems including skin disease and breathing difficulties (Koonan, 2007).

It was also claimed (Hills and Welford, 2005) that Coca-Cola's Plachimada bottling plant caused

1. Water shortages in the surrounding village
2. Pollution of ground water and soil from the plant's waste water

3. Pollution of farm land from toxic waste sludge sold as fertiliser to local farmers
4. Potential health risks from products sold which contain chemical residues.

All of these claims were denied by Coca-Cola. However the Kerala government agreed the plant was extracting excessive amounts of ground water leading to shortages of drinking water, and found high levels of cadmium in the sludge sold as fertiliser to local farmers. A resolution was passed on 7 April 2003 not to renew the company's license to operate in Kerala (Hills and Welford, 2005).

A 14-member committee constituted by the Kerala government to assess socio-economic damage caused by the bottling plant in the Plachimada village estimated the cost of damage to be approximately US \$47m (Singh, 2011). The Kerala Government passed a law enabling people to seek compensation from Coca-Cola, and later banned the production and sale of Coca-Cola in Kerala.

In April 2005 the High Court of Kerala ruled that Coca-Cola could extract up to 500,000 litres of water per day from common groundwater resources at its Plachimada facility in southern India (Burnett and Welford, 2007). In September 2006 Coca-Cola challenged the Kerala state government ban on the production and sale of their products on the grounds that only the central government of India had the authority to ban food products. The Indian High Court agreed with Coca-Cola and reversed the ban (Burnett and Welford, 2007).

Figure 3 summarises the sustainability impacts of the Coca-Cola bottling plant in Kerala.

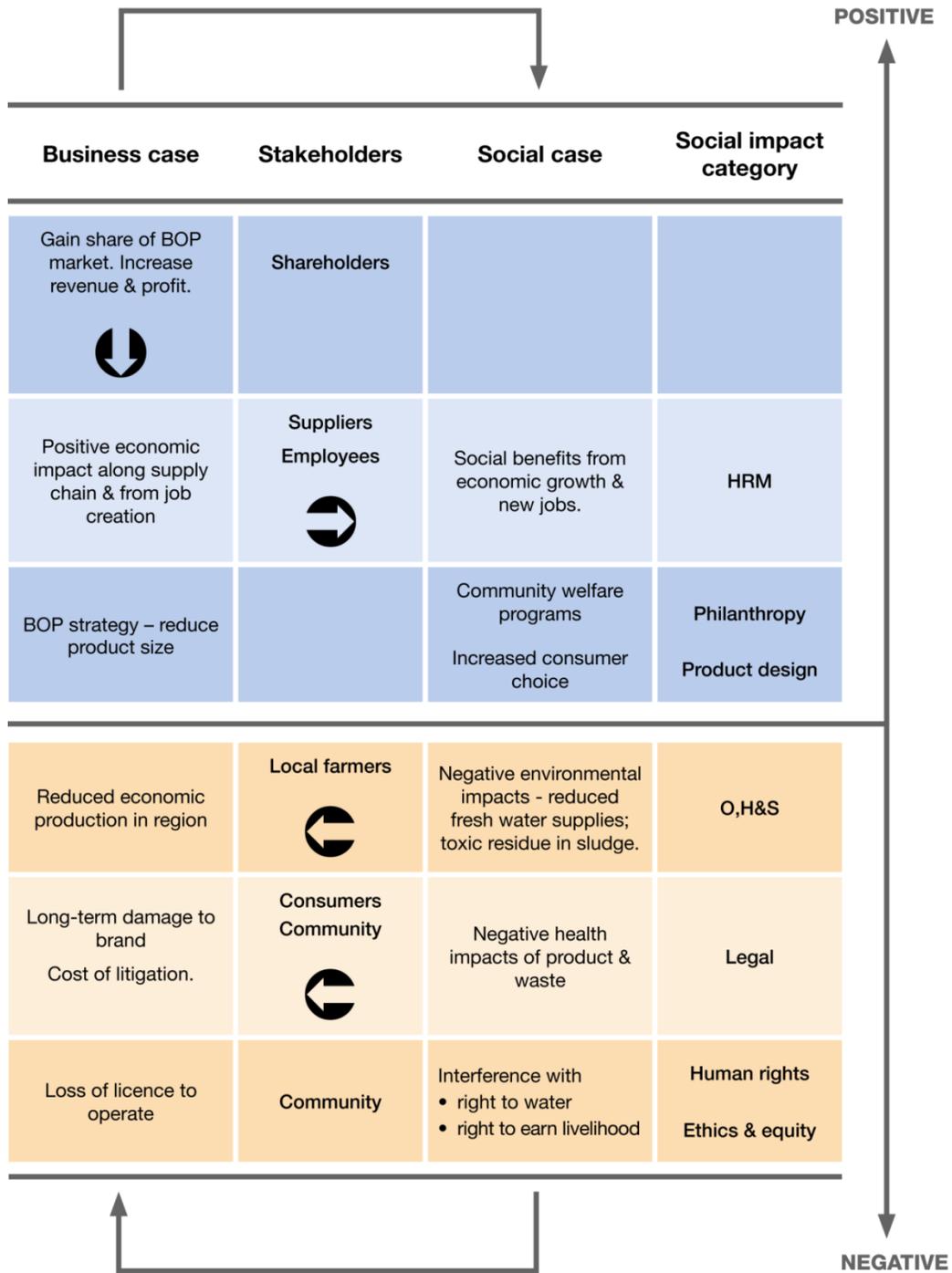


Figure 3: The Social Case of Coca-Cola in Kerala

The expected positive economic consequences from setting up a bottling plant in Kerala (shown in the top left 'Business case' column of Figure 3) were increased revenue and profits resulting from expanding market share into the bottom-of-pyramid (BOP) segment based on a strategy of selling Coca-Cola's products in smaller, lower priced units. These positive economic benefits did result in positive social consequences (depicted in Figure 3 by the first arrow in column 2) flowing directly from economic growth which directly benefited employees at and suppliers of the new Plachimada bottling plant. Additional social benefits flowed from Coca-Cola's increased philanthropic activities and the opportunity for some BOP consumers to enjoy a wider range of product choice.

However the negative environmental and social impacts resulting from the Plachimada bottling plant were significant. Local community concerns that the plant caused reduced supplies of fresh water, sold products containing toxic residues, sold toxic sludge to farmers and polluted local ecosystems with waste water which were supported by the Kerala State Government, turned local and international communities against the Coca-Cola group of companies. Note that in Figure 3 the negative environmental impacts are included within the social case analysis given their causal relationship with negative social impacts.

Additional concerns were raised given the impact of the bottling plant on the local poor who were confronted with reduced supplies of fresh water perceived to be replaced with a range of products which were considered to be unhealthy, beyond their financial means given their low daily incomes and above the cost of fresh drinking water. These concerns expanded to represent claims that Coca-Cola had violated the rights of the local community by stealing water thus depriving them of access to fresh water essential for their health and livelihoods (Koonan, 2007).

The interconnectedness between social, environmental and economic impacts is demonstrated in Figure 3 where negative environmental and social impacts are linked to negative economic impacts. Loss of income from falling agricultural production, cost of defending court proceedings taken against Coca-Cola, the economic cost of loss of brand image and the cost of attempts to rebuild the Coca-Cola brand in India and internationally, rendered the Kerala project economically non-viable leading to Coca-Cola's decision to abandon the plant.

What appeared to be a positive business case prior to project implementation collapsed under the weight of negative economic consequences caused by negative environmental and social impacts. Figure 3 shows the breadth of social impacts experienced by a diverse range of stakeholders and the interconnection of these social impacts with environmental and economic impacts.

Although the authors are not claiming that Coca-Cola should have forecast all of the negative social and economic consequences depicted in Figure 3, it is feasible

that using a multidimensional sustainability framework to evaluate the expected viability of the Kerala bottling plant proposal would increase the likelihood of gaining a clearer understanding of the broad range of potential impacts prior to implementation. This is particularly true of secondary impacts caused by interconnectedness between sustainability dimensions, such as the negative economic consequences which occurred as a result of the negative environmental and social impacts. This essential interconnectedness is lost in a single dimensional business case analysis.

The Kerala case represents the authors' first attempt to operationalise concepts central to the social case framework. It is noticeable that Figure 3 differs in some respects from the Figure 2 social case framework. Whilst the general structure of social impact categories on various stakeholders is evident in Figure 3, the difference lies in the integration of the business and social cases. Whereas Dyllick and Hockerts (2002) suggested a separate societal case was needed in addition to the business case, the Kerala case shows the benefit of integrating these cases.

The main outcome of this research is to produce a social case framework which requires further testing and refinement so it can be used to support organisational transformation to sustainability. The Kerala case demonstrates the pitfalls of relying on business case criteria to implement alleged socially responsible projects, as this led to the omission of serious social and environmental impacts from the analysis. Hence the social case framework has the potential to provide a more holistic analysis of implementation of sustainability in business.

Concluding comments and implications for policy

The sustainability literature contains a modest number of articles discussing the business case for sustainability assumed to be an economically focused analysis designed to answer the specific question as to whether pursuing sustainability is expected to increase financial performance. Dyllick and Hollicks (2002) suggested a societal case in addition to the business case, and Carroll and Shabana (2010) recommend a broad business case analysis which considers competitive advantage, stakeholder relationships and social welfare. However there is minimal discussion in the sustainability literature concerning a systematic approach to determining if there is a social case for business to pursue sustainability.

In this paper a theoretical framework developed using Lynham's (2002) *General Method of Theory-Building Research in Applied Disciplines* and Storberg-Walker's (2007) five phase model of conceptual development is presented as an alternative framework for evaluating the viability of sustainability implementation within business. The case study of Coca-Cola in Kerala, India used to

operationalise the social case framework, demonstrates the interconnectedness of the social, environmental and economic dimensions of sustainability, as well as the benefits of evaluating a proposed sustainability project from the broader multidimensional sustainability perspective.

Critical to the failure of the Kerala bottling plant was the interconnection between negative environmental and social impacts which led to negative economic impacts in the form of reduced production, reduced sales, litigation costs and the need to reinvest in the Coca-Cola brand which suffered significant loss of value. Although there is no suggestion that Coca-Cola should have predicted the entire range of negative social impacts which occurred in Kerala, the application of the social case framework developed in this research would increase the organisation's understanding of potential impacts prior to implementation.

This research identifies an underlying definitional problem; that is we separate sustainability into environmental, social and economic dimensions and then talk of priorities, trade-offs and conflict between these apparently isolated phenomena. However these dimensions are inseparable because of their inherent interdependence and interconnection. There is no economic dimension of sustainability which is separable from the social or environmental dimensions. If the business case for sustainability fails to consider social and environmental impacts, and all subsequent impacts such as the negative secondary economic impacts experienced at the Kerala bottling plant, then this kind of analysis is not about sustainability, rather it's just a continuation of the narrow economic analysis which has led to the environmental and social malaise which we are currently trying to remedy.

Social policy should never be implemented in isolation of its economic implications, at least insofar as identifying the economic cost of the social policy. Similarly every economic transaction involves people and hence social impacts. This interconnection between economic and social dimensions is central to sustainability, necessitating a broader social case framework to connect business decision making with the multidimensionality of sustainability.

This research emphasises interconnection as the essential nature of sustainability. Whether government is forming economic, environmental or social policy, or whether business is pursuing sustainability objectives for primarily economic reasons, the interconnection between the economic and the social is central and cannot be ignored in any authentic evaluation of sustainability. As government and business implement economic policy, the interdependent economic, environmental and social impacts of these policies deserve full representation in any decision analysis process. Not to do so is to suggest that potential negative social impacts do not matter, a narrow perspective which appears morally indefensible.

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