

Challenges of Embedding Sustainability in Organizational Culture

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Abstract

Advocating for robust, aggressive, and advanced sustainability is ideal yet challenging. It means not only decreasing additional harm to the environment but at the same time objectively using renewable energy flow. Embedding sustainability as part of organizational culture appears to be a daunting task. Not all enterprise managers have a comprehensive understanding of the phenomenon, which entails proper awareness of its benefits and consequences. This qualitative study is focused on the ability of Philippine business enterprises to embed a regenerative sustainable culture. It includes salient insights from five Philippine medium-sized enterprise owners, who were also acting as managers. It shows that the main operations of their business are mainly focused on survival through profitability and not sustainability, but that it is possible to integrate sustainability into their operations. This study also suggests a practical approach to embedding sustainability through strategic planning.

Keywords: Conventional sustainability, contemporary sustainability, regenerative sustainability, organizational culture, strategic planning, Philippine enterprise

Introduction

The World Economic Forum published the global risk report for 2021, which focused on risk perception surveys among its 650 members from leadership sectors. This 16th edition report states that the likelihood of risk concerning the environment for the next ten years is very high. It warns that climate action failure and other natural environmental risks, if not addressed properly, will continue to dominate and highly intersect with the social fragmentation of any economy. It highlights that climate change is a catastrophic risk, which will not spare anyone. The report further states that shifting to a greener economy should be highly prioritized (WEF, 2021).

Borenstein (2022) noted that our living planet has already recorded its sixth warmest summer in 2021, and that this warming trend may accelerate and continue. It clearly appears now that past climate predictions and scientific estimates should no longer be ignored and must be taken seriously as the reality of climate change continues to haunt everyone.

A recent study conducted by Climate Central, a New Jersey-based science organization, confirmed that some Philippine cities are at risk of submerging by 2050. The projected coastal flooding will affect the cities of Manila, Cebu, Cagayan de Oro, Davao, Butuan, and Iligan. This is very alarming since the country is not adept at managing climate risks.

Advocating for sustainable practices must be strictly implemented and prioritized by the Philippine government. Sustainability reporting in the Philippines gained greater importance when the Securities and Exchange Commission (SEC) issued a memorandum on February 19, 2019, requiring all publicly listed companies (PLC) to comply with the new guidelines on submitting sustainability reports. In this memorandum, the SEC highlighted the report's importance in managing the non-financial performance of PLCs and enabling the monitoring and measurement of sustainability targets. To further stress the importance of the SEC policy, a penalty will be charged from PLCs for not submitting sustainability reports. This penalty is similar to that for incomplete annual reports (SEC, 2019).

Dela Cruz (2021) reported growing clamour for companies to be more transparent both on financial and non-financial matters, such as sustainability. Various stakeholders are now paying attention to the impact of enterprises on the environment, which can further affect future funding support. It should also be noted that sustainability reporting had been complied with by very few Philippine business organizations prior to the mandate of the SEC. However, without a standard audit across industries, are these reported sustainable practices really embedded in an organization's culture? Is it already guaranteed that what they report on paper is also performed consistently? The SEC mandate is a very good step to deepen sustainable practices, but how can we further strengthen and ensure that these practices are in place?

Background and issues of interest

In the Philippines, 99.5% of business enterprises belong to the micro, small, and medium category. According to the 2020 data from the Department of Trade and Industry (DTI), only 4,651 are large enterprises, whereas 952,969 are classified as micro, small, and medium enterprises (DTI, 2020). However, these small firms together can create a huge impact, similar to large firms. Micro, small, and medium enterprises are only required to register with the DTI and not with the Securities and Exchange Commission. Since the majority of firms are not required by the SEC to measure and monitor their contributions towards achieving sustainability targets, their potential impact in the aggregate can even be potentially higher compared to all the publicly listed companies combined. On the other hand, the resources these small firms command can directly contribute to sustainable development, if implemented properly. They can even affect the lives of Filipinos, by becoming accountable to the society and the environment while conducting their business operations.

Malesios, Dey, and Abdelaziz (2018) noticed that small, and medium enterprises are less engaged with environmental management practices and performances compared to large firms. These small firms are not particularly focused on creating environmental management practices that will improve green supply chains, reduce waste as well as the resulting carbon footprint. As a result, small firms are less likely to aim for sustainability goals and practices because it is perceived that environmental measures are pricey (Malesios et al., 2018).

This is a huge problem in an economy that is highly dominated by these enterprises in terms of numbers. The lack of focus on sustainability practices by small firms is attributed to various factors such as limited resources, time, and knowledge to implement sustainable improvement measures. Malesios et al. (2018) found that in comparison to small and medium enterprises, large business enterprises can easily invest in corporate social responsibility while reaping its long-term benefits. The authors also affirmed that “the lack of availability of a standard system for measuring and enhancing the sustainability of SMEs increases the problem” (p. 2). On the other hand, small firms often believe that their impact is too negligible for the natural environment to be affected. This could be attributed to their low awareness of sustainability. It is safe to argue, however, that since small and medium enterprises make up the majority of the businesses in the Philippines and worldwide, their aggregate environmental impact should never

be ignored. Governments should ensure the safety of the society through sustainable practices for small and medium enterprises, similar to the way they advocate sustainability among publicly listed companies. Therefore, what should be the primary step in achieving this goal?

Another compelling issue that must be addressed is the practice of sustainability. Since we are already racing against time in terms of universal targets, conventional sustainable practices may no longer create a huge impact as predicted. Therefore, advocating for robust, aggressive, and advanced sustainability practices is a direction that is more ideal, yet challenging. This is where regenerative sustainability comes in. It suggests not only preventing additional harm to the environment, but at the same time, objectively advocates the use of renewable energy flow.

In order to address these two issues, the researcher focused on the likelihood of embedding a regenerative sustainable culture for medium enterprises in the Philippines through the research question *“How can a firm embed regenerative sustainability in its organizational culture?”*

Literature Review

Haugh and Talwar (2010) state that all members must be aware of an organization's sustainability policies and procedures for them to be properly implemented. However, it can be challenging when sustainability practices are not fully embedded within the employees' immediate roles and responsibilities. The authors suggest practical methods for organizations to increase awareness and fully learn about sustainability.

Haugh and Talwar (2010) suggest that learning about sustainability must be enforced throughout the organization, and not just the top management. They also suggest collaboration among all members in order to increase awareness and provide opportunities to gain practical experience.

The attention-based view emphasizes the importance of organizational attention in framing strategic decisions and in their subsequent adaption. Communication channels should never be in layers or sub-levels because this may lead to limitations in managing strategic changes. Ocasio, Laamanen, and Vaara (2018) propose a wider perspective in processing communication in which actors can interact with various organizational and environmental issues while deepening their understanding of strategic change, and also offer various practical suggestions for this purpose. They highlight the relevance of using communication practices, vocabularies, rhetorical tactics,

and talk and text as possible levers (Ocasio et al., 2018). They propose that firms should look beyond the existing attention-based view and highlight information processing and adopt a more extended role for communication. Ocasio et al. (2018) further emphasize that strategic change is a collective process in an organization, and that the dynamics of attention allocated at every level can be better achieved through proper communication and social interactions.

Conventional sustainability

Caradonna (2014) describes conventional sustainability as conserving environmental resources for human benefit, that is, meeting current and future human needs within environment-friendly limits. It reminds us that the destruction of our natural resources is harmful to our existence, and that the focus was largely on how to allow continuous economic development through these finite resources. The goal is to achieve incremental changes at superficial levels within the current unsustainable systems. Meadows (1999) and Du Plessis (2012) further explain that efficiency is the aim, which results in doing less harm while simultaneously reducing environmental damage.

According to Gibbons (2020), conventional sustainability has a mechanistic and reductionist approach that looks at human beings as separate from the other creatures on the planet. She states that conventional sustainability practices include more efficient technology, green construction and environmental regulations. However, several scholars criticize the ambiguity inherent in the concept. This ambiguity can undermine efforts by creating an illusion that beneficial change has already taken place even if there is none (Gibbons, 2020). An example would be certification of high-rising buildings for energy and environmental design, even though there is a continuous increase in energy consumption, surpassing the safe levels of energy consumption.

Contemporary sustainability

Contemporary sustainability, referred to as the science of sustainable development, has emerged as an academic discipline. (Wiek, 2015) describes it as an advanced form of conventional sustainability which includes ecosystem viability, social justice, ecological and technical systems. The central point is still anthropocentric, which aims for the well-being of humanity within certain limits, by solving problems that are value-laden and contested.

Kay (2008) argues that contemporary sustainability is an improvement on conventional sustainability, however, its focus is still the possibility of an Anthropocene and an outgrowth of the mechanistic worldview. It has a better incorporation of ecological concepts, but it still works on fragmented parts of the system instead of focusing on the whole complex system. Its main perspective is on the symptoms of unsustainability and not its causes. Wiek (2015) noticed that the practice of contemporary sustainability in the academe is still limited to greenwashing, and heavy reliance on the advancement of technology. The conceptualization of sustainable development goals is an example.

Scholars are also divided on contemporary sustainability science nearing its maturity as it shifts from numerical growth to qualitative development (Fang, Zhou, Tu, Ma, Wu, 2018). Some criticize it as a paradigm in crisis, which is already unsuccessful in its focus to achieve its potential, leading to a possible downfall. This is evident when unsustainable practices are still evident at a large scale. Thus, most scholars have been clamouring for the adoption of a more holistic sustainable paradigm.

Regenerative sustainability

Gibbons (2020) calls regenerative sustainability the latest wave of sustainability because it represents an important shift in worldview which transcends conventional and contemporary sustainability. Instead of being stagnant, it focuses on the integration of paradigms at the deepest leverage point (Meadows, 1999). Regenerative sustainability views human beings and other living creatures as a self-reproductive system, in which developmental change processes manifest in a unique way within the community (Gibbons, 2020). The ideal goal is to have a flourishing life system within a fully integrated world. As a result, it requires human beings to live consciously as it thrives within the living system (Du Plessis, 2012).

Regenerative sustainability aims to shift traditional paradigms and ways of thinking already manifested in our reality by determining if these practices are sustainable (Gibbons, 2020). There is a need to develop practices that will manifest an optimum level of health and well-being, which are essential for the survival of human beings. Gibbons (2020) enumerates several capabilities like self-organization and adaptation that will support a holistic lifestyle. The focus should be on solutions rather than problems, because regenerative sustainability views the system as transition toward global health.

Regenerative sustainability aims to resolve and integrate all necessary dimensions that would lead to transformational change in a living system (Gibbons, 2020). This is where contemporary and conventional sustainability are superior because both aim to change worldviews. Regenerative approaches became essentially uplifting when practices became more apparent in design technology and community development.

Research Gap

It is evident that the literature suggests a deep awareness of sustainable practices among organizational members, but the lack of a clear philosophical paradigm or framework for its execution. There are also no available studies on how firms can successfully start embedding sustainable business in the Philippines.

Moreover, the difficulty of practicing a progressive concept like regenerative sustainability adds to this dilemma, since a majority of firms are still clueless about this phenomenon. Embedding sustainability will require a major paradigm shift, in mindset as well as organizational practices. This research will attempt to suggest a more compelling practical approach to these challenges.

Methodology

The researcher believes that regenerative sustainability does not have one single truth because of its dynamism. The evolving constructs were conventional to begin with, until the adoption of the regenerative approach. This means that regenerative sustainability should not be treated as a highly scientific phenomenon because of its subjective nature. From a research standpoint, it is still unpredictable, and treating it in a strictly scientific way will only diminish or degrade its very essence. This is why the epistemological leaning of this research arises after studying the process of embedding regenerative sustainability in an organizational culture. Specifically, the researcher's philosophical worldview is constructivism, because regenerative sustainability can only result from a dynamic set of behaviours and interaction among its members. Constructivism is a belief that knowledge is created mostly through various social interpretations rather than social reality (Stake, 1995).

The researcher emphasizes the subjective interpretation of regenerative sustainability; the philosophical paradigm of this study has been set in order to integrate various understandings of

the continuously evolving meaning of the phenomenon. This epistemology is critical to this study in order to understand how enterprise managers can engage and interpret their understanding of regenerative sustainability by sharing their opinions, recommendations, and feedback. The findings from this exploratory case study are also context specific. Analyzing it through an interpretive inquiry, the researcher has critically assessed how organizational leaders integrate and interpret what they see, hear, and understand.

Research approach

This qualitative study aims to obtain salient insights on embedding regenerative sustainability in organizational culture. It is also the right approach since the nature of the research is exploratory using a “how” question. One of Robert Yin’s case logic methods is the revelatory approach, which aims at developing new insights. In order to gain a deeper understanding of the phenomenon, the researcher also employed a deductive approach. Strauss and Corbin (1998) also emphasize that a qualitative study requires the researcher to explore certain phenomena using a more liberal and non-formulaic approach. It can be very challenging to extract such insights through other research approaches, specifically quantitative methods. Semi-structured interviews were used as the data collection method in the study, while qualitative techniques were used for the analysis of the data collected.

The researcher interviewed five Philippine enterprise owners, who were also the enterprise managers, through Zoom between June and August of 2022. Open-ended questions were developed to help the researcher understand the deeper context of sustainability practices from the perspective of the enterprise managers. This provided the respondents an opportunity to expound on their thoughts and emotions, which further brought critical depth to this research. Thematic content analysis was used to analyze interview transcripts in order to remove preliminary bias and find common patterns among the responses of the participants.

Interview Questions

1. What is your understanding of sustainability from a business perspective?
 2. How would you assess the current sustainability practices and mindset within your organization?
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3. Can you provide examples of how you can effectively embed sustainability in your organization?
 4. What initiatives would you propose to create awareness and promote the importance of sustainability within our organization?
 5. How would you measure the success and impact of sustainability initiatives in your organization?
 6. What steps would you consider in order to align sustainability efforts with the overall goals and objectives of your organization?
 7. Can you describe a time when you had to make a difficult decision not to prioritize sustainability over other priorities? How did you arrive at that decision?
 8. Do you think it is important to collaborate with different stakeholders such as your suppliers to embed sustainability across your organization? Why?
 9. How would you leverage technical expertise and technology to enhance sustainable practices within your organization?
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Results and Discussion

The main operations of our enterprise are focused on survival through profitability and not sustainability. This was the common thread through the responses of all five participants interviewed for this study. They argued that if business operations do not earn, their very existence would be in peril, resulting in the downfall of the businesses. Therefore, they will prioritize survival more than sustainability given that the main purpose of their business is to earn, regardless of whether practices are sustainable. They also struggle to allocate the vital resources needed to establish sustainability within their organizations because they are often under pressure to meet their short-term financial goals and therefore, always prioritize immediate financial gains over long-term sustainability efforts. This means that focusing on short-term profitability can hinder the integration of sustainable practices into the organizational culture.

Any form of sustainability is not yet deeply rooted in our enterprise operations. Most of the participants involved in this study are not even convinced that sustainability can affect their business operations, because to them, the concept appears to be vague in terms of practical application. Some of them cannot imagine how a sudden shift to sustainable practices could impact their firms financially, since they were already growing steadily. One enterprise manager even noted that when he assumed the leadership position, operational activities were perfectly fine, and that radical changes might disrupt what had already been tried and tested. Another enterprise manager also cited that employees and top-level management may resist change due to the fear of disruption, additional work, or skepticism about the value of sustainability.

It is also likely to integrate sustainability into our enterprise operations. All participants are convinced that sustainable practices can be embedded in their operations with the assistance of technical business consultants, who should also be experts in sustainability. This is a challenge since enterprise owners are unsure where to begin integrating sustainable practices, the exception being those that are already mandated by the local government, such as the ban on plastic usage. This means that the fundamentals of sustainability should be understood, similar to learning the alphabet, before even addressing more complicated concepts such as regenerative sustainability. They mentioned that their businesses contribute to climate change, and it will require technical assistance to implement energy-efficient technology and adopt renewable energy sources.

Implications

Embedding sustainability into the organizational culture appears to be challenging. Not all medium enterprise managers have a full grasp and understanding of the concept, including proper awareness of the benefits and consequences it brings. In the Philippines, only publicly listed companies are mandated to report their sustainability practices. Medium-sized enterprises, which have limited resources compared to these large enterprises, are excluded from this requirement, and because of this exclusion, investing in sustainable initiatives is challenging.

Multiple priorities and responsibilities, including long-term growth, profitability, and compliance with regulatory requirements, may also pose a threat to embedding sustainability in organizational culture. Establishing a good balance of these competing priorities while simultaneously focusing on sustainability can be a daunting task for these enterprises, making it challenging to integrate sustainability into the organizational culture.

Medium enterprises are also part of a complex supply chain, so monitoring and controlling sustainable business practices in the entirety of the value chain can be challenging. Therefore, they need to collaborate with suppliers to ensure the consistency of these practices. Engagement with various stakeholders requires commitment, however, this could be another potential challenge due to limited resources.

Overcoming resistance to change is crucial for successfully integrating sustainability into the organizational culture. If there is an absence of a well-defined sustainability strategy and goals, medium enterprises struggle to align their resources in effectively implementing sustainable practices. This can be solved through strategic planning; specific targets can be set to establish consistency toward sustainability.

Conclusion and discussion

There has been a clear gap between theory and practice in business since time immemorial. There are complicated frameworks built on high-sounding concepts that are bound to impress the few intellectuals, but are not likely to influence the practical ways of doing things. This is a serious matter, especially with sustainability, since a theory that cannot be practiced means nothing.

Management scholars may help business enterprises in building and creating a practical framework which illustrates the elements created during strategic planning for better embedding the concepts of sustainability - contemporary or regenerative. Figure 1 shows a conceptual framework that allows enterprise managers to align their strategic direction, from the vision statement to the objectives, and to help the organization function more effectively and efficiently. In this proposed conceptual framework, the concepts of sustainability and regeneration have been integrated into the vision, mission, core values, goals, and objectives in order to strengthen the organizational culture toward the consistent practice of both.

Given that sustainability is not given utmost importance, the strategic planning process is a plausible platform for business enterprises to set proper goals and objectives on sustainable practices, and also draft a feasible and concrete plan to achieve them. Top management and leaders of organizations would be highly involved since this must be an organization-wide exercise. Once a strategic plan is in place, a business enterprise can effectively focus its attention on integrating regenerative sustainability so that it can be fully embedded in the organizational culture. Therefore,

it is also necessary that sufficient practical information about sustainability be made available for easier facilitation of this strategic direction.

Figure 1: Conceptual framework: Embedding sustainability in strategic planning



Source: Author's own

The following propositions are hereby presented in order to set future courses for study. These propositions are based on the reviewed literature and the interviews conducted. It should also serve as a guide in creating a new framework.

Table 1: Propositions for embedding sustainability in organizational culture

Proposition 1	<i>A firm can embed a culture of regenerative sustainability during its strategic planning process.</i>
Proposition 2	<i>A firm can integrate regenerative sustainability with its vision and mission statements.</i>
Proposition 3	<i>A firm can establish regenerative sustainability as one of its core values.</i>
Proposition 4	<i>A firm can prioritize its strategic goals and objectives based on regenerative sustainable activities</i>

Source: Author's own

Sustainability can drive innovation within Philippine medium-sized enterprises. It can also foster creativity and the subsequent development of new products, services, and business models that are environmentally friendly and socially responsible. This paradigm shift can bring a competitive edge and improve resilience in the face of a dynamic market. Various stakeholders are starting to expect businesses to operate in a sustainable manner, which can attract people who value environmentally and socially responsible practices. This can lead to increased customer loyalty and market share. By proactively adopting sustainable practices, businesses can also stay ahead of regulatory requirements and position themselves as responsible and compliant organizations. Embedding sustainability is predicted to bring several benefits to Philippine medium-sized enterprises, including improved environmental performance, enhanced reputation, cost savings, and increased resilience. It can enable businesses to align their operations with the global push toward a more sustainable future.

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