

# POLITICAL ECONOMIC PERSON AND POLITICAL ECONOMIC ORGANISATION

## A conceptual framework for business environmental policy

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### Abstract

Environmental issues are not easily handled within the scope of neoclassical economics. As alternatives to Economic Man and the profit maximising firm, a Political Economic Person and a Political Economic Organisation are suggested. The idea is to make the individual more visible in her different roles as a responsible actor. A holistic concept of economics is furthermore suggested as a way of making social and environmental dimensions visible. Against this background, the strategies of some business actors in relation to other actors are described. It is also argued that an actor A can try to influence another actor B by strategically choosing a specific interpretation of B:s behaviour.

### Introduction

Environmental problems can be observed as degradation of land, air and water and more generally at the ecosystem level. The same problems can be traced back to human activities, for instance industry, agriculture and transportation. Today, we realise that 'end of pipe' thinking is not enough and that the commodities produced often represent an important part of the problems faced. Life-cycle analysis has become a popular tool in attempts to trace the whole set of environmental impacts of specific industrial or agricultural products 'from cradle to grave'.

Next step in this chain of reasoning is to consider the dominant life-styles in specific countries and at the level of individuals. Dominant cultural and behavioural patterns in our societies can not be excluded from consideration. Among cultural factors, I will here emphasise science and ideology, both for our attempts to understand current environmental problems and to tackle them constructively. My main interest is in the social sciences and among these I will choose two disciplines, economics and business management, for further consideration. Attempts can be made to deal with environmental problems essentially within the scope of the traditional conceptual framework of each discipline or by suggesting an alternative conceptual framework. In my judgement marginal adjustments in the traditional frameworks of economics and business studies will not be enough.

There seems also to be an increasing demand for new thinking in relation to environmental issues from the business community and from other parts of society. Among business initiatives Environmental Management Systems (EMS) can be

mentioned such as ISO 14 000. A similar system has been instituted at the European Union level, EMAS (Eco Management and Audit Scheme). An increasing number of companies and other organisations claim to have an environmental policy with a focus on environmental performance, in addition to more traditional ideas about monetary profits and shareholder value. In a report 'Signals of Change. Business Progress Towards Sustainable Development', representatives of the World Business Council for Sustainable Development with its office in Geneva argue in favour of an increased focus on 'eco-efficiency' and refer repeatedly to the social responsibility of business (WBCSD, undated). Behind this 'business environmental organisation' are about 120 transnational corporations. These companies are penetrating almost all parts of the world and many of them are growing in terms of sales volume and power. At some stage in this growth process, one may understand if some actors involved start to think about the implications of their power position in terms of responsibility towards various stakeholders and society at large.

Many interpretations are possible concerning the actions undertaken by actors in the business community. Environmental Management Systems of one kind or another certainly make environmental issues more legitimate than they were before the introduction of such systems. These systems can be formed and used in a way that reflect a serious concern for environmental issues among business actors. But they can also be part of an attempt to control the agenda and a debate that is perceived as impossible to neglect. Business actors may well try to subdue environmental interests as suggested by the title, 'Hijacking Environmentalism', of one of Richard Welford's books (1997b). According to this view, a large part of recent business interest in environmental issues can be interpreted as rhetoric and window-dressing. As I see it, relying exclusively on either a positive or a negative interpretation of the environmental concern of business actors would be a mistake. I am convinced that there are business actors (as private individuals and/or as representatives of companies) who take environmental issues seriously and also that there are those who are less serious about the same problems. It is even possible that the same person sometimes bothers about environmental problems while disregarding them at other times.

University scholars in business management have made some progress in terms of conceptual framework and theories in the field of business environmental policy. From a Scandinavian and European viewpoint, one can point to a number of books (e.g. Dobers and Wolff eds 1997, Dobers 1997, Halme 1997, Schwartz 1997, Dobers ed., 1998, Welford 1997a, 1997b, Hutchinson and Hutchinson 1997, Faucheux et al. eds 1998). But it still appears correct to argue that a majority of business economists stick to a reductionist idea of efficiency where only monetary profits and performance count in the final analysis. In economics there seem to be even fewer departures from a simplistic idea of business companies. A mainstream neoclassical economist would probably regard 'eco-efficiency' as a meaningless concept. As I see it, this is an unfortunate situation. Students of business and economists alike, should rather respond by suggesting new conceptual frameworks as part of a pluralistic approach. Traditional concepts and theories may still be good for some purposes. I believe that issues of environment and development belong to a category where the shortcomings of traditional thinking habits and value orientations become accentuated.

The ideas of the present paper are simple. One is to make Man (or Woman) visible as a responsible actor. The Economic Man of neoclassical theory will get a much longed for friend (or antagonist) Political Economic Person, and the profit maximising firm will similarly confront an alternative perspective in terms of a Political Economic Organisation. A business company or other organisation is regarded as composed of individuals as actors and stakeholders, each with specific roles and responsibilities. Another idea presented is to make environmental and other non-monetary impacts visible as part of a disaggregated and multidimensional view of economics, efficiency and decision making.

### Social science and ideology

Looking for a new conceptual framework and suggesting strategies for various actors or organisations is not only a matter of science in some objective sense. It is as much a matter of ideology. 'Values are always with us' in social science research as argued by Gunnar Myrdal (1978). 'There can be no view except from a viewpoint and in the viewpoint chosen, values are implied'. As an example, mainstream neoclassical economics is science, but at the same time ideology. The same is true of any alternative theoretical framework, such as an institutional version of ecological economics, or any specific approach to the study of business. Neoclassical economics is more of a problem in this respect, however, because of its dominant position. A near monopoly position for neoclassical theory in economics means a near monopoly position for neoclassical ideology and this situation can be called into question in societies that claim to respect the imperatives of democracy. Only a situation of simultaneous coexistence of theoretical perspectives in economics or business management appears compatible with democracy.

The conceptual framework of neoclassical theory plays the role of legitimising specific values, thinking patterns and behaviour of various actors in society, be they business leaders, politicians or ordinary citizens. In neoclassical theory, the firm is the only organisation considered and the firm is assumed to maximise profits. It is clear that such a theory does not do much to legitimise organisations, other than business corporations, or goals other than monetary profits. A theory that is built on 'limited responsibility' assumptions about company activities does not appear very compatible with a situation where an increasing number of actors, even within the business community, argue in favour of 'extended responsibility'.

The issue of responsibility is relevant also for social scientists and other scientist who participate in public debate. Traditionally, scientists have been seen as standing outside politics watching what is going on in an alleged value-neutral way. Positivism as a theory of science may have its advantages, but it can also be interpreted as a way of reducing responsibility for scientists, while at the same time giving them considerable power in society. More recent theories of science, such as phenomenology and action research, regard the scholar as a participant who interacts with various other actors in society. The scientist interferes with the social and other phenomena under study and is one among actors who influence each other in various ways.

Instead of arguing that the scholar or analyst stands outside, or reluctantly admitting that there are some value issues involved, let us clearly declare that the arguments of the scientist are political in nature and that she or he, like other individuals, should be regarded as a political being. In this case, the criteria for judging the quality of social science contributions change considerably. Consciousness about value issues has to be increased. How do the scholar's personal values or the values of those who support a particular research project influence the outcome? These issues have to be discussed openly and explicitly by the scholar or analyst, although there are limits to the possibilities of giving final answers. Being a political actor among other political actors, our scholar or analyst has to observe dominant imperatives of democracy of our societies. This means that active participation by scientists in public affairs should be seen as an essential part of their social responsibility. It furthermore means that in decision situations, it is no longer possible to refer to a value-neutral societal objective function as in the case of Cost-Benefit analysis. Instead, a many-sided analysis with respect to possibly relevant ideologies becomes preferable.

### Political Economic Persons as responsible actors

A model emphasising ideology and more generally the political aspect is here used for all human beings and not only for scientists. As an example, actors in business speak increasingly about the 'environmental policy' of their companies. It appears reasonable to refer to those who contribute to the formation of such environmental and other policies as 'policy makers'. Man is thus regarded as a political being and reference is made to a 'Political Economic Person' (PEP), rather than the Economic Man of neoclassical theory. The individual is not only a consumer maximising utility but regarded as an actor with many roles and embedded in networks of relationships. In understanding the behaviour of the individual as actor, the following concepts are suggested as essential:

- roles
- relationships
- activities
- motives or interests

At a more integrated level, reference is made to:

- identity
- network
- life-style
- ideological orientation
- power and resources

Our Political Economic Person is furthermore related to a context that is 'socio-cultural', 'institutional', 'physical, man-made' and 'ecological'.

Man is not only a consumer or limited to other market related roles. In relation to environmental issues, for instance, roles as professional, parent, citizen or member of various organisations are also relevant. Dissonance theory, learning theory and other parts of social psychology are useful in understanding behaviour. The individual strives for some congruence and balance between roles, relationships, activities and interests, and may experience such balance, but incompatibility and tensions are equally

characteristics of the human existence. Egoistic versus ‘other-related’ (or community oriented) motives exemplify such tensions. This points to a view of Man as a moral being where responsibility in relation to others and society at large becomes a potential issue. Amitai Etzioni, for instance has propounded an ‘I&We Paradigm’ (Etzioni 1988). The fact that there is a strong ego in each healthy individual is not sufficient reason to denigrate or exclude the social and ethical aspects of human life. Each individual is part of many groups, i.e. ‘we-contexts’ and such relationships involve a number of tensions and ethical issues. (Ethics is of course also relevant for various collectivities i.e. ‘we-they’ relationships, for instance in situations of conflicting interests in relation to water and other natural resources.)

While neoclassicists tend to see individuals as robot-like optimisers who instantly react to price signals, institutionalists and many other social scientists rather point to the role of habits in human behaviour. The individual is largely ‘locked into’ specific habits of thought and specific habitual activities that together form a pattern, here referred to as a life-style. At an early stage, Herbert Simon pointed to selective perception, limited cognitive capacity and search costs as relevant in understanding human behaviour (Simon 1976). As humans we tend to stick to familiar environments and use various rules of thumb to deal with complexity. This emphasis on habitual behaviour does however not exclude the possibility of ‘problemistic search’ and conscious decision making. At times, the individual perceives a problem and alternative courses of action. Habits are reconsidered and behaviour may change.

It can be concluded that individuals act habitually, or after consideration of competing alternatives. In both cases, it is assumed that the individual is guided by an ‘ideological orientation’. ‘Ideology’ here refers to ‘means-ends relationships’ and is not limited to more or less established political ideologies (socialism, liberalism, ecologism, feminism etc.). Distinctions can be made between different environmental ideologies, for instance, one characterised by ‘technological optimism’, another by a version of the ‘precautionary principle’. The term ‘ideological orientation’ is derived from ‘ideology’ and suggests that the means-ends philosophies of an individual are often uncertain and fragmentary. Such fragmentary patterns may still be very useful in guiding the individual. If the individual feels that her practical behaviour deviates from her ideals or ideological orientation, then there are reasons to reconsider either ideological orientation or practical behaviour, or both, to make them more compatible.

As part of neoclassical theory, ‘rationality’ is seen as a matter of optimisation in a mathematical sense (for instance maximising utility, profits or ‘present value’, the latter as part of Cost-Benefit Analysis, CBA). According to an alternative idea of rationality, it is suggested that decision making is an adaptation or ‘matching process’ where the ideological orientation of specific actors is matched against the multidimensional impact profiles of specific courses of action considered. The individual looks for alternatives whose expected impacts fit into her particular ideological orientation (Figure 1). What is ‘rational’ then becomes a matter of the individual’s specific ideological orientation. This view bears some similarity to James March’s reference to decision makers who pursue “a logic of appropriateness, fulfilling identities or roles by recognizing situations and following rules that match appropriate behaviour to the situations they encounter” (March 1994, p. viii).

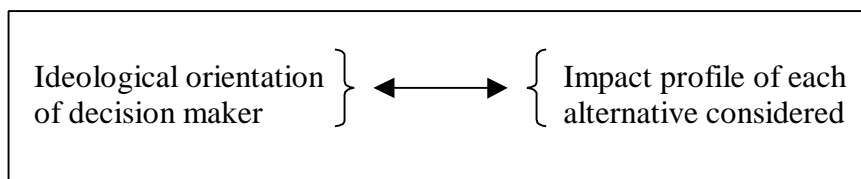


Figure 1. The decision act can be interpreted as a matching process between the ideological orientation of each decision maker and the impact profile of each alternative considered.

A holistic idea of economics and efficiency

If rationality is regarded as a matching process between ‘ideological orientation’ and the expected impact profile of each alternative considered, then this opens up for a holistic and multidimensional idea of economics and efficiency (Figure 2). As an alternative to the usual reductionist ideas about the need for ‘a common yardstick’ and money as the ‘natural’ option, a view that allows for some complexity is suggested. Monetary calculation is still important but regarded as partial analysis. In addition, a number of relevant non-monetary parameters or variables could be made the subject of monitoring and accounting practices as part of a more holistic conception of economics. The ‘eco-efficiency’ ideas advocated by WBCSD may fit into this picture but also variables or dimensions related to changes in ‘manpower’ and the knowledge position or know how of a corporation. Similarly, performance in social terms in relation to specific stakeholders and society at large can be part of a multidimensional conception of business activities.

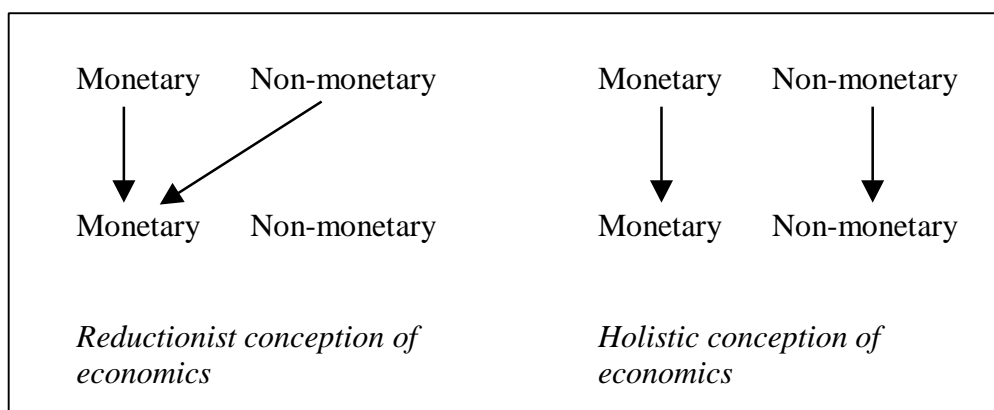


Figure 2. Simplified illustration of the difference between traditional monetary reductionism and a holistic conception of economics.

The two ideas of a Political Economic Person and a holistic (rather than reductionist) conception of economics can now be brought together. I will do this by way of an

example. In August each year, a conference called Stockholm Water Symposium is arranged. Politicians, professionals, scientists and other actors get together to discuss water management in various regions of the world. As part of the activities, there is a Stockholm Water Prize ceremony under the patronage of the king of Sweden. Special seminars are being arranged for young scientists and even a Stockholm Junior Water Prize has been instituted, the idea being to encourage young people to take an interest in this category of social and environmental problems.

The awards mentioned are sponsored by a number of corporations. I will here somewhat arbitrarily focus on one of them, ITT Industries (and its Swedish part, ITT Flygt) and contemplate the following issue; Why has ITT Flygt decided to sponsor this particular activity? Many are those who would argue – in accordance with a reductionist idea of economics – that this decision has been taken ‘exclusively for profitability reasons’. ‘Business is about profits.’ ‘In this case, impacts on profits are indirect through goodwill in relation to customers and other actors, but the idea is still one of improving performance in profitability terms.’ ‘A company’s responsibility is limited to shareholders and their expectations in monetary terms.’ Considering dominant ideas of economics in our societies (as presented for instance in textbooks of economics) and mainstream business economics education, such interpretations in terms of what I call ‘monetary reductionism’ are not unexpected. At issue is, however, if there are other possibilities. Can the same fact – that ITT has chosen to be a sponsor – be interpreted in other ways?

As I see it, an interpretation compatible with a holistic idea of economics and efficiency is also possible: ITT considers the future monetary impact of its decisions but it also considers various non-monetary impacts. And a number of non-monetary impacts are valued as such and not only through their impacts on the monetary side. Business leaders are responsible actors in society and their responsibility extends beyond monetary profits. The environmental performance (cf. the mentioned ‘eco-efficiency’ concept) of a corporation is regarded as important as well as various social aspects. The leaders of ITT Flygt enjoy participation in the prize ceremony, and so on.

The attempt by one actor A to interpret the thinking and attitudes of another actor B can of course be discussed in terms of correctness. Has A understood B correctly? But A:s interpretation of a particular fact or event is also a matter of strategic choice where the interpretation chosen may influence the future thinking and behaviour of B. Choosing one interpretation rather than another is a political act with possible political implications. In our example, if an actor interpretes the sponsorship of ITT Flygt in reductionist terms she may contribute less to an ecologically sustainable society than if she refers to a holistic interpretation. According to this hypothesis, reductionist ideas of the purpose of business operations are less conducive to ecological sustainability than holistic conceptions of economics. This would mean, among other things, that WBCSD is on the right track when they suggest that the ‘eco-efficiency’ idea should be taken seriously.

Political Economic Persons embedded in a web of relationships

Business leaders as actors are related to a number of other actors. Relationships can be of many kinds such as administrative relationships between actors within an organisation, market relationships or more private relationships. Each kind of relationship may be of importance for company activities and performance. Figure 3 focuses on a relationship between two individuals A and B as actors. A relationship between two individuals may in turn be connected with relationships of an institutional kind between organisations as in the cases of purchasing contracts or other co-operative arrangements.

In Figure 3, some of the potentially relevant aspects of a relationship have been indicated. In the literature about industrial purchasing, reference is similarly made to an ‘interaction’ or ‘network’ approach to the study of markets (Ford ed. 1990, Håkansson and Snehota eds 1995). Contrary to the ideas of markets in terms of supply and demand of neoclassical theory, it is argued that market relationships between a firm and its suppliers are relatively stable. There is a social aspect of these relationships and firms may engage in technological and other co-operation as part of the relationship.

The studies of industrial markets referred to are primarily carried out at the level of companies, i.e. companies are regarded as the ‘actors’. Individuals as actors may appear, but are less visible than in the framework here suggested. ‘Environment’ in the

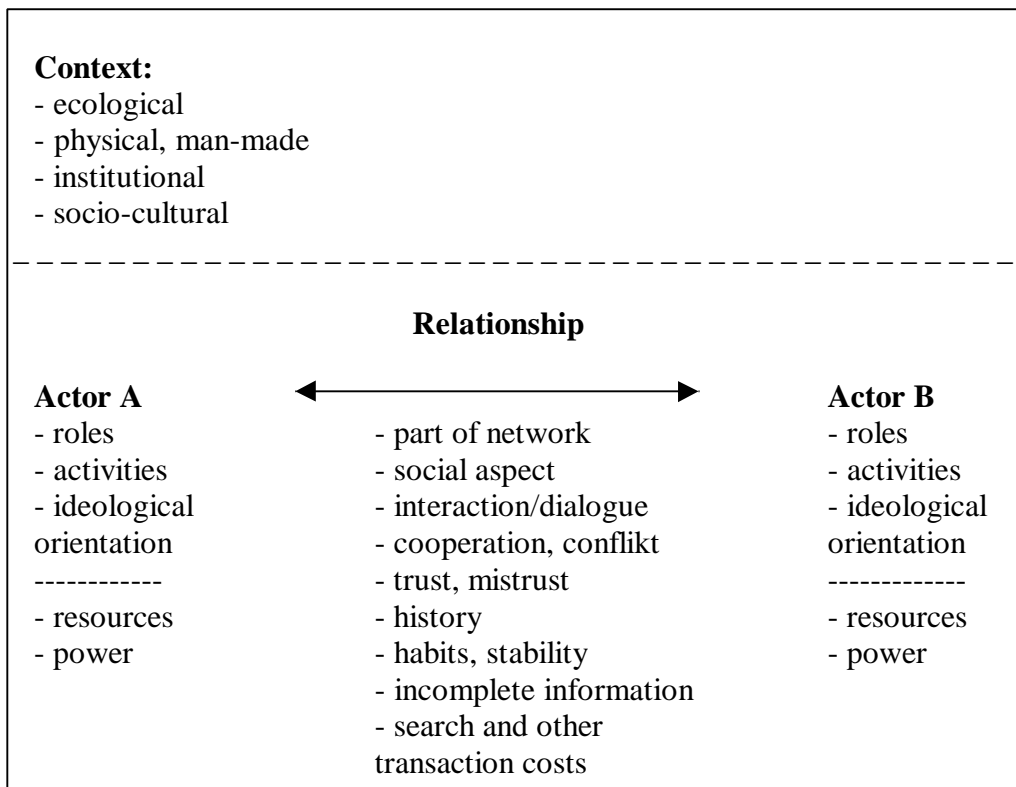


Figure 3. Essential aspects of the relationship between two actors A and B

studies by Håkansson and his colleagues refers to 'market structure', 'position in the market channel', 'internationalisation' and not to the kind of environment discussed in this paper. Issues related to life-style, ideological orientation or similar concepts are typically avoided in the studies of business relationships mentioned. But many of the soft variables are there such as the 'image' of a corporation or its 'goodwill' in relation to customers.

### Political Economic Organisations as polycentric entities

The theory of the firm as a profit maximising entity suffers from the following weaknesses:

- All kinds of organisations are reduced to one model
- Impacts that are multidimensional are reduced to one monetary dimension hiding multidimensional realities
- Individuals are made (more or less) invisible
- Issues of ideology, ethics, participation and responsibility are avoided in favour of one specific market ideology.

In relation to environmental and developmental issues, these features of the neoclassical model become problematic. In the business management literature, steps have been taken to overcome some of the above limitations. While economics is rather monistic, the literature in business management is more varied and pluralistic. Models of organisations are regarded as largely complementary or useful for different purposes (cf. Morgan 1986). At an early stage James March referred to the business firm as a 'political coalition' (1962). Other organisation theorists have introduced a stakeholder model of the firm and of other organisations. In relation to a specific organisation, an attempt is made to identify all interested parties, i.e. all those who have something 'at stake' in the functioning and performance of the organisation. Employees, shareholders, other investors, suppliers, customers, neighbours (who may suffer from pollution, for example) are among the interest groups normally identified.

In our view, a move from the neoclassical theory of the firm to a stakeholder model represents a significant step. Having something at stake can be based on ownership as in the case of shareholders. But it can also be based on other contractual and non-contractual relationships with an organisation. A person can furthermore be 'concerned' about an issue such as a proposal to shut down a factory in some specific location. This person is a 'stakeholder' in a broader sense of the concept. As a citizen one has the right to hold an opinion on specific issues and, as we all know, dominant ideas about democracy encourages the individual to raise her voice.

The stakeholder model suggests that the interested parties related to an organisation have something in common, but also that there are conflicting interests. In situations of conflict, ethical issues can be raised, at least in principle. In practice, most students of business and organisations are as reluctant to the use of 'ethical' or 'ideological' arguments as are neoclassical economists. The previously mentioned 'interaction' or 'network' approach can however be combined with our Political Economic Person assumptions and modified for present purposes. The organisation is regarded as a collectivity of individual actors who differ in some respects but share some values in the

form of a 'mission' or 'business concept', i.e. a specific kind of ideological orientation. The organisation is regarded as 'polycentric' as a way of making the individual relevant and visible. Each individual is a Political Economic Person (i.e. an actor) and a potential centre for initiatives and action in relation to environmental and other issues. The organisation is a 'Political Economic Organisation' (PEO) which may have an environmental policy, a social policy and so on.

When a business corporation, say Volvo or ABB (Asea Brown Boveri) – or a university – moves in a 'green' direction, all actors or stakeholders related to the organisation do not change their minds at the same time, in the same way, and to the same degree. Some individuals act as 'entrepreneurs' in environmental affairs, taking initiatives of various kinds and encouraging others to participate in a change process. At a specific moment in time, a subset of the actors in the employee category may be 'green' in orientation while others are not. Something similar may be true of the shareholders, suppliers, customers and other actor categories. Actors belonging to different categories in the above sense who are 'green' in their ideological orientation may go together to work for a socially and environmentally more responsible company, or other organisation.

Markets can similarly be seen in the light of polycentric networks of individuals as actors. The idea is simple. For example 'Green' consumers will prefer 'green' producers or companies. Green producers in turn will look for 'Green' suppliers. Market segmentation along 'Green' lines will occur and 'Green' networks will compete with those that are 'less Green' or 'non-Green'.

Reasoning in terms of ideological orientation, business concept and mission statement leads to a conditional view of the functioning of organisations and markets. Some scholars and business leaders have a very optimistic view of organisations such as transnational corporations, or of markets. 'The invisible hand' will solve all problems, environmental ones included. Others warn against this kind of dogmatism (Korten 1995). The 'conditional view' advocated here simply states that the functioning of organisations and markets depends on individuals as actors in organisations or in market relationships and on their knowledge, moral and ideological orientation. Of importance are certainly also the rules of the game and other elements of the institutional context. And the rules of the game are not only a matter of prevailing national laws and international agreements. The actors themselves exert influence on the system of laws and in addition they create their own rules. Rules formed as part of the 'self-regulation' of business may be less permissive than the rules implemented through the state. To comply with present laws is no longer enough for many companies.

#### A disaggregated view of business environmental strategies

The environmental policy or strategy of a business company is often described in broad terms as being either 'reactive' or 'proactive'. In the first case the company simply adjusts to new laws and other signals from 'outside' while 'proactive' means that the company has internalised 'Green' values in some sense and to some degree and that it encourages other actors to move in the same direction. Such attempts to characterise a corporation's total activities in relation to environmental issues can certainly be meaningful. But our ideas about a Political Economic Person guided by a specific

ideological orientation and of a polycentric organisation point rather to a more disaggregated view of environmental strategies.

Let us refer back to Figure 3 and start with an individual A as actor and consider A's strategies in relation to actor B. According to previous assumptions, A is guided by an ideological orientation. A's ideological orientation in relation to a specific set of activities can be described as either 'non-Green', 'indifferent' or 'Green' (Table 1). A's ideological orientation will furthermore tell us something about how she relates to B. Figure 3 suggests that this relationship can be characterised in many ways. For present purposes a distinction between 'confrontation', 'indifference' and 'co-operation' appears relevant.

According to previous assumptions, an actor's motives are summarised by her/his ideological orientation. This ideological orientation is partly unconscious and is fragmentary rather than complete. It is partly stable over time, but is also uncertain in the sense that motives and behaviour can be modified and even more drastically reconsidered. Depending on kind of behaviour or activities, different motives and other elements in the ideological orientation are relevant and 'operative'.

Table 1. An actor A's ideological orientation with respect to environmental concern may influence her/his relationship with another actor B.

Environmental concern of A:	Relationship of A to actor B:		
	Confrontation	Indifference	Co-operation
Non-Green	a	b	c
Indifferent	d	e	f
Green	g	h	i

An actor's concern for specific others and for different components in her physical environment (and also in the cultural-institutional environment) may furthermore vary. According to Etzioni's 'I & We Paradigm', an actor A is part of many 'we-contexts'. The existence of a strong ego and even a degree of self-interest does not contradict (but rather strengthens) a concern for other actors.

Returning now to the matrix of Table 1, actors A and B may be employed in the same organisation, for instance a business company or a university department. A spirit of common cause or mission may prevail in the organisation. 'As members of the Volvo family we regard the environment as a core value.' Business leaders in Volvo similarly sometimes want to emphasise a broader commonality of interests by including suppliers and customers, the car owners, in their 'family'. In the language of Etzioni these business leaders (like other actors) belong to many (rather than one) 'we-contexts'.

There is also the possibility that two actors in the same organisation do not work well together. In terms of Table 1, they may differ for instance in their concern for the

environment. A may consider herself/himself as 'Green' in some sense while B is 'non-Green'. Their relationship can therefore best be described as one of 'indifference' or even antagonism or 'confrontation' (cf. h and g in Table 1).

It is probably difficult to find individuals who are 'Green' in all their activities. In many ways, the infrastructure of present society encourages behaviour and life-styles which are not environmentally benign. In describing a specific actor A, disaggregation with respect to activities is therefore meaningful. A disaggregation with respect to behaviour in relation to other actors or actor categories may similarly be useful in the sense that actor A may choose one strategy in relation to actor B and a different strategy in her relationship to actor C.

Moving now our focus from the individual to an organisation, additional reasons for disaggregation can be identified. Some individuals, groups or divisions of a company may differ partly in their environmental concern from other individuals, groups or divisions. But let us start with the idea of disaggregation with respect to activities. In her study of business environmental strategies, Birgitta Schwartz (1997) made the judgement that Volvo has chosen a Green strategy in some part of its activities (sponsorship of an award for environmental scientists), while being 'less Green' in its core activities, i.e. production of motor vehicles. In the latter part, the purpose appears to be to pave the way for continued expansion of car production and road traffic. The picture drawn by Schwartz suggests that Volvo has chosen a co-operative strategy (cf. c or f in Table 1) in relation to politicians and the national government with the purpose of securing a favourable institutional environment in terms of laws and other governmental rules. In institutional advertising, Volvo presented itself as a responsible corporation also with respect to the environment. This does not go well with the fact that the company typically has chosen a confrontational strategy (category a or d) when negotiating with land-owners in the National Licensing Board for Environmental Protection about pollution abatement measures for production facilities. In the negotiations, land owners and neighbours have often been represented by environmental organisations, such as Miljöcentrum, Uppsala.

Only hypothetical conclusions can be drawn from the cases discussed. One is that big companies are the subject of 'lock-in' phenomena and not very flexible in relation to new societal demands. Rather than changing their behaviour, they tend to use their power position in attempts to influence their ideological, institutional and other context. Another possible conclusion is that the mentioned licensing board is not the best place for serious exchange of opinions about environmental issues, but rather strengthen a traditional atmosphere of confrontation between industry interests and environmental interests. There are other cases, however, where confrontation has led to learning processes on both sides and where a corporation in the cement industry, Scancem, with a bad reputation among environmentalists for its environmental pollution has replaced its previous confrontational strategy in relation to Miljöcentrum with a co-operative strategy.

## Implications for economics and business studies

The above 'less than enthusiastic' comments on Volvo's environmental strategies in some parts of its activities should not be interpreted to mean that other organisations are more successful. As an example most universities or 'högskolor' (my own included) have a long way to go to become more compatible with ecological sustainability. Environmental Management Systems may prove useful, but the most important thing appears to be to integrate environmental issues in teaching and research activities.

Personally, I see economics as a major problem. This discipline has to move from monism to pluralism. The extension of neoclassical economics to include environmental economics is a step forward compared to a situation where environmental issues were not considered, but is not sufficient. Neoclassical economics was created for other purposes than to deal with environmental problems and the dominance of neoclassical economics over the years can be seen as one of the causes of the present environmental crisis. Depending upon purpose, neoclassical economics will still have a role as part of a philosophy of paradigmatic co-existence. Institutional approaches, which now are playing an important role in other social sciences such as business economics and sociology, should be encouraged also in economics. An 'institutional version of ecological economics' appears promising in attempts to develop microeconomics of a different sort (Söderbaum 1994a, 1994b, forthcoming). In this way, an open dialogue about ethics and ideology in economics will become possible. The concept of Political Economic Person suggested in this paper will hopefully make us recognise that there is no value-neutral or pure economics.

Business education has similarly to be reconsidered. Monetary performance is no more than the result of a partial analysis. The role of non-monetary performance indicators is increasing in many circles, partly as a result of voluntary initiatives, partly as a result of governmental regulation. This trend has to continue and should be reflected in business education. The search for relevance, the transdisciplinary orientation, and the acceptance of multiple perspectives among students of business and other organisations will make their task somewhat easier than that of economists. On the other hand the neglect of ethical and ideological issues in the business management literature can still be a problem. In too many cases, economists and students of business alike appear to have internalised a narrow and reductionist idea of efficiency and economic rationality.

To 'solve' these problems, relevant university departments will profit (in a non-monetary sense) from a co-operative strategy in relation to small as well as big business companies. University scholars will learn a lot from such co-operation and the same is hopefully true of business companies. As part of this kind of relationships, rather than behaving opportunistically, each party should think of its specific role and responsibility in relation to a larger society.

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