



Managing Tensions in Corporate Sustainability Through a Practical Wisdom Lens

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Received: 14 November 2017 / Accepted: 5 August 2018 / Published online: 28 August 2018
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Abstract

Previous research has underlined the significance of practical wisdom pertaining to corporate sustainability (CS). Recent studies, however, have identified managing opposing but interlocked tensions related to environmental, social, and economic aspects as one of the most crucial future challenges in CS. Therefore, we apply the established link between wisdom and sustainability to the pressing topic of managing tensions in CS. We commence with a literature overview of tensions in sustainability management, which manifests our basic work assumption concerning the need for practical wisdom in CS. We then discuss the threefold, mutual interconnectedness between practical wisdom and tension management in CS, which we illustrate in a conceptual model. Thereafter, we develop a set of propositions on how a practical wisdom approach influences CS in practice and how it differs from a business-case approach. In recognition of the conceptual character of our paper, we conclude by outlining potential practical applications and theoretical implications of the model and of the propositions. Limitations and avenues for further research are discussed.

Keywords Corporate sustainability · Tension management · Practical wisdom · Sustainable management · Business ethics · Prudence

Introduction

Largely in response to the various business scandals—the VW emissions manipulation being the most recent example—the topic of corporate sustainability (CS) has ascended to an important issue in business and management over the past years. A growing number of sustainability-conscious customers expect companies to manage their sustainability performance and to take on a proactive role in solving global as well as domestic social and environmental issues (Skroupa 2016). Prominent CEOs have also stressed sustainability as a central strategic concern (Accenture 2016). As a

result, corporations are more aware than ever of the imperative need to not only assess their economic ramifications but also their environmental and social implications (Belz and Binder 2017; Hockerts 2015). In academia, too, CS seems to have outgrown its niche topic status and conquered its territory as a legitimate and relevant research area (Hahn et al. 2016). A growing body of studies has explored CS from a variety of angles. These range from empirical analysis on issues such as corporate responses to climate change (Wright et al. 2012), corporate environmental performance (Walker et al. 2015), or the link between CS, strategic orientations, and values (Jansson et al. 2017), to conceptual models measuring enterprise sustainability (Searcy 2016), exploring the interconnectedness between sustainability leadership and firm performance (Wiengarten et al. 2017), or advocating the integration of sustainability issues into business school curricula (Painter-Morland et al. 2016).

What is more, in recent years, a growing number of authors focus on the inherent complexities and ambiguities of CS, arguing that previous research into CS is often biased in that it tends to emphasize economic outcomes over environmental and social outcomes (the so-called “business case of CS”). These scholars pinpoint that the question of how to

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best address and manage opposing but interlocked tensions pertaining to environmental, social, and economic aspects appears to be one of the key challenges CS research and practice faces (Bansal 2005; Brinkmann 2001; Epstein et al. 2015; Gladwin et al. 1995; Hahn et al. 2015; Høvring et al. 2016; Maon et al. 2008; Van der Byl and Slawinski 2015). In the past, much of the CS literature on tension management was largely dominated by the business-case paradigm, where economic, environmental, and social sustainability aspects are aligned towards economic success (e.g., Beckmann et al. 2014; Carroll and Shabana 2010; Salzmann et al. 2005). More recently, critics argue that the business-case perspective overemphasizes the economic dimension of CS at the expense of the other two dimensions (Angus-Leppan et al. 2010; Hahn et al. 2010). It is hence incapable of adequately capturing situations where environmental and social aspects cannot be aligned with financial outcomes. These shortcomings of the business-case rationale have given rise to various calls for alternative approaches, such as integrative or paradoxical viewpoints, which—rather than merely counterbalancing or prioritizing certain perspectives—acknowledge the coexistence and interrelatedness of competing demands in CS (Hahn et al. 2015; Van der Byl and Slawinski 2015).

In this paper, we answer these calls through proposing that employing a practical wisdom lens to CS may indeed provide an alternative, more integrative approach, and will reframe the former “either/or” divergence of economic, environmental, and social concerns of CS with a (partial) “both/and” convergence. It is argued that practical wisdom—the virtue that recently reemerged as a managerial quality (Bachmann et al. 2017)—can supplement the existing business case lens and function as an adequate means of leveling and managing tensions in CS. The link between CS and practical wisdom has been explored by scholars over the past years (Intezari 2015; Marker 2013; Roos 2017; Sasse 2016; Xiang 2016). Intezari (2015) summarizes the urgency of incorporating practical wisdom into CS by describing the relationship between both concepts as follows: “wisdom manifests through and promotes organizational sustainability, and (...) wisdom promotes organizational sustainability capacity” (p. 618). We continue this promising path of linking CS with practical wisdom by extending this line of thought in respect to managing tensions—a topic that is identified as a most crucial issue in current CS literature.

We commence our paper with a literature overview of tensions in sustainability management, which manifests our basic work assumption concerning the need for practical wisdom in CS. We then discuss the threefold, mutual interconnectedness between practical wisdom and tension management in CS, which we illustrate in a conceptual model. Our model suggests that practical wisdom might frame, deepen, and orientate managing tensions in CS and, vice versa, that tension management might contextualize,

operationalize, and enable practical wisdom. Thereafter, we develop a set of propositions on how a practical wisdom approach influences CS in practice and how it differs from a business-case approach. In recognition of the conceptual character of our paper, we conclude by outlining potential practical applications and theoretical implications of the model and of the propositions. Limitations and avenues for further research are discussed.

Tensions in Corporate Sustainability Call for Practical Wisdom

Despite the increasing body of CS literature, no universal definition of CS exists. The term ‘corporate sustainability’ (CS) used in this paper therefore follows the conception of Dyllick and Hockerts (2002) and Hockerts (2015), who apply the Brundtland definition (WCED, 1987) to the business level: “Corporate sustainability can accordingly be defined as meeting the needs of a firm’s direct and indirect stakeholders (e.g. shareholders, employees, clients, pressure groups, communities etc.), without compromising its ability to meet the needs of future stakeholders as well” (p. 131). Nevertheless, what most of the contemporary management literature on CS unquestionably emphasizes is the complexity of CS with its interdependence between social, economic, and environmental demands, simultaneously placed on organizations (Gladwin et al. 1995; Schneider and Meins 2012). The vast amount of academic literature therefore proposes approaches that seek to reduce or eliminate the complexity inherent in CS through alignment (win–win) or prioritization (trade-off) of conflicting sustainability demands (cf. Angus-Leppan et al. 2010; Hahn et al. 2010). In the wake of this, the so-called business-case for CS formed the mainstream of sustainability management theory (e.g., Carroll and Shabana 2010). Following a purely economic rationale, business-case research on CS advocates and aims to prove that companies can create shared value between the economic performance of the firm and the benefits for society (Beckmann et al. 2014; Porter and Kramer 2006). Even though liberal economic thought influenced organizational discourse in many organizations since the 1990s, important differences still remain. Not all organizations are driven by the financial considerations of a capitalist logic to the same degree. Organizations such as NGOs, government organizations or public care services (e.g., education, hospitals, police, aged care) are generally less driven by profit maximization than for-profit or publicly listed companies. For-profit or publicly listed companies, where high competition and volatility dominate and results are measured in business quarters, face immense pressures and must be particularly apt at balancing short-term views with long-term perspectives, and financial concerns with social demands.

The lengthy academic focus on the business-case concerning sustainability issues undoubtedly legitimized CS in management literature. However, some scholars most recently argue that the business-case lens represents a limited and one-dimensional view on CS as it prioritizes economic interests at the expense of other concerns and, thus, cannot always apply. It is in principle incapable of adequately capturing situations where multiple interrelated and persistent tensions between sustainability aspects emerge. In this sense, Gao and Bansal (2013, p. 243) criticize an “oversimplification of the relationships among the dimensions and an under-theorizing of the nature of business sustainability.” In order to overcome these shortcomings, an increasing number of researchers currently postulate the need for alternative approaches, such as integrative or paradoxical viewpoints, arguing that CS highly depends on the ability to consider contradictory yet interrelated sustainability elements simultaneously, without, a priori, overvaluing or prioritizing economic objectives in comparison to the other sustainability demands (Battilana et al. 2015; Epstein et al. 2015; Gao and Bansal 2013; Haffar and Searcy 2017; Hahn et al. 2014, 2015; Høvring et al. 2016; Kleine and Hauff 2009; Liu 2013; Schaltegger et al. 2013; Van der Byl and Slawinski 2015). To avoid any misunderstanding, these scholars by no means advocate an anti-economic approach to CS, but rather encourage a more open and holistic attitude.

Therefore, the complex nature of sustainability issues, described above, where competing demands coexist and interrelate, and where strategic contradictions among justifiable but seemingly conflicting objectives or tensions between economic and broader social interests are commonplace, necessitates an equally broad perspective. The virtue of *phronesis*, recently rediscovered in management as ‘practical wisdom’ and adapted as the peak of excellence in leadership and decision-making (Bachmann et al. 2017), could have the capacity of providing such a holistic and fully encompassing perspective. McKenna et al. (2009, p. 185) suggest that practical wisdom incorporates “the rational and the transcendent, the prosaic and higher virtues, the short- and long-term, the contingent and the absolute, and the self and the collective. Moreover, wisdom accepts the complex, cuts through ambiguity, and derives its energy from the tensions and uncertainties of a complex world.” Hence, the need for a more holistic perspective in CS urgently calls for practical wisdom. As Intezari (2015, p. 624) asserts, “wisdom offers solutions to effectively manage the congruence of these characteristics toward appropriate decisions and sustainable performances.”

Integrating Practical Wisdom with Sustainability: Managing Tensions in Corporate Sustainability

Before illustrating how practical wisdom and tension management complement each other, we will briefly revisit the concept of practical wisdom.

Practical Wisdom Revisited

The millennium-old idea of practical wisdom is a multi-dimensional issue (cf. Ardel 2003; Webster 2003; Wink and Helson 1997), which transcends centuries as well as disciplines. Philosophical and theological contributions include the resources of particular virtue traditions, such as the Aristotelian tradition, the Catholic tradition, the Confucian tradition, the Islamic tradition, and the like. They range from Aristotle’s (2009) understanding as *phronesis*: “a true and reasoned state of capacity to act with regard to the things that are good or bad for man” (NE1140b), and the ancient Chinese scripture *Yi Jing* (or Book of Virtues)—which points out that the sense of balance between polarities is crucial for practical wise living—up to modern-day adaptations as neo Aristotelian-Thomistic action theory (Rhonheimer 1994) or as Confucian re-interpretations (Yu 2006).

The first psychological explorations of wisdom commenced in the late twentieth century and exponentially increased over the past decades (Trowbridge 2011). Since then, much psychological research has examined the nature and development of wisdom from an empirical perspective and has produced multiple definitions, several varieties or subtypes, and diverse measurement scales of wisdom (Walsh 2015). Triggered by the endeavors of adjacent disciplines, the topic of practical wisdom has finally found its way into management and organization literature (cf. Alammari and Pauleen 2016; Bachmann et al. 2018; Intezari and Pauleen 2014; Jones 2005; McKenna et al. 2009; Moberg 2008; Sison et al. 2012; Zacher et al. 2014). The need to incorporate practical wisdom into business practices is summarized by Bachmann et al. (2017, p. 16) who diagnose that in times “...when the need for excellence in judgment, character, and perspicacity appears to be higher than ever, practical wisdom promises to become a valuable resource for management that might counteract some conspicuous management failures of late.” In this sense, McKenna and Biloslavo (2011) propose practical wisdom as a meta-virtue that provides business students with the capacity to deal with uncertainty and mutability of human life and development. “Managers who possess practical wisdom know how to manage science and

technology and act upon them as to do right in each particular situation. This is particularly crucial in the complex, contradictory and changing world with which managers deal” (p. 694). Thus, practical wisdom integrates practical knowledge and reasoning but also entails discernment for seeking the moral good and forms virtuous habits facilitating the cultivation of an art of living well, individually and collectively (Küpers and Pauleen 2015). Due to this normative sense, practical wisdom transcends tactical cleverness or cunningness and values are absolutely central to achieving practical wisdom.

In our paper, we apply a practical wisdom approach in line with Aristotle’s or Confucius’ conceptualization as a practice-based wisdom of excellent embodied social action and distinguish ourselves from strictly cognitive wisdom models, like *sophia* (theoretical wisdom). As Zhu et al. (2016, p. 609) outline, “A practice-based wisdom approach takes challenges such as dealing with competing logics as almost inevitable; it regards them as the kinds of things one would expect to encounter in life, and thus must be navigated as part of the journey.” In the sense of embodied practice, practical wisdom transcends purely cognitive or intellectual properties (Küpers and Pauleen 2015) since it integrates knowledge with values and social practice.

A Complementary Perspective on Practical Wisdom and Corporate Sustainability: A Conceptual Model

The renaissance of practical wisdom in management studies evokes strong parallels to the current discourse on tension management in CS, which underlines that the ability to simultaneously address widely diverging but interconnected concerns pertaining to the natural environment, social welfare, and economic prosperity is one of the most challenging tasks for future managers and decision makers. Intezari (2015) for instance, draws a linkage between wisdom and sustainability by highlighting the values and assumptions that both concepts share with respect to human flourishing, environmental preservation, and economic growth. Hahn et al. (2014) describe the integrating ability of tension management as a stance on sustainability issues, characterized by practical wisdom (prudence). According to their central argument, tension management in CS is guided by practical wisdom for two reasons.

First, managers of that quality are equipped with a *comprehensive view on sustainability issues* in order to achieve environmental and social benefits at the societal level. The business environment, where managers should aim to make decisions with positive ramifications for themselves, for their organization, as well as for their stakeholders (including the wider community and the environment) fits well to practical wisdom. Practical wisdom includes manifold kinds of comprehensive knowledge about, and orientation towards

a good life, both for oneself and for one’s community, considering not just how to attain any end, but what to choose as an end worthy to pursue (Sison et al. 2012). Through merging social and ethical factors with economic aspects (Melé 2010), practical wisdom surpasses a narrow, individualistic focus and looks towards the well-being of society at large. As Zhu et al. (2016, p. 610) state, practical wisdom “uses tacit knowledge and experience, considers the long-term future, and incorporates a broad spectrum of ways of knowing and perspectives.” Wisdom research in psychology states that a wise person conjointly attends to personal and societal well-being (Baltes and Staudinger 2000). Thus, a strong societal and moral characteristic is to be found both in CS tension management and in practical wisdom.

Second, Hahn et al. (2014) argue that managers of that quality of tension management are equipped with an *awareness of the massive uncertainty and unpredictability in ecological and social systems*, but are prepared to deal with sustainability issues in a well-deliberated and orderly fashion, rather than hastily. As Sharma (2000, p. 683) asserts, managers “face a great deal of ambiguity in understanding the issues, the implications of these issues for their organizations, and ways to respond to these issues.” Hence, the awareness necessary for tackling ambiguity in CS decision making highly corresponds to the basic assumption that the various strands of wisdom research commonly share: practical wisdom itself is characterized as the embodied management practice that supplements knowledge with a set of moral, epistemic, and practical virtues (Intezari and Pauleen 2014). As such, it is especially appropriate in complex situations where no set of rules uniquely determines the right decision (Grassl 2010; Roca 2008). In this sense, as Küpers and Pauleen (2015, p. 494) summarize, practical wisdom is a form of embodied practice or deliberation, which guides excellence in judgment through knowing when “to do the right thing, at the right time, and for the right reason.” This corresponds with the managerial quality to be prepared to deal with uncertain and unpredictable sustainability issues.

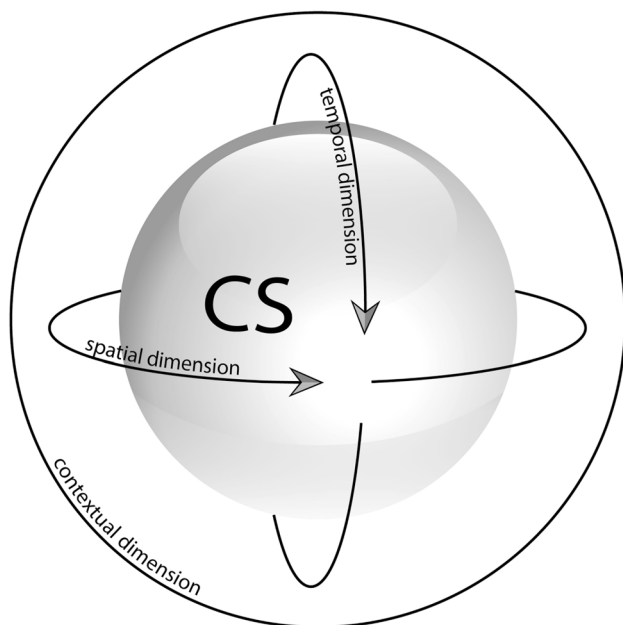
From these perspectives, the virtue of practical wisdom and the ability of managing tensions in CS might be considered as complementary components. In what follows, we build on the preceding discussion to further capture the symbiotic connectedness of the two concepts. Drawing from organizational literature examining how to identify the sources of different tensions in CS and how to characterize their underlying logic, we derive three dimensions, which will structure the following deliberations. The traditional CS triad is composed of the economic, environmental, and social dimension (Elkington 1997). Here, tensions between the three dimensions arise due to incommensurability and (partial) contradictions (Margolis and Walsh 2003). Nevertheless, recent research indicates that a comprehensive understanding of tensions in CS requires a more elaborate

framework that further amplifies the economic-environmental-social triad (Hahn et al. 2016; Van der Byl and Slawinski 2015). In order to address this call, we distinguish three additional dimensions proposed in literature (cf. Hahn et al. 2015), where tensions in CS can emerge: (1) the *temporal* dimension, (2) the *spatial* dimension, and (3) the *contextual* dimension (cf. Fig. 1).

The traditional sustainability triad marks the backdrop that cuts across all sustainability dimensions. The *temporal*, *spatial*, and *contextual* dimensions, on the other hand, allow us to further elaborate on the homogenous characteristics of practical wisdom and CS in order to illustrate the interrelationship between the two fields. This way, we develop a conceptual model highlighting how practical wisdom and tension management mutually enable and promote each other in CS (cf. Fig. 2).

Temporal Dimension

An important cause of tensions in CS stems from the fact that CS implies taking into account the short-term as well as the long-term repercussions of a specific decision or strategy and evaluating these. Thus, CS includes a temporal dimension, as it highlights the vertical, *intergenerational* perspective (cf. Brundtland Report) considering the need for a mutually beneficial balance between environmental, social, and ecological issues for the well-being *over time* (Schneider and Meins 2012). For Khalili (2011, p. 6), sustainability in



adapted from Hahn et al. 2015

Fig. 1 The three dimensions of managing tensions in corporate sustainability

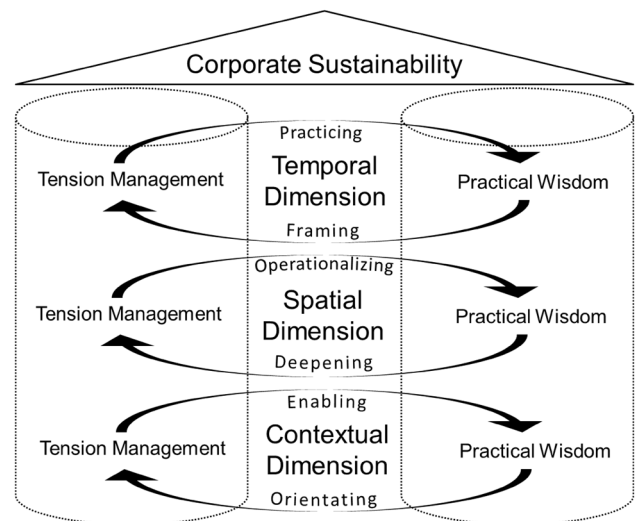


Fig. 2 Managing tensions in corporate sustainability: a systematic framework

practice entails the ethical impetus that “human life can continue indefinitely, individuals can flourish, and human cultures can develop, while diversity, complexity, and function of the ecological life-support system are protected.” In doing so, it is necessary to look beyond boundaries or immediate implications and consider specific aspects of the situation at hand and possible outcomes from an overarching level.

On the other side, it is an elementary component of practical wisdom to transcend the quotidian and ephemeral everyday coping needs in order to consider long-term, visionary perspectives (McKenna et al. 2009). In this sense, practical wisdom is not only focused on short-term goals but also on the big picture, the supreme goal. Intezari (2015, p. 619) highlights the latter by claiming that wise decision and actions “from both short- and long-term perspectives lead to human flourishing.” Recent psychological wisdom research investigating the relationship between temporal orientation, temporal horizon, and wisdom (Webster et al. 2014) concludes that wise persons have the cognitive and motivational resources to flexibly use both retrospection and propection in ways that enhance well-being and lead to other positive outcomes.

Spatial Dimension

The spatial dimension positions CS between different social (e.g., individual—society) or physical (e.g., developed—developing regions) locations and realms. This spatial notion of sustainability attributes attention to the horizontal, *intra-generational* perspective that is replete with possible tensions in CS. Spatial tensions arise, for instance, when the scope of corporate responsibility becomes blurred and the bounds of social realms erode or when multinational companies

have to balance home and host country standards. This is particularly relevant given that CS in developing countries is frequently less well delivered than in developed countries (Crane et al. 2015; Jamali 2010). In consequence, CS extends beyond organizational boundaries (Searcy 2016) and thus targets not only corporate growth and profitability, but also requires the corporation to pursue societal goals, specifically those relating to sustainable development (Wilson 2003). This confronts managers and decision-makers with spatially complex situations full of tensions in CS, stemming from ambiguities relating to individual, firm, and systemic levels. For instance, an appropriate organizational response to a sustainability issue might nonetheless fail to properly address the issue from an individual- or systemic-level perspective. Hence, tension management in CS acknowledges the spatial inter-connectedness with the surrounding environment.

On the other side, Aristotle emphasized that practical wisdom transcends the individual level and is concerned with what is ultimately good for humanity (NE1140b). The psychologist Sternberg (2004, p. 164) defines wisdom as “the achievement of a common good through a balance among the different levels of intrapersonal, interpersonal, and extrapersonal interests.” Recent management studies on practical wisdom accentuate the indispensable sociality and interconnectedness of the human being and emphasize interdependence over independence (Bachmann et al. 2017). Practical wisdom shapes the interaction between the intrapersonal sphere of individual preferences and the interpersonal and extrapersonal sphere of the social environment (Küpers 2007). For example, practically wise leaders are able to successfully deal with conflicting stakeholder interests (Freeman et al. 2007). Prasad Kaipa, influential Silicon Valley CEO-advisor and coach, speaks about ‘enlightened self-interest’ (Kaipa and Radjou 2013) and advocates a self-transcendence approach becoming a business imperative for wise managers. What these and other perceptions of practical wisdom in philosophical, psychological, and managerial literature generally share is the basic assumption that practical wisdom concerns human flourishing on different spatial locations and considers possible consequences for oneself and for others, including the environment and society.

Contextual Dimension

The final source of tensions stems from the contextual embeddedness in which CS takes place. Sustainability is based on the recognition that the world’s problems are inextricably interrelated and internally interdependent (Bansal 2005; Gladwin et al. 1995). Thus, CS issues are, in principle, concerned with a complex set of economic, ecologic, and social demands (Epstein et al. 2015; Slawinski and Bansal 2015). Due to the circular, contextual dimension of CS, a

wide variety of (often conflicting) interest groups, goals, and resources must be considered (Hahn et al. 2014). Managers will not be able to make successful decisions in CS unless they are aware of the contextual scope of the particular situation and employ frameworks and strategies apt at mediating between and dealing with factors such as institutional pressure, societal expectations, administrative procedures, or personal sustainability preferences.

On the other side, since ancient times the idea of practical wisdom essentially entails a contextual dimension, fundamentally linked to the circumstances of a given situation, and includes the ability to open-mindedly receive and holistically understand the complex reality in its multi-layered facets (Bachmann et al. 2018). In the wisdom tradition of the Aristotelian *phronesis* and the Confucian *Yì*, as well as in contemporary wisdom research, practical wisdom leads to appropriate judgment in each particular situation and to the perspicacity to choose the right means; this is particularly relevant in view of the complexity of today’s business world (Intezari and Pauleen 2014). In traditional Western philosophy, practical wisdom came to be known as the ‘auriga virtutum,’ the charioteer of the virtues that simultaneously mediates amongst the other competing virtues as well as between virtues and the particular context. If we apply this metaphor to CS, the practically wise charioteer is able to simultaneously handle the different carriage horses, thus demonstrating the affect, awareness, openness, and creativity for dealing with the politics of a situation, the personalities involved, or distributing limited resources. Zhu et al. (2016, p. 610) highlight the latter by characterizing practical wisdom as “a virtuous and appropriate-for-the-situation bundle of competences that can materially assist social entrepreneurs.” These integrative capabilities, i.e., various kinds of integration, mediation, or balancing-acts, are emphasized as core aspects of practical wisdom in contemporary psychological (Sternberg 1998) and management research (McKenna et al. 2009). In this sense, practical wisdom prompts one to transcend the one-dimensionality of economic rationality (Nonaka et al. 2014) and engages an integrative and holistic understanding of the surrounding environment (Intezari 2015).

Based on the preceding discussion of the complementary perspective on practical wisdom and tension management in CS, the interrelationship between both concepts can be outlined as follows (cf. Fig. 2):

- Drawing a linkage between practical wisdom and tension management in CS, one can say that a strong emphasis on considering the possible short- and long-term implications a specific decision or course of action involves, lies at the midst of both concepts. With regard to the *temporal dimension*, practical wisdom frames and anchors tension management as it initiates and fosters critical and

imaginative thinking and reflexivity in respect of ultimately doing the right thing. On the other hand, tension management applies practical wisdom to the challenges of day-to-day CS. In other words, successful tension management epitomizes practical wisdom in CS.

- Combining both concepts with regard to the *spatial dimension* reveals that practical wisdom is critical for developing CS strategies as it facilitates a deeper understanding of the inter-connectedness with the surrounding environment. Practical wisdom can command tension management in CS to consider the impacts of products and services on internal and external stakeholders, as well as on society at large (Intezari 2015). Vice versa, tension management provides practical frameworks and strategies that can operationalize practical wisdom in CS. Internal corporate communication (e.g., collaborative projects, content communities, sustainability ambassadors) or multi-perspective measurements (e.g., Balanced Scorecard) are examples of how tension management tools might put practical wisdom into CS practice.
- Considering the relationship between both concepts, practical wisdom provides an integrative frame, implicit in a tension management approach, and explores the contextual dimension of CS from a systemic perspective, where each element is inextricably interrelated and internally interdependent. Contrariwise, tension management in CS proves appropriate for putting practical wisdom into practice. Practical wisdom orients tension management towards a comprehensive and context-sensible approach of CS, which in turn can be enabled through the means and strategies of tension management.

The Relationship of the Practical Wisdom Lens and the Business-Case Lens

The practical wisdom lens, as illustrated in our conceptual model, represents one ideal-type conceptualization of how managers deal with tensions and ambiguities in CS. On the other hand, the business-case lens, as outlined above, stands for the opposite ideal type. In practice, however, tension management in CS occurs on different levels between these extremes. The more CS is rooted in an alignment or prioritization logic, the more it tends towards the business-case lens conceptualization. Vice versa, the more CS seeks to integrate conflicting environmental and social attributes—in addition to economic attributes—the more it converges with the practical wisdom lens conceptualization.

In what follows we compare and discuss these two ideal-type conceptualizations of the business case and practical wisdom lens, based on the rational-logical characteristics ascribed through extant research. We do so through developing a set of propositions from the relevant literature, that

explain the consequences of each lens for the managerial process of CS. Exploring the actual consequences of the two lenses sheds light on the basal differences concerning the strengths and weaknesses of both approaches. Through focusing on ideal-type conceptualizations rather than on real persons or exemplary cases (cf. e.g., Waldman and Siegel 2008), we are able to facilitate a more systematic and comprehensive understanding of the distinct underlying rationales of CS.

Temporal Dimension: Calculating or Visioning?

The temporal dimension, highlighted previously, manifests itself as the reflection of analyzing both long-term strategies and short-term operations in CS practice. In other words, the temporal dimension of CS tackles the challenge that decisions, which might be the best in the short run, often diverge from those decisions, which are desirable in the long run. With regard to the relationship between the business-case lens and the practical wisdom lens, these fundamental thought processes occur on a continuum with a heuristic of purely economic objectives at the one end of the spectrum and a heuristic of interrelated and at times conflicting economic, environmental, and social concerns at the other end. Therefore, how to deal with temporal tensions in CS significantly depends on whether the business-case lens or the practical wisdom lens is applied.

In general, the business-case lens endeavors to transform temporal tensions in CS into a concrete competitive opportunity (Beckmann et al. 2014). The findings of Slawinski and Bansal's (2012) study on five oil and gas companies show that managers following this rationale exhibit a linear time perspective. A linear time perspective refers to time progressing forward from past to present to future with little repetition of events or emphasis on temporal continuity (Slawinski and Bansal 2012). In this sense, every day is regarded "as relatively new, with a capacity to reinvent itself and events are only loosely influenced by the past" (Mosakowski and Earley 2000, p. 800). A linear time rationale disregards complexities. This also implies that decisions can be made quickly, since there are fewer factors (i.e., connections between the past, present and future) that enter into the decision making process (Slawinski and Bansal 2012, p. 1556). As such, managers applying a linear time rationale seek immediate solutions for the present, without worrying about how the issue materialized in the past or what future repercussions might be.

In order to take into account the company's long-term planning, the business-case lens primarily employs price scenarios and economic models to measure and quantify the risks associated with sustainability issues, to forecast future prices (e.g., of carbon certificates), and to calculate the return on investment as accurately as possible. In order

to keep future activities more predictable and calculable, the planning horizon rarely transcends a 5-year-limit; this includes planning for CS. Consequently, we expect that the business-case lens guides managers to capture the temporal dimension of CS as financial metrics, which increase efficiency, agility, and speed. However, it also shortens the planning horizon and results in a narrow set of potential solutions. For instance, in their survey of CEOs in 520 firms in 17 countries, de Luque et al. (2008) found evidence that such a rigid instrumentality, which closely links CS leadership practice to profitability through a cause and effect function, can preclude managers from taking initiatives, challenging the status quo, and working towards new visions. This correlates with the findings of Hockerts' (2015) multiple-case study that respondents from firms with perceived lower sustainability performance tend towards measures resulting in risk and cost reductions, while respondents from perceived high performers have more differentiated and integrated cognitive structures.

In this sense, managers equipped with the practical wisdom lens analyze both long-term strategy and short-term operations using a far more enduring and complex heuristic than merely 'profit.' McKenna et al. (2009) theorized a metatheoretical practical wisdom framework, emphasizing the importance of not only focusing on short-term strategies but also looking beyond these to more visionary standpoints. Research in psychology offers insights into time perspective and wisdom interrelationships. Webster et al. (2014) found that wiser individuals draw upon 'biographical capital' and anticipate their future in positive ways through imagining future successes and planning goal-directed activities (Webster et al. 2014). Where the predictive capacity of economic rationality about what *could* be profitable breaks down, practical wisdom steps in to guide CS practice in terms of what *should* occur in the future (Roos 2017). Regarding this aspect, a large body of research—mainly in the fields of sustainable entrepreneurship and hybrid organizations—has proposed various corporate governance structures to interlink short- and long-term objectives (Battilana and Dorado 2010; Belz and Binder 2017; Young and Tilley 2006). Slawinski and Bansal (2012, p. 1556) found that managers with this cognitive mindset exhibit a cyclical time perspective. A cyclical time perspective regards CS issues as repeating *through* time and establishes connections between the past, present, and future. This implies making temporal connections (e.g., examining the historical context), drawing on previous experience (e.g., qualitative and quantitative factors), and looking into the future (e.g., thinking about possible consequences) to address issues in a more thorough manner. For instance, Papagiannakis et al. (2014) found evidence that corporate environmental strategies evolve through incorporating feedback based on the outcomes of past environmental decisions. When dealing with temporal tensions

in CS, managers with a practical wisdom lens rely less on quantitative and financial metrics but also apply qualitative tools targeting a multi-perspective set of outcomes. They will be aware of the unpredictability of a rapidly changing business world (Intezari and Pauleen 2014) and, thus, tend to approach tensions in CS by moving slowly and conscientiously. However, this intertemporal multi-perspectivity widens the financial alignment of the objective function of the firm (Jensen 2001) and increases unpredictability, which in turn might make it difficult to respond quickly or effectively (Slawinski and Bansal 2012). Accordingly, we expect the following general relationships:

Proposition 1a *The more business-case orientated their CS lens, the more quickly and more effectively, but with lower sustainability performance, managers will be able to deal with temporal tensions.*

Proposition 1b *The more practically wise orientated their CS lens, the more extensively managers will connect the past, present, and future and the more likely it is that they will execute a higher sustainability performance.*

Proposition 1c *The more the business-case lens is applied, the more calculable and predictable the management process of temporal tension will be, but the shorter the planning horizon and the lower the number of alternative options will be.*

Proposition 1d *The more the practical wisdom lens is applied, the more multi-perspective and visionary, but the more unpredictable and less calculable the management process of temporal tension will be.*

Spatial Dimension: Skimming or Drilling?

In the previous section, we highlighted the spatial dimension, where CS tensions between different social and physical locations and realms may emerge. Most of the common definitions of sustainability clearly define the spatial dimension from an intragenerational perspective (Hahn et al. 2015). Unarguably, dealing with the spatial dimension is absolutely key, both for the business-case approach, as well as for the practical wisdom lens. Nevertheless, the weighting placed on the respective spatial aspects significantly differs in the two frames.

As Drake et al. (2004) illustrate, the business-case approach aims to demonstrate that engaging in the realm of sustainability and society also has a positive effect on the realm of the financial performance and creates shared value between the economic performance of the firm and the benefits for society (Porter and Kramer 2006). However, there is empirical evidence that serving only those stakeholders

who can directly impact the corporation pays off, but that extending the corporation's engagement beyond this interest group does not (cf. Barnett 2016). For instance, the findings of Hillman and Keim's (2001) study prove that corporations' engagement for their primary stakeholders is positively related to financial performance, while corporations' contribution to the broader community and social issues are not (Hillman and Keim 2001). Even though hypothesizing the contrary, Van der Laan et al. (2008) unearthed similar results. Therefore, we expect that managers employing the business-case lens will adjust the spatial dimension of CS towards those realms and parties that can provide compensating revenues for their CS investment. That is, as Siegel (Waldman and Siegel 2008) argues, because resources allocated to CS (e.g., time or financial and human capital) have alternative uses, managers must be mindful of the "returns" of these activities, which in turn should be assessed in a rational, calculative fashion. Hence, at the one end of the spectrum, where we find the business-case approach, a particularly high degree of importance is attributed to financial indicators, while ecological and social indicators are not necessarily optimized, as long as they are met (Hahn et al. 2010). For example, following the business-case, a company could establish polluting facilities in low-income or other disadvantaged neighborhoods and merely ensure that the legal and formal requirements are met. In other words, the intragenerational perspective of the spatial dimension is hierarchically structured by the prioritization of financial expectations.

On the other side, as Roos' (2017) experience-based argument highlights, this implies that business-case approaches are still most often relegated to cursory post-profit activities that have little to do with comprehensive efforts to create businesses committed to sustainability. In contrast, the practical wisdom lens, at the other extreme of the spectrum, broadens the spatial scope of CS. It considers social welfare by responding to non-primary stakeholders rather than directly satisfying the demands of primary stakeholders (Freeman et al. 2007). In his psychological studies, Sternberg (2004) elaborates that the concept of practical wisdom follows in the logic of a self-transcendence approach, in which humans and the environment are an integrated whole. Recent empirical research indicates that companies' activities for broader social issues can also improve access to key resources held by their primary stakeholders, e.g., financial resources (Cheng et al. 2014). Here, CS occurs on a collective level and managers will apply a cross-sector view of the specific situation, which incorporates various aspects relating to people, the environment, and business, even if they are contradictory.

According to the business-case lens of CS, a company might respond to labor union demands (primary stakeholders) by increasing wages in order to improve its employee

relationships. According to the practical wisdom lens of CS, however, a company might choose to support homeless people in the local community (non-primary stakeholders) through donations for accommodation. This, in turn, might also improve its employee relationships, as employees consider a socially involved company a more desirable place to work. Obviously, however, one cannot expect every non-primary stakeholder CS engagement to result in a positive return (Barnett 2007). Due to the broader understanding of possible spatial tensions in CS, applying the practical wisdom lens therefore increases complexity. On the other hand, the business-cases' clear focus on economic relevance reduces complexity of CS and resolves spatial tensions concerning which sustainability issues managers should attribute more consideration to. This leads us to ascertain:

Proposition 2a *Spatial tensions in CS will induce managers with a business-case lens to more effectively serve the company's financial interests by satisfying the demands of primary stakeholders, but will decrease the likelihood that the many community and environment-related problems of society at large are tackled.*

Proposition 2b *Spatial tensions in CS will induce managers with a practical wisdom lens to more broadly acknowledge the various, sometimes conflicting realms relating to people, society, the environment, and to business, but will increase complexity and hamper manageability of CS.*

Contextual Dimension: Focusing or Integrating?

The contextual dimension refers to the situational embeddedness of CS and to the question whether, how, and to what degree a comprehensive range of various factors and perspectives are included and deliberated upon in CS practice. Whether managers employ the business-case lens or the practical wisdom lens to deal with the contextual scope of sustainability issues will lead to stark differences, as these approaches are to be found at opposing ends of the spectrum.

The business-case approach to contextual tensions follows in the lines of an economic rationale. An impressive body of studies has explored the varying conditions under which CS pays off (cf. Barnett 2016) and that sustainability here is viewed, first and foremost, through the lens of financial performance. The approach focuses exclusively on situations where a consistency between financial, environmental, and social dimensions can be achieved (Van der Byl and Slawinski 2015). Through the alignment or prioritization logic of the business-case lens, the contextually tensional situation is transformed into a more manageable situation, as it offers ways to expose the potential for organizations of how to benefit financially through addressing environmental and societal concerns.

Underlining this managerial quality Siegel postulates that “the best strategic leaders know how to use CSR instrumentally, that is, that executive decision-making should be focused exclusively on profit maximization, or more precisely, on shareholder wealth maximization” (Waldman and Siegel 2008, p. 118). Thus, we expect that managers equipped with the business-case lens will more easily and effectively absorb those pieces of information that they perceive as having a direct influence on the company’s financial performance from the plethora of contextual information (Beckmann et al. 2014). In this sense, from a business-case perspective, the three sustainability dimensions may be viewed as separate functional silos: they share a few connecting points, but do not operate as autonomous components of a dynamic and interrelated equilibrium.

On the other side, paradox theory research shows that organizations face multiple interrelated and persistent contextual tensions in CS that might be better addressed as a dynamic equilibrium than through alignment or prioritization (Smith and Lewis 2011). These findings correspond, at the other end of the spectrum, with the interdisciplinary nature of practical wisdom. According to Aristotle, practical wisdom necessitates open-mindedness in receiving, processing, and holistically comprehending information (NE 1140a26). Taking this cue from Aristotle, scholars argue that practically wise management transcends the one-dimensionality of economic rationality (Bachmann et al. 2017; Nonaka et al. 2014). As such, it follows that managers applying the practical wisdom lens to managing CS may more thoroughly acknowledge various coexisting, interrelated contextual tensions, and better understand and evaluate them. Regarding the extent of the perceived aspects in CS, research shows that the more managers focus on selected goals and previously fixed objectives (e.g., profit maximization), the more “they might overlook information and evidence that may prove the opposite” (Das and Teng 1999, p. 762). We also expect that the greater diversity of the practical wisdom lens positively affects the evaluation of sustainability issues. Applying the practical wisdom lens, managers will not only evaluate CS aspects according to their business relevance but will also integrate environmental and social outcomes at the societal level. For instance, managers following the business-case lens will favor environmental issues that might have a more direct and immediate impact on the firms’ economic performance, e.g., energy efficiency measures reducing both greenhouse gas emissions and energy costs. Managers following the practical wisdom lens, in contrast, will include those issues that might be less directly related to a firm’s performance but could potentially have a bigger environmental impact, e.g., biodiversity or water quality (cf. Delmas and Blass 2010). Overall, we expect that

employing a practical wisdom lens in CS will induce a stance on the contextual dimension that is characterized by a comprehensive and integrative view on sustainability issues. This leads us to propose:

Proposition 3a *The more business-case oriented their CS lens, the more likely managers are to achieve consistency between the various sustainability aspects with a clear focus, primarily conditioned by economic interests, but the more likely it is that there will be no or little integration of the multidimensionality of these aspects.*

Proposition 3b *The more practically wise oriented their CS lens, the more likely managers are to open-mindedly acknowledge and holistically integrate the various coexisting, interrelated contextual aspects of CS, but the more likely it is that there will be a lack of focus on how these aspects relate to economic interests.*

Managers equipped with the practical wisdom lens also attribute a high degree of importance to experience and values (Grassl and Habisch 2011). Without denying the value of economic models and quantitative calculations, the on-going heyday of story-based, hands-on, and straight-from-the-gut kind of books on CS and related management areas provides considerable evidence that people still strive for the practical wisdom identified by Aristotle as the most appropriate and most helpful form of guidance (Roos 2017). These managers make use of their cultural and spiritual traditions (Habisch and Bachmann 2016) and acknowledge the necessity to break with established routines in order to not only achieve economic profits, but to also attain environmental and social benefits (Hahn et al. 2014). Finally, rather than relying on standard procedures based on abstract concepts and financial models, they will be able to develop more practical solutions, founded on practical experience. This, in turn, will lead to more user-oriented strategies for managing contextual tensions. We therefore propose:

Proposition 3c *The more business-case oriented their CS lens, the more likely managers are to adapt routine responses based on economic relevance assessments leading to more manageable and immediate solutions, but the less likely it is that these solutions will be innovative and disruptive.*

Proposition 3d *The more practically wise oriented their CS lens, the more likely managers are to adapt context-sensitive responses founded on the transmitted experiences and values of the pioneers, leading to more practice-oriented but less pragmatic solutions.*

Conclusion: Practical Implications, Limitations, and Further Research

The significance of practical wisdom pertaining to CS has been underlined in previous research (Intezari 2015; Marker 2013; Roos 2017; Sasse 2016; Xiang 2016). Recent studies, however, have identified managing tensions in CS as one of the most crucial future challenges in this field (Hahn et al. 2015; Høvring et al. 2016; Van der Byl and Slawinski 2015). Therefore, this paper, as one of the first, applies the well-established wisdom-sustainability linkage to the pressing topic of managing tensions in CS. Thus, the main objective was to develop a practical wisdom lens on CS, following an integrative, multi-dimensional rationale, as an alternative to the hitherto dominating business-case lens, which follows a one-dimensional, overly economic rationale. In doing so, we aim to further the theoretical understanding of an integrative viewpoint managers might take on interrelated but diverging sustainability issues by illustrating how CS tension management manifests itself in the business-case lens vis-à-vis the practical wisdom lens.

Our paper entails a number of practical, as well as theoretical, implications. First, by further underpinning the interrelation between CS and practical wisdom, this paper significantly supplements the emerging field of practical wisdom and sustainability research. Second, our exploration of the two ideal-type lenses on CS targets the central discussion in CS literature on how the relationship between economic, social, and environmental dimensions of CS relate to each other (cf. Margolis and Walsh 2003). By exploring the actual consequences of the two lenses we present specific ways in which the three dimensions manifest themselves according to the business-case lens, as well as to the practical wisdom lens. Third, the practical wisdom lens developed in this paper offers a suitable foundation for developing alternative frameworks, strategies, and methods for managing tensions in CS. Extant research on CS is often based on the distinction between economic and short-term orientation versus social/environmental and long-term orientation (Hahn et al. 2015). However, we attempt a more nuanced view for two reasons: First, in contrast to the conventional dualistic view, both the business-case lens *and* the practical wisdom lens on CS actually require managers to balance short-term urgency with long-term impacts. In the same way, both lenses on CS contradict an overemphasis on short-term gains at the expense of long-term success (Dyllick and Hockerts 2002). Second, the dualistic approach of the conventional view evokes a rather inappropriate hierarchical ranking of CS activities, favoring long-term over short-term orientation. Through allowing a broader, more integrated and wholesome approach to be applied, our practical wisdom

lens on CS transcends the conventional dualistic view and facilitates handling complex and intertwined sustainability issues without playing off economic and social/environmental aspects against each other. In this sense, our paper provides assistance to academics and management practitioners seeking to address various CS tensions in a practically wise manner. Furthermore, through shifting the focus to a more nuanced, integrative perspective and suggesting various interdisciplinary ways of viewing a situation, we also wish to contribute towards cultivating practical wisdom in business education (cf. Roos 2017). This way, a new generation of leaders may be equipped with the competencies required to tackle the complex challenges of embracing the tensions inherent in CS.

As with any scientific contribution, our paper entails clear limitations in terms of methodology and content, which at the same time conjure up relevant avenues for future research. For one, the contribution of practical wisdom to tension management in CS is certainly not limited to what is presented here. By highlighting the complex interrelationship between managing tensions in CS and practical wisdom, however, our conceptual model provides the necessary starting point for possible future research questions such as: Which aspects of practical wisdom might frame, deepen or orientate managing tensions in CS? Which aspects of tension management might contextualize, operationalize or enable practical wisdom?

Additionally, for methodological reasons our paper follows a meta-analysis approach, which compares and discusses two ideal-type conceptualizations of CS management on a conceptual level. This way, we heightened clarity and sharpness of a systematic and comprehensive understanding of the distinct underlying rationales of CS at the cost of missing important alternative perspectives. For instance, a more thorough and critical examination of real-life examples of practically wise or unwise CS management practice, e.g., through case study research, would add most valuable insights. This is particularly relevant given that organizations are by no means driven to the same degree by the financial considerations of a capitalist logic. For instance, for-profit companies might face financial imperatives creating immense pressure on the CEO and management to a much greater extent than non-profit organizations like NGOs or care services. In practice, therefore, there are huge differences, whether, to which extent, and under which circumstances organizations might tend towards the business-case lens or towards the practical wisdom lens. These differences should be analyzed in future research. For instance, while we have proposed an *integrative* practical wisdom lens versus a *limited* business case lens continuum, others might develop an alternative approach. Following Aristotle's understanding of practical wisdom as the virtue for finding the right balance or the mean between the extremes of deficiency

and excess, one might argue that the practical wisdom lens lands somewhere in the middle of a continuum, where the economic lens is positioned at one end, and the socio-environmental lens at the other.

Moreover, since our paper is of a conceptual nature, it especially calls for further empirical refinement and practical application. In particular, the propositions developed in this paper may be tested both in qualitative and in quantitative terms. To what extent do they explain—separately and jointly—the phenomenon of practical wisdom in managing tensions inherent in CS? The propositions might also serve as signposts to a future research agenda in the field: How can our conceptual model be operationalized so as to serve practitioners in day-to-day CS practice? How can managers effectively balance or combine the strengths and weaknesses of both underlying rationales of CS, the practical wisdom lens and the business-case lens? This is particularly relevant because it tackles the question of how corporations might simultaneously act integrative and focused, other-serving and self-serving—objectives, which are to be found at opposite ends of the spectrum. The latter calls for reorienting (not replacing) business-case research in CS based on practical wisdom research. By exploring the ways in which CS might serve society, rather than only focus on primary stakeholders, serve the environment, instead of only applying energy cost saving measures, and serve future generations, we can begin to assess whether, how, and to which extent the different desirable but seemingly incompatible sustainability aspects can be combined without emphasizing one aspect over others.

Acknowledgements We would like to thank three anonymous reviewers for their very useful suggestions on a previous draft. We greatly appreciate the comments received.

Funding The authors confirm that no funding was received for this study.

Compliance with Ethical Standards

Ethical Approval This article does not contain any studies with human participants or animals performed by any of the authors.

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