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Joel Marcus, Elizabeth C. Kurucz and Barry A. Colbert

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# Conceptions of the Business–Society–Nature Interface: Implications for Management Scholarship

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## Abstract

This article explores the implicit and explicit conceptions of the relationship between business, society, and nature that are evident in the management literature. The authors derive three conceptions, termed the *disparate*, *intertwined*, and *embedded* views, and consider how they relate to the economic, social, and environmental challenges of our time. It is argued that an embedded view is best able to help us address these challenges, as it infers a holarchical (or holistically hierarchical) perspective of the business–society–nature interface: the notion that the business, societal, and biospheric systems are not only interrelated but that they are most realistically (and therefore most usefully) viewed as nested systems. The embedded view highlights systemic limits and the dependency of society and economy on nature, and it thus provides a logical value ordering to these domains. The authors conclude by discussing the research implications of an embedded view.

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## Keywords

Business–society–nature interface, societal challenges, conceptual models, embedded view, research agenda

The twenty-first century will, in fact, be the Age of Nature. We'll learn, probably the hard way, that nature matters: we're not separate from it, we're dependent on it, and when there's trouble in nature, there's trouble in society.

Homer-Dixon, 2006, p. 13

There is mounting evidence that society is facing a series of profound challenges that span the economic, social, and environmental domains. The tumultuous market events of late 2008 unveiled critical deficiencies in the global economic system and sent government and business leaders scrambling to prop up massive industry failures with hundreds-of-billion-dollar aid packages in the hope of restoring economic stability and a return to status quo economic-growth policies. Concurrently, social systems around the world are showing signs of growing instability, ranging from microunrest in the form of food riots, worker riots, and intraregional conflict to macroinstability in the form of interregional conflict and increasing numbers of failing states (Brown, 2008). Add to that the rapidly accumulating evidence that indicates the earth's natural systems are in a highly perilous state, which points to collective human activity at the global scale as a chief contributor to environmental decline (Intergovernmental Panel on Climate Change, 2007; Millennium Ecosystem Assessment, 2005). Some see these mounting stresses as inevitably leading to a period of societal decline, if not collapse (Brown, 2008; Homer-Dixon, 2006).

It is increasingly apparent that these challenges are not unrelated, discrete problems that can be analyzed, attended to, and solved independently; instead, they are complex phenomena that cross system boundaries and that emerge from the dynamic interplay between business, society, and nature (Holling, 1995). Thus, if we are to confront these challenges, it seems necessary to have a comprehensive understanding of how business, society, and nature relate to each other. Interestingly, within the management literature, there has been little direct discussion of the relationship between these three metasystems, although both business and society (B&S) and organizations and the natural environment (ONE) scholarship are based on an explicit recognition of a *de facto* relationship between business and society, and business and nature, respectively. However, even while the very names for these areas of management inquiry point to the existence of interconnections between the natural, social, and economic realms, the *nature* of these relationships has received relatively little

attention. This is significant because the basic conception that scholars hold of the business–society–nature (B-S-N) interface will influence the research questions asked, the theories developed, and ultimately the prescriptions offered to management practitioners and political leaders. We posit that a holistic analysis of how business, society, and nature interrelate is necessary to confront the environmental and social challenges before us and to support a rich research agenda that can contribute meaningfully to the field of organizational studies.

Thus, in this article we ask, What implicit or explicit conceptions of the B-S-N interface are evident in the management literature, and how do they correspond to the social and environmental challenges of our time? The purpose of this article is first to derive, compare, and contrast three general conceptions of the B-S-N interface and second to consider the research implications of a holistically hierarchical view of the relationship between business, society, and nature. In particular, we elaborate on what we have termed the embedded view—both for its underrepresentation in the current field of management scholarship and for its potential to address the impasse we seem to face in our understanding of how to respond to current and imminent global challenges.

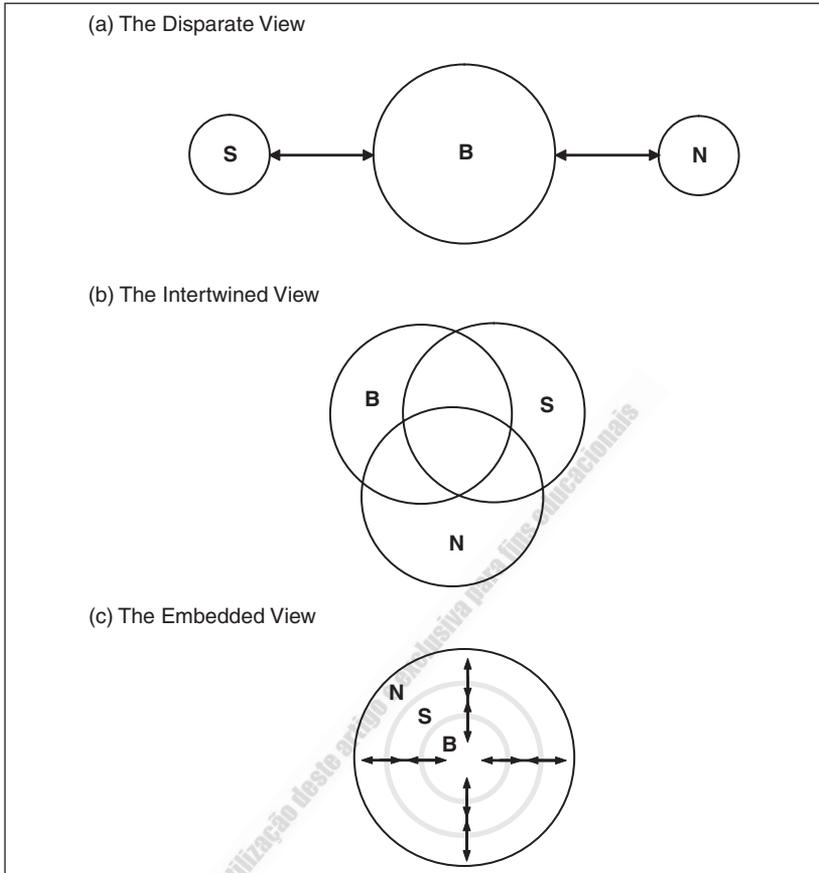
Our conceptual analysis addresses the relationship between the metasystems (macrosystems composed of smaller subsystems) of business, society, and nature, which we refer to as the *B-S-N interface*. Thus, our reference to *business* throughout this article is to the business system in aggregate (i.e., the economic system) as opposed to individual businesses or organizations. We take *society* to mean global society, which includes all humans and the totality of their activities and institutions across geographic locale and time, although we are primarily concerned with current and future generations. By *nature* we mean all living species and the biophysical elements and processes that make up the earth's natural systems.

This article proceeds as follows: First, we describe three distinct conceptions of the B-S-N interface derived from a broad review of relevant management literature. We refer to these as the *disparate*, *intertwined*, and *embedded* views. We organize our conceptions along several dimensions, based on noted differences in the implicit and explicit assumptions underpinning each. Ultimately, we suggest that the embedded view is most useful for addressing complex global problems, as it infers a holarchical (or holistically hierarchical) perspective of the B-S-N interface: the notion that business, societal, and biospheric systems are not only interrelated but are also most realistically (and therefore most usefully) viewed as nested systems. We conclude by discussing the research implications of an embedded view and with recommendations related to building an embedded case for corporate actions.

## **Alternate Conceptions of the B-S-N Interface: Disparate, Intertwined, and Embedded**

Because there have been relatively few conceptual analyses examining the B-S-N interface, we conducted a broad review of relevant literature to understand the different ways in which management scholars have implicitly or explicitly characterized this interface in their work. Based on this review, we have delineated three alternate conceptions of the relationship between business, society, and nature (Figure 1). The first conception, which we have termed the disparate view, is an externalizing perspective, drawn primarily from traditional management studies and a neoclassical economic orientation in which society and nature are regarded as separable from and peripheral to the business system, which is of central concern. Given that broader societal and natural phenomena have historically remained outside the agenda of most management and economic scholars, the disparate view comprises a largely implicit model of the B-S-N interface. The second conception, or intertwined view, is a relating perspective, where society and nature are regarded as more centrally important and treated in an integrated fashion with the business system. That is, business, society, and nature are brought within the problem domain. As compared with the disparate view, the intertwined perspective is more explicit in the literature and has received considerable uptake in the form of widely popularized triple-bottom-line (3BL) models of sustainability (Elkington, 1998). Our review suggests that, taken together, social issues and environmental management scholarship tend to reflect an intertwined view, but we are particularly concerned with the conceptual validity of this model and question whether it provides an adequate foundation from which to address the broad global challenges identified above. The third conception—the embedded view—is a reorganizing perspective, in which business, society, and nature are viewed as nested systems, and is adapted from relatively recent work in the fields of environmental studies and environmental economics.

Given that numerous articles have mapped the streams of research that address social, environmental, and economic issues (see Carroll, 1999; Donaldson & Preston, 1995; Etzion, 2007; Griffin & Mahon, 1997; Jones, 1995; Kurucz, Colbert, & Wheeler, 2008; Margolis & Walsh, 2001; Orlitzky, Schmidt, & Rynes 2003; among others), we do not undertake a general review of the literature. Rather, we aim specifically to uncover how the relationship between business, society, and nature has been characterized (either implicitly or explicitly) in the literature and to explore how different conceptions of this relationship might help or hinder our ability to address challenges that cross the B-S-N interface. Our review, though broad, is thus somewhat selective.



**Figure 1.** Alternate conceptions of the business–society–nature interface  
 Note: B = business; S = society; N = nature.

We recognize that in many cases we draw our conceptual frameworks inferentially and that there is room for debate as to how well different research streams correspond to one conception or another. However, our review reflects the general shape and contour of the literature, and indicates three distinct ways of characterizing the B-S-N interface. In Table 1, we compare and contrast the three views across a number of dimensions, including their characterizations of business, society, and nature; relevant value domains; and their relational principles. In the following sections, we outline these dimensions in greater detail with respect to each of the disparate, intertwined, and embedded views.

**Table 1.** Comparison of the Disparate, Intertwined, and Embedded Views

	Disparate	Intertwined	Embedded
	Atomistic	Systemic	Holarchical
(1) Business	Separable; largely self-contained and self-regulating	Partially separable; relatively equal in stature to business and nature	Inseparable; a partial system contributing to societal welfare, within the biosphere
(2) Society	Separate and exogenous; aggregate of individual interests	Interfaces with business in the stakeholder complex	Includes all human systems and activity across levels of analysis
(3) Nature	Separate and exogenous	Interfaces with business such that business value and natural capital are mutually enhanced	Finite, all-encompassing life-sustaining system
(4) Relevant value domains	Economic	Unordered multiform: economic, social, and environmental	Ordered multiform: nature, society, business
(5) Relational principle	Independence	Interdependence	Dependence

### *The Disparate View: An Externalizing Perspective*

Smith, Malthus, and Ricardo and later J. S. Mill and Marx . . . were well aware of the links between the economy and its larger social setting. Some of them also paid attention to the links of the economy with nature. Unfortunately, most economists who followed concentrated on the internal workings of the economy, giving the false impression that the economy is disconnected from society and the natural world.

Victor, 2008, p. 35

Gladwin, Kennelly, and Krause (1995) have suggested that management theory and research is dominated by a technocentric orientation characterized by a reductionist and atomistic view of the world. Perhaps most strongly implied in the neoclassical economics paradigm (see Etzioni, 1988), there has been a strong tendency within the mainstream management literature to

treat business, society, and nature as wholly distinct realms each characterized by unique elements, processes, and functions. The relationship between systems is regarded as arms length or loosely coupled rather than integral. According to this orientation, “The economy is a closed linear system, isolated from nature, where exchange value circulates between industries and households. All else is exogenous” (Gladwin et al., 1995, p. 884). Perhaps not surprisingly, analyses that focus on the internal workings of the economic system tend to exhibit this externalizing view of nature and society.

Preston and Post (1975) have similarly identified the market contract model underlying liberal economic theory as belonging to a more general class of collateral systems models, in which “two or more systems are engaged in transformation and exchange relationships with each other” (p. 16) and “each component entity is isolated from every other one, and interactions take place *only* by means of transactions” (p. 20, italics in original). We refer to this tendency to treat business, society, and nature as standalone, separable units with linear causal flows between them as the disparate view of the B-S-N interface (Figure 1a).

*The disparate view of business.* Mainstream economic and management scholarship is arguably defined by a central and encompassing preoccupation with the business system. The totalizing emphasis on business is tellingly revealed in the classic management view that *the business of business is business*. The presumed purpose of business is to maximize financial wealth (Jensen, 2002) as a principal means by which humans meet their individual needs. Business is generally regarded as self-contained and self-organizing, and is typically characterized as a system of transactional exchanges rooted in a logic of individual self-interest. The objective of maximizing economic outcomes at the individual, firm, industry, national, and global levels is largely accepted as a taken-for-granted assumption. Economic growth across all levels of analysis is almost exclusively regarded as desirable.

From a disparate perspective of the B-S-N interface, the business realm fully defines the domain of interest and the salient objectives are to understand the key variables and mechanisms operating within the system and to maximize economic outcomes. Because social and environmental phenomena are notoriously difficult to quantify in market contract terms, the bulk of management scholarship has given little attention to the societal and natural domains. This is not to suggest that social and environmental phenomena are completely ignored but rather that they are deemed relevant only insofar as they can be modeled as economic factors. Thus, under a disparate orientation, social and environmental variables of interest are recast as economic variables, and society and nature remain outside the scope of analysis proper.

*The disparate view of society.* The business-centric orientation of the disparate view sees society as an exogenous entity that comprises a distinctly different and separable realm comprised of all noneconomic human activities. The societal sphere and issues of social welfare are presumed to be the domain of government rather than business, and the role of business vis-à-vis society is simply to create as much economic value as possible (Friedman, 1971). Beyond the creation of economic value as the assumed defining purpose of business, effects of business on society that are not embodied in market transactions are regarded as “externalities” (Crouch, 2006)—a framing that reinforces an exclusively narrow focus on the business domain and acts to diminish the perceptual salience of meaningful societal impacts that are not directly manifest in statements of profit and loss. As Crouch (2006) has outlined, so-called externalities can have both positive and negative impacts on society, but by definition, consideration of these effects is outside the domain of standard market analyses.

From a disparate perspective, the effects of society on business consist primarily of the regulatory and legal frameworks imposed on the business system. Regulation, taxes, and compliance with legal standards create direct costs that can be quantified and assessed within a market-exchange model, and as such have received considerable attention in what can be considered the normal arena of economic and management inquiry. However, according to neoclassical economic theory, the invisible hand of the market will self-regulate, and externally imposed boundaries and constraints, particularly in the form of public policy, are deemed undesirable. Or, as Preston and Post (1975) wrote, “Any impact of government or other forms of collective social direction on the market contract process and its results can be unambiguously termed ‘interference’” (p. 21). This strong market logic makes a clear, even normative, distinction between the realms of society and business, where government is and should be strictly responsible for social welfare, and business is and should be strictly responsible for economic value creation (Friedman, 1971; Siegel, 2009).

*The disparate view of nature.* Under a disparate view, the role of nature is to serve business as the source of basic resources used in the creation of economic value, and as a sink for its by-products and waste disposal. This is the view inherent in most neoclassical economic models and traditional management theory. At the organizational level, access to valuable resources is seen to be a key determinant of firm performance (e.g., Barney, 1991). However, resource constraints are typically treated as a within-system problem (i.e., between-firm resource differentials), as opposed to a limiting factor on the system as a whole. Victor (2008) cites the work of Barnett and Morse (1963), and their conclusion that natural resource availability had not and would not

likely constrain economic growth as having “permeated the thinking of many economists and those they advise for the past half century” (Victor, 2008, p. 51). As with the impacts of business on society, characterizing the impacts of business on nature such as pollution, habitat destruction, and so forth as externalities reinforces the view that business is distinct and separable from nature.

*Relevant value domains.* The disparate view emerges from a central concern with explaining economic phenomena and economic outcomes, and above all a preoccupation with economic value. With the centrality of economic value creation across all levels of analysis (see Victor, 2008, for a particularly cogent analysis of economic growth as *the* primary public policy objective), broader forms of value intrinsic to the societal and natural domains go largely unrecognized. Thus, only those factors and phenomena that bear directly on the creation or loss of economic value are deemed relevant.

*Relational principle.* A disparate view rests on the underlying principle of independence of the business, societal, and natural systems. Treating business as an independent unit allows scholars to examine in detail the internal workings of an (often theoretical) economic system, while disregarding the supposedly noneconomic factors embedded in society and nature. Detailing the history of neoclassical thought, Kapp (1963) wrote,

Political economy became “pure economics” which recognized only those ends (and means) which could be expressed and measured in terms of exchange values. That is to say, those social ends and means (costs) which could not be expressed in terms of market prices increasingly came to be regarded as “noneconomic” and as such outside the proper scope of economic analysis. (p. 5)

Thus, while the principle of independence underlying a disparate view allows for insight into a market system composed of quantifiable exchanges, it upholds a strict categorical distinction that precludes social and environmental phenomena that are not readily quantifiable from economic analyses.

*Limitations of the disparate view.* Although the disparate view would not likely be defended as an accurate or realistic portrayal of the relationship between business, society, and nature, it may be justified as a useful abstraction—similar to the ideal type of the perfect competition model (see Etzioni, 1988)—to gain insight into particular features of a market system. Thus, if the primary problem to be addressed is predominantly economic in nature and can be determined strictly in terms of financial outcomes, the disparate view *may* not be a wholly inappropriate conception. However, in its singular emphasis on the business

system, the disparate view systematically excludes consideration of social and environmental phenomena that cannot be economically quantified. It thus fails to make salient many of the critical issues currently facing humanity.

### *The Intertwined View: A Relating Perspective*

The field and its integrating theme appear very clearly . . . to be the complex, dynamic, two-way relationship between the economic institutions of our society, with which most schools of business are primarily concerned, and the social systems in which those institutions now operate and are likely to operate in the future.

Preston and Post, 1975, p. xi

[A]n understanding of sustainability . . . is focused on the interactions between industrial and ecological systems, rather than examining each system independently.

Seager, 2008, p. 444

The disparate view of the B-S-N interface has been largely rejected by social issues and environmental management scholars for its apparent lack of descriptive validity and severe discounting of social and environmental factors. Rather than peripheral, most argue that these latter elements are central to business activities and provide the very foundations from which business operates. Furthermore, these scholars are generally concerned with the very real and demonstrable social and environmental consequences that accompany economic activity and often show a deep interest in preserving and enhancing noneconomic forms of value found in the societal and natural domains (e.g. Bazerman & Hoffman, 1999). Many see the interests of business, society, and/or nature as complementary and have sought to demonstrate how value can be simultaneously created across these domains (Hart & Milstein, 2003; Porter & van der Linde, 1995; Prahalad, 2005).

Attempting to capture this expanded domain of management research interest, Preston and Post (1975) proposed that the relationship between business and society is best understood in terms of interpenetrating systems, which exist “when more than one distinct system, neither totally contained by nor containing the other, is involved in a single event or process” (p. 16). The accompanying graphical portrayal consists of two overlapping ovals, one representing business and the other society, with the common space

defined as a *single process under analysis*. The interpenetrating systems model has been well received in the B&S literature (Buchholz, 1996) but does not include the earth's natural systems.

In recent years, a very similar though more comprehensive model—in that it includes the natural environment—has been widely promoted under the rubric of *sustainability* and is generally regarded as offering a new and more relevant model for management inquiry and practice that addresses limitations in the disparate orientation. This is also referred to as the triple-bottom-line approach, which Elkington's (1998) original contribution defined as “focusing on economic prosperity, environmental quality and . . . social justice” (p. 2). The venn diagram often used to represent the integration of these broader objectives (Adams, 2006; Cohen, Smith, & Mitchell, 2008; Dalal-Clayton & Bass, 2002; Stead & Stead, 2009) is what we refer to as the intertwined view of the B-S-N interface (Figure 1b). Systematic descriptions of the various components of this model have been provided by Cohen et al. (2008) in their work to expand the outcome domain of interest for entrepreneurship research.

As a conceptual framework, the intertwined view is clearly distinguishable from the disparate view in that social and environmental phenomena are seen to be within rather than outside the problem domain. The intertwined view implies that business, societal, and environmental objectives can and should be pursued simultaneously, and the central goal of achieving sustainability takes precedence over simple economic outcomes. Sustainability, from an intertwined perspective, is defined as the successful integration of these multiple objectives and is commonly illustrated as the space where the economic, social, and environmental spheres overlap (Cohen et al., 2008; Stead & Stead, 2009).

Although in many cases social issues and environmental management scholars do not frame their work within the context of sustainability, the basic premise of the B&S and ONE literatures, which integrate the social and/or environmental with the economic, is highly consistent with an intertwined view. However, we recognize that individual research contributions or particular streams within these fields may not always directly reflect the overarching intertwined view that integrates the economic *and* social *and* environmental. We see two related reasons for this. First, as our title quotes under this section suggest, it is most common for scholars to focus in a dualistic fashion on either business–society relationships or business–nature relationships and less prevalent for scholars to consider the relationships between all three domains (cf. Cohen et al., 2008). Second, there has been little conceptual work addressing the relationship between business, society, and nature, and researchers often fail to make clear the conceptual framework underpinning their work. We see this latter point as a significant gap in the literature, which in part

this article is meant to address. The former we see as a function of standard scientific approaches that tend to focus narrowly on a limited number of well-defined variables and the linear relationships among them. Thus, although social issues and environmental management scholarship are distinct in a number of ways, taken together, their central underpinnings exhibit an intertwined view of the relationship between business, society, and nature.

*The intertwined view of business.* Management scholarship dealing explicitly with issues of environment and/or society has helped to systematically integrate social and environmental issues with elements of the business system from both strategic (e.g., Freeman, 1984; Hillman & Keim, 2001; Porter & van der Linde, 1995; Sharma & Vredenburg, 1999) and institutional (e.g., Doh & Guay, 2006; Hoffman, 1999; Husted & Allen, 2006; Prakash, 1999) perspectives. Early research that focused on business and society issues sought to define business as entities with a broader range of responsibilities to society beyond the creation of shareholder value (Carroll, 1979). Despite persistent ambiguity in the definition of corporate social responsibility (CSR) and notable critiques of the concept and its related discourse (Friedman, 1970; Jones, 1996; Vogel, 2005), CSR and the related concept of corporate social performance (CSP) continue to be dominant themes, if not *the* dominant themes, in management scholarship focused on the interrelationship between social and economic issues (Carroll, 1999; McWilliams & Siegel, 2000; Schwartz & Carrol, 2003; Swanson, 1999; Weaver, Trevino, & Cochran, 1999; Wood, 1991b; see also the *Academy of Management Review* special topic forum, July 2007). According to Wood (1991a), “the basic idea of corporate social responsibility is that business and society are interwoven rather than distinct entities” (p. 695).

Beginning in the 1990s, management scholars began to focus on the natural environment and its implications for mainstream management theory (e.g., Gladwin et al., 1995; Hart, 1995; Shrivastava, 1995a; Starik & Rands, 1995) and to empirically assess factors relating organizations to the natural environment (e.g., Bansal, 2003; Bansal & Roth, 2000; Henriques & Sadorsky, 1999; Sharma, 2000). The concept of *sustainable development* or *sustainability*, based in the work of the Brundtland Commission (World Commission on Environment and Development, 1987), is central to much of the literature examining the business–nature interface (Etzion, 2007) and has come to be a dominant theme in both management research and practice. Like CSR, sustainability is a broad, overarching, and contested concept (Porrit, 2006) that usefully captures much of management scholarship that addresses economic, social, and environmental issues (Etzion, 2007; Kurucz et al., 2008). Within the sustainability literature, business is widely promoted as holding great potential to be a positive agent of global change by, for

example, attending to the needs of the world's poorest inhabitants at the base of the pyramid (Prahalad, 2005) or by developing operational and technological innovations that reduce humanity's collective burden on the environment (Hart, 1997). These authors see a complementary relationship between the for-profit motive of business, and the social and environmental needs that must be addressed if we are to ensure a sustainable future. Stuart Hart (2005), one of the most influential voices in the sustainability literature, is particularly optimistic about the role of business and argues that "corporations are the only entities in the world today with the technology, resources, capacity, and global reach required" (p. 3) to lead us toward a sustainable world.

In sum, the social issues and environmental streams of management inquiry treat business not as a standalone entity separate from society and nature but rather as one of three important and integrally linked systems. Business is characterized as a system of economic value creation that results from the transformation of social and natural capital. As such, an intertwined view implies that business phenomena cannot be disaggregated from societal and natural processes, and suggests the possibility that by balancing business interests with those of society and nature, value can be simultaneously created within each system (Hart & Milstein, 2003).

*The intertwined view of society.* It is widely acknowledged that the basic premise of the business and society/social issues in management field is that "business and society are intricately connected" (Wood, 1991b, p. 384; see also Preston & Post, 1975; Wood, 1991a). However, there seems to have been relatively little inquiry into exactly what this societal entity is. A recent survey examining the extent to which business and society literature is idealistic identified only one topical area—social issues—as having a societal level of analysis (Dentchev, 2009). On the whole, it appears that *society* has been a convenient catchall for human-related phenomena that are not strictly economic and that the field has remained somewhat agnostic as to the nature of society.

Despite this apparent gap, we see two areas of management scholarship that provide insight into the societal domain: stakeholder theory and the public policy literature. Freeman's (1984) seminal work on stakeholder management opened an important new avenue for management scholars to think about the societal realm and its relationship to business. Defined as those who affect or are affected by a firm's activities, stakeholders are broadly interpreted to include owners, employees, customers, governments, and even the "poor, weak, isolated, non-legitimate, and . . . non-human" (Hart & Sharma, 2004, p. 7). Stakeholders exist both within and outside the organization and thus help to define the business–society interface. Society from a stakeholder perspective is composed of a potentially limitless number of actors, both large

and small, who exist in a complex web of interrelationships, continually affecting and affected by other societal actors. By definition, and given the managerial nature of stakeholder theory (Freeman, Wicks, & Parmar, 2004), the organization always exists as the focal referent in stakeholder analyses. While individuals and groups can be identified, categorized, and ordered according to a logic of organizational goal attainment (Mitchell, Agle, & Wood, 1997), society as a whole takes on a more amorphous quality that only becomes tangible within the organization's stakeholder complex. Thus, stakeholder theory has tended to treat society as individual actors who collectively are no greater than the sum of their parts (Buchholz, 1996). Only recently has the concept of *community* been given greater attention within the stakeholder literature (Dunham, Freeman, & Liedtka, 2006).

The public policy literature considers society from a different perspective and sees public policy as "the means by which society as a whole articulates its goals and objectives and directs and stimulates individuals and organizations to contribute and cooperate with society" (Buchholz & Rosenthal, 1995, p. 261). Under an intertwined view, society—in the form of government and public policy—and business are conceived as distinct, relatively equal systems that interrelate in a sphere of mutual influence. Public policy establishes a regulatory and normative environment conditioning the market, and business becomes politically active to sway public opinion and help shape public policy (Hillman & Keim, 1995). Democracies are conceptualized as "marketlike processes where demanders and suppliers of various public policies interact" (Bonardi, Hillman, & Keim, 2005, p. 397), and firms seek to enhance their competitive position through political activity (Schuler, Rehbein, & Cramer, 2002). We note that much of the public policy literature assumes a business-centric perspective, in which public policy is framed as a means by which firms achieve strategic objectives rather than as an end in its own right (Boddewyn & Brewer, 1994, p. 121). Public policy is generally regarded as "good" when it allows for economic growth and "bad" when it diminishes market potential. This framing tends to subjugate the public/societal sphere to the private/business sphere.

*The intertwined view of nature.* Like the relationship between business and society, the intertwined view of business and nature sees two relatively distinct (but interrelated) systems that partially share a common space in which a single process unfolds. At the business–nature interface, this single process occurs when nature is systematically integrated into business consciousness and practice. The interface is thought to result in mutual benefit for both business and nature, as firms are able to reduce costs, enhance legitimacy, and even gain strategic competitive advantage over rivals by reducing their

environmental footprint, producing environmentally friendly products, and developing environmentally rooted resources and capabilities that are unique to the firm and valuable to the market (Bansal & Clelland, 2004; Hart, 1995; Hoffman, 2005; Reinhardt, 1998; Russo & Fouts, 1997; Sharma & Vredenburg, 1999). It is often suggested that at both the micro level and macro level, economic growth and environmental integrity do not conflict but are rather mutually enhancing.

A number of scholars interested in the intersection of nature and business have sought more robust explanations for firms' environmental actions through the lens of institutional theory and field-level analysis (Hoffman & Ventresca, 2002). From this perspective, the basic understanding of environmental issues and the manner in which organizations respond to them are shaped largely by broad sociocultural forces that constrain organizational options to that set of actions deemed legitimate within a particular institutional field at a given point in time (Hoffman & Ventresca, 1999). Research in this stream has documented how institutional shifts have substantially changed the meaning of environmental issues relative to corporate practice since the 1960s (Hoffman, 1999, 2001), how global and host country institutional pressures affect the environmental activities of multinational firms (Levy & Kolk, 2002; Sharfman, Shaft, & Tihanyi, 2004), and how firms use political activity to respond to and shape the institutional forces to which their environmental performance is subject (Child & Tsai, 2005; Kolk & Pinkse, 2007).

Although the observed state of environmental decline is the assumed backdrop in these analyses, nature is typically framed as an increasingly important *social* issue to which firms must respond if they are to maintain legitimacy, competitiveness, and survival (Meyer, 2002). Again, institutional approaches do not specifically address the systemic relationship between business, society, and nature but rather are predominantly concerned with understanding the determinants of firm-level environmental activity (Ehrenfeld, 2002). Society in the form of such things as institutional values, norms, and government regulation is structured primarily as a key antecedent variable (rather than an outcome variable) by which environmental issues become incorporated into corporate consciousness and practice. Thus, while institutional analyses highlight substantial shifts in societal and subsequently business concern for issues pertaining to nature over the past 50 years, it remains unclear whether changing institutional and environmental regulatory regimes or even those actions indicative of "high-level corporate environmental performance" (Sharfman et al., 2004) are truly effective relative to the scale and scope of environmental problems facing humanity (cf. Meyer, 2002). Nonetheless, much of the literature in this area emphasizes the potential for business enhancing outcomes within the

changing institutional structures that aim to promote ecological benefit (Hoffman, 2000; Kolk & Pinkse, 2008; Rugman, Kirton, & Soloway, 1999). For example, in their analysis of environmental regulation within the context of the North American Free Trade Agreement (NAFTA), Rugman et al. (1999) conclude that “the NAFTA regime works to increase market access and enhance competitiveness, for firms from all participating countries, while also helping to protect the natural environment as well” (p. 9).

*Relevant value domains.* In contrast to the disparate view that recognizes only quantifiable economic value, the intertwined view recognizes multiple forms of value intrinsic to each of the business, societal, and natural systems. The intertwined view does not imply any particular value ordering, and it thus suggests that each value form is equally legitimate and that creating value of any kind is desirable. Because systemic limits that would constrain value growth within the different domains are not immediately apparent, the overlapping spaces are most commonly conceived as opportunities for mutual value creation, rather than as areas of value conflict where trade-offs occur. It is thus thought possible and desirable to achieve win-win-win outcomes, where “win” in the business sphere is interpreted as economic growth. The intertwined view naturally leads to a research model of “doing well (financially) by doing good (socially and environmentally),” which was notably the theme of the 2007 Academy of Management meeting.

*Relational principle.* Whereas the disparate view is built on the principle of independence, the intertwined view rests on the underlying principle of interdependence. Interdependence infers that all three systems are necessary and mutually supporting. It further implies that none of the systems can function alone and that each requires the others to maintain system integrity. The notion of interdependence is perhaps most apparent in the *three-legged-stool* model of sustainable development, which has had a remarkably wide reach (Dawe & Ryan, 2003). In our view, these popular conceptions of sustainable development mask the critical dependencies in the relationship between business, society, and nature, which we detail later in this article.

*Limitations of the intertwined view.* Although the essential nature of the relationship between business, society, and nature has not been an explicit area of inquiry in social issues and environmental management scholarship, our review suggests that the intertwined view is consistent with the prominent themes, research emphases, logic, and assumptions that characterize this work. The intertwined view has played a vastly important role in both management research and practice, opening up and providing legitimacy for multiple domains of inquiry and greatly increasing our knowledge about the relationship between economic, social, and environmental variables.

However, despite these advances, it is not clear that the intertwined view helps to address in a meaningful way the most difficult challenges facing human society. Notably, even while business has largely come on board with accepting responsibility to a broader range of stakeholders and committed to higher standards of ethical conduct (Jenkins, 2001), in the last decade we have witnessed some of the most egregious management behavior and economically ruinous corporate scandals on record. Even while corporations have embraced the concept of sustainable development and adopted more environmentally friendly practices (Kolk, 2003), we continue to see profit pursuits leave a devastating trail of ecosystem impacts (e.g., Marsden, 2007). Even while much of the world has experienced unprecedented economic growth (World Bank, 2008), we have not managed to reduce poverty, social inequity, and conflict (Brown, 2008), or even on the whole to make ourselves happier (Layard, 2005). Moreover, even while governments have largely accepted the voluminous scientific data indicating that collective human activity is compromising the earth's unique life sustaining properties (Intergovernmental Panel on Climate Change, 2007; Millennium Ecosystem Assessment, 2005; U.S. Climate Change Science Program, 2008), our public and private sector leaders remain most strongly committed to the pursuit of unending economic growth and material prosperity (Homer-Dixon, 2006; Milbrath, 1989; Victor, 2008).

We contend that many of the truly pressing dilemmas facing human society are outside the scope of a research paradigm based on an intertwined perspective. While the intertwined view helps to bring multiple forms of value to the table, it has some key limitations as a valid representation of the B-S-N interface. First, although the three systems are shown to share common space, each system is also portrayed as covering a substantial area unique unto itself. The intertwined view is thus logically questionable as we detail below and does not call attention to systemic limits on economic and societal expansion inherent in a finite world. Second, because the systems are conceived as relatively equal spheres, the intertwined view does not convey either a natural or logical ordering to the business, societal, and natural value domains. In the absence of a value ordering, and in response to the dominant disparate view within management studies, a preponderance of research has sought to demonstrate that socially and environmentally beneficial actions are commensurate with and beneficial to business. We are concerned that such approaches, though aimed at promoting social and environmental welfare, may inadvertently reinforce the disparate view that business is most important. We draw on Holling's (1995) insight with regard to ecosystem collapse and renewal that "theories that do not match the problem can be at best delusions and at worst dangerous" (p. 19). Thus, while the intertwined

view appears a better approximation of reality as compared with the disparate view, its failure to convey critical features in the relationship between business, society, and nature may deceptively hinder attempts to reach truly sustainable outcomes. We offer that there is need for a more robust understanding of the B-S-N interface to shift the status quo in both management theory and practice—one that will enable us to explore new questions of how we might address problems of global sustainability.

### *The Embedded View: A Reorganizing Perspective*

The “deep green” depiction . . . is a series of concentric circles . . . . This is not the dominant way of seeing the world in cultures where the economy appears to rule. But it is, arguably, the way things really are.

Gibson, 2001, p. 11

A number of scholars working from a more decidedly environmental orientation have outlined an alternative to the disparate and intertwined conceptions of the B-S-N interface (Gibson, 2001; Porrit, 2006; Victor, 2008). This conception, which we refer to as the embedded view (Figure 1c), accepts the principal tenet of the intertwined view—that business, society, and nature are innately inter-related. However, the embedded view more fully frames the nature of this relationship in that business is seen to exist within society, and society within the broader natural environment; this represents a fundamental reorganization of our understanding of the B-S-N interface. The business and societal systems are not seen to merely overlap but rather the business sphere is completely enveloped within the societal sphere (Granovetter, 1985; Westley, 1995). In this conception, the business system, as with other systems of human creation (e.g., legal, moral, religious, etc.), is not considered a comparable equal to society or nature but is rather a component nested within the larger societal system. Similarly, society is completely nested within the natural environment.

From a phenomenological standpoint, the embedded view appears more descriptively accurate than either the disparate or intertwined views, although we recognize that no graphical portrayal can fully capture the relationship and dynamics between these complex systems and that even the embedded view has limitations in this regard (Lozano, 2008). For one, the typical rendering of three concentric circles connotes a much sharper distinction between systems than is actually the case (Victor, 2008). Similar to the problem faced by those attempting to define organizational boundaries (e.g., Pfeffer & Salancik, 1978), it is difficult if not impossible to determine where business ends and society

begins or, likewise, where society ends and nature begins. When considering complex, open systems, our boundaries are drawn out of conceptual convenience and are always somewhat arbitrary. The concentric circle depiction also fails to convey that business permeates society to directly interface with nature. For our part, we have opted to soften the lines between the systems while maintaining a hard line around nature. This hard line is meant to convey that the earth is finite and constituted with real physical limits (Brown, 2008). The multiheaded arrows indicate the complex nature of these nested systems and their interrelationships. It should also be recognized that the central location of business within this model does not indicate that it is the most important but rather that it is the most dependent (Victor, 2008). According to Gibson (2001), the implication of the embedded view “is that anything in the smaller circles that undermines the larger is weakening its own foundation” (p. 11).

To date, the embedded view has had little representation in the management literature, though there are some notable exceptions. In their seminal article outlining the features of a *sustaincentric* paradigm for management studies, Gladwin et al. (1995) clearly acknowledge the systemic limits to economic growth and societal population expansion imposed by ecological boundaries. These authors also make an important distinction between *growth* and *development*, and define development as “widening or enlarging the range of people’s choices” (Gladwin et al., 1995, p. 878). Starik and Rands (1995) likewise offered a multilevel/multisystem model consistent with our embedded view in their effort to define the *ecologically sustainable organization*. O’Hara (1998), working from a somewhat different angle, considered how different ethical frameworks either contribute to or undermine sustainability and concluded that only under an ethic of care (diagramed as three overlapping circles of economy, society, and ecology) are the “connections of human dependence on the sustaining functions of households, the subsistence sector, and ecosystems visible” (p. 57).

However, while these analyses are for the most part consistent with an embedded view, they have not focused specifically on the conceptual nature of this view or its implications. Furthermore, in a number of efforts that have sought to rethink the disparate view, we see a conceptual conflation between the intertwined and embedded views (e.g., Stead & Stead, 2009), perhaps best illustrated in a recent article by Marcus and Fremeth (2009). These authors present a diagram of sustainable development as three overlapping spheres but state that the “cornerstone [of sustainable development] is a conception of interlocking environmental, social, and economic spheres, whose development should be harmonious” (Marcus & Fremeth, 2009, p. 18). We believe

greater clarification is needed to highlight the distinctiveness of an embedded view and its implications for management scholarship.

*The embedded view of business.* From an embedded perspective, business is a subsystem fully encompassed within society, and thus it cannot be fully or even partially separated from society as implied by the disparate and intertwined views, respectively. Instead, the embedded view recognizes that business is a wholly human creation—a social invention (Preston & Post, 1975) formed, enacted, and maintained by collective human purpose. Business does not stand outside society (Buchholz & Rosenthal, 1995), just as human society does not stand outside nature (Milbrath, 1989).

As a system of human creation invested with human purpose, business can play an important role in supporting the broader societal system within which it operates. Over the course of history, the business system has developed as an extremely efficient and productive mechanism helping to meet a wide variety of human needs and considerably advancing human well-being on many fronts (Barber, 2007; Brown, 2008). However, as a partial system, business is necessarily incapable of meeting the full range of human needs and cannot define in full societal welfare. As Milbrath (1989) has commented, “While markets are remarkably effective in pricing and distributing goods that can be privately owned . . . they cannot provide for public goods.” (p. 25).

This inability to account for the totality of human needs implies that business can grow well beyond its healthy role as a contributor to societal well-being to the point of inflicting considerable societal harm and even undermining societal sustainability. The political scientist Benjamin Barber (2007) believes this is precisely the situation we are currently facing in what he describes as the “totalizing” effect of late consumer capitalism. He argues that the invasion of business into every aspect of private and public life has acted to undermine the essentials of democracy and radically shifted the balance of influence over our collective well-being to the private domain. An embedded view recognizes that business can play a vital and pivotal role within a healthy and sustainable society. It also recognizes that it is a limited role and that no amount of economic value creation at the organizational, national, and global levels is an adequate surrogate for societal well-being.

*The embedded view of society.* As compared with the disparate and intertwined views, the embedded view focuses more immediate attention on the societal realm and the broader objective of preserving and advancing societal welfare. Global society comprises the whole within which the entire human population and its vast array of activities, technologies, and institutions exist. Societal well-being thus depends on the healthy functioning of its various institutions but does not rely solely on any one institution, and it is inadequate to equate the performance of any one societal system with the broader welfare

of society. Yet this is precisely how gross domestic product (GDP)—a measure of society's economic productivity—is generally interpreted. Although GDP is widely accepted as a universal measure of societal progress, it fails to account for critical aspects of the societal condition that cannot be economically quantified (Milbrath, 1989; Victor, 2008).

It is also apparent that societal welfare cannot be divorced from the well-being of the individuals who make up society. On this front, there is considerable evidence that even in the most technologically advanced and materially wealthy regions of the world, there have been significant shortcomings in advancing human well-being. Thus, while macroeconomic indicators of societal progress have risen consistently over the last 50 years, so too have many negative social indicators, including dramatically increased rates of mental disorder, depression, distrust, social disconnectedness, and crime (Diener & Seligman, 2004; Layard, 2005). It is also notable that the single-minded policy focus on economic growth, which has helped to create vast amounts of financial and material wealth, has been accompanied by virtually no change in general life-satisfaction and happiness (Layard, 2005; Victor, 2008). More concerning, however, are the global trends toward increased social unrest, terrorism, and war that are being exacerbated by food, water and energy insecurity, extreme poverty, and climate change (Brown, 2008; Dyer, 2008; Global Humanitarian Forum, 2009). An embedded view of the B-S-N interface helps bring to the fore these concerns that threaten to truly undermine societal stability and which are considered outside the scope of analyses built on the separate view. Furthermore, and in contrast to an intertwined perspective that promotes a view of business, society, and nature as relatively equal domains, an embedded perspective suggests that societal interests supersede those of business and that economic development that undermines societal well-being is inherently unsustainable (Gladwin et al., 1995; Shrivastava, 1995b).

*The embedded view of nature.* The embedded view highlights the real physical limits within which business and society exist. Put simply, nested systems cannot grow beyond the limits of the systems within which they are nested. That there are natural limits to economic and societal expansion is not a particularly new theme (Daly, 1991; Kapp, 1963; Meadows, Meadows, Randers, & Behrens, 1972; Milbrath, 1989; Mishan, 1993), although such analyses remain clearly outside the mainstream of economic and management scholarship and are certainly not well reflected in the political and public domains (Victor, 2008). However, as we proceed into the 21st century, the once theoretically assumed limitations in the earth's resource and absorptive capacity are increasingly being realized (Brown, 2008; Deffeyes, 2005; Intergovernmental Panel on Climate Change, 2007; Millennium Ecosystem Assessment, 2005; U.S. Climate Change Science Program, 2008).

It has been suggested that, with particular reference to the developed world, resource limits may not be of great concern as we have shifted in large part to a “knowledge economy” rooted in intellectual capital. While on a regional level such progressive optimism could be regarded as substantive, on the global level it is seen to be quite illusory. So-called knowledge economies are not freed from essential life-sustaining resources but rather capitalize on the equivalent of a global shell game in which the resource-based portion of the economy becomes obscured. As Homer-Dixon (2006) suggests, “Our economies may have shifted to industries based more on ideas, but that’s only because much of our resource-intensive manufacturing has moved beyond our horizon to countries like China and India that then export their wares back to us” (p. 203). On the whole, an embedded view indicates that business can be decoupled from nature only if humans transcend their basic needs for food, water, and shelter. An embedded view makes salient the need to take nature’s resource limitations and human impacts that act to degrade natural resource capacity much more seriously, even if our primary concern is to maintain business system integrity.

*Relevant value domains.* Perhaps the most important implication of the embedded view has to do with the relative weighting or importance afforded to each of the three value domains of business, society, and nature. From an embedded perspective, the relative value of these systems can be ordered according to logic of *existential dependency*. By existential dependency, we simply mean that one system is dependent on another for its survival. This can also be considered a logic of sustainability, where sustainability is defined as the “capacity for continuance into the long-term future” (Porrit, 2006, p. 21, emphasis in original). As Victor (2008) has commented,

Nature can get on very well without humans. It did once and will likely do again, but as humans we have an interest in staying around, which means attending to our dependence on nature and doing so through the kinds of society and economy we create. (p. 36)

An embedded perspective helps to establish a values hierarchy, where nature can be regarded as the most important domain followed by society and then business (cf. Milbrath, 1989). Placing the highest importance in nature is not equivalent to an ecocentric orientation wherein the earth and biosphere are granted exclusive supremacy and human society and business are completely discounted (cf. Gladwin et al., 1995). Rather, the embedded view recognizes inherent—though not equivalent—value in all three systems. Our graphical depiction is an attempt to overlay a natural and logical ordering highlighting the graduated dependency and inseparability of business, society,

and nature. As compared with the disparate and intertwined views, the embedded conception is more explicit in prioritizing the natural and societal systems over the business system.

*Relational principle.* History reveals that business, society, and nature are not mutually dependent as implied by the intertwined view. Nature existed and thrived for many millennia before the appearance of human civilization (Milbrath, 1989), and it is clear that both society and economy are entirely dependent on nature (Victor, 2008). The relational principle of dependence is thus seen to more accurately depict the B-S-N interface and implies a logical value ordering from which appropriate solutions to the many systemic problems before us may be more adequately formulated.

## Research Implications of the Embedded View

The systemic limits, existential dependency, and implied value ordering portrayed in the holarchical embedded view have rather far-reaching implications, which we have alluded to in the foregoing discussion. If we accept that the embedded view best captures the essential characteristics of the relationship between business, society, and nature, it may be necessary to reconsider many of the fundamentally held precepts and dominant assumptions in management studies. For example, an embedded view brings new perspective to the basic purpose of business, the universal desirability of economic growth, and the metrics by which we assess societal welfare.

But more important than confronting the status quo, we see considerable opportunity for new and productive lines of inquiry that have great practical relevance in a world facing a confluence of economic, social, and environmental challenges. Below, we outline a limited number of suggestions for constructing a research agenda based on the embedded view and detail specific questions that we hope will be of particular interest to social issues and environmental management scholars. Our recommendations are necessarily selective, and we leave it to future research to explore the full implications of an embedded view and its application to phenomena at the B-S-N interface. We frame our discussion in the spirit of *positive organizational scholarship*, which “focuses on the dynamics leading to exceptional individual and organizational performance such as developing human strength, producing resilience and restoration, and fostering vitality” (Cameron & Caza, 2004, p. 731).

### *Building the Embedded Case*

There have been great efforts over some 30 years to establish a business case for socially and environmentally responsible actions, yet the latest meta-analytic

evidence suggests that this case is not particularly strong. After numerous reviews (Margolis, Elfenbein, & Walsh, 2007; Margolis & Walsh, 2001, 2003; Walsh, Weber, & Margolis, 2003), Margolis and Elfenbein (2008) concluded as follows:

In the end, if the promise of an economic payoff can persuade companies to clean up their questionable conduct or redress social ills, society would benefit. However, framing a societal investment in terms of shareholder interest may be misguided. Investments need to be judged solely on the merits, and leaders can and should explore their own motivation before buying into the hype. Doing good may be its own reward. (p. 20)

From an embedded perspective, enhancing societal and environmental “good” is in fact a more meaningful reward. An alternative approach is suggested: one that justifies corporate actions not principally on their ability to return a financial profit but more directly on their contribution to broader societal welfare and the natural life sustaining forces that underpin it. Importantly, an embedded view does not negate the business case but establishes a broader context within which that case can be considered. Under a holarchical conception and the limiting condition of systemic dependency, the business case is actually seen to be commensurate with both the societal case and the case for nature. We refer to this broader context as *the embedded case*, but it can also be considered the case for systems-level sustainability.

We believe that building an embedded case would represent a significant advance in the literature, but how might scholars go about establishing such a case? We see four areas requiring further attention encapsulated in the following four broad questions: (a) How do corporate actions/outcomes impact society and nature? (b) What are the determinants of corporate actions? (c) What is society? and (d) What constitutes societal and natural well-being? The first two questions concern the role of business within society and nature, and are thus more closely related to the typical purview of management studies. The latter two questions are more general but also more fundamental, as they address conceptions of the outcome domain on which business-related analyses are predicated. We discuss each of these questions in greater detail below.

### *Assessing the Impacts of Corporate Actions/Outcomes*

A central question emerging from the embedded view concerns the appropriate role of business within its holistic context. Determining this requires that we understand the many ways in which corporate actions and outcomes

impact society and nature, and consider both the potential and limits of business to promote the common good. Here, we see both opportunity and need for greater development and assessment of outcome variables that reflect the societal and natural domains, and a shift away from the predominant emphasis on predicting organizational-level (primarily financial) outcomes (Walsh et al., 2003). One potentially rich avenue would be to apply environmental and social impact assessment (Vanclay & Bronstein, 1995) to business activities. This could be done at the product, project, organization, and even industry levels. Such analyses would support a much more fulsome accounting of the societal/natural benefits and harms associated with particular organizational activities, which will be necessary if we are to substantiate an embedded case for corporate actions.

Likely, the greatest challenge implied by the embedded view is the need for a global shift from actions that drive perpetual growth to actions that respect systemic limits across time. It seems clear that these limits are not currently being respected. So how do we reorient ourselves from the wholesale growth paradigm? Consistent with the idea of steady-state economics (Daly, 1991), Victor (2008) has recently explored the possibilities for managing without growth at the national level. Similar analyses could explore the potential for viable models at the organizational level that do not necessitate growth. A number of questions arise. Are there organizations that currently employ steady-state strategies that can be documented, perhaps through case study approaches, and highlighted as exemplars? What governance, ownership, and financial structures are most consistent with a no-growth mandate? Is profit seeking best regarded as a primary, secondary, or less central objective within models to limit growth? What objective function for business is consistent with the embedded view, and how could this be put into practice? At a more macro level, in what regions of the world is economic growth still necessary to promote societal welfare, and where might economic growth be curtailed without compromising societal well-being?

Another approach to considering corporate actions lies in the area of corporate citizenship, and recent efforts have been made to delineate the theoretical foundations of this concept (Matten & Crane, 2005; Matten, Crane, & Chapple, 2003). Questions of interest from this perspective include the following: Can corporations assume not only the rights but also the responsibilities of citizenship? Do corporations have the capacity and the motivation to pursue the common good? If not, what institutional structures impede this and how might they be addressed? Furthermore, as corporations are established under a public charter, what options are available to revoke those charters when corporations significantly violate social or environmental aspects of the public trust? Are these charters only revoked, *de facto*, in the face of

financial failure? The concept of corporate citizenship appears highly consistent with an embedded view of business within society, yet there remain many unanswered questions as to what this citizenship entails and what this concept might imply for public policy.

### *Assessing the Determinants of Corporate Actions*

An embedded case is underwritten by actions that provide net benefit to societal welfare, either directly or through the maintenance of natural life-supporting systems, and suggests that in the final analysis, we are confronted with a fundamental problem of human behavior. It is individual behavior and actions that aggregate to produce corporate actions, and thus behavioral change will be a key component of efforts to bring business, society, and nature into sustainable balance. According to organizational behavior scholars, needs and values are the most basic drivers of human behavior (Locke, 1991), and numerous authors have suggested that a profound shift in values is necessary if we are to realize societal sustainability (Frederick, 1998; Milbrath, 1989; Stead & Stead, 2009; Victor, 2008). As such, we believe a behavioral focus applied at the B-S-N interface could be particularly fruitful by addressing questions such as these: What are the dominant values within society? How do societal values relate to individual values and how do these affect organizational actions? What values are consistent with individual behaviors and corporate actions that promote societal welfare? Can dominant values be changed and, if so, how? Psychologists have explored some of these questions (Ball-Rokeach, Rokeach, & Grube, 1984; Rokeach, 1973), but there is much room for further application within the context of business, society, and nature. The behavioral construct of needs, so central to the Brundtland definition of sustainable development (World Commission on Environment and Development, 1987), is another potentially rich area waiting to be explored. Notably, needs and values are meaningful constructs at both the individual and societal levels of analysis and thus provide opportunity for cross-level theoretical and empirical work.

### *Conceptions of Society*

The third question—what is society?—speaks to the need for more robust conceptualizations of the societal domain and, in particular, conceptions that treat business as within rather than separate from society. Wilber's (2000) holarchical view of nested systems may be instructive:

A holon is a whole that is a part of other wholes. For example, a whole atom is part of a whole molecule; a whole molecule is part of a whole cell; a whole cell is part of a whole organism . . . Reality is composed of neither wholes nor parts, but of whole/parts, or holons . . . a series of nests within nests within nests indefinitely, expressing greater and greater holistic embrace—holarchies of holons everywhere. (p. 40)

A holarchical perspective applied to society would account simultaneously for individuals, groups, organizations, institutions, nations, the global human complex, and the dynamics among them. Admittedly, it may not be possible to adequately reflect such a comprehensive theoretical framework within the scope and methodological limits of empirical research projects. We would however recommend that scholars be more explicit in how they define society in the context of their research and to avoid approaches that strongly juxtapose the business and societal domains. This juxtaposition is particularly apparent in the common distinction between corporate *financial* performance and corporate *social* performance. However, if business is part of society, then business outcomes are societal outcomes, and it seems inaccurate to frame financial performance as something apart from overall social performance (cf. Carroll, 1979). An embedded perspective suggests that financial performance is best considered within a holistic perspective of socially valuable outcomes.

### *Constituents of Societal and Natural Well-Being*

This brings us to the related question of what constitutes societal and natural well-being. We do not attempt here to specify these constituents in detail given the enormity of the question and acknowledge our own relatively loose usage of terminology in this article. Important questions need to be addressed. Is it appropriate to equate *societal welfare* with *human well-being* and *the common good* as we have done here? What constitutes well-being at different levels of analysis (individual, family, community, national, global) and how do these relate to each other? What metrics are most appropriate for assessing societal welfare? How does societal well-being relate to natural well-being and vice versa?

With respect to the measurement issue, we point to recent work to develop microindicators of individual well-being (Diener & Seligman, 2004) and macroindicators of national progress (Talberth, Cobb, & Slattery, 2006), which could constitute key outcome variables in future research. At a more

fundamental level, we reiterate that societal well-being is in the first place dependent on a viable ecosystem. It is widely recognized that at present human population growth and industrial activity are surpassing the absorptive limits of the natural system (Brown, 2008; Victor, 2008). In short, the most basic requirements for societal well-being are under threat and the results are increasingly manifest (Global Humanitarian Forum, 2009).

A research agenda to build the embedded case has considerable breadth, and we have sought to provide interested scholars with a few practical and readily accessible avenues for research based on an embedded perspective. Consistent with an embedded view and the recognition that societal welfare is ultimately dependent on the life-sustaining services of nature, we also restate earlier calls for greater cross-disciplinary research that spans the economic, societal, and environmental domains (Gladwin et al., 1995). If, as we argued at the beginning of this article, the problems facing humanity cross system boundaries, we cannot expect meaningful solutions to emerge from within any single functional discipline. "Learning our way out" (Milbrath, 1989) will necessarily be a collaborative exercise based on amassed knowledge of economic, psychological, behavioral, sociological, physical, biological, and ecological phenomena. Management and organizational scholars who study the dominant institutions of our time are well placed to contribute to this learning, and we believe the embedded view provides a helpful conceptual foundation to support multidisciplinary work addressing problems of business, society, and nature. Given our observation above, that it is most common for scholars to address either business–society relationships *or* business–nature relationships, we would especially encourage greater collaboration between social issues and environmental management scholars.

## Conclusion

In contrast to more general reviews of the social issues and environmental management fields, our aim in this article was to outline both the explicit and implicit conceptions of the B-S-N interface that exist in the literature and to consider how they relate to the economic, social, and environmental challenges of our time. We have argued that in contrast to the disparate and intertwined perspectives, an embedded view illustrates the systemic limits and existential dependency that better characterize the relationship between business, society, and nature. As such, it provides a platform from which to meaningfully address the many challenges currently facing human society. Based on the domain value ordering implied by the embedded view, we have suggested that scholars work to build an embedded case for corporate actions and have outlined a number of potentially rich areas for future management inquiry.

Although we have sought to provide interested scholars with some practical and accessible research directions, we recognize that the embedded view will not fit easily with the dominant assumptions, frameworks, and research foci that characterize management studies. We are however encouraged by the growing interest in social and environmental issues within the field of management generally, as reflected in the 2007, 2009, and 2010 Academy of Management conference themes (“Doing Well by Doing Good,” “Green Management Matters,” and “Dare to Care,” respectively). We also accept that the implications stemming from an embedded view face pragmatic limitations for both management scholars and practitioners confronted with dominant institutional structures, norms, and expectations that in many cases run contrary to the achievement of long-term sustainable outcomes. Thus, our aim has been to stimulate, encourage, and provoke new thinking and discourse about the relationship between business, society, and nature, as we believe that such discourse is a first step toward meaningful change for a sustainable and better future.

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