What makes organizations in market democracies adopt environmentally-friendly policies?
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Firms, especially large firms, are powerful players in the economy but also in the political arena. Their behavior can make much difference with regard to the environment, in terms of pollution and waste. There have been many suggestions about directing firms in an environmentally-friendly direction, ranging from environmental agreements between organizations (e.g., to reduce packaging; organizations may be motivated to do so in order to avoid governmental regulations developed beyond their control), government enforcement with fiscal instruments (Hepburn, 2006), market instruments like emission trading schemes (e.g., the European Union Emissions Trading Scheme, see http://ec.europa.eu/clima/policies/ets/index_en.htm; see also Ellerman & Buchner, 2007), to the switch from a shareholder to a stakeholder perspective of value creation (Clarkson, 1995), and appeals to the business ethics of the corporate leaders themselves (Crane & Matten, 2007). Many of these works are about describing the “right” policies. However, even assuming we would know what the “right” policies are, we are still left with the question about the adoption of these policies. Firms are governed by people, and the questions are: What can make these people use their power and influence to direct their firms towards environmentally-friendly policies? Is it likely that firms can be turned into ethically responsible actors? Is state intervention necessary? If so, is it sufficient? Clearly, the government has much influence. But would appeals to business ethics not work better? Where would ethical appeals have the largest effect? What is needed to provide theory-driven answers to such questions, we claim, is a two-pronged approach: because firms are embedded in a system of
interdependent corporate and individual actors, we need a macro perspective, but, in order to identify and understand motivations and actions of the relevant actors in the system and to say something about the way they influence each other, we need a micro perspective—that is, a good behavioral theory for such actors. The result will be a micro theory-driven macro (including meso) analysis of the processes that impact the decision of firms with regard to adopting environmentally-friendly policies. As we will claim in this chapter, we should thus not merely look inside firms for the answer as to when and why their leaders would adopt environmentally-friendly policies. Rather, leaders of firms react to constraints, to some degree from the inside (if environmentally-committed employees make it difficult to ignore their wishes, see DuBois, Astakhova, and DuBois, this book), but mainly to constraints imposed from salient players on the outside. So, we have to look at processes that generate these kinds of constraints, and whole systems of influence.

Our micro-macro approach to analyzing systems is based on the premise that institutional orders (such as market orders, state constitutions and democratic institutions, institutions governing science, free speech) heavily influence the basic orientation of people who are playing roles in these institutional orders. This means that we also need a micro theory that can help us identify the relevant players in these institutional orders, their basic orientations, and interrelations under various system conditions (Abell, Felin, & Foss 2008; Lindenberg, 2006a). In past work of ours and others, goal-framing theory has proved to be a good basis for such microfoundations for the purpose of explanations on the meso and macro level (see Etienne, 2011; Lindenberg, 1992; Lindenberg & Foss 2011; Lindenberg & Steg, in press). For this reason, we begin with an overview of goal-framing theory, after which we will discuss how this theory can be fruitfully applied to the explanation of factors that promote the adoption of pro-environmental policies by organizations.

GOAL-FRAMING THEORY

The Power of Goals

Goal-framing theory (Lindenberg, 2006b, 2008; Lindenberg & Steg, 2007) is based on the evidence that human perception, thinking, and deciding can
change when goals change. A goal is a mental representation of a desired future state with both cognitive and motivational components. Among others, goals govern what situational information one is sensitive to, how one processes the information, what knowledge is activated, what one likes and dislikes at the moment. Take as an example the effect of being hungry. Somebody very hungry is likely to have a strong focal goal to eat something. This makes the hungry individual particularly sensitive to cues in the environment that something is edible, making it easy to imagine what something would taste like, increasing the liking for objects that are edible and tasty, and suppressing attention to goal-irrelevant or possibly distracting aspects (such as monetary costs, or possible negative long-term effects of what you eat). Goals can become activated (“focal”) as an automatic reaction to cues, without deliberation (see Bargh, Gollwitzer, Lee-Chai, Barndollar, & Trötschel, 2001).

Three Overarching Goals

If we are looking for the most inclusive flexible goals, we must look at overarching goals each of which comprising a great number of subgoals and representations of means and causal relations among them. When an overarching goal is activated, its effects on cognitions and motivation are even stronger than with lower level goals. Once activated, it can “frame” one’s orientation towards a particular situation by making cognitions and motivations subservient to the pursuit of this goal. A “goal-frame” is an overarching goal that is more strongly activated than its rival overarching goals. Goal-frames make one act in a one-sided way. If situational factors keep activating the same goal-frame, it will thus resemble a personality trait, even though it is upheld by the situation.

Which are the most important overarching goals? Here, it helps to look at evolutionary developments. There are three most important domains of life: satisfying one’s fundamental needs, acquiring or maintaining resources to satisfy these needs, and relating to others and the collectives they represent (Lindenberg, in press). In humans, three overarching goals seem to have evolved accordingly: a goal “to improve the way one feels right now” (related to the satisfaction of fundamental needs); a goal “to guard and improve one’s resources”; and a goal to “act appropriately” in terms of the collective (dyad or group).

Of these three, the most basic overarching goal is related to how one feels right now and how one can improve the way one feels at this moment. This
is called a hedonic goal. When this goal is the “goal-frame,” it will sharpen
the sensitivity towards opportunities for need satisfaction (such as a piece
of cake left on the kitchen counter) and towards events that affect the way
one feels (such as exerting effort, mood swings, pain, the friendliness or
unfriendliness of people at this moment, mishaps, and losses).

One of the main features of the added brain power of humans (Dunbar,
2003) provides the basis for the other two overarching goals: the improved
ability to put oneself into the shoes of others, including of oneself in the
future. When people are able to put themselves into the shoes of themselves
in the future, they can make plans, invest, and generally be focused on the
goal to increase their resources. This focus on increasing or maintaining
one’s resources is called a gain goal. When it is focal (i.e., a goal-frame),
it sharpens one’s sensitivity for opportunities to increase one’s monetary
(e.g., profit) and non-monetary (e.g., status) resources and for aspects of
cost, while aspects that are unrelated to resources, such as fun, effort, or
normative considerations, are pushed into the cognitive background.

Being able to put oneself into the shoes of the collective (be that a dyad or
a whole group) makes it possible that goals of the collective become focal.
Then the goal is to act appropriately with regard to group goals. Because
what is appropriate is often codified in terms of social norms, this goal is
called a normative goal. When the goal is the goal-frame, it is likely to make
situationally relevant norms cognitively more accessible. This accessibility
makes people particularly sensitive to information about what is expected,
thus activating the modules to process information on gaze and on certain
facial expressions of approval and disapproval, response tendencies and
habitual behavioral sequences concerning conformity to norms (such as
facial expression, shaking hands, keeping a certain distance from the other
person, and helping others in need), and positive evaluations of the means
to reach the goal (Ferguson & Bargh, 2004).

All three overarching goals are chronically influential, but which of the
three goals is focal (i.e., which is the goal-frame?) and thus has the great-
est influence on cognitive and motivational processes depends on internal
and especially on external cues that trigger the goal and give it temporarily
a weight that is stronger than that of the other two. In other words, people
can often choose to expose themselves to such cues, but often they cannot
directly choose to have one or the other overarching goal to be focal, since
this is subject to automatic priming effects.

Overarching goals that are pushed into the cognitive background can
still exert some influence and either increase the strength of the goal-frame (when they are compatible with the goal-frame, such as getting a social reward for conforming to a norm, in which case hedonic goals in the background strengthen a focal normative goal), or weaken the goal-frame (when they are incompatible with the goal-frame, such as having to make sacrifices for conforming to a norm, in which case gain goals weaken the focal normative goal). Because satisfying fundamental needs is a priori more important than caring for resources or the collective, the hedonic goal is a priori the strongest overarching goal. Since showing concern for the collective is less directly related to the satisfaction of fundamental needs than being concerned about resources for the satisfaction of needs, the normative goal is a priori the weakest. Thus unless the normative goal gets extra support, it will be sidelined by the hedonic or the gain goal. This means that, in order to be socially oriented, human beings need considerable support from their social surroundings.

MARKET DEMOCRACIES AND THE DYNAMICS OF GOAL FRAMES RELEVANT FOR ENVIRONMENTALLY- FRIENDLY BEHAVIOR

In the following, we will restrict our discussion to market democracies in order to trace the effect of such societies on the dynamics of goal-frames and thereby on the conditions under which leaders of market organizations (firms) are likely to adopt environmentally-friendly policies. The term “market democracies” refers in principle to societies that have a free market and functioning democratic institutions (parliaments, political parties, regular and free elections). Clearly, there cannot be categorical distinctions because both the freedom of the market and the functioning of the democracy are sliding scales. Our arguments apply the better, the closer a society approaches the ideal type of a free market and a system of functioning democratic institutions. There are many such societies in the world and their number is increasing rather than decreasing.

Goal-framing theory is well suited as microfoundation for meso and macro analyses of market democracies because it allows one to look for systematic influences of the social and institutional environment on goal-frames and thus on classes of behavior that are governed by specific goal-
frames (see Lindenberg, 2006a). With the help of this theory, we can identify the goal-frame of the firms’ leaders, which, in turn, allows us to trace actors (and their goal-frames) that influence decisions of firms to adopt or not adopt (or only seemingly adopt) environmentally-friendly policies. Due to restrictions in space, we have to focus on the main lines of the argument, leaving out the finer details about such things as the influence of local governments, committed employees, and increasing scarcity of resources.

**Firms**

In a market democracy, firms have to make a profit in order to maintain themselves. Profit-making of firms is thus built into the system of functioning markets. In terms of goal-framing theory, one can say that in market societies leaders of firms that partake in the market are systematically pushed into a gain goal-frame. A gain goal-frame implies that environmental concerns enter decision making only to the degree that they affect expected profits. Notice that this implies that solutions to conflicting values will be chosen in favor of profit. In some cases, there is no conflict because it is possible that environmentally-friendly policies of the firm are also those that maximize profit. Also, of course there can be gain goal-driven environmentally-friendly adaptations, such as changes in energy policy due to rising prices of non-renewable resources. This implies that technological innovations or rising prices of environmentally-unfriendly means might help reduce the conflict to some degree. But in many cases there will be a conflict in the sense that at least the short- and medium-term profit is (or is thought to be) incompatible with environmentally-friendly policies in terms of the ruling patterns of cost-benefit analysis. So, we argue that due to the dominant gain goal-frame, if environmental policies are not compatible with the gain goal-frame, they will by and large not be adopted (Babiak & Trendafilova, 2011; Sarkar, 2008). In the literature, corporate social responsibility (CSR) is often used as an indicator that includes environmentally-friendly behavior. But this indicator includes taking into account stakeholders’ expectations and the triple bottom line of economic, social, and environmental performance (see Aguinis & Glavas, 2012). The direct compatibility of social and environmental corporate responsibility (CR) with corporate financial performance may be highest for the social aspects (such as good stakeholder relations, transformational
leadership, team work, and trust; see Barnett & Salomon, 2012; Lindenberg & Foss, 2011; Surroca, Tribo, & Waddock, 2010), though even there one finds that firms engage in CR “primarily due to instrumental reasons such as expected financial outcomes” (Aguinis & Glavas, 2012). It is much less likely that policies concerning the sustainability of the environment will be compatible with corporate financial performance (see e.g., Walls, Berrone, & Phan, 2012). Seeming compliance with stakeholder wishes about environmentally-friendly policies is often just symbolic (David, Bloom, & Hilmann 2007). As Ditlev-Simonsen and Midttun (2011, p. 35) conclude after having studied managers’ motives for engaging in corporate responsibility: “The relatively low ranking of ethics as a CR motivator in current business practice could be taken as an indication of the view that the corporate world has adopted CR mainly for pragmatic or functional reasons.”

Thus, appeals to the environmental “conscience” of CEOs are not likely to make much of a difference, even if there may be incidental cases of leaders who are personally so strongly committed that they withstand the institutional pressure on goal-frames and are willing to sacrifice some profit for the sake of environmentally-friendly policies of their firms, and even though some environmentally-friendly policies may yield clear economic profits as well. In short, because of the prevalent gain goal-frame among business leaders, strategies to get a firm’s leadership to adopt environmentally-friendly policies must affect profit rather than conscience or concern. Appeals to business ethics (i.e., to the normative goal-frame) will by and large not have much effect. Emissions trading might be a way to get CEOs to adopt environmentally-friendly policies on the basis of self-interest, because this implies that polluting costs money. However, as ingenious as this instrument may be, it is highly restricted in the range of potentially polluting substances and it tends not to control the largest polluters. Also, it is challenging to decide upon the best allocation rules, and to establish predictable prices (Ellerman & Buchner, 2007; National Audit Office, 2009). Furthermore, emission trading may reduce the likelihood of realizing emissions beyond the limits set, and are only successful when valid and comprehensible monitoring systems are in place.

**Consumers**

In principle, consumers could make the difference. They could boycott goods or services by environmentally-unfriendly firms. However, even
if valid information about firms’ policies towards the environment were available (which often it is not; see Strasser, this book), here too the asymmetric a priori strengths of the goal-frames favor the predominance of a gain goal-frame. The normative goal-frame is not very steadfast against a continued barrage of decisions that involve sacrifices in terms of a gain goal. Environmentally-friendly production is often accompanied by higher costs (and thus higher prices) because extra measures have to be taken and additional investments need to be made to make the products “green.” For example, the production of organic produce like vegetables and fruit is frequently more costly than regular produce because no insecticides and other cheap but dangerous chemicals can be used, and crop harvest tend to be lower. Flying in organic products from afar in order to make use of cheap labor or cheap warmth is a typical profit-oriented measure in which the firm only seemingly accommodates the consumers’ preference for green produce while in fact it contributes to serious pollution by flying products over great distances (see Pollan, 2007).

Products or services from firms that do not make these extra costs are advantaged in the price competition of the market. Given that the normative goal-frame is a priori weaker than the gain goal-frame, lower prices for environmentally-unfriendly products will favor price comparisons and thus shifts towards gain goal-frames in consumers, even when consumers endorse the importance of environmentally-friendly policies of firms (this is also covered by the so-called low-cost hypothesis, see Diekmann & Preisendörfer, 2003; Kirchgässner, 1992). As Bhattacharya and Sen (2004, p. 18) observe after studying consumers: “For the most part, our respondents say that if CSR plays a role at all in purchases, it matters at the margin and they are unwilling, even if they view the CSR initiatives positively, to trade-off CSR for product quality and/or price.” Of course there may be customers with very strong views who are able to uphold a normative goal-frame (e.g., Collins, Steg, & Koning, 2007), but by and large, the majority can be expected to be in a gain goal-frame with regard to the purchase of goods and services when there is a considerable price difference in favor of environmentally-unfriendly goods and services.

**Government and Law-Making Bodies**

Since the gain goal-frame of the firms’ leaders is particularly sensitive to external constraints that affect profit, and since these are not likely to come
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from customers in sufficient strength, the most relevant source of external constraints left is the government and the law-making bodies. It is regulation that creates the external constraints. This is also supported by recent results. Having found a large discrepancy between what actually motivates managers to assume corporate responsibility (CR) and what they themselves think should motivate them, Ditlev-Simonsen and Midttun (2011, p. 35) conclude that “more formal regulations are necessary to close the gap between positivistic, or actual, and normative, ideal, CR behaviour,” suggesting that governments should play a key role in encouraging pro-environmental behavior of firms. Governments can use their lawmaking and repressive apparatus to get firms to adopt environmentally-friendly policies. They can, for example, establish laws, tax advantages, or expensive pollution rights that directly reduce the profits of environmentally-unfriendly production (see Strasser, this book, for a more expansive review of the role of government in environmental protection). This shifts the question to the conditions under which governments are likely to take and enforce such measures. In democratic market societies, governing coalitions have to be reelected to stay in power, which favors a predominance of gain goal-frames in political decision making and thus restricts the kind of pro-environmental policies they can push. One of the important factors that influence reelection is economic growth and the image of being able to make it happen. Economic growth creates a widespread feeling of satisfaction by promoting a preponderance of optimism and of being able to cater to short-term interests in consumption and security. Thereby it favors a hedonic goal-frame in voters (see later). In times of economic decline, fear of threats of one’s way of life will make a hedonic goal-frame for voters even more likely. Pro-environmental governmental policies are generally believed to hurt economic growth, at least in the short term, because they are likely to lead to higher production costs and possibly lowered competitiveness of national firms in the international arena. Except in special circumstances (which will be taken up in the next section), ruling coalitions are likely to be reluctant to push policies that are believed to reduce economic growth, fearing that thereby they increase the chance that competing parties who promise growth will be voted into power. The upshot of all this is that governing coalitions are likely to look at environmental policies with a gain goal-frame, notwithstanding the occasional politician who is personally deeply committed to environmental concerns. This leaves mainly cosmetic pro-environmental measures that are believed to
have little influence on economic growth. How, then, can governments be influenced to stand for essential pro-environmental policies? Clearly, on the basis of what has been said, the answer must be: if such policies do not negatively affect the chances of reelection. When can this be the case? Our answer lies in what we call “the embedded-value process of political influence,” which involves many important players and their systematic interrelations. In the following, we will present this process in some detail.

THE EMBEDDED-VALUE PROCESS OF POLITICAL INFLUENCE

Voting in an election is a process in which people can make a choice at relatively low cost. This makes it possible that many voters are not drawn into a gain goal-frame while they vote. Research also shows that, by and large, people do not vote in their rational financial interests and thus are not in a gain goal-frame when they vote, even when they vote for parties that promise job security or increased economic growth (Sears, Lau, Tyler, & Allen, 1980). This means that voting is one channel of political influence that reduces the power of the gain goal-frame that is otherwise so prominent in market societies. The importance of this process for environmentally-friendly policies can hardly be overestimated, especially in times of economic prosperity.

For casting a vote, feelings (linked to a hedonic goal) or convictions (linked to a normative goal) play the most important role. There is empirical evidence for both kinds of influence (Brader, 2006; Kangas, 1997). People in a hedonic goal-frame are particularly sensitive to threats to one’s way of life (based on a feeling of fear), whereas people in a normative goal-frame would give obligations to help preserve important collective goods (such as one’s country, humanity, future generations, and the environment) center stage. What activates these goal-frames in such a way that they relate to environmental concerns? We argue that “biospheric” (i.e., strong pro-environmental) values play a key role in this respect. Values are guiding principles in the life of a person or other social entity (Schwartz, 1992). Biospheric values pertain to a focus on the interests of non-human species and the biosphere, and thereby also to interests of future human generations (Steg & De Groot, 2012). Such values help activate either a hedonic or a normative goal, or both. If one of these goals is strongly activated and
in the foreground (i.e., the goal-frame), the other goal can still exert some influence from the background, adding to the effect of the foreground goal. For example, if following pro-environmental norms is in the foreground, then action based on these norms is even more likely if fear of ecological disasters, such as epidemics that are related to food-production and dangerous shifts in climate, are in the background. Biospheric values are thus likely to align threats to one’s way of life (due to a belief in the threat of environmental sustainability) with collective concerns about sustainability. Voters with strong biospheric values will thus be more likely to vote for political parties that promise sustainability policies, and there is empirical evidence for this claim (see Steg, De Groot, Dreijerink, & Abrahamse, & Siero, 2011; Verplanken & Holland, 2002). Such voters are also more likely to use alternative ways of influencing politics in favor of biospheric values, such as signing petitions, protesting, and supporting environmental organizations (Steg et al., 2011; Stern, Dietz, Abel, Guagnano, & Kalof, 1999). The influence of voters on green politics may often not be very strong, but it is likely to be the most prominent source of green pressure on political decision making. Economic, security, and political power concerns are so dominant in politics that, without green parties or green parts of party programs, parliaments will not have any incentives to pass laws that will pressure firms to adopt environmental-friendly policies. The stronger and more widespread biospheric values are in the society, the stronger the pressure on political decision making in parliament and governments to support environmentally-friendly policies. The question then is how biospheric values can become strong enough to play this role, both in the sense of being stronger than alternative values and in the sense of being easily activated.

There seems to be a trend towards the formation of biospheric values as a separate group of values (De Groot & Steg, 2007, 2008; Steg, Dreijerink, & Abrahamse, 2005; see Steg & De Groot, 2012, for a review). But where do these values come from and what feeds their intensity? If environmentally-friendly behavior of firms needs to be directed by governments, and if governments need to be pushed by voters in that direction, this values question becomes central to the focal question of this chapter. We suggest that in market democracies the creation and maintenance of values is embedded in a process that involves players whose role is particularly relevant for the awareness of threats to our way of life. In the following, we will sketch this embedded value process and identify the important players (see boxed part of Figure 6.1 for an overview).
Values are not just private guiding principles in people’s lives but reflect socially shared evaluations of behavior or states of the world (Lindenberg, 2009). In contrast to goals, values transcend situations. Goal-framing theory would suggest that values can be grouped according to the same three spheres of life as overarching goals: feelings, resources, and the collective. Thus, there are hedonic values (related to enjoyment of life), gain values (related to material welfare and status), and normative values (related to the collective). Note that even though hedonic goals (related to fear) can lead to environmentally-friendly behavior, by and large hedonic values (in which enjoyment of life is the focus) are not conducive to such behavior. Indeed, research in the environmental domain has shown that environmental beliefs and norms, policy acceptability, intentions, and behavior are positively related to normative (i.e., altruistic and biospheric) values, whereas they are negatively related to hedonic and gain values (e.g., De Groot & Steg, 2007, 2008; Gärling, Fujii, Gärling, & Jakobsson, 2003; Honkanen & Verplanken, 2004; Nordlund & Garvill 2003; Steg & De Groot, 2012; Steg, Perlaviciute, Van der Werff, & Lurvink, in press).
As with the overarching goals, hedonic values can be considered to be the a priorily most salient values, which means that the other two spheres of values must get support from the social context in order to be more influential in a particular situation than hedonic values. Ways of life reflect more or less hedonic, gain, and collective aspects. Values thus relate first and foremost to aspects of a way of life (Lindenberg, 2009). For values to be created, evaluations have to be shared on a wide basis in society. For example, if freedom of expression has become a way of life, it is very likely also positively evaluated by people who share this way of life. Social influence (especially during a child’s period of socialization) plays an important role in the spreading of values, but what is most effective in creating a broad basis for shared values (that potentially trump hedonic values) is a common threat to a shared way of life (Lindenberg, 2009). For instance, the shared experience of hyperinflation or of a strong economic depression (especially during one’s pre-adult years) is likely to make people value thrift and material welfare (Abramson & Inglehart, 1995). Inglehart (1990) has also argued that threats to material welfare are likely to push materialistic values. However, contrary to Inglehart’s claim, this does not mean that rising material welfare would automatically increase the significance of norm-related values in choices people make. Rather, goal-framing theory would suggest that rising material welfare would weaken the significance of gain-related values and thereby increase the relative weight of hedonic values, unless there are simultaneously other factors that would push and support norm-related values. We would argue that only an increasing threat to our way of life would make norm-related values stronger than hedonic values.

Science as a Major Player

Where would we get believable information of ecology-related threats to our way of life? In modern societies, the major source of believable facts is science (Luhmann, 1996). If scientists argue convincingly that certain economic or consumption practices threaten our way of life, they push values that relate to the preservation or sustainability of our way of life and devalue the practices that create the greatest threat for it (see Steg & Nordlund, 2012; Stokman, 2009a). In this way, scientists can be a prime source of value creation and of arguments that will ultimately lead to prioritization of biospheric values and environmentally-friendly behavior. This holds for
psychological arguments (e.g., Kasser & Kanner, 2004) and even more for arguments from natural sciences about CO$_2$ emissions, climate change, pollution, resource depletion, and the like. Biospheric values are very likely the result from such a process. In the light of biospheric values, scientific evidence can make certain practices become valuable in themselves (such as the preservation of natural variety) and devalue other practices (such as the use of polluting fossils). The role of science is thus double: it helps establishing biospheric values and it supplies guides to concrete do’s and don’ts and thus to norms that people can or should follow if and when they are motivated to engage in environmentally-friendly behavior due to their goal-frame. The influence of science on politics thus runs mainly via the influence of values and norm creation of voters who, in turn, can translate this influence into pressure on political decision making.

**Additional Players**

Science by itself is not equipped to also deal with all the contrary influences of other values and interests and push a reordering of value priorities. The process of value creation and concrete norm creation thus needs input also from a variety of other actors for purposes of value prioritization. Because of ambiguities in the interpretation of scientific information, social values that may or may not be compatible with biospheric values, and because of possibly contrary gain-related interests of powerful economic players, other actors enter the scene of value creation and prioritization. There is first of all an important role of public debate (Lindenberg, 2009), in which the various elites (in addition to scientific elites) generate arguments for or against priorities in political and private decision making (e.g., on the basis of the values they endorse), thereby channeling the scientific arguments in various directions (Lowe, 2006). For example, in addition to the controversy about scientific results themselves (say about the environmental impact of certain ways of generating electricity), the public debate can focus on the question whether or not electricity should be centrally or locally produced. This is much more than a technical question about what is more efficient in terms of resources. One may argue that decentralized production increases engagement in energy issues, and promotes energy savings. It can also involve the argument that decentralized production of electricity may create more solidarity than central production, because local production creates neighborhood initiatives and interconnected
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networks of people who are both consumers and producers (Stokman, 2009b). The question then becomes: Is local solidarity in a market democracy a threatened part of our way of life? Here, arguments for or against may touch important ambiguities about priorities in our way of life.

In addition to the public debate among elites, non-governmental organizations (NGOs) aimed at pushing environmentally-friendly policies can help in the process of creating and prioritizing values. Environmental NGOs have made it their business to pressure governments and public opinion, on the basis of scientific results, and use their own means to sway both the public and the government. This means the NGOs can even play this role when their leaders are more or less gain oriented themselves. By partisan intervention, NGOs ideally help translate abstract arguments (from science) into value prioritization in practice. For example, they do not only try to influence public opinion (say, about “wrong” food that has been produced in a non-sustainable way) but also intervene on behalf of what they see as threats to the sustainability of natural resources based on “wrong” priorities of short-term economic interests (such as Greenpeace acting as a lobby organization at international climate conferences). NGOs can also get investors to pressure firms’ leadership to adopt environmentally-friendly policies because investors are interested in positive reputation effects. It is, however, not certain that such pressure really furthers environmentally-friendly policies (see David, Bloom, & Hillman 2007).

Finally, there is the process of contagion that acts as an important player in value creation and prioritization. People who are very committed to certain values tend to influence others in the same direction unless they are perceived as outgroups. For example, people who strongly disapprove of wasting paper as a way of threatening sustainability are likely to influence others to do likewise. By contrast, people who chain themselves to train rails, in order to prevent transport of ecologically dangerous material, may be seen as outgroups and thus lose influence (cf. Abrams, Wetherell, Cochrane, Hogg, & Turner, 1990; Smith & Louis, 2008).

In sum, the embedded value process involves the special role of science (due to the centrality of internal contradictions in the way of life in Western market democracies) and the derived roles of public debate, NGOs, and contagion of the highly committed to the less committed citizens. The motives for the various players are decoupled from a market-related gain goal-frame. This means that even though scientists, leaders in the public debate, leaders of NGOs, and role models about environmentally-friendly
behavior may be in part motivated by gain aspects, such as status (Griskevicius, Tybur, & Van den Bergh, 2010), or hedonic aspects, such as a warm glow from being on the right side of biospheric values (Bolderdijk, 2010; Bolderdijk, Lehman, & Geller, 2012), they are not likely to be heavily distracted by contrary economic (i.e., gain) motives. This is a consequence of the way Western market democracies work. Heavy and obvious conflicting interests are by and large neutralized by the scientific system and the way the media work. This does not mean that occasional mishaps may not happen, but there is no likely systematic bias.

MORALIZATION

This process of value creation, prioritization, and maintenance can result in especially powerful values if value-incongruent practices are coupled to a process of moralization (Lindenberg, 1983; Rozin, 1999). Moralization means that people who act against particular values are considered not just to show their contempt for these values but are considered bad people. Going against moralized practices comes close to having a faulty character rather than a deviant set of values. Moralization has a strong effect on behavior because in that case values are more likely chronically accessible in the minds of people, and because people feel more ashamed acting against moralized conduct and more angry when others act against this conduct.

The likelihood of moralization is higher the larger the perceived threat to the way of life. This can be a threat from the outside, a threat to the collective identity, or a threat derived from internal contradictions in the way of life. Because the latter is central to market democracies and because the threats may be contested, moralization depends on consensus about the threats. For example, today, in Western market democracies, dumping poisonous waste in the fields around our cities is on its way of being moralized, meaning that people who do this are seen as criminal and of bad character because they threaten biospheric values. However, dumping Western waste in poor non-Western countries is not yet moralized in this way, even though it may be done on a much larger scale than dumping around our own cities, and it is thus a larger threat to sustainability and threatens the same values. Again, in this scientists play an important role.
To the degree that they identify threats of actions for key values and to the degree that their findings are less controversial, to that degree moralization will be more likely achieved. Achieving consensus is hampered by contrary economic interests, but progress has been made. For example, Al Gore’s campaign around the world had these two aims: show how large the threat is and convince people that it is real, given the scientific evidence. He was largely successful, but the fact that he is charged with not living up to the biospheric values he preaches reduced his influence again (New York Times, 2009). Because there are considerable interests at stake, any weakness in the advocacy of the threat and the concomitant value change will be focused on right away and fuel a further round of the public debate. However, there is good evidence that in Western market democracies biospheric values have becomes a complex of values by themselves, that consensus on the significance of these values is growing in the public in Western countries, and that these values are even spreading to developing countries (Hansen, Steg, & Suhlmann, in preparation; Steg & De Groot, 2012). Thus, there is some indication that moralization of biospheric values will increase (for a continued discussion on mortality and environmental sustainability, please see Pandey, Rupp and Thornton, this book).

GOVERNMENTS AND THE EMBEDDED VALUE PROCESS

If we combine what has been said about the influence on firms by governments with the embedded value process, then we get a more complete picture of the complex way in which leaders of firms may be brought to implement pro-environmental policies. The embedded value process increases the number of voters who are likely to vote with a normative goal-frame (related to obligation to contribute to sustainability) or a hedonic goal-frame (related to fear of threat) and thus favor political parties that promote environmental-friendly legislation and measures, even in the face of contrary economic interests. In turn, political parties need voters in order to become part of governing coalitions and thus are more likely to add such aspects to their party programs; more voters are therefore influenced by biospheric values. Finally, environmentally-friendly government policies will get leaders of firms to change their policies in the same direction.
Because leaders of firms in market democracies are likely to be in a gain goal-frame, there is a high likelihood that they will try to pretend to follow all the rules but in fact find ways to get around them when that would increase their profit. So, in a gain goal-frame, moral hypocrisy is very likely, in which firms try to appear moral without engaging in costly moral behavior (Lindenberg & Steg, 2012). Government controls tend to fall short, because that is very costly and because expenses for control have to compete with measures that are likely to increase success in elections. Control activities are complex, not easily controlled themselves, and thus systematic infractions also are not likely to be brought to the attention of voters. This creates an important role for private not-for-profit watchdog organizations (NGOs), such as consumer organizations, investigative reporting for television or newspapers etc. Such (semi-)private watchdog activities are also positively influenced by stronger and more widespread biospheric values among the public. Their activity is an important complement to environmentally-friendly government policies.

**DISCUSSION**

Under what conditions are firms in market societies likely to adopt environmentally-friendly policies? To answer this question, one quickly gets into queries about other players. Are firms likely to be impressed by ethical appeals and act on their own, or are they only likely to adopt green policies when governments and consumer organizations exert pressure? If so, what makes governments exert such pressure? In this chapter, we adopted a micro-macro approach for answering such questions: on the macro level, there are institutional orders (such as markets and political institutions) that influence basic orientations of people on the micro level, making them systematically act in certain directions. For identifying these influences, the relevant players, and their interrelations, we need the right kind of behavioral theory as microfoundations for meso and macro level predictions. On the basis of goal-framing theory (as our microfoundational theory), we looked at firms in market democracies as basically gain-oriented actors who are unlikely to adopt voluntarily environmentally-friendly policies that hurt profitability. Next we used goal-framing theory to identify the chains of
influence that generate pressure on firms to adopt environmentally-friendly policies. We identified government pressure as the central source of pressure for environmentally-friendly policies of firms. In turn, we identified value-based voting by citizens as the most important source of pressure on governments to do so. This puts a heavy burden on the development, maintenance, and prioritization of biospheric values in the citizenry. The centerpiece of our argument is what we call the embedded-value process. We argue that in modern societies, values, especially biospheric values, and value-congruent actions heavily depend on uncontroversial scientific information on contradictions in our way of life with regard to sustainability. Such information identifies threats to important aspects of our way of life, and it is such threats that help create or prioritize values and promote value-congruent actions (as things to be preserved). The influence of science in this respect is aided by public debate, NGOs, and processes of sheer contagion in which people with more intense values influence people with less intense values. Finally, we identified consumer organizations and NGOs that are influenced by the values citizens hold, as vital for controlling whether or not firms actually conform to government policies.

The overall drift of our argument is that the macro (system) aspects are crucially important and that at the same time we need good micro theories to specify the likely workings and weaknesses of the system. In this way, we complement environmental psychology with attention to systems, without losing the focus on behavioral theory.

REFERENCES


What Makes Organizations Adopt Environmentally-Friendly Policies?


