

esade

Business accountability in the Anthropocene

Janina Grabs, janina.grabs@esade.edu, Twitter: @JaninaGrabs

30.11.23

Do Good. Do Better.

Business accountability in the Anthropocene

Janina Grabs

ESADE Business School, Universitat Ramon Llull, Barcelona, Spain

Correspondence

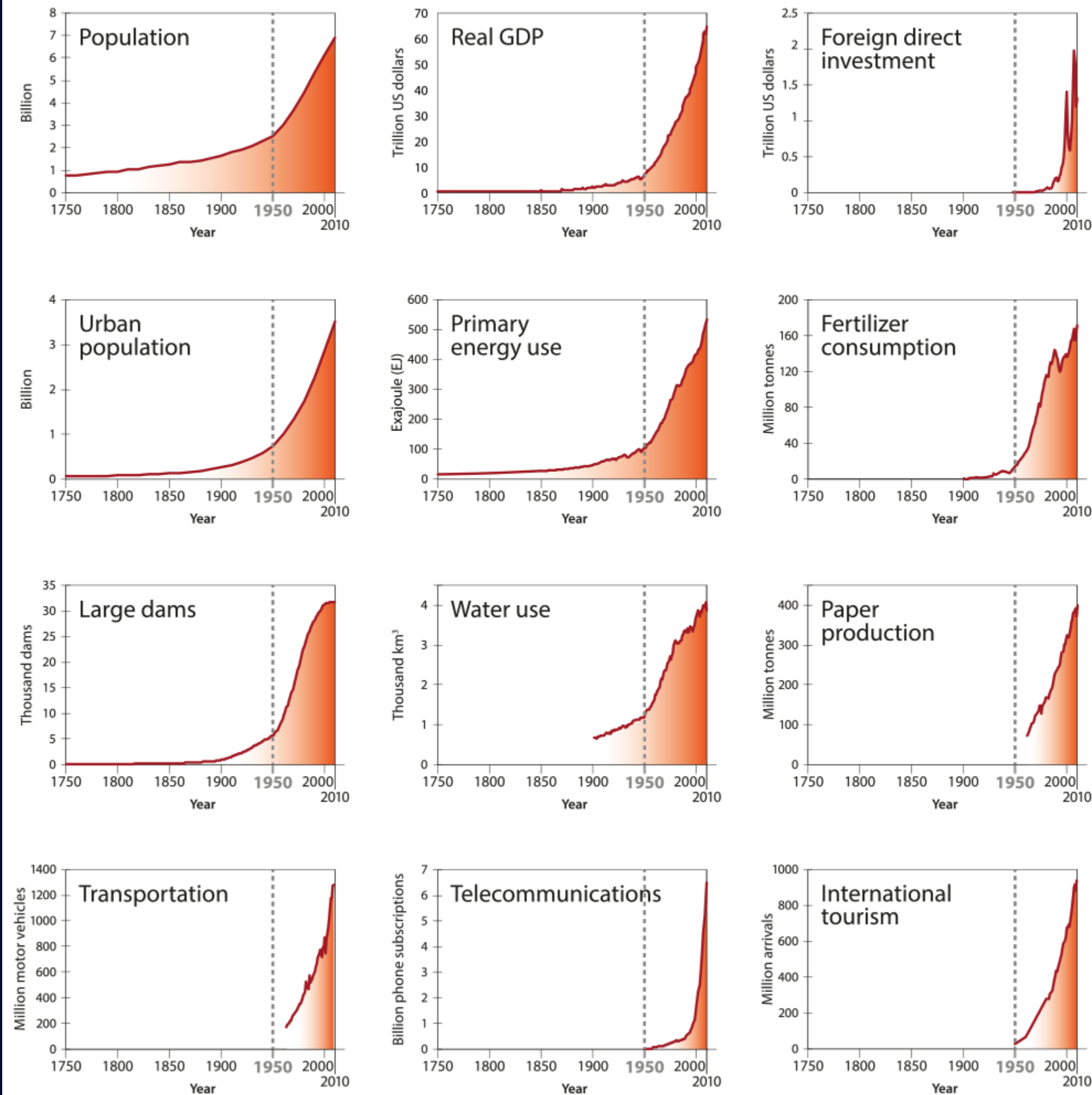
Janina Grabs, Universitat Ramon Llull, ESADE Business School,
Email: janina.grabs@esade.edu

Abstract

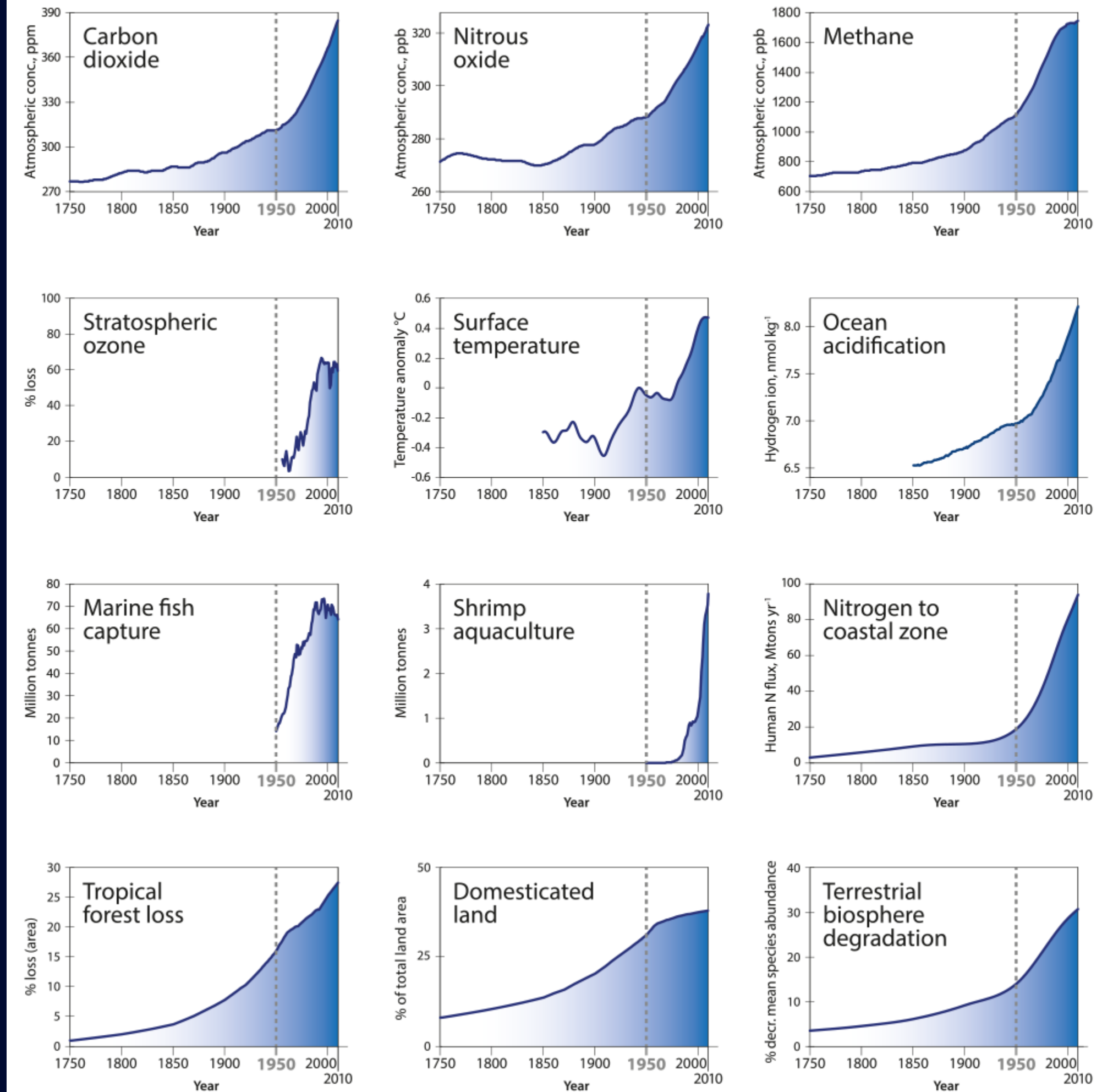
The arrival of the Anthropocene requires a profound rethinking of business accountability. A central challenge in this age is the possibility of pushing past planetary boundaries, which may irreversibly propel the Earth system into a new equilibrium that is less hospitable for human civilization. Businesses drive many of the processes contributing to such boundaries, and are powerful political actors who may shape or obstruct the necessary transformations to our socio-economic systems. We therefore need to reconsider their accountability, focused on the following guiding question: Who (in business) should be accountable to whom for what? The answer to this question has important implications for environmental policy and governance. Drawing on a range of recent conceptual and policy developments, I present four major lines of thinking for reconsidering business accountability in the Anthropocene context: to rethink the purpose of business; to acknowledge companies' expanded but shared accountability for productive activities; to heighten collective and individual liability for past and future actions linked to overshooting planetary boundaries; and to recognize business accountability for influencing political and societal

The Great Acceleration

Socio-economic trends



Earth system trends

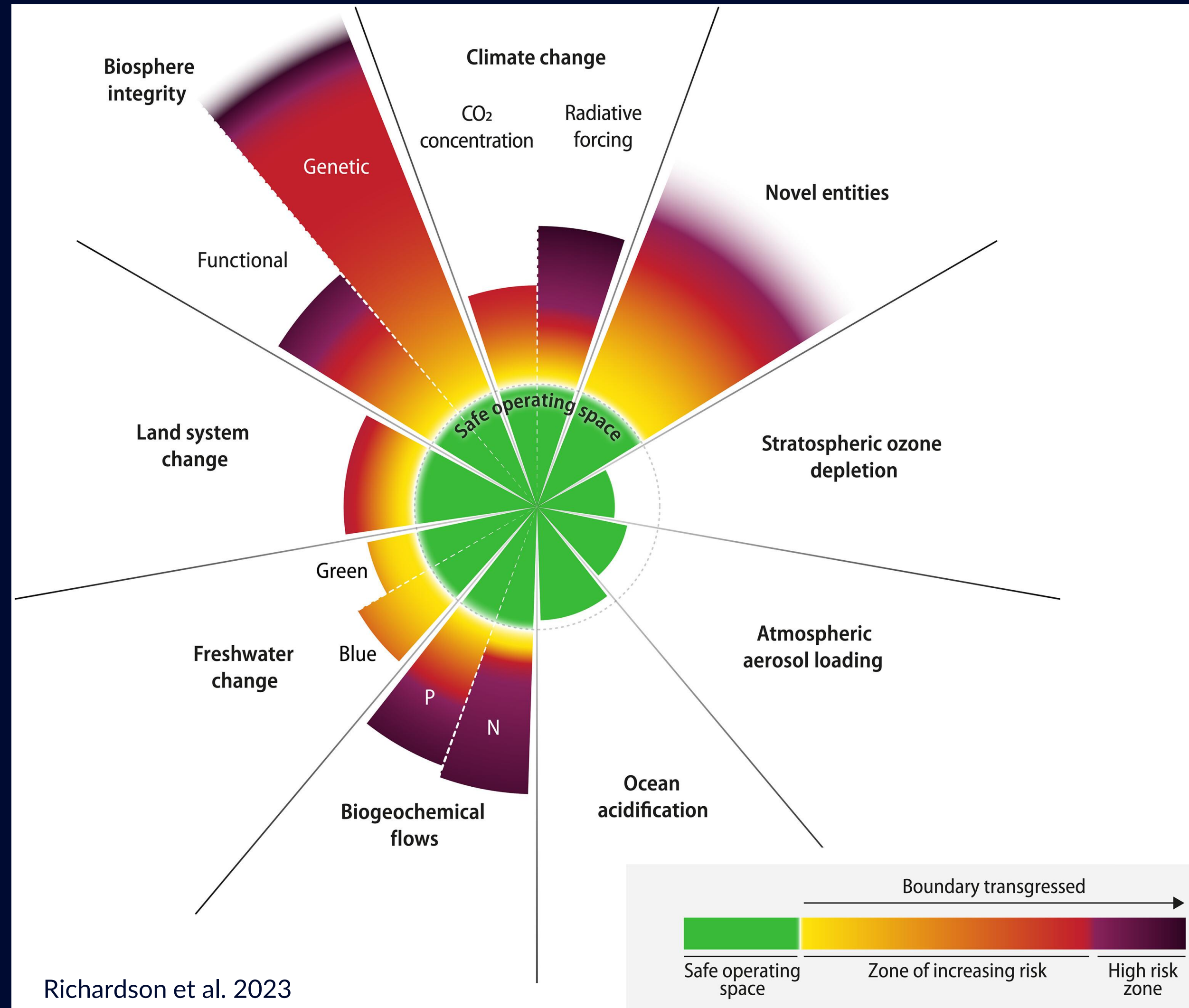


esade

Anthropocene? Capitalocene? Plantationocene?

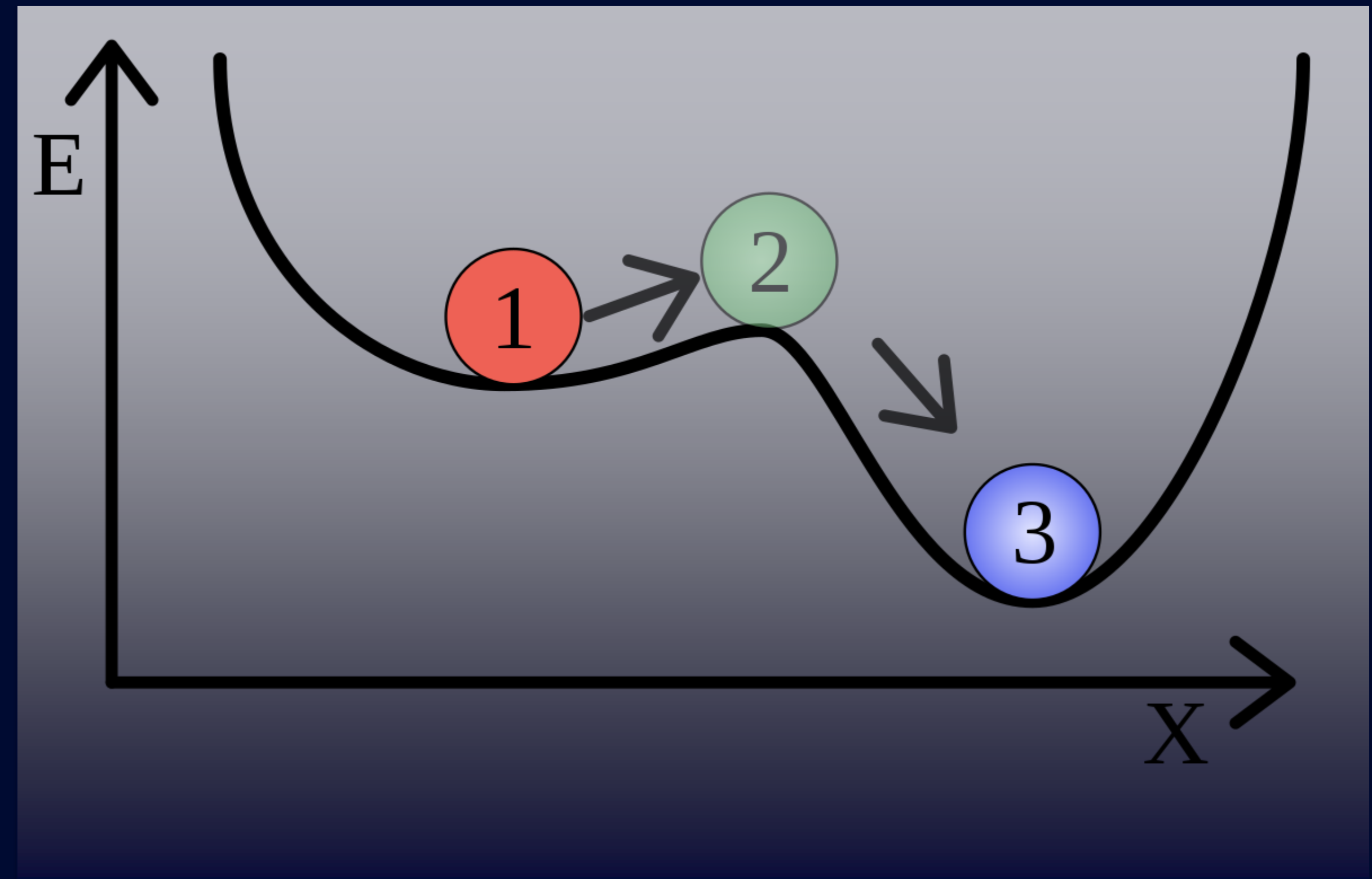


Planetary boundaries

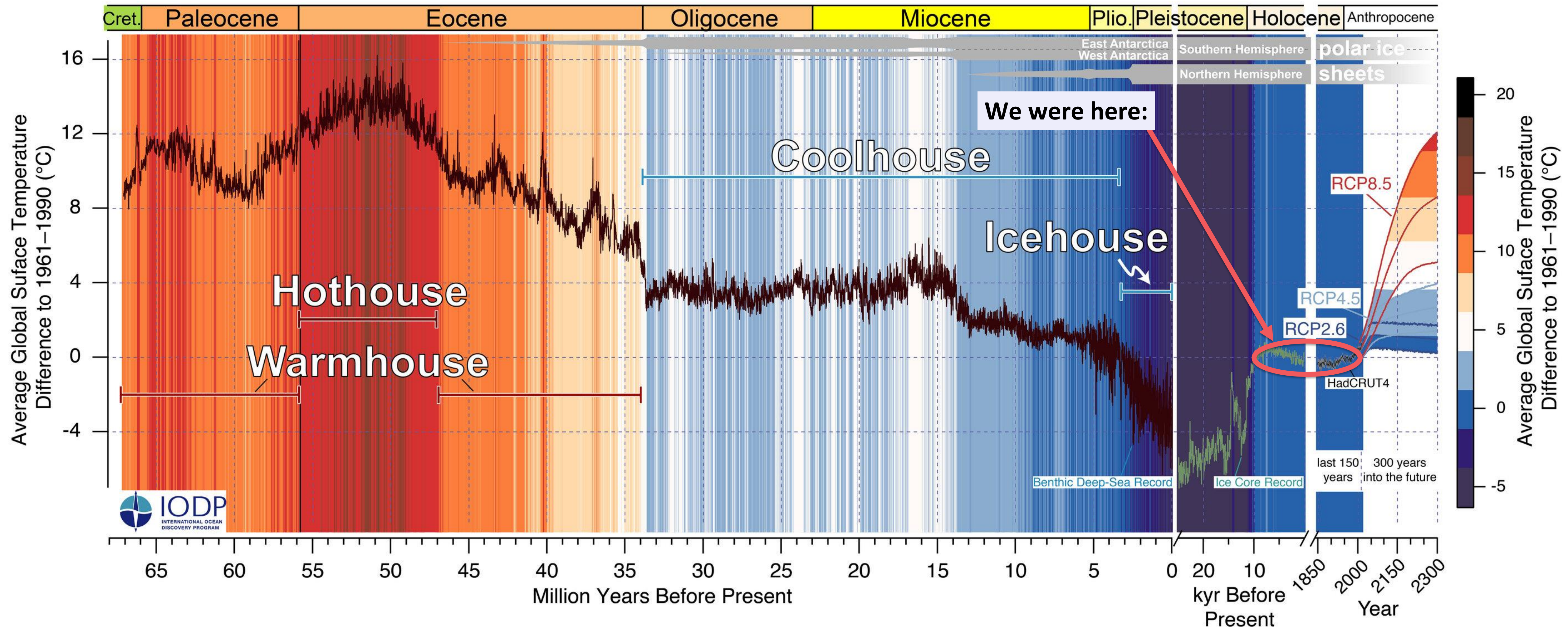


What are planetary boundaries?

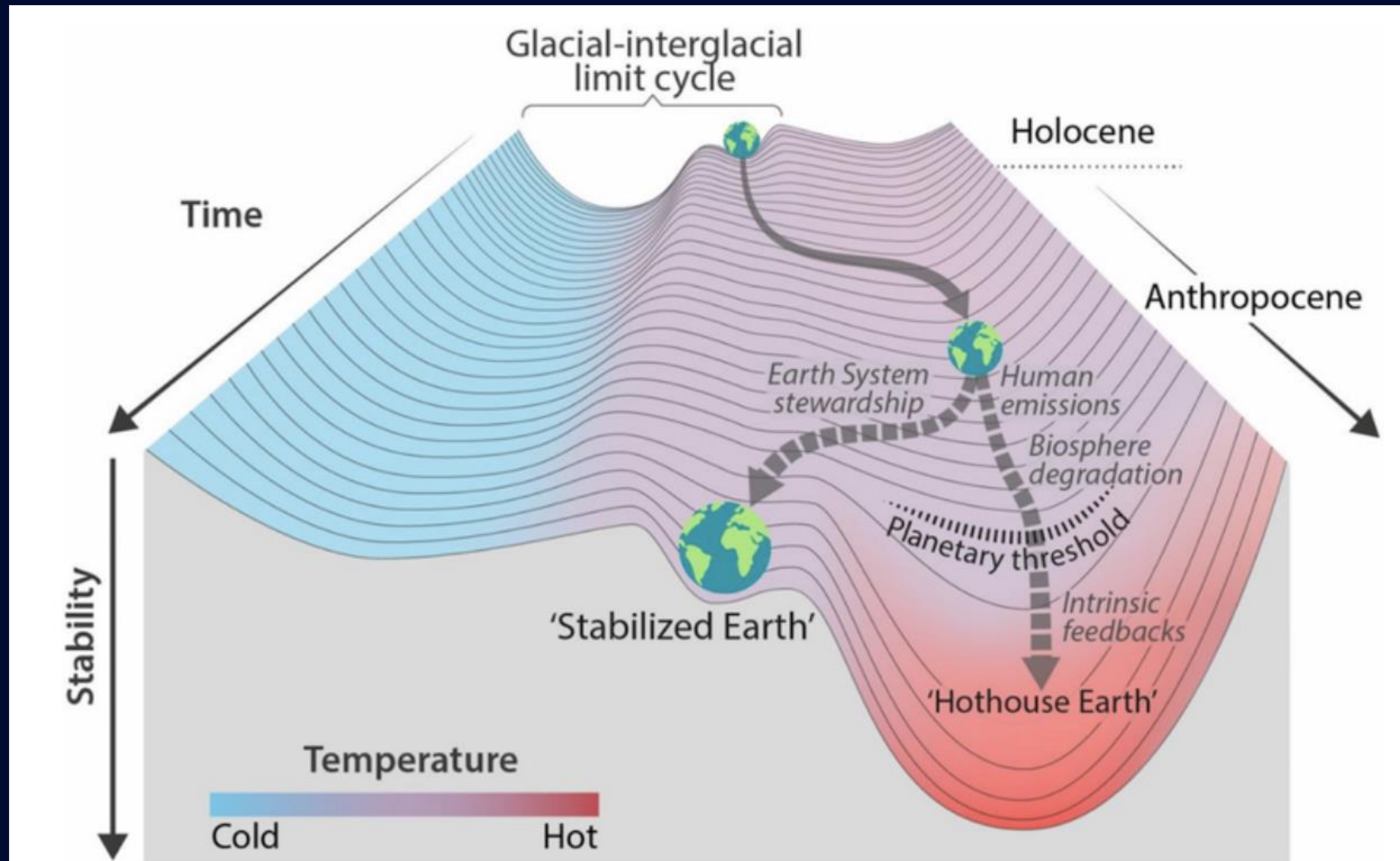
- Planetary “tipping points” that would push the global environment into dangerous new territory, outside anything seen during human history
- Irreparable changes – move from 1 ,steady state‘ into another one
- In the long run, could make human life on Earth extremely difficult or impossible



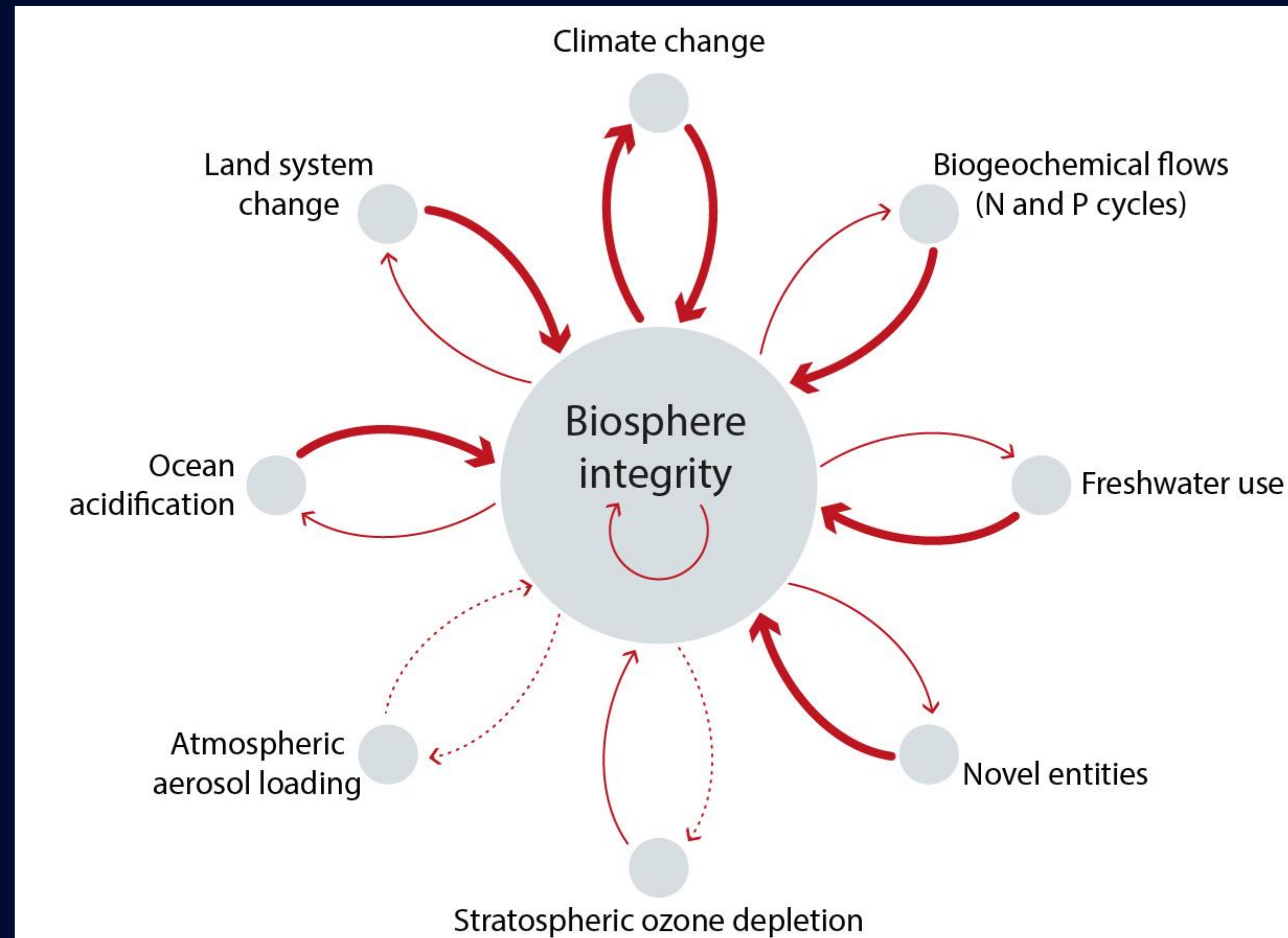
Example: Global temperature



Example: Global temperature



Feedback effects



- > Weak effect reducing the safe space of the affected factor, or complex effect with large uncertainties
- > As this factor moves away from its safe space, the safe space for the affected factor shrinks a little
- > As this factor moves away from its safe space, the safe space for the affected factor shrinks a lot

The role of businesses in the Anthropocene



Who (in business) should be accountable to whom for what in the Anthropocene?

Why talk about accountability?

- Accountability as boundary object that allows for inter-disciplinary dialogue
- Accountability discourses and practices themselves may shape the organizational view of the self and other (Black, 2008), and even shape the “normative conceptions of what it is to be an ‘actor’” in a system with specific responsibilities (Boström & Garsten, 2008)
- Changes how businesses should – and likely will – act in the future

Conceptualizing organizational accountability

Typology of the dimensions of organizational accountability that are generally referred to in both popular and academic use (Koppel, 2005):

- Controllability: Did the organization do what the principal desired?
- Responsiveness: Did the organization fulfill the substantive expectation (demand/need)?
- Transparency: Did the organization reveal the facts of its performance?
- Responsibility: Did the organization follow the rules?
- Liability: Did the organization face consequences for its performance?

Critical review to uncover new lines of (re-)thinking business accountability

- Critical review “presents, analyses and synthesizes material from diverse sources”, “includes a degree of analysis and conceptual innovation”, and presents as a result “a synthesis of existing models or schools of thought or [...] a completely new interpretation of the existing data” (Grant & Booth 2009 p. 93).
- Keyword searches concerning (business) accountability, the Anthropocene, and environmental and social (business) responsibility + snowballing approach (references, citations) + feedback from colleagues
- Literature in past decade (2012-2022), after original Planetary Boundaries framework (2009)
- Critical review as starting point for further evaluation, not an endpoint in itself

Four lines of (re-thinking) business accountability in the Anthropocene

1. A new purpose for business in the Anthropocene
2. Expanded but shared accountability for productive activities
3. Heightened collective and individual liability for past and future impacts
4. Recognizing businesses' accountability for influencing consumption culture and political processes

1. A new purpose for business...

“the purpose of business is to solve the problems of people and planet profitably, and not profit from causing problems”

British Academy, 2019

“the purpose of the firm should be to support the flourishing of the society in which it is embedded”

Henderson, 2021

“a renewed corporate purpose should be creating sustainable value within the planetary boundaries while respecting the interests of its investors and other involved parties”

Sjåfjell & Taylor, 2019

1. ... that reshapes corporate governance + accountability relationships

From:

To:

Corporation as nexus-of-contracts



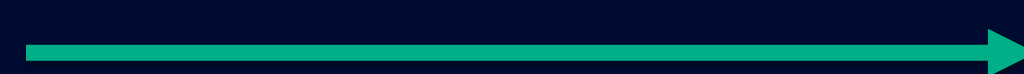
Revival of corporation as single legal entity with privileges and responsibilities

Shareholder primacy



Primacy of objective (sustainable value creation within planetary boundaries)

Management accountability to owners



Management and owners' accountability to societal stakeholders

First (voluntary) examples of new business forms

Benefit corporation
(US, Italy, Colombia)

Community interest
company (UK)

Employee
ownership

Low-profit limited liability
company (US)

Cooperatives

Flexible purpose
corporation (US)

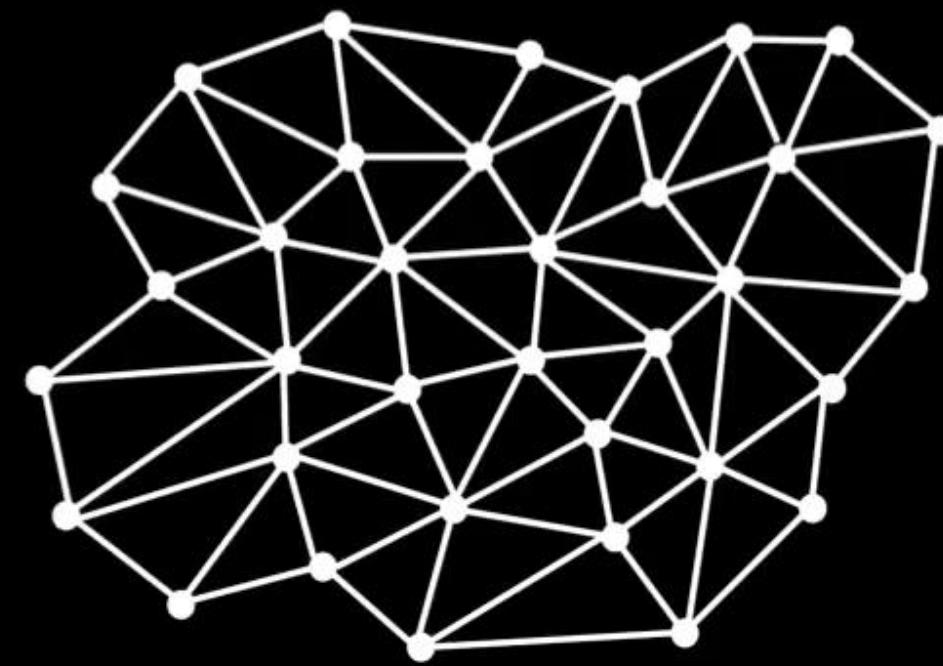
Etc.



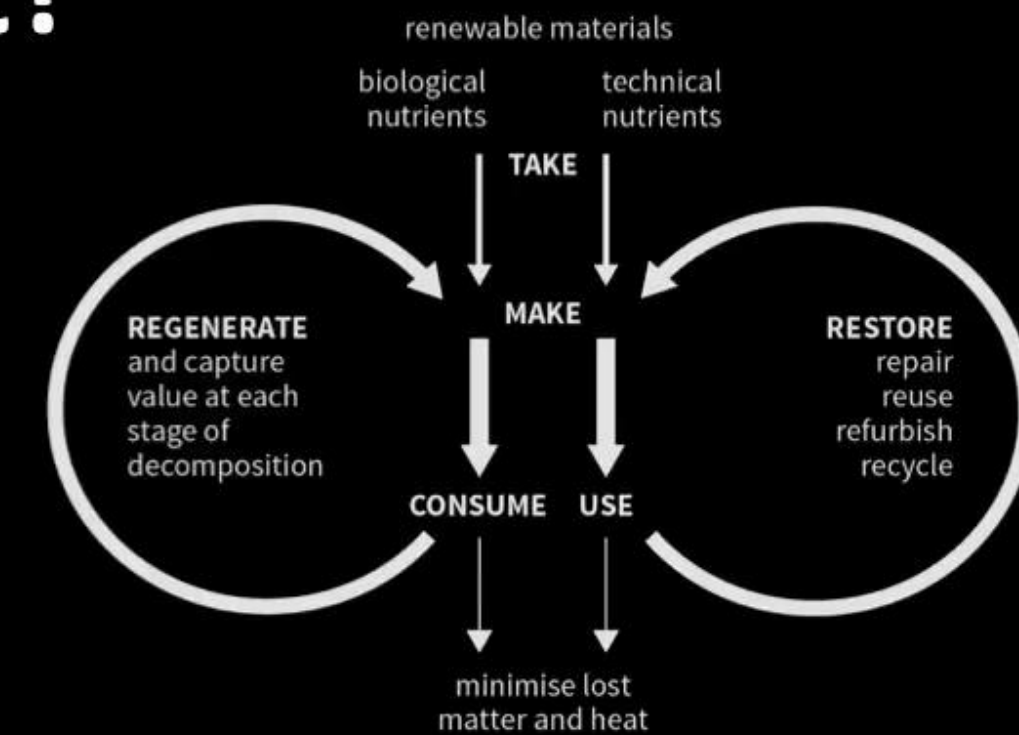
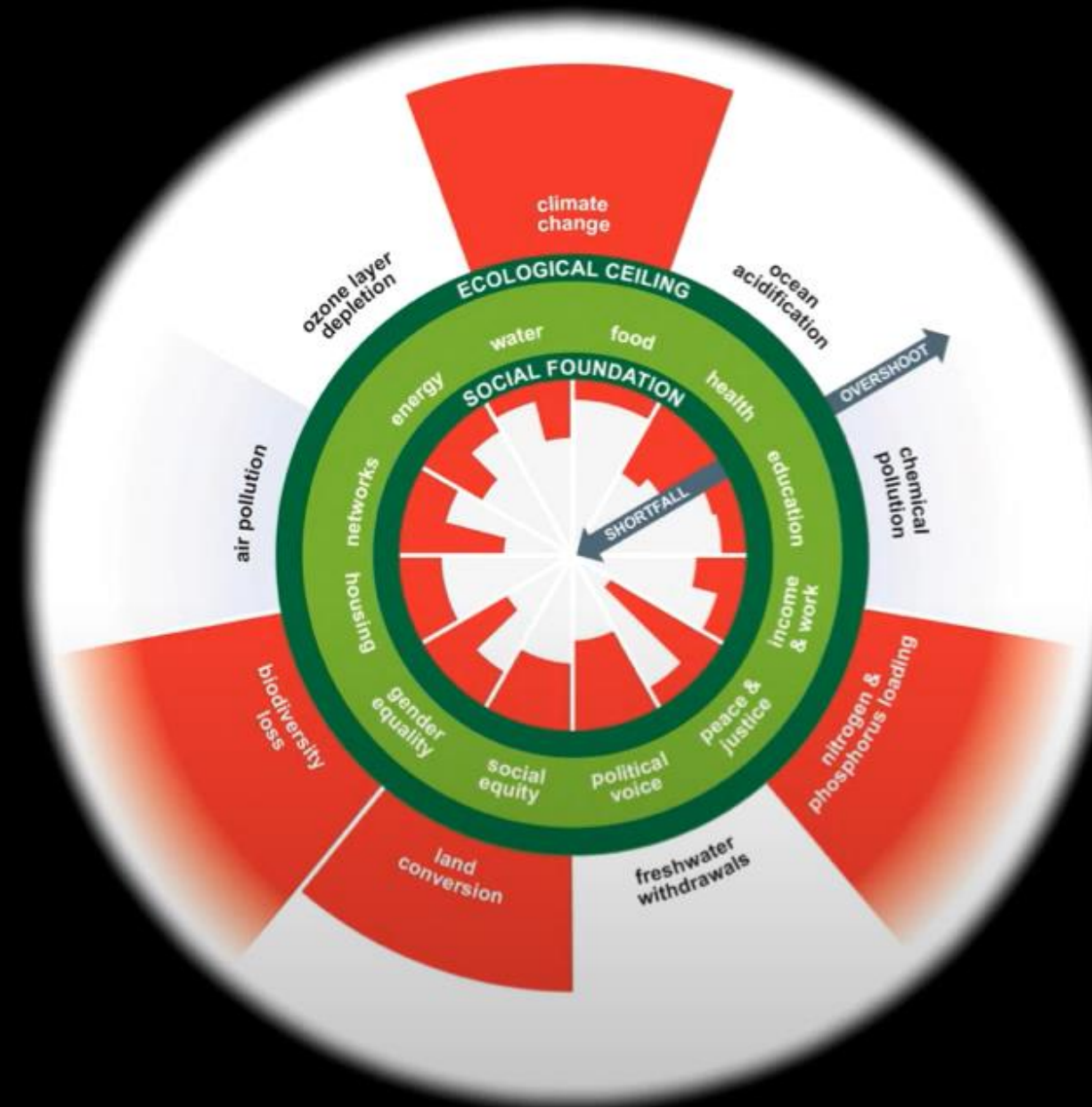
Business in the doughnut – Regenerative and distributive by design!

Business Meets the Doughnut v1.0

What does it take for business to do the Doughnut?

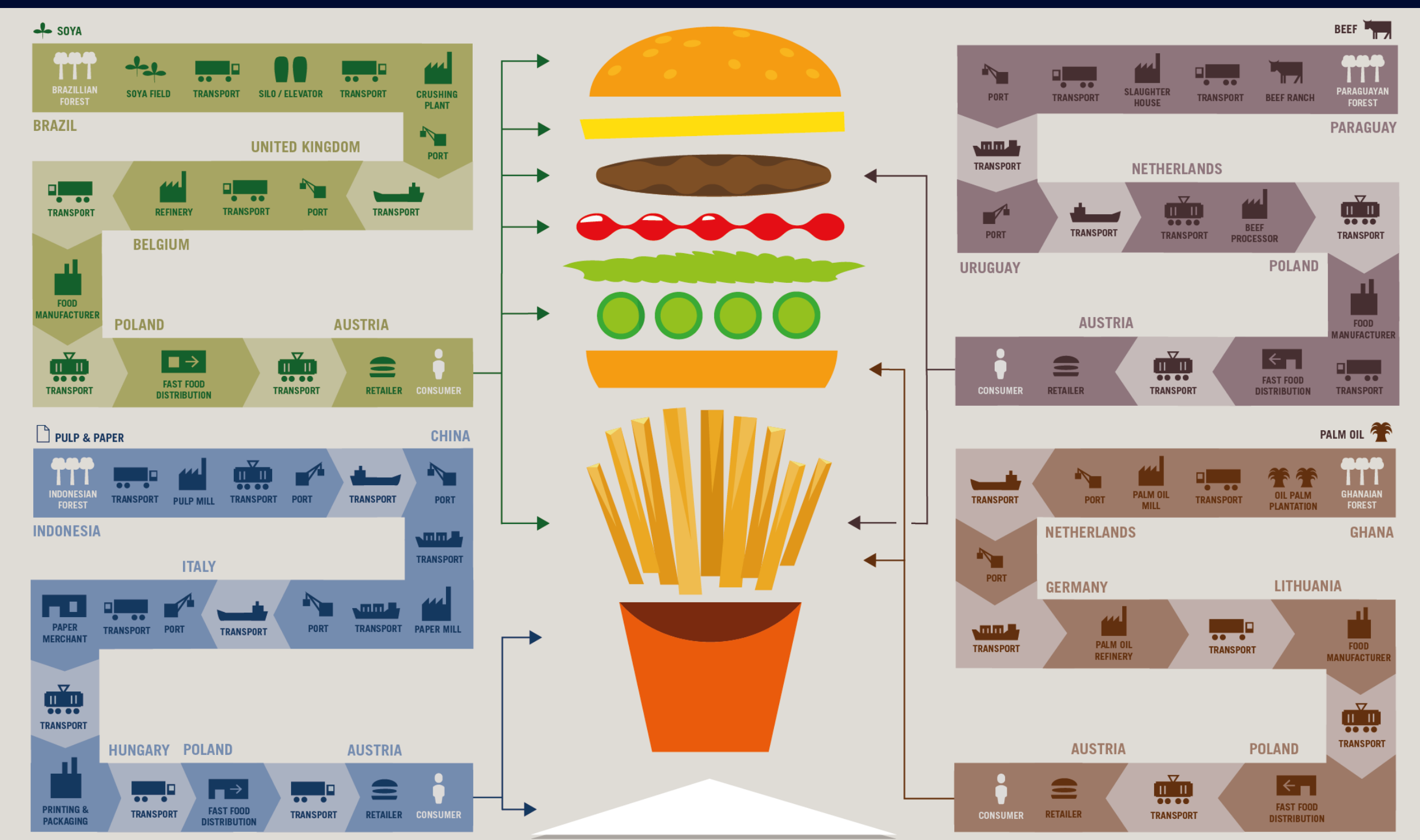


**distributive
by design**

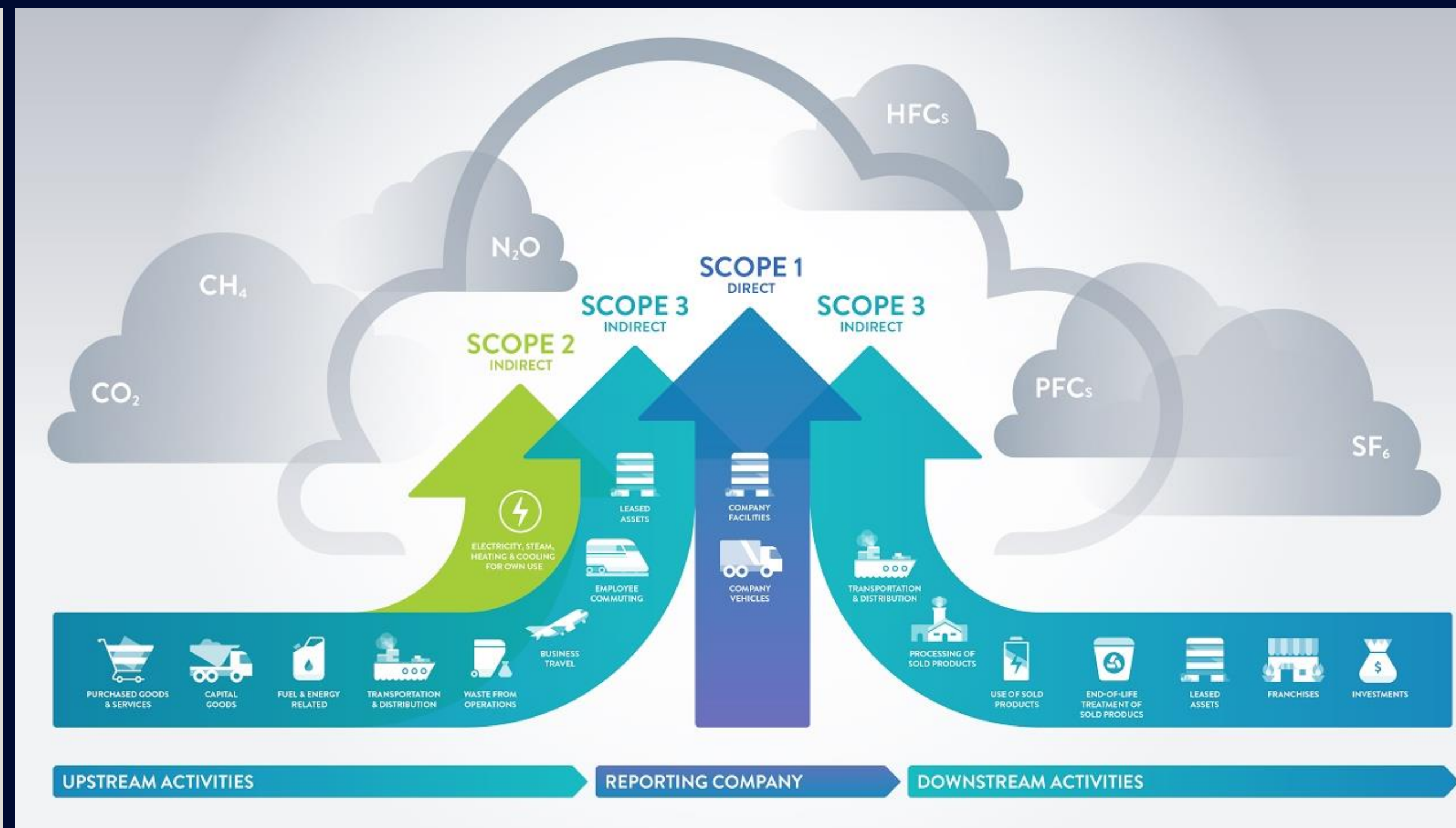


**regenerative
by design**

2. Expanded but shared accountability for productive activities

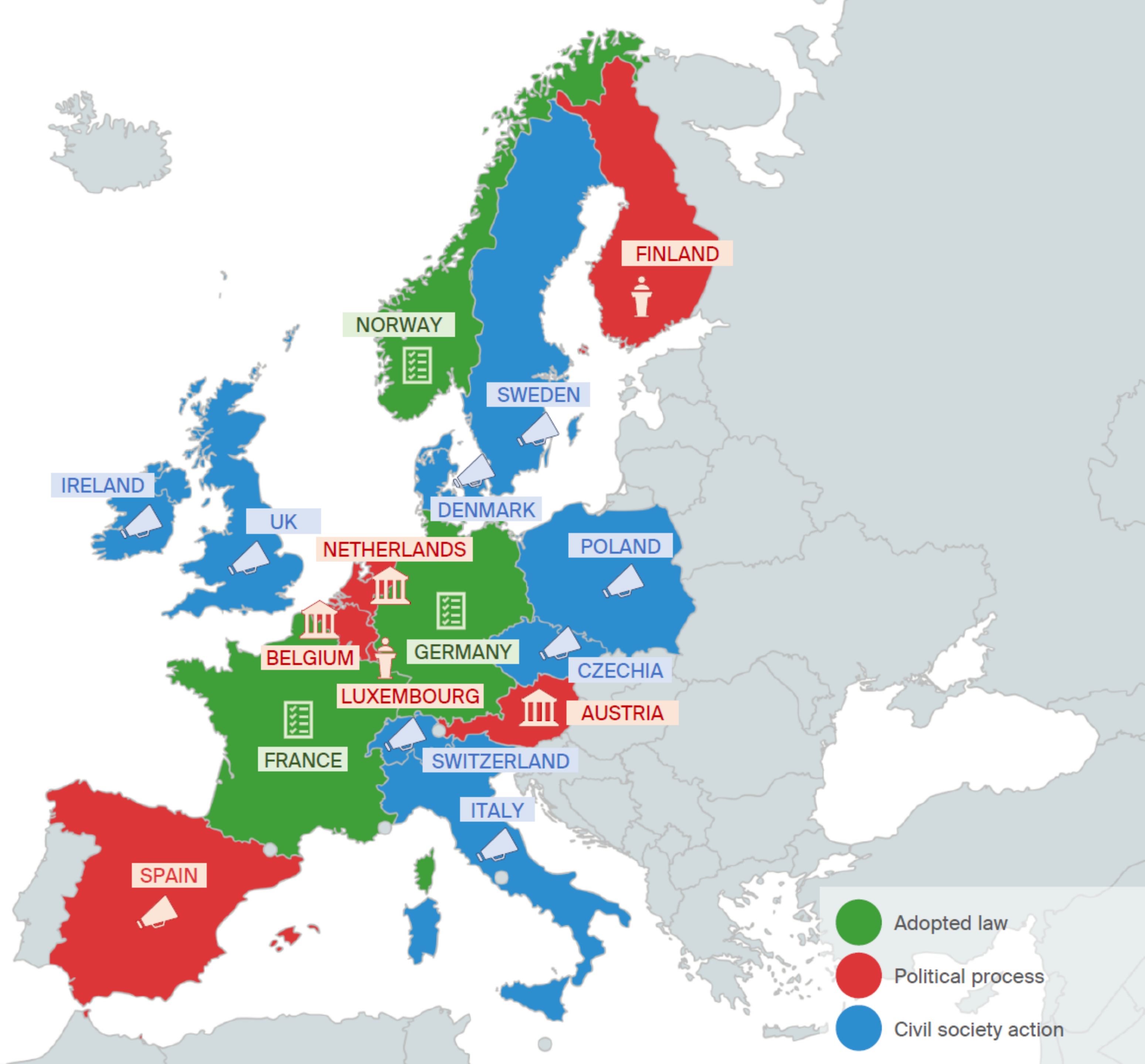


Supply chain accountability/liability

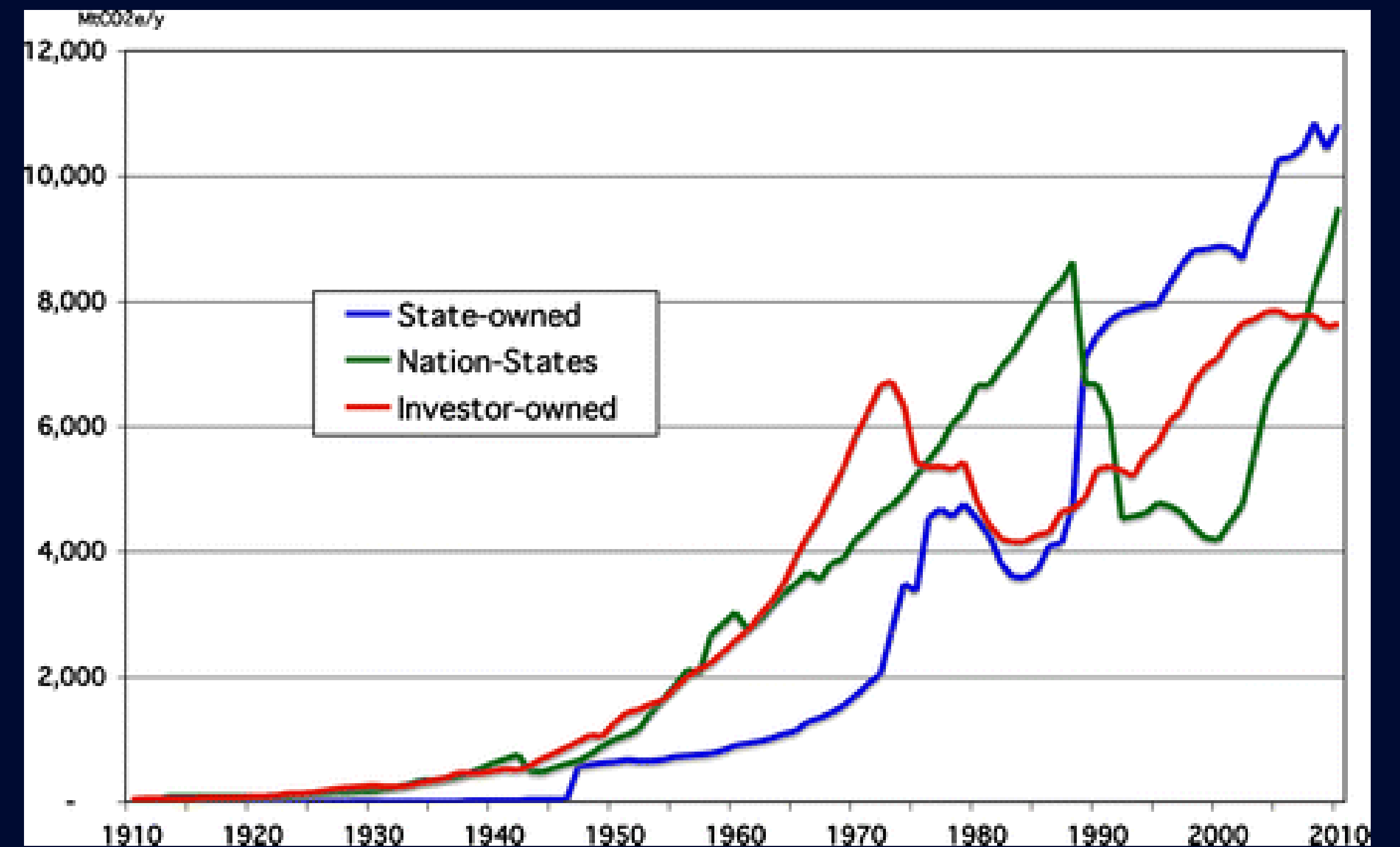
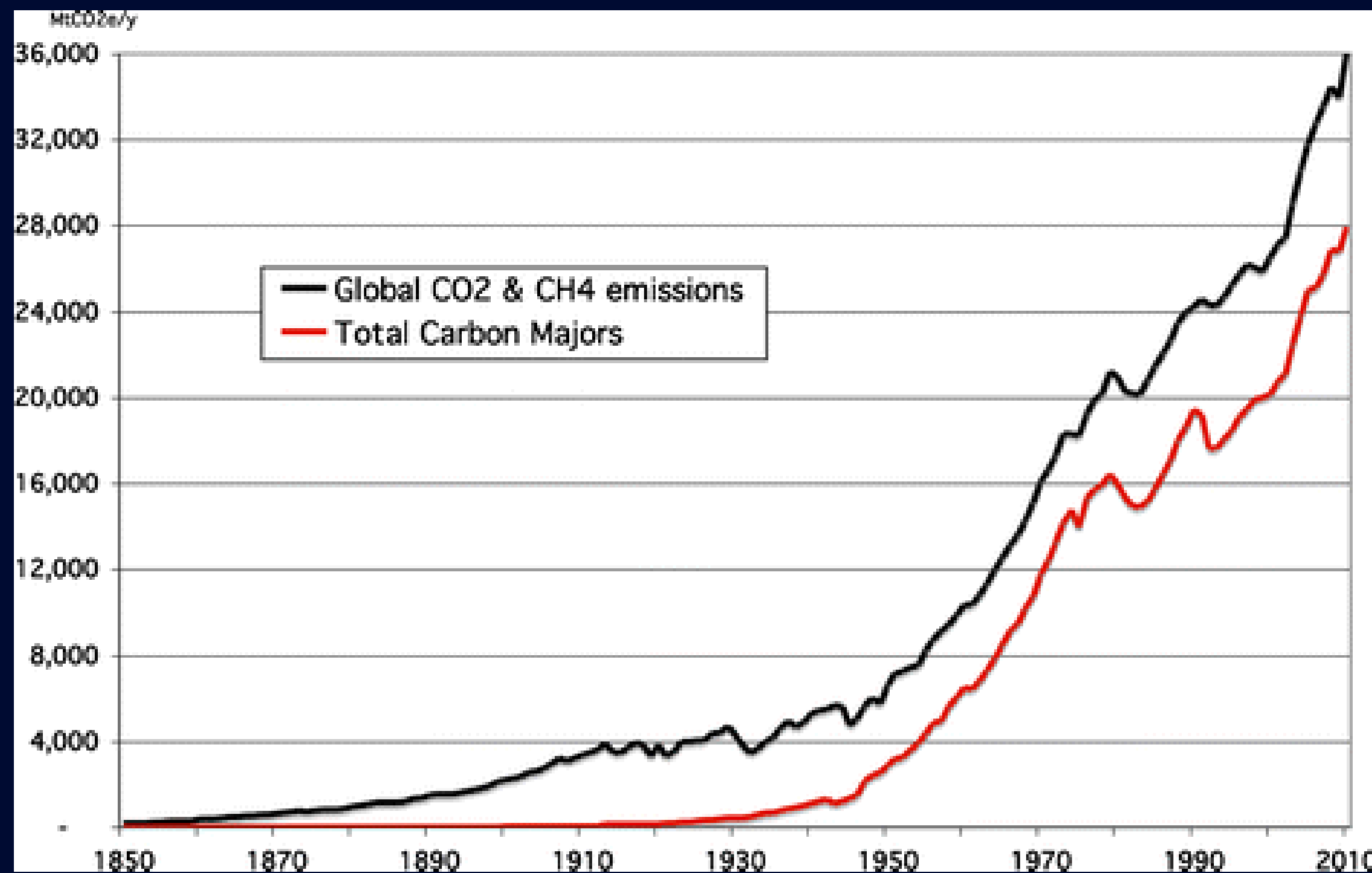


Scope 3 emission reporting

FRANCE	Law on the duty of vigilance of parent and outsourcing companies
GERMANY	Law on the corporate duty of care in supply chains
NETHERLANDS	Law on child labour due diligence
NORWAY	Law on business transparency and human rights and decent working conditions
AUSTRIA	Parliamentary proposal for a supply chain law
BELGIUM	Parliamentary proposal on the corporate duty of vigilance and care in value chains
FINLAND	Government commitment to due diligence legislation
LUXEMBOURG	Government commitment to due diligence legislation
NETHERLANDS	Government commitment to due diligence legislation Parliamentary proposal on responsible and sustainable international business conduct
SPAIN	Government's Annual Regulatory Plan includes a legislative initiative on due diligence



2. Expanded but shared accountability for productive activities



Climate attribution science tracing GHG emissions to 90 'carbon majors' (producers of oil, natural gas, coal, and cement)

2. Expanded but shared accountability for productive activities



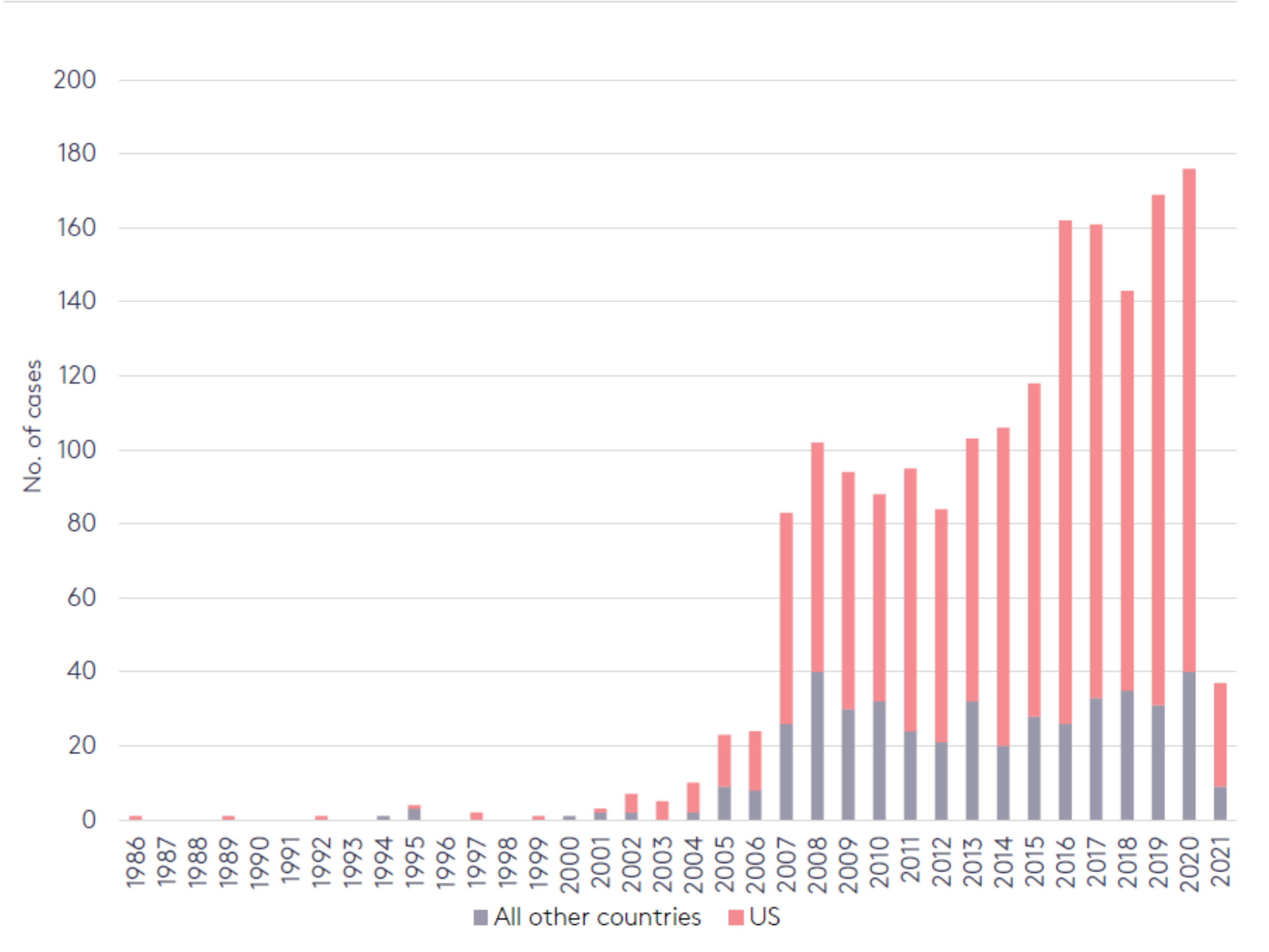
Market share liability in climate litigation: Accountability proportional to share of emissions

Accounts for economic power and resources that can be used to further or halt transformation

Particularly powerful argument if companies are acting in the knowledge that harms are likely to take place

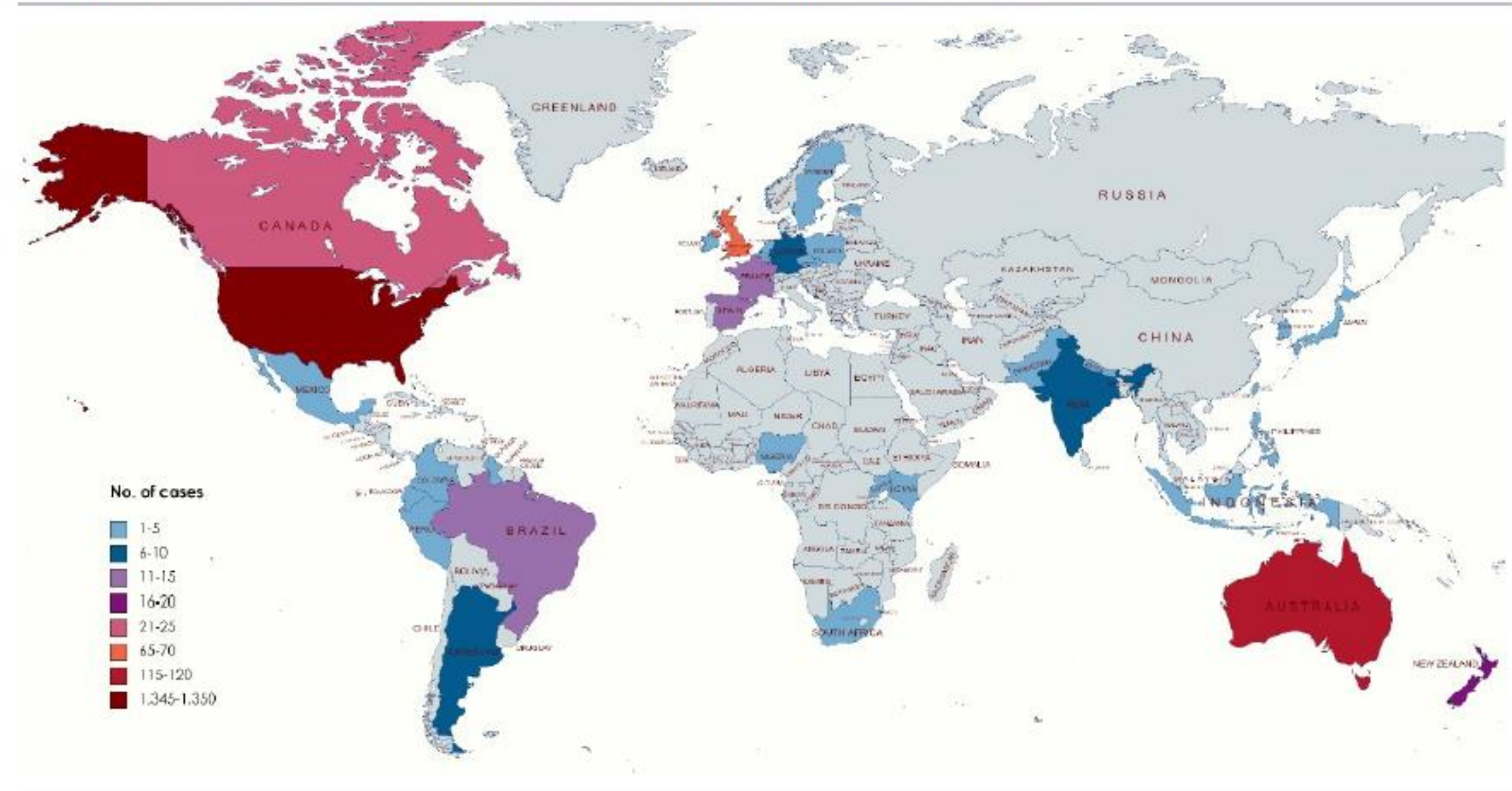
3. Heightened collective and individual liability for past and future impacts

Figure 1.1. Total cases over time, US and non-US, to 31 May 2021



Note: These data are from the databases and may be incomplete, as discussed in the Introduction. Source: Authors based on CCLW and Sabin Center data

Figure 1.2. Number of cases around the world, per jurisdiction, to May 2021



Notes: Cumulative figures to May 2021. Map created with mapchart.net. Source: Authors based on CCLW and Sabin Center data

Setzer and Higham (2021)

3. Heightened collective and individual liability for past and future impacts

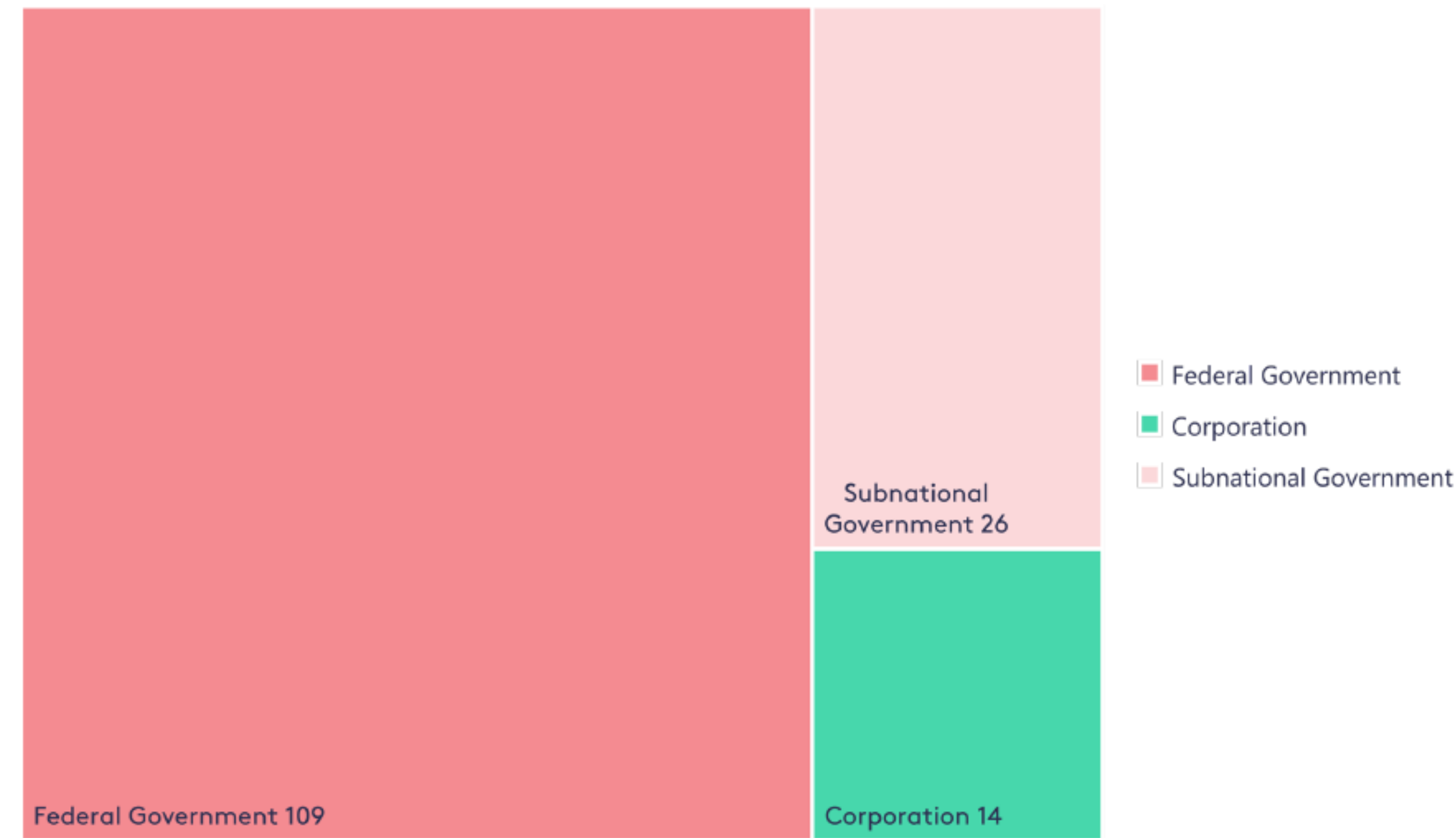
Figure A1.4. Non-US cases by type of defendant

Cases by defendant type



Figure A1.6. US cases by type of defendant

Cases by defendant type (US)



3. Heightened collective and individual liability for past and future impacts

It's Time to Try Fossil-Fuel Executives for Crimes Against Humanity

BY
KATE ARONOFF



Crimes against Future Generations

February 11, 2017 /

Actions which are so terrible that they put the very survival of life at risk or threaten the way of life of communities should be prohibited and prosecuted. When individuals act despite knowing the severe consequences of their acts or conduct on the long-term health, safety, or means of survival of human populations, they are committing what we call a crime against future generations.

What is Ecocide and can it be prosecuted by the International Criminal Court?



As crimes against future generations are committed by individuals (such as state officials and corporate officers), rather than abstract entities (such as states and corporations), there is a need for individual accountability anchored in criminal law to ensure that individuals in corporations and governments are held accountable for their actions, and that others are deterred from acting in a similar fashion. (Jodoin and Saito 2011)


4. Recognizing businesses' accountability for shaping consumption culture...



Amsterdam to become first city in the world to ban this type of advert



4. Recognizing businesses' accountability for shaping consumption culture...



EU introduces 'right to repair' rules for electrical goods

By Jack Loughran

Published Tuesday, March 2, 2021

New EU rules have been introduced that require manufacturers of electrical goods such as fridges and televisions to make their products repairable for at least 10 years after first coming to market.

The rules are designed to enshrine circular economy practices into law and reinforce consumer rights to repair products.




4. ...& recognizing businesses' accountability for influencing political processes

“Businesses should support, rather than oppose, public policies intended to effectively address climate change” – UN Special Rapporteur on Human Rights and the Environment

CSR Needs CPR: Corporate Sustainability and Politics

Thomas P. Lyon, Magali A. Delmas, John W. Maxwell, more...

Show all authors ▾

First Published June 6, 2018 | Research Article |  Check for updates

<https://doi.org/10.1177/0008125618778854>

Article information ▾

 Altmetric 268 

Abstract

Corporate sustainability has gone mainstream, and many companies have taken meaningful steps to improve their own environmental performance. But while corporate political actions such as lobbying can have a greater impact on environmental quality, they are ignored in most current sustainability metrics. It is time for these metrics to be expanded to critically assess firms based on the sustainability impacts of their public policy positions. To enable such assessments, firms must become as transparent about their corporate political responsibility (CPR) as their corporate social responsibility (CSR). For their part, rating systems must demand such information from firms and include evaluations of corporate political activity in their assessments of corporate environmental responsibility.

Keywords

sustainability, lobbying, corporate social responsibility, business & society, business-government relations, policy making, non-market strategy

Who is accountable to whom for what?

- In an Anthropocene context, businesses – and particularly decision-makers within them such as managers and owners – should be **accountable to society or humanity (as a whole)**, both in the present and with regard to future generations
 - Progressively they may also be seen as accountable to nature
- Simultaneous **broadening and diffusion** of the scope of business accountability:
 - Broadening which moves from accountability for action to also being accountable for inaction
 - Extends beyond the firm and productive process to include accountability for companies' supply chains and business networks
 - And introduces accountability for business involvement in political processes, via lobbying or otherwise, and to what extent these activities accelerate or hold back the necessary transformative processes
 - Simultaneously, the recognition of diffusion accounts for the partial responsibility of businesses in innovative ways

Normative, policy, and research implications

	Normative implication: Businesses should...	Policy implication: Requires...	Open (research) questions	
Controllability: Did the business do what the principal desired?	...Move from shareholder primacy toward having society as principal	...Novel corporate governance legislation	How can new principal-agent relationships be organized in an efficient and effective way?	Rethink the purpose of business
Responsiveness: Did the business fulfill the substantive expectation (demand/need)?	...Create sustainable value, fulfill a societal need or solve a societal problem while respecting planetary boundaries	...Novel corporate governance legislation	Can we define a hierarchy of stakeholders and expectations? How should contradictory societal needs be weighted against each other?	
Transparency: Did the business reveal the facts of its performance?	...Contribute to sustainability transitions via sustainable consumption opportunities and adjusting advertisement and lobbying strategies	...Stronger legislation on product sustainability, advertising, lobbying, and dispute settlement mechanisms	How can businesses contribute to a cultural shift to lower-impact lifestyles? How can lawmakers draw on the expertise of the business sector without losing control over legislation?	Accountability for cultural and political influence
	...Reveal facts about their entire supply chain and business networks, and consider impacts of inaction	...Mandatory reporting on scope 3 emissions; supply chain transparency and due diligence legislation	How can we ensure the accuracy of reporting and avoid under-, over-, or double-counting?	
Responsibility: Did the business follow the rules?	...Reveal facts about their non-productive activities, including political activity and lobbying positions	...Lobbying reporting legislation	How can transparency lead to changed business practices?	Expanded but shared accountability
	...Accept accountability for environmental and planetary harms they knowingly created, and avoid such harm	...Changing civic and criminal codes and creating new jurisprudence	How can businesses distinguish between harmful and non-harmful activities? Should there be a threshold of unavoidable harm? How would it be defined?	
Liability: Did the business face consequences for its performance?	...Follow rules on product sustainability and longevity; avoid cheating and greenwashing; follow advertising and lobbying rules	...Stronger legislation regarding product sustainability, advertising, lobbying, and dispute settlement mechanisms	How can compliance be enforced given commercial secrecy? How can affordability be assured for low-income consumers?	Heightened collective and individual liability
	...Be collectively accountable for the non-source pollution and environmental impact created by their operations, with responsibility distributed proportional to market share or economic power	...The introduction of new lawsuits and changing jurisprudence in civic cases	How can such accountability move beyond exemplary cases and be implemented on a broad scale?	
	...Be held financially liable for damages if they knowingly created environmental harm; decision-makers should be held criminally liable for the worst types of offenses	...Changing civic and criminal codes and creating new jurisprudence	What consequences are sufficient and proportional to serve the needs of the planet and support desirable futures?	

What does this mean for practice?

- Growing sense that businesses have the duty *to actively participate in the large-scale transformation necessary to keep within planetary boundaries*, and will be held accountable otherwise
- This means that businesses should not only consider reducing their per-unit emissions, social and environmental impact, but also consider:
 - What social needs they can meet with their products
 - Their product portfolio
 - Their business model, ownership, and financing structures
 - Their way of advertising
 - and their corporate political activity

What does this mean for research?

We should be emboldened to ask new questions such as:

- Who should be the principal of businesses in an Anthropocene context?
- What are new business models and changes in corporate governance law that generate novel controllability relations?
- Can we define a hierarchy of stakeholders and substantive expectations in line with planetary and societal health?
- How do we re-embed economic demands in this hierarchy of needs?
- How do we link organizations to planetary impacts, and what should be the scope of their responsibility and accountability?
- Should they report on other activities beyond their productive ones, e.g. involvement in politics?

What does this mean for research?

We should be emboldened to ask new questions such as:

- How can organizations make and achieve targets based on ecological limits?
- How can we design rules that shape business behavior in ways that respect planetary boundaries?
- Who in the organization should be bound by such rules?
- How can we design legal and social systems that prevent businesses from acting in ways that cross planetary boundaries?
- What consequences are sufficient to serve the needs of the planet and support the futures that we want?

Questions and discussion

	Normative implication: Businesses should...	Policy implication: Requires...	Open (research) questions	
Controllability: Did the business do what the principal desired?	...Move from shareholder primacy toward having society as principal	...Novel corporate governance legislation	How can new principal-agent relationships be organized in an efficient and effective way?	Rethink the purpose of business
Responsiveness: Did the business fulfill the substantive expectation (demand/need)?	...Create sustainable value, fulfill a societal need or solve a societal problem while respecting planetary boundaries	...Novel corporate governance legislation	Can we define a hierarchy of stakeholders and expectations? How should contradictory societal needs be weighted against each other?	
Transparency: Did the business reveal the facts of its performance?	...Contribute to sustainability transitions via sustainable consumption opportunities and adjusting advertisement and lobbying strategies	...Stronger legislation on product sustainability, advertising, lobbying, and dispute settlement mechanisms	How can businesses contribute to a cultural shift to lower-impact lifestyles? How can lawmakers draw on the expertise of the business sector without losing control over legislation?	Accountability for cultural and political influence
	...Reveal facts about their entire supply chain and business networks, and consider impacts of inaction	...Mandatory reporting on scope 3 emissions; supply chain transparency and due diligence legislation	How can we ensure the accuracy of reporting and avoid under-, over-, or double-counting?	
Responsibility: Did the business follow the rules?	...Reveal facts about their non-productive activities, including political activity and lobbying positions	...Lobbying reporting legislation	How can transparency lead to changed business practices?	Expanded but shared accountability
	...Accept accountability for environmental and planetary harms they knowingly created, and avoid such harm	...Changing civic and criminal codes and creating new jurisprudence	How can businesses distinguish between harmful and non-harmful activities? Should there be a threshold of unavoidable harm? How would it be defined?	
Liability: Did the business face consequences for its performance?	...Follow rules on product sustainability and longevity; avoid cheating and greenwashing; follow advertising and lobbying rules	...Stronger legislation regarding product sustainability, advertising, lobbying, and dispute settlement mechanisms	How can compliance be enforced given commercial secrecy? How can affordability be assured for low-income consumers?	Heightened collective and individual liability
	...Be collectively accountable for the non-source pollution and environmental impact created by their operations, with responsibility distributed proportional to market share or economic power	...The introduction of new lawsuits and changing jurisprudence in civic cases	How can such accountability move beyond exemplary cases and be implemented on a broad scale?	
	...Be held financially liable for damages if they knowingly created environmental harm; decision-makers should be held criminally liable for the worst types of offenses	...Changing civic and criminal codes and creating new jurisprudence	What consequences are sufficient and proportional to serve the needs of the planet and support desirable futures?	

References

- Photo by [Antoine GIRET](#) on [Unsplash](#)
- Photo by [Patrick Hendry](#) on [Unsplash](#)
- Photo by [Artem Beliaikin](#) on [Unsplash](#)
- Photo by [Andrae Ricketts](#) on [Unsplash](#)
- Photo by [Ryoji Iwata](#) on [Unsplash](#)
- Steffen, W., Broadgate, W., Deutsch, L., Gaffney, O., & Ludwig, C. (2015). The trajectory of the Anthropocene: The Great Acceleration. *The Anthropocene Review*, 2(1), 81–98. <https://doi.org/10.1177/2053019614564785>
- Persson, L., Carney Almroth, B. M., Collins, C. D., Cornell, S., de Wit, C. A., Diamond, M. L., Fantke, P., Hassellöv, M., MacLeod, M., Ryberg, M. W., Søgaard Jørgensen, P., Villarrubia-Gómez, P., Wang, Z., & Hauschild, M. Z. (2022). Outside the Safe Operating Space of the Planetary Boundary for Novel Entities. *Environmental Science & Technology*, 56(3), 1510–1521. <https://doi.org/10.1021/acs.est.1c04158>
- Steffen, W., Richardson, K., Rockström, J., Cornell, S. E., Fetzer, I., Bennett, E. M., Biggs, R., Carpenter, S. R., de Vries, W., de Wit, C. A., Folke, C., Gerten, D., Heinke, J., Mace, G. M., Persson, L. M., Ramanathan, V., Reyers, B., & Sörlin, S. (2015). Planetary boundaries: Guiding human development on a changing planet. *Science*, 347(6223), 1259855. <https://doi.org/10.1126/science.1259855>
- <https://www.stockholmresilience.org/research/planetary-boundaries.html>
- Raworth, K. (2017). *Doughnut Economics: Seven Ways to Think Like a 21st-Century Economist*. Chelsea Green Publishing.
- <https://doughnuteconomics.org/>
- Heede, R. (2014). Tracing anthropogenic carbon dioxide and methane emissions to fossil fuel and cement producers, 1854–2010. *Climatic Change*, 122(1), 229–241. <https://doi.org/10.1007/s10584-013-0986-y>

References

- Setzer, J., & Higham, C. (2021). Global trends in climate change litigation: 2021 snapshot. Grantham Research Institute on Climate Change and the Environment and Centre for Climate Change Economics and Policy, London School of Economics and Political Science.
- <https://corporatejustice.org/publications/map-corporate-accountability-legislative-progress-in-europe/>
- <https://jacobin.com/2019/02/fossil-fuels-climate-change-crimes-against-humanity>
- Jodoin, S., & Saito, Y. (2011). Crimes against Future Generations: Harnessing the Potential of Individual Criminal Accountability for Global Sustainability. *McGill International Journal of Sustainable Development Law and Policy*, 7(2), 115–156.
- <https://www.weforum.org/agenda/2021/07/ecocide-environmental-harm-international-crime/>
- <https://www.worldfuturecouncil.org/crimes-against-future-generations/>
- <https://www.euronews.com/green/2021/05/20/amsterdam-becomes-first-city-in-the-world-to-ban-this-type-of-advert>
- <https://eandt.theiet.org/content/articles/2021/03/eu-introduces-right-to-repair-rules-for-electrical-goods/>
- OHCHR. (2019). *Report of the Special Rapporteur on the issue of human rights obligations relating to the enjoyment of a safe, clean, healthy and sustainable environment*. United Nations General Assembly, 74th session. <https://undocs.org/en/A/74/161>
- Lyon, T. P., Delmas, M. A., Maxwell, J. W., Bansal, P. (Tima), Chiroleu-Assouline, M., Crifo, P., Durand, R., Gond, J.-P., King, A., Lenox, M., Toffel, M., Vogel, D., & Wijen, F. (2018). CSR Needs CPR: Corporate Sustainability and Politics. *California Management Review*, 60(4), 5–24. <https://doi.org/10.1177/0008125618778854>
- Sjøfjell, B., & Taylor, M. B. (2019). Clash of Norms: Shareholder Primacy vs. Sustainable Corporate Purpose. *International and Comparative Corporate Law Journal*, 13(3), 40–66. <https://doi.org/10.2139/ssrn.3444050>
- Henderson, R. M. (2021). Changing the purpose of the corporation to rebalance capitalism. *Oxford Review of Economic Policy*, 37(4), 838–850. <https://doi.org/10.1093/oxrep/grab034>
- British Academy. (2019). Principles for Purposeful Business. The British Academy. <https://www.thebritishacademy.ac.uk/documents/224/future-of-the-corporation-principles-purposeful-business.pdf>

esade

Do Good. Do Better.