



Sustainable development as challenge for economics and business management

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Introduction

Economics is understood by many as an established discipline and something similar may hold for business management. New challenges appear but the disciplines of economics and business management are fairly institutionalized. They are at best modified. At issue is now if sustainable development as a challenge can be handled and internalized in established theory or if new paradigms and theoretical perspectives are needed. This second position is chosen here. But the idea is not to abandon mainstream thinking totally as part of a Kuhnian 'scientific revolution' where one paradigm is replaced with another [1]. Instead of 'paradigm-shift', it is more fruitful to think in terms of pluralism and 'paradigm coexistence'. There may still be 'shift in dominant paradigm' where paradigms that are losing in number of adherents may still have a role.

Sustainable Development is About Broadening Perspectives to Include Global Impacts and Impacts on Future Generations

Sustainable development is about seriously considering impacts on future generations. According to the Brundtland report *Our Common Future*: "Humanity has the ability to make development sustainable – to ensure that it meets the needs of the present without compromising the ability of future generations to meet their own needs" [2]. But mainstream (neoclassical) economics and mainstream business management as taught in universities is quite shortsighted. The emphasis is on immediate impacts (as in the equilibrium concept) or the next few years. At best, discounting approaches in monetary terms is used to consider more distant future impacts as in neoclassical Cost-Benefit Analysis (CBA).

In support of such short-sightedness, it may be argued that we cannot know much about the needs of future generations or the needs of people living in other parts of the world. But we can make reasonable assumptions about what constitutes serious degradation of living conditions for future generations for example by understanding that exploitation today of land for housing, transportation or energy systems may represent irreversible loss of agricultural land – or in the case of CO₂ pollution, irreversible contributions to global warming and risk for undesired weather conditions. This brings us to the second element of sustainable development.

Sustainable Development Should be Understood in Multidimensional Terms

While mainstream economics and business management is very much understood in monetary terms, sustainable development is largely about impacts in non-monetary terms. Monetary analysis may still have a role but is here understood as partial analysis. We need a holistic, multidimensional economics where progress and degradation is increasingly measured in non-monetary terms. Accounting systems at the national level and for business (and other organizations) must move from emphasis on the monetary dimension to multidimensional measurement. And the idea that all kinds of impacts can easily be 'traded' against each other in monetary terms needs to be abandoned.

Sustainable Development is about Accepting Complexity in Analysis

Mainstream analysis is often framed in terms of a search for one single optimal solution. Analysis is carried out in one-dimensional

monetary or other quantitative terms. At the micro level, monetary profits in business are one example and for investments in infrastructure, mainstream Cost-Benefit Analysis is another example. But other approaches that deal openly with complexity are very much needed [3].

Economics and management can be understood in political terms. Ideas of economics as neutral or apolitical is an illusion [4]. Instead, economics is regarded as 'political economics' where democracy plays a role. Individuals can be understood as 'political economic persons' and organizations as 'political economic organizations. We need concepts such as ideology and 'ideological orientation'. Any solution to a decision situation is then conditional in relation to the specific ideological orientation considered [5].

The ideological orientations considered are not limited to traditional political ideologies such as socialism, conservatism or green ideology. They are also about attitudes to uncertainty and to risks of serious negative impacts [6,7]. Facing uncertainty in its different forms and dimensions does not exclude systematic analysis but changes the role of economists as experts to one of a more modest kind.

Sustainable Development raises issues at the Level of Paradigm

The dominance, if not monopoly, of neoclassical economics has brought us to the present position that can be described as unsustainable in many respects. Should we stick to mainstream theory or open the door for competing theories and ideological orientations? Is there an economics better adopted for sustainable development? Ecological economics can be described as 'economics for sustainable development' and is here advocated as part of a 'paradigm coexistence' perspective.

One reason to seriously consider various versions of heterodox economics is that "values are always with us" in economics research and education [8]. A paradigm is not just theory. It is also an ideological perspective. And since we live in societies that claim to be democracies, there must be openings for more than one ideological orientation. Efforts by heterodox economists to address the present ecological crises are presented in the book *Economics and the Ecosystem* by Edward Fullbrook and Jamie Morgan [9].

Politics and Institutional Change

Conceptual frameworks and paradigms play a role in making specific arguments, opinions and behavior legitimate. When it is repeatedly assumed that firms maximize monetary profits, then an entrepreneur need not do much to defend such a narrow position. A different conceptual framework and economic theory will make other arguments, opinions and behavior legitimate [10]. In ecological economics, broader ideas of a 'mission' can be considered. Analysis can become multidimensional, systematically incorporating various kinds of social and environmental impacts [11,12].

Concluding comments

Sustainable development is a challenge for economics and

business management. Something can be achieved through modifications within the scope of mainstream economics and mainstream business management. In the case of business, efforts referred to as Corporate Social Responsibility (CSR) may represent steps in the right direction. For each industry, standardization schemes can be constructed which add to mainstream monetary analysis and accounting.

But my main argument in this article is that we should think in terms of 'paradigm coexistence' and invite attempts to socially construct alternative paradigms adapted to the problems and issues of sustainable development. The vision of sustainable development differs ideologically from a mainstream vision of growth in GDP and profits in business.

The issues connected with sustainable development are extremely important and the dialogue must continue both at a philosophical and practical level [13-15]. And as we all know, few things can be more practical than good theories.

Acknowledgement

None.

Conflicts of Interest

There is no conflict of interest.

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