

Organizational Engagement in Climate Change: A Performative Account of Organizational Environmental Reality

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Research Problem. Commercial organizations are caught in an ongoing tension between the imperative of being perceived as socially responsible yet have persistent pressure to perform economically (Banerjee 2008). These tensions are heightened as organizations are increasingly held to account for their contributions to causes of environmental issues (Wright and Nyberg 2015). Rules and regulations, instituted by governments and industry bodies, are a means to evidence organizations' engagement with these social obligations, implying also that the end of a more sustainable treatment of the environment is synonymous with the means by which it is measured. Paradoxically, when social obligations are fulfilled by regulatory compliance alone also the means is established to breach social obligations. Using the example of the VW emissions scandal (or 'diselgate') we argue that a possible explanation for this phenomenon is that environmental consequences are rendered invisible to the organization as they become obscured by focus on adherence to rules and regulations. We further argue that environmental reality is performed for management through the reporting process of the organization and successful reporting becomes a proxy for successful performance. This process distances managers from addressing environmental concerns per se and instead brings them closer to a view where they are satisfied with conforming to rules and regulations.

Background. Regulatory environments have been recognized as a key source of organizational paradox and that organizations can become defined and threatened in their response to paradox (Jarzabkowski et al. 2013). In particular there is increasing social demand for commercial organizations to take responsibility for social and environmental issues. The key challenge remains in devising instruments of public, civil and corporate governance to reduce organizations' tendencies to ineffectively meet these obligations as well as providing remedies once breaches have occurred (Ruggie 2013). Compliance testing and associated reporting of environmental aspects are common mechanisms to foster organizational engagement with environmental responsibilities. Compliance relies on performance measures to provide an unequivocal instrument of verification, whereby performance based measures have become the means through which organizations come to understand themselves as fulfilling their social responsibilities. The authority of this measure translates into public understanding of an organization's environmental response to the social demand for environmental action. However, there is a recognized gap between performance and reporting on performance (Adams 2004). In the compliance environment, reporting on performance becomes reified as "matters of fact" rather

than “matters of concern”(Latour 2004a; Latour 2004b). Environment is seen as an external entity separate from the organization thus leading to a separation of organizational reality from environmental reality(Tsoukas and Chia 2002). As a consequence of this understanding of environmental reality in terms of an essentialist worldview organizations are in many ways, but particularly ethically, ill-equipped to begin to address environmental concerns in a meaningful way(Introna 2013). We thus engage with the paradox that while compliance testing and reporting brings some environmental aspects closer for management they at the same time push broader environmental concerns further away from management.

Findings.The VW emissions scandal came to the attention of the world on 18 September 2015 when the United States Environmental Protection Agency (EPA) notified the German automaker Volkswagen Group (VW), that it had violated the United States Clean Air Act (CAA) by intentionally programming their diesel engines to activate emissions controls only during laboratory emissions testing. The application of emissions testing in line with the CAA is a regulatory mechanism to assist in addressing market failure to prevent organization’s unimpeded nitrous oxide (NO_x) emissions and to avoid the public and environment bearing this cost. From the perspective of regulators and management the ability to successfully comply with testing comes to mean that the organization is stemming its contribution to environmental challenges and combating climate change. Subsequently, VW management was interested in the development of engines with low NO_x emissions to be used in the company’s line of cars. In 2006 VW technicians decided to collude in the manipulation of the engines software as they came to an understanding that the emissions sought by management were impossible to achieve with their engine’s current design (Hapke and Hornung 2016; Mascolo and Ott 2016). VW management did not engage with technicians in order to develop engines that are better for the environment and subsequently provided technicians with the resources necessary for this task. Instead environmental concerns showed up to VW management as adhering to the CAA and the European equivalent. This enabled a situation in which manipulation of the engines software remained undetected by VW management. In the dieselgate case emissions metrics thus came to have a meaning separated from their intended meaning, as combating environmental challenges becomes focused on the metric of conforming to the CAA rather than on the intended purpose of reducing NO_x emissions. Organizational reporting process thus creates a particular view of environmental concerns for managers that emphasizes fulfilling compliance with regulations over engagement with environmental concerns underlying these regulations.

Discussion.Using the VW dieselgate case we demonstrated how organizational reality of environmental concerns is performed through organizational reporting processes. The VW case shows how instruments of corporate governance intended to bring about environmental change and align organizations with the demanded social responsibility have in effect produced a *fact*. This led VW management to construct an organization reality in which their social responsibility has been acquitted. Paradoxically, this has come to hinder the organization’s ability to actually engage with solutions that have a positive outcome for the environment. In the instance of the VW case, reporting and testing outcomes have come to constitute an organizational reality rendering a particular environmental reality, one of achieving CAA regulation, visible to management. By doing so what remains hidden (and locked in) are the actual practices that the organization engages in that have the potential for making an actual difference to the environment. VW was unable to allocate relevant resources to the development of improved engine design that reduces NO_x emissions, as technicians understood that the primary mode in which environmental concerns

become visible to management is through the adherence with CAA and similar regulations. Organizational reporting structures thus have an active role in how environmental reality is performed for organizations. In the VW case this has in effect allowed VW to become distanced from the intended purpose of environmental regulations that they ostensibly complied with.

Our performative account of organizational environmental reality foreshadows participation in a broader paradoxical response to the environment resulting from the ontology of separation (Tsoukas and Chia 2002) and an ethics of bifurcation (Introna 2013). Specifically organizations are limited in their ability to engage with environmental concerns as long as their reporting processes reduce environment to compliance with regulation. This process reduces organizational reality where the consequences of human, political, industrial and economic life are rendered invisible in organizational environmental engagement (Latour 2004a). This process of reducing environmental engagement to emissions testing can be understood as a process of internalization and externalization. In the case of VW, prior to the emissions scandal, the external and internal environmental and organizational "realities" have remained separate to one another. The internalized forms of environmental engagement became the organizational reality of complying with and the reporting of emission testing measures. Unless organizations reconcile this paradox by finding ways to internalize what they have always treated as external their contribution to sustainable environmental solutions will be limited. This requires the "realization" of reporting processes where organizational realities better take into account the wider societal dimensions of environmental realities.

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