RETAILING AND SUSTAINABILITY: COVERGENCE OR CONTRADICTION IN THE US

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Abstract
This viewpoint paper provides a short review of the 'Retail Sustainability Report' published by the US Retail Industry Leaders Association. The paper begins by providing a brief summary of the report and then offers some critical reflections on its findings. The report provides a very positive view of the ways the US retail industry is currently addressing a series of sustainability agendas. However the authors argue that the US retail industry has collectively constructed a definition of sustainability that is located within the dominant capitalist business model and driven by commercial interests rather than a genuine concern to maintain the integrity and long term viability of natural ecosystems. The paper provides a short accessible review of, and some critical reflections on, the sustainability agendas currently being pursued by the US retail industry and as such it will interest business and management and retail students and academics and those working in management positions within the retail industry.
Keywords: Sustainability, US Retailing

1. INTRODUCTION

The '2013 Retail Sustainability Report' published by the Retail Industry Leaders Association (RILA), which represents America's leading retailers, 'effectively portrays a detailed view of the industry's adoption of sustainability programmes' (RILA 2013 p.7). More specifically the report outlines how 'the industry is continuing to drive progress and increase accountability' (RILA 2013 p.4) and 'the significant business benefits retailers have achieved from their sustainability endeavours.' As such the report would seem to provide front line insights on how some of the major retailers in the US are developing and delivering corporate sustainability strategies. The aims of this short research note are to provide a brief summary of the RILA's '2013 Retail Sustainability Report' and to offer some critical reflections on its findings.

2. SUSTAINABILITY

The concept of sustainability can be traced back as far as the thirteenth century but in more recent times it re-appeared in the environmental literature in the 1970's (Kamara et. al. 2006) and since then it has attracted increasingly widespread attention. Diesendorf (2000, p.21) has argued that 'sustainability' can be seen as 'the goal or endpoint of a process called sustainable development.' The most widely used definition of sustainable development is 'development that meets the needs of the present without compromising the ability of future generations to meet their own needs' (World Commission on Environment and Development 1987, p.43) which Diesendorf (2000 p.21) suggests 'emphasises the long term aspect of the concept of sustainability and introduces the ethical principle of achieving equity between present and future generations.' However defining this concept is not straightforward and a number of contrasting and contested meanings can be identified.

More specifically, there are sets of definitions that recognize that all human beings live on one planet with finite quantities of natural resources and fragile ecosystems on which all human life ultimately depends. There are also much more all embracing definitions that seek to include ambitious social and economic goals and to meet human needs in an equitable manner. Typical of the first set is ecological sustainability defined by Callicot and Mumford (1997 p.32) as 'meeting human needs without compromising the health of ecosystems' and Sutton's (2004 p.1) definition of environmental sustainability as 'the ability to maintain things or qualities that are valued in the physical environment.' The second set is reflected in McCann-Erickson's (2007 p.6) definition that 'sustainability is a collective term for everything to do with the world in which we live. It is an economic, social and environmental issue. It is about consuming differently and consuming efficiently. It also means sharing between the rich and the poor and protecting the global environment while not jeopardizing the needs of future generations.'

During the past two decades growing numbers of companies have begun to develop sustainability agendas as an integral component of their business strategies. A number of factors seem to be important in helping to explain this trend. Elkington (2004, p.1-2) for example, argues that future business success depends on the ability of companies to add environmental and social value to economic value as part of the 'triple bottom line' (TBL), which focuses on 'people, planet and profit' (Elkington 2004). Sustainability is increasingly seen to be high on retailers' agendas (Forum for the Future 2009) and the vast majority have, in various ways, adopted the people, planet and profit approach outlined above. Richardson (2008 p.48) has proposed a simple model which suggests that retailers' traditional 'marketing strategy' (p.48) focused on 'profit' is increasingly being 'deflected' (by the 'emergent factors' of 'people impact' and 'planet impact'. However Richardson (2008 p.47) argues that while 'the advent of TBL the sustainable business concept has gained credence featuring in academic, consultancy and practitioner texts' retail academics have 'not prioritised sustainability' (Richardson p.53). This would be seen to be more recently confirmed in a review of sustainability in retailing undertaken by Wiese et. al (2012 p.318) where the authors found that 'sustainability has received more attention in retail management practice compared to research applications.' In a similar vein while Richardson (2008 p.49) has claimed that 'there are no empirical studies of TBL based sustainable marketing' a number of studies are now emerging. Quak and de Koster (2007), for example, have explored retailers' sensitivities to local sustainability policies, Fuchs and Kalfagianni (2009) have demonstrated how retailers reshape sustainability discourses to 'legitimize their presence as political actors in global food governance' (p.567), Kotzab et.al (2011) have developed a scale designed to measure environmental supply chain activities and Jones et. al. (2011) have reviewed the way in which the major European retailers are addressing and pursuing sustainability agendas.

3. RETAIL SUSTAINABILITY REPORT

The RILA describes itself as 'the trade association for the world's largest and most innovative retailers' (RILA 2013 p.6) and its members include Wal-Mart, The Home Depot, Target, Costco, IKEA, 7-Eleven, J.C. Penny, Whole Foods Market and Lowes. First launched in 2007, RILA's 'Retail Sustainability Initiative' (RSI) was a collective response to increases in the number of regulatory enforcement actions, relating, for example, to storm water hazards and hazardous wastes and to the growth of sustainability activities by individual retailers. The RSI focuses upon five key areas namely energy and greenhouse gas emissions; waste and recycling; products and the supply chain, environmental compliance; and communicating, reporting and engaging; and the overall accent is on sharing best practice, developing next practice and on communication and advocacy.

Essentially the RSI provides the contextual framework for the report, which is based on information, obtained from two sources, namely a survey of RILA members and a small number of in-depth interviews. The survey, a six page questionnaire was distributed in July 2012 and replies were received from some 35 member companies that were at that time trading from over 65,000 locations and responsible for some $1 trillion in global revenue. The interviews were conducted with senior personnel in ten member companies. Ernst and Young, a global financial and advisory consultancy, provided financial and advisory support for the 'conceptualisation and development' of the report.

A twin focus on positive achievement and business growth runs strongly through the report. This is reflected, for example, in the report's sub title 'Fuelling Continuous Development' (RILA 2013 p.1), in the executive summary, which suggests that 'once a company kicks off a sustainability program, the program tends to grow and thrive even in the midst of economic recession' (RILA 2013 p.8) and in the conclusion which argues that once sustainability programmes are established within companies their 'success stories further solidify the business case for sustainability' (RILA 2013 p. 40). Within this positive idiom the report suggests that five factors are important in initiating, fuelling and accelerating sustainability programs namely 'executive engagement','investment in people and systems';' measurement and tracking'; 'goal setting'; and 'storytelling' (RILA 2013 pp.8-9). In stressing the importance of executive engagement, for example, the report argues that once senior executives recognise that 'sustainability is not necessarily a cost center but rather drives strategic growth and innovation' (RILA 2013 p.8) they can 'integrate sustainability priorities into the overall business strategy.' The focus on storytelling reveals that 'showcasing sustainability opportunities and success stories through a variety of channels creates an exciting buzz that promotes broader awareness of activities and shared understanding of how sustainability relates to business objectives' (RILA 2013 p. 9).

Two broad themes namely managing and implementing sustainability make up the main body of the report. In terms of management 'a sustainability team' is seen as 'the lifeblood of a sustainability program' in that 'teams orchestrate the development of strategies, action plans and implementation efforts' designed to focus on 'sustainability performance improvement' (RILA 2013 p.12). Under the banner 'Prioritizing and Planning' (RILA 2013 p.19) the report recognises 'the breadth of opportunities for sustainability programs' and argues that it is vitally important to 'properly set priorities and plan for the long term' (RILA 2013.p.12). At the same time 'measuring and reporting' are seen to be a crucial element in the management process and here there is a clear recognition that 'external interest in corporate sustainability performance has fuelled the need for more accurate measurement' and that the public reporting of such data will allow companies to develop a dialogue with a wide range of stakeholders thus 'making their strategies known and strengthening trust in their brands' (RILA 2013 p. 23) Stakeholder engagement is seen to embrace a wide constituency ranging, for example, from primary producers, manufacturers and suppliers within global supply chains and global financial markets through national governments and pressure groups to customers, local people retailers employ in their stores and the local communities within which they operate. In recognising the complexity and diversity of these stakeholder engagements the report emphasises the need to balance what may be competing and contested goals in driving forward corporate sustainability strategies.

In addressing implementation the report focuses on retail stores and distribution centers and on the supply chain. The report recognises, for example that while a retailer's buildings may vary in design, size and location they all offer 'significant opportunities to cut expenses by reducing energy and carbon use and waste' (RILA 2013 p.27). In looking to realise these opportunities the report highlights the importance of 'new technologies, which 'promote energy management, and accurate tracking of energy use' RILA 2013 p.27). The report argues that 'retail's greatest environmental impacts and social performance challenges are in its supply chain' (RILA 2013 p.31) and argues that 'true sustainability is achieved by integrating it throughout the product supply chain' (RILA 2013 p.31). Here the need to manage risk within the supply chain is seen to be a key issue and the report suggests that with 'the increase in extreme weather events like droughts, fires and storms, agricultural-based supply chains will become increasingly volatile and difficult to manage' RILA 2013 p.33). There is also a recognition not only of how the rapid development of the new media and the seemingly ever increasing access to information throughout the world has led to the need for greater transparency within the supply chain but also of the complex challenges retailers face in gathering accurate product and sourcing data.

In summarising the findings of the report the RILA concludes that 'a variety of practices defined a class of top performing companies' (RILA 2013 p.9). Such companies are seen to be 'active in a wide range of sustainability-related programs — from facility efficiency to supply chain optimization to stakeholder engagement — and achieve greater-than-average benefits' (RILA 2013 p. 9).The report argues that 'top performing companies have sustainability teams that are led by a vice president' and that 'as the sustainability's team's scope of responsibility and breadth of benefits expands' so retailers see 'a vast array of benefits from their activities including reducing costs, managing risks, staying ahead of regulations and increasing revenues and profits' (RILA 2013 p. 10).

4. REFLECTIONS

At a time when there is growing awareness not only of the need to move towards more sustainable patterns of production and consumption but also of the vital role retailers can play in promoting such patterns throughout the supply chain, the RILA report would appear to offer welcome news. However while the report argued that 'the industry is continuing to drive progress and increase accountability' (RILA 2013 p.4) a number of issues merit discussion and reflection.

The report offers neither a definition of sustainability nor any recognition that the concept has a number of different and contested meanings. Jamieson (1998 p.184), for example, suggested that 'most people's thoughts about the meaning of sustainability are probably simple and grand: sustainability is about human survival and the avoidance of ecological disaster' but he recognizes that 'professional discourse, on the other hand, is complex and technical' (Jamieson 1998 p.184). More specifically Hudson (2005 p.241) argued that definitions of sustainability range from 'pallid blue green to dark deep green.' The former Hudson suggests, centre on 'technological fixes within current relations of production, essentially trading off economic against environmental objectives, with the market as the prime resource allocation mechanism' while for the latter 'prioritizing the preservation of nature is pre-eminent' (Hudson 2005 p.241). Hudson further suggests that the dominant view of sustainability 'is grounded in a blue-green discourse of ecological modernization' and 'claims that capital accumulation, profitable production and ecological sustainability are compatible goals' (Hudson 2005 p.241). Hudson contrasts this view with the 'deep green' perspective, which 'would require significant reductions in living standards and radical changes in the dominant social relations of production' (Hudson 2005 p.241). In a similar vein Roper (2012 p.72) suggests that 'weak sustainability prioritizes economic development, while strong sustainability subordinates economies to the natural environment and society, acknowledging ecological limits to growth.'

While RILA does not explicitly define sustainability within the report the authors' reading of the report firmly suggests that RILA, and its member retailers, have implicitly constructed a definition of, and a set of agendas for, sustainability which are driven by their own commercial interests rather than by a genuine concern for sustainability. The emphasis is thus primarily on efficiency gains across a wide range of economic, social and environmental areas rather than on maintaining the viability and integrity of natural ecosystems and on reducing seemingly ever increasing demands on finite natural resources. Thus while many of the environmental initiatives are designed to reduce energy and water use and waste generation, for example, they also serve to reduce costs. More critically Banerjee (2008 p. 51) has argued that 'despite their emancipator rhetoric, discourses of corporate citizenship, social responsibility and sustainability are defined by narrow business interests and serve to curtail the interests of external stakeholders.' This approach, in turn, echoes Hobson's (2006 p.308) argument that rich and powerful groups will construct sustainability agendas that do not threaten consumption, per se, but seek to link them 'to forms of knowledge – science, technology and efficiency – that embody the locus of power 'already held by the retailers. Here Fernando's (2003 p.1) assertion that 'capitalism has shown remarkable creativity and power to undermine the goals of sustainable development by appropriating the language and practices of sustainable development' also resonates loudly.

More specifically the report makes no reference to sustainable consumption, which has been described by Cohen (2005 webpage) as 'the most obdurate challenge for the sustainable development agenda' or to the growing concerns about unsustainable consumption described by the European Environment Agency (2012 webpage) as 'the mother of all environmental issues'. In many ways this is hardly surprising in that any strategic corporate commitment to move towards sustainable consumption would be a major challenge for retailers. Any such move would require the fundamental restructuring of the retailers' existing business models to promote the comprehensive integration of sustainable consumption not only into what would essentially have to be a new core business strategy but also into everyday decision making at all levels throughout retail companies and much more widely throughout the supply chain. The World Economic Forum for example, has argued 'there is no silver bullet for achieving sustainable consumption' but stresses that 'businesses must reshape demand by making sustainable consumption more personal and relevant to consumer, leveraging the power of technology to drive engagement and transparency and by redesigning products and services to deliver increased value with fewer resources, thus making the sustainable choice the default choice' The World Economic Forum 2012 p.6). However in advertising its 2012 Bi-Annual Conference on Business and the Environment Globe, a not for profit organisation 'dedicated to finding practical business oriented solutions to the world's environmental problems' posed the questions 'is sustainable retailing an oxymoron?' and 'is the overarching need to reduce consumption simply at odds with the very foundation of retailing?' (Globe 2012 webpage). At the same time retailers will be concerned about consumer reaction for as the European Commission has recently argued 'sustainable consumption is seen by some as a reversal of progress towards greater quality of life' in that 'it would involve a sacrifice of our current, tangible needs and desires in the name of an uncertain future' (European Commission 2012 webpage).

While the report emphasises the importance of transparency within the supply chain there is only limited evidence of independent external assurance of the information RILA's members include in their annual sustainability reports. This in turn can be seen to undermine the transparency, reliability and integrity of the sustainability information published by the selected retailers. That said it is important to remember that the leading US retailers are large, complex and dynamic organisations. Capturing and storing comprehensive information and data across a diverse range of business activities throughout the supply chain in a variety of geographical locations and then providing access to allow external assurance is a challenging and a potentially costly venture and one which the majority of the leading US retailers currently demonstrably choose not to publicly pursue. Thus while data on a company's carbon emissions may be systematically collected, collated and audited as part of the company's environmental commitments, information on their impact on local communities and levels of staff satisfaction may be more difficult to measure, collate, interpret and assure.

There are issues about the tension between the efficacy of promoting sustainable consumption on the one hand and continuing business growth and resource consumption on the other. In some ways the general position within the retail industry was epitomized by Sir Terry Leahy, the then Chief Executive Officer of Tesco, one of the world's leading retailers, in his 'Foresight' contribution at the start of a Global Coca Cola Retailing Research Council Forum report (2009 p.16), who argued that, at that time, his company was 'seeking to create a movement which shows that it is possible to consume, to be green and to grow'. Jackson suggested that 'the conventional response to the problem of growth is to call for decoupling' and highlighted the importance of distinguishing between 'relative and 'absolute' (Jackson 2009 p.8) decoupling. The former referring to the decline of resource impacts relative to growth and the latter signifying an absolute decline in such impacts. Reisch et.al. (2008 p.1) argued that 'rather than controlling consumption, recycling materials and increasing production efficiency have tended to be the dominant means supposed to decouple environmental degradation from economic growth.' Technological innovation is widely seen to offer a means of increasing production efficiency. Schor for example, suggested 'much of the literature on sustainable consumption has focused upon technological solutions' and claims that 'advocates of technological solutions argue that more intelligent design and technological innovation can dramatically reduce or even stop the depletion of ecological resources, as well as eliminate toxic chemicals and ecosystem disruption' (Schor 2005 p.310). Schor further argued that 'the popularity of technological solutions is also attributable to the fact that they are apolitical, and do not challenge macrostructures of production and consumption' and that they fail to address increases in the scale of production and consumption, sometimes even arguing that such increases are not unsustainable if enough natural-capital-saving technical change occurs (Schor 2005 p.310).

5. CONCLUSIONS

The RILA's intention is to continue to publish annual sustainability reports to show 'how the industry is progressing on key sustainability indicators' and future reports will chart future progress in addressing what the industry sees as 'the full breadth of sustainability activities' (RILA 2013p. 4). However the authors argue that the retail industry currently constructs a definition of sustainability which is clearly located within the dominant capitalist business model and driven by commercial interests rather than by an overriding concern to maintain the long term viability and integrity of natural ecosystems and to reduce demands on finite natural resources. As such the retail industry can be seen, at best, to be pursuing a weak rather than a strong model of sustainability and to be at the start of what may be a long and difficult journey towards sustainability. More fundamentally Jackson (2006 p.57) has argued that 'it is entirely fanciful to suppose that deep emission and resource cuts can be achieved without confronting the structure of market economies.' In a similar vein Castro (2004) has questioned the very possibility of sustainable development under capitalism arguing that economic growth relies upon the continuing and inevitable exploitation of both natural and social capital. More generally this, in turn, echoes Dolan's (2002 p.180) belief that 'the goal of sustainable consumption needs to be seen as a political project, recognising the power relations between social groupings and between cultural value system' and his warning that 'this is the context within which the idea of sustainability will stand or fall' (Dolan 2002 p.180).

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