

Profit as a Means or an End?

An analysis of diverse approaches to sustainable business*

Jennifer B. Hinton^{1,2,a}, Sarah E. Cornell¹

¹ Stockholm Resilience Centre, Stockholm University, Kräftriket 2B, 10691, Stockholm, Sweden

² Centre for Studies and Research in International Development, Université Clermont-Auvergne, 26 avenue Léon Blum, 63000, Clermont-Ferrand, France

^a Corresponding author, email: jennifer.hinton@su.se

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Abstract

This paper discusses tradeoffs between sustainability objectives and profit, examining the implications of the argument that sustainable businesses should see profit as a means, not an end. It highlights that there are two main ways in which a business can see profit as an end: first, through voluntary objectives; and secondly, through private financial rights. These two criteria are applied to examine a range of theoretical approaches, incorporation structures, and third-party certifications that have been developed with the aim of making business sustainable. The discussion highlights inconsistencies, ambiguities, and shortfalls of these approaches in their treatment of profit, and outlines ways to advance the theory and practice of sustainable business.

Keywords: Sustainable business; Social enterprise; Sustainable economy; Ecological economics; Degrowth

1. Introduction

The role of profit is a surprisingly elusive topic in current approaches to sustainable business. Oftentimes profit is implicitly taken for granted to be desirable and necessary (e.g., Freeman, 1984, Stubbs & Cocklin, 2008; Schaltegger et al., 2016). Other times it is regarded as necessary for businesses, but with questionable social and environmental implications (e.g., Khmara & Kronenberg, 2018; Upward & Jones, 2016). Many analyses point to the systemic importance of economic actors' relationship to profit for social and ecological sustainability. For instance, Schnaiberg et al. (2002) and Magdoff & Foster (2011) describe how profit-seeking drives the growth of production and consumption, resulting in environmental damage. Bapuji et al. (2018) explain how the creation, appropriation, and distribution of value by firms drive economic inequality. Foster (2014) describes how the pursuit and private distribution of profit drive the processes of inequality, consumerism, and ecological destruction. And Schneider (2019) explores how capitalist accumulation keeps economic actors trapped in unsustainable pathways, despite corporate social responsibility efforts and environmental policies that set some boundaries on what businesses do.

In a context where norms for sustainability are not well-defined, theorists and practitioners have suggested various ways to define and evaluate sustainable business. A few approaches now advocate seeing profit as a means to achieving social and ecological objectives rather than an end in itself (e.g., Schaeffer et al., 2015). This aligns with Daly's (1977) suggestion to view economic activity as a means to achieving deeper societal goals and to re-orient society's metrics for success and progress accordingly.

This paper seeks to shed light on the tensions and inconsistencies in discourses on profit in a variety of theoretical and practical approaches to sustainable business, asking the overarching question:

Do these different approaches position profit as a *means* for business to fulfill social and ecological needs or as an *end* in itself?

2. Theory

From an ecological economics standpoint, a sustainable economy is one in which every person's needs are met within the ecological limits of the planet (e.g., Jackson 2017, Daly 1996). Social and ecological constraints on economic activity are acknowledged, unlike in mainstream understandings where the economy, society, and the environment are seen as separate or overlapping (the so-called 'three pillars of sustainability').

Daly's Ends-Means Continuum (*Figure 1*) illustrates that the economy is best thought of as helping societies to achieve the ends they desire, using the limited means that nature provides (Daly, 1977). It is important to note that the continuum is not suggesting a hierarchy of values (O'Neill, 2012). Rather, it simply indicates that the biosphere provides the absolutely essential foundation for the existence of human societies; the Ultimate Means is that which humans cannot themselves make. Ultimate Ends are social goals which are desired only for themselves, and serve no other instrumental purpose. O'Neill (2012) proposes the Ultimate End of most societies is human wellbeing, which suffices for the purpose of the present discussion about the role of profit.

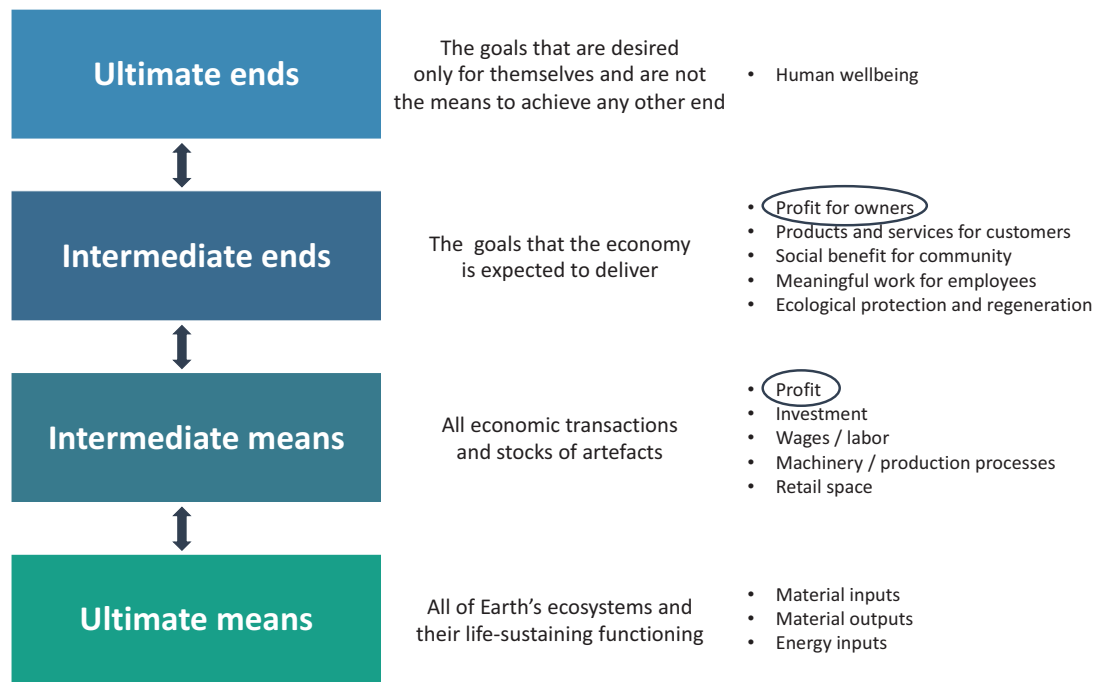


Figure 1: The Ends-Means Continuum.

(Figure adapted from the national economy framings of Daly (1977) and O'Neill (2012) to show the perspective of sustainable business.)

In this continuum, the economy can be seen as a set of intermediate means and ends that uses nature to achieve human wellbeing. Therefore, the Ultimate Means, such as forests, rivers, and soil, provide the basis for economic activity to make things that are useful to humans. Daly's continuum suggests that these Intermediate Ends of economic activity, such as food, shelter and clothing, are in service of the Ultimate End: human wellbeing.

But where does profit-making fit in this continuum? This concerns whether money (as income, profit, gross domestic product, etcetera) can directly deliver human wellbeing or if it contributes to meeting needs through Intermediate Ends, such as healthcare, education, food, and housing. Social ecological economic approaches favor positioning money as an Intermediate Means, rather than an end (Spash, 2017)¹.

A political divide arises around the question of whether economic growth is needed to alleviate poverty, reduce socially detrimental inequality, and halt environmental damage – or whether it is the driver of unsustainability (Magdoff & Foster, 2011). However, the many debates about the place of economic growth in a transition to sustainability rarely turn their gaze to profit and its place in the service of a sustainable future. Yet seen from a macro perspective, profit is an essential (if not defining) factor in economic growth.

A few sustainable business scholars have begun to consider whether profit should be treated as a means or an end in itself (e.g., Johanisova et al., 2013; Schaeffer et al., 2015), but the emerging discourse is often inconsistent and ambiguous. For the purposes of the analysis below, I use the simple accounting definition of profit as the financial surplus that remains from revenues after business expenses are covered

¹ Marxian scholars frame this debate in terms of a distinction between *exchange value* where money is pursued as an end in itself, to be accumulated, and *use value* where money is merely the means to obtain the use of a product or service, like food or transportation (Magdoff & Foster, 2011).

(Boyte-White, 2018)². Sustainable business is often generically described in terms of shifting from a situation focused on profit as a single economic bottom line detached from its externalized social and environmental aspects, to the triple bottom line approach in which profit is notionally balanced with other social and environmental ends. However, expanding the scope of business responsibility to cover environmental and social costs often requires the loss or foregoing of profit (Schnaiberg et al., 2002).

Whether profit is seen as a means or an end has to do with how profit is perceived, prioritized, and pursued in practice. What does the business use its resources to deliver? A business can generate revenue and profit in order to reinvest it into business activities, distribute it to owners, and/or do something beneficial for society. Traditionally, businesses seek to deliver products to their customers and dividends of the profit to their owners (Micklethwaite & Wooldridge, 2003; Walker, 2017). Community benefit and ecological restoration have also become more common business aims with the emergence of social enterprises.

When profit is generated in order to provide financial gain for owners, it is an end in itself. Thus, the profit of a business generating monetary wealth as an outcome belongs in the *intermediate ends* category. When surplus revenues are generated in order for the organization to do something beneficial or useful for society, profit is an *intermediate means* to achieving non-monetary ends (*Figure 1*, right-hand column).

Seeing profit as an end in itself has to do with the articulation of profitability as a stated business objective. Businesses can have the legal purpose of financial gain, social benefit, or both (Reiser & Dean, 2017; Orsi, 2014), but if a business does not specify that all of its profit serves a social or ecological purpose, then that business is pursuing profit as an end to some extent. Businesses can, of course, see profit as both a means and an end.

Seeing profit as an end in itself also has to do with the distribution of profit to owners (or the intention to do so). This can only happen via private financial rights: the legal right of private owners to receive profit and assets from the business³, whether or not they see financial gain as their personal end. As Libecap (1986) pointed out, property rights shape decision-making and behavior, because they define incentives (p. 229). Private financial rights thus relate directly to a financial gain purpose of business (Hull & Lio, 2006; Hinton, 2020). Of course, private financial rights do not necessarily mean that profit will be privately distributed, but just that the company has the right (and sometimes the responsibility) to see the distribution of profit as an end.

This suggests that efforts to assess and categorize approaches to sustainable business can identify the *acceptance or rejection of voluntary profit-oriented objectives and of private financial rights* as a heuristic tool to shed light on whether a company pursues profit as an end or a means.

3. Methods and materials

For this paper, a sample of approaches to sustainable business from both theory and real-world practice were collated (*Table 1*) that are prominent in contemporary

² This article focuses on accounting profit rather than only residual profit (i.e., the surplus leftover after business expenses have been covered and reinvestments have been made) because reinvested profit can also be directed toward the aim of private financial gain or social benefit, which is a key aspect of this analysis.

³ Also known as financial control (Orts, 2013), appropriation rights (Palmiter, 2003), residual control rights (Grossman & Hart, 1986), and income rights (Foss & Foss, 2001).

academic and policy discussions, supported with an indicative literature review and discourse analysis. The aim was to find approaches that take a bird's eye view of what sustainable business is, rather than isolated case studies or specific aspects of management, in order to test the usefulness of this heuristic tool for determining how different approaches position profit.

The examination of these approaches to sustainable business to determine whether they treat profit as an end or as a means was guided by two questions:

- Does the approach set any bounds on whether profit is a business objective or not?
- Does the approach set any bounds on private financial rights (i.e., the distribution of profit to private owners)?

Twelve theoretical approaches were selected, using the search terms 'sustainable business', 'sustainability theory of the firm', 'sustainability-oriented theory of the firm', 'business and strong sustainability', 'post-growth business', and similar variants. Some authors have published more than one relevant piece of literature (e.g. Johanisova, Bocken, and Lüdeke-Freund). Table 1 only includes the most recent or most cited overview-oriented work of these authors, which tend to be meta-analyses, literature reviews, and theoretical syntheses. The analysis includes theories and conceptual frameworks that come from diverse perspectives, including mainstream and critical perspectives, in order to explore how the treatment of profit might vary.

The selection of alternative incorporation structures and third-party certifications is based on discussions encountered in the sustainable business literature, and also at a variety of sustainable economy events. The selected approaches are commonly referenced both in academic and grey literature (in the English-speaking world). They are influential and enduring concepts that can be traced through 'new economy' and other sustainability-oriented events, including:

- 4th Annual Degrowth Conference, Leipzig, Germany, September 2014;
- Generation of the New Economy Festival, Schumacher College, UK, April 2015;
- 5th Annual Degrowth Conference, Budapest, Hungary, August 2016;
- Sustainable Brands Conference, Copenhagen, Denmark, September 2016;
- What the Fund?! event, Brussels, Belgium, February 2017;
- New Economy and Social Innovation global forum, Málaga, Spain, April 2017;
- Transformations Conference, Dundee, Scotland, September 2017;
- 6th Annual Degrowth Conference, Malmö, Sweden, August 2018

If an approach does not specify that profit should be seen as a means to end, then it has been assumed that the approach accepts the dominant assumption in economics that firms pursue profit as an end in itself (Jones, 2018; Málovics et al., 2007). In particular, approaches that espouse the triple bottom line concept are considered as allowing for profit to be pursued as an objective (as explained below).

4. Results

Table 1 summarizes the assessment of approaches and whether they allow businesses to pursue profit as an objective and have private financial rights.

Table 1 – How sustainable business approaches relate to profit

Approach to sustainable business	Constraints on profit as an objective	Constraints on private financial rights
<i>Theoretical</i>		
Stakeholder theory (Freeman, 1984)	No	No
Sustainability business model (Stubbs & Cocklin, 2008)	No	No
Ontology for strongly sustainable business models (Upward & Jones, 2016)	No	No
Principles for degrowth business (Khmara & Kronenberg, 2018)	No	No
Business models for sustainability innovation (BMfSI) framework (Lüdeke-Freund, 2019)	No	No
Sustainability-oriented theory of the firm (Lozano et al., 2015)	Unclear	No
Sustainability-as-flourishing entrepreneurship (Schaeffer et al., 2015)	Unclear	No
Sufficiency-driven business model (Bocken & Short, 2016)	Unclear	No
Typology from Business-as-Usual to True Business Sustainability (Dyllick & Muff, 2016)	Unclear	No
Business models for sustainability (Schaltegger et al., 2016)	Unclear	No
Structured diversity of post-growth organisations (Schmid, 2018)	Unclear	No
Eco-social enterprises (Johanisova & Fraňková, 2017)	Unclear	No, but limits on distribution
<i>Incorporation Structures</i>		
Public benefit corporation (US)	No	No
Social purpose corporation (US)	No	No
Worker cooperative	No	No
Producer cooperative	No	Usually – depends on type of members
Consumer cooperative	Yes	No, but dividends are a refund on purchases made
Social cooperative (Italy and Greece)	No	Yes – limited
Community interest company limited by shares (UK)	No	Yes – limited
Community interest company limited by guarantee (UK)	Yes	Yes
Community benefit society (UK)	Yes	Yes
Company limited by guarantee (UK)	Yes	Yes
Commercial nonprofits: nonprofit corporation, association, foundation	Yes	Yes

Approach to sustainable business	Constraints on profit as an objective	Constraints on private financial rights
<i>Third-Party Certifications</i>		
B Corporation	No	No
Future-Fit Business	No	No
Common Good Balance Sheet	No	No, but suggests voluntary limits

4.1 Theoretical approaches

The majority of sustainability-oriented theoretical approaches to the firm adhere to the triple bottom line concept (Isil & Hernke, 2017). Many approaches not only assume that win-win-wins between people, planet, and profit are always possible, but that they are necessary for sustainable business. Most take for granted that actors in the economy are financially self-interested, firms are privately-owned, and profit is both a main aim and a measure of success of business. Yet, some literature does explicitly question and even critique the triple bottom line paradigm. Below, I give a brief description of different approaches, starting with the least critical.

The stakeholder theory of the firm is often used to explain and guide corporate social responsibility. In this theory, other stakeholders in addition to shareholders, such as clients, employees, local communities, pressure groups, and environmental concerns, should be taken into account in decision-making (Freeman, 1984; Freeman et al., 2010). In the early 1980s, this was a quite radical shift from the single bottom line approach, where the point of departure was that the only interest of business is to deliver profit to the shareholders. Freeman acknowledges tensions, conflicts, and even tradeoffs between the interests of various stakeholders, however does not denounce the notion that a goal of business is to deliver financial returns to owners.

The ecological modernization approach to sustainable business more explicitly relies on decoupling profit from environmental impact. Stubbs and Cocklin (2008) say that organizations that subscribe to this perspective of sustainability ‘*focus on being profitable as well as on improving the welfare of their stakeholders and minimizing environmental impact (reducing the ecological footprint).*’ (p. 106) and that, ‘*Shareholders invest for social & environmental impact reasons as well as for financial reasons.*’ (p. 121). They also promote the notion that ‘*profits are an outcome, and a facilitator, of environmentally and socially sustainable activities*’ (p. 113), alluding to the absence of tradeoffs between profit and sustainability concerns.

The triple bottom line approach is the same as the ecological modernization approach, but may not be as explicit about the role of decoupling. The triple bottom line seeks to balance people, planet, and profit, as business objectives (Elkington, 1994). In other words, it positions profit as an end in itself, albeit one of three ends. This conceptualization does not allow for many tradeoffs between profit on one hand, and people and planet on the other. An example of this approach is Lozano et al. (2015), which develops a ‘sustainability-oriented theory of the firm’ by synthesizing nine different theories of the firm. They use a three pillars definition of sustainability (which conceptualizes the economy, environment, and society as separate but overlapping), with the added pillar of time. The ‘focus on profitability’ is related to the economic dimension of sustainability in their final integrated figure (Figure 4, p. 441). The first of their ten principles for sustainability-oriented firms is ‘*the firm has to generate profits*’ (Lozano et al., 2015, p. 440). On the same page, they write about employees

being responsible for ‘*balancing the profit generation objective of the company with its responsibilities to all stakeholders*’ (p. 440).

Comparable to the triple bottom line approach, some theories focus on the generation of **social, environmental, and economic value** for various stakeholders. The ‘tri-profit’ concept proposed by Upward and Jones (2016) is presented as a critique to the triple bottom line, but it is difficult to see what the difference really is. They say that firms with the tri-profit mandate must create ‘*sufficient financial rewards, social benefits and environmental regeneration*’ (p. 106). Despite their stated strong sustainability orientation, their approach does not resolve how the aim of generating profit (i.e., financial rewards) can avoid entailing ever-increasing levels of consumption and production. Lüdeke-Freund (2019) mentions tradeoffs between profitability and social and ecological performance (p. 668), but goes on to say that ‘*deliberately designed business models can create and extend business case opportunities*’ and ‘*could also support the creation of ecological, social, and economic value*’ (p. 669). He reiterates at the end of the article that the objective of sustainable business is to create economic, social, and environmental value (p. 676). Likewise, Schaltegger et al. (2016) mention ecological and social value creation beyond profit (p. 267), but seem to assume that profit is a natural objective when they write about the challenge that smaller firms face in terms of ensuring sufficient profitability (p. 278). They also mention that the ‘mass market business model’ of large companies has the ability to generate profits through selling large numbers of sustainable products (p. 280). They do not mention profit for whom or for what, but they emphasize the importance of large market shares for sustainability.

Some theoretical approaches contradict themselves about whether businesses should see profit as an end in itself. In describing their concept of a **sufficiency-driven business**, Bocken & Short (2016) discuss the need for businesses to move beyond eco-efficiency and to stop pushing consumerism, because absolute demand must be reduced. However, they also say that companies can do this profitably. They refer to organic growth – implying that it is better for sustainability, but with no explanation of why that would be the case. Dyllick & Muff (2016) advocate that businesses should go from the triple bottom line approach to ‘**Creating value for the common good**’, but then they write in very ambiguous ways about ‘including all three dimensions of the triple bottom line’ (p. 168), making ‘business sense’ out of sustainability (p. 166), and ‘broadening business concerns’ (p. 168). Therefore, they seem to allow for profit to be seen as an end, but it is not very clear.

A few approaches explicitly question whether sustainable businesses should see profit as a goal. Schaeffer et al. (2015) introduce eight requisites for **sustainability-as-flourishing** in entrepreneurship, one of which is ‘*Profit as means, not an end*’ (p. 403). However, one of their key references for that section is an interview with Michael Porter (Driver & Porter, 2012), who advocates for ‘shared value’, which he describes as generating profits by creating social benefit (i.e., social benefit is a means to achieve the end of profit). This approach still positions profit as a goal and marker of business success, so it seems Schaeffer et al. themselves might be of two minds about whether profit should be treated as an end or not.

The degrowth discourse is an approach that seeks to deliver human and ecological wellbeing by moving away from the pursuit of economic growth. Khmara & Kronenberg (2018) put forward seven criteria for assessing whether a business is compatible with degrowth, none of which refer to financial surplus. Near the end of their article, they say that the company should be ‘*established to solve environmental and social problems, rather than simply to make profits*’ (p. 725). The use of the word

‘simply’ does not refute the goal of profit-making. It instead implies adding social and environmental concerns to the profit goal. Similarly, Schmid (2018) says that, from a degrowth perspective, sustainable organizations pursuing commercial activities are *‘primarily motivated by financial stability and independence, in order to further social and environmental objectives’* (p. 20). Using ‘primarily’ rather than ‘only’ leaves some room for businesses to see profit as an end, and it is unclear what Schmid thinks about that. Schmid (2018) mentions the for-profit/not-for-profit distinction several times, but does not see private financial rights as a hindrance to sustainable post-growth organizations (p. 15). Johanisova & Fraňková (2017) write about ‘other-than-profit goals’ in their description of eco-social enterprises, stating that *‘the founding documents of many eco-social enterprises contain explicit social, cultural and/or environmental aims’* and for eco-social enterprises that do not have such explicit aims, *‘the primary goals are sustainable and equitable livelihoods for the community, rather than profit for individual members or growth of their production’* (p. 512). Again, this wording leaves open the possibility of businesses to see profit as an end, but only to a small extent. Theirs was the only theoretical approach in this review that specified that sustainable businesses should have limits on the private distribution of financial surplus (i.e., limits on private financial rights).

4.2 Alternative incorporation structures

Advocating that firms should see profit as a means presupposes that any business can shift its focus along the ends-means continuum, and that social and ecological objectives can be the ends to which a business directs its operations. Yet, the ownership and investment structures tied to financial rights are some structural factors that can keep businesses focused on profit as an end.

Alternative incorporation structures are explicit about the purpose, aims, and financial rights of firms, because they outline some of the legally-enforceable rights and responsibilities of business. As such, incorporation structures of business determine whether a triple bottom line strategy is even permissible. The incorporation structures below require that a business have certain social and/or environmental concerns written into its incorporation documents, but differ with regards to financial rights.

New incorporation structures for sustainable business started emerging in the early 1980s (Borzaga & Tortia, 2007). However, cooperatives and nonprofit commercial enterprises have a long history in many countries (ICA, 2018; Hall, 2006). These older forms of business emerged long before knowledge of today’s sustainability crises. They are generally more oriented around social benefit and less oriented towards ecological stewardship. However, many cooperatives and nonprofit firms today choose to incorporate ecological and wider sustainability concerns, as seen in community supported agriculture initiatives, for example (Cameron, 2015).

Traditionally dependent on philanthropy and grants, not-for-profit (NFP) corporations are increasingly moving into the business sphere, earning their own revenue through the sale of goods and services (Dees et al., 2001; Maier et al., 2016; Salamon et al., 2013). The names and types of not-for-profit incorporation structures vary by place. In the UK, it is common for NFP businesses to incorporate as a *charity* or a *company limited by guarantee* (NI Business Info, n.d.). In other places, NFP businesses might be incorporated as *associations* or *foundations* (Hinton & Maclurcan, 2016). The key point is that all of these frameworks have a social mission mandate and no private financial rights. Such nonprofits are often identified as *‘enterprising nonprofits’*, *‘not-for-profit businesses’*, *‘nonprofit commercial enterprises’* or *‘nonprofit companies’* to distinguish them from charity-dependent nonprofits (Ibid).

Due to conventional economic distinctions between ‘the market’ and ‘civil society’, this type of business is fairly overlooked and misunderstood. Schaeffer et al. (2015), for instance, explicitly excluded articles about NFP business from their literature review of social and sustainable enterprise, perhaps based on the common misunderstanding that nonprofits cannot also be commercial enterprises. This misunderstanding might be shaping a lot of the thinking about sustainable business (Thompson et al., 2011).

As the title of this legal structure indicates, not-for-profit organizations have a legal mandate to see profit only as a means, and not as an end. This is enshrined in the non-distribution constraint that prevents all nonprofit organizations, including those that conduct commercial activities, from distributing profit to private persons (ICNL, 2013). Instead, they are legally required to put all financial surplus into their stated social benefit mission, which is written into their incorporation documents (Ibid).

Cooperatives are another example of an old structure experiencing a bit of a revival in sustainability circles. Developed in 1844, the cooperative principles (also known as the Rochdale Principles) are: voluntary and open membership; democratic member control; member economic participation; autonomy and independence; education, training and information; cooperation among cooperatives; and concern for community (ICA, 2018). None of these principles give guidance as to how cooperatives should see profit. Some types of cooperatives tend to focus on profit more than others (Chaddad & Cook, 2004). This can be seen when comparing cooperatives whose members are consumers, workers, or producers:

- **Consumer cooperatives** have no focus on profit as a goal in itself. Instead, profit is used to give consumer members better prices on the products they consume, and perhaps an annual rebate. The only way members can capture the value of the cooperative’s activities is via buying its goods and services, so the dividends are always far less money than what a member has spent on buying the cooperative’s products throughout the year. Thus, the ‘dividend’ in this case is more accurately described as a rebate or refund on money already spent into the business. (Ruiz-Mier & van Ginneken, 2006)
- **Worker cooperatives** can focus on profit as an end. The workers can receive the profit as a bonus, on top of their wages, which is a way of financially enriching owners (Pencavel & Craig, 1994). Unlike members of consumer cooperatives, workers do not spend more into the co-op than they can take out.
- **Producer cooperatives** often have a clear focus on profit as a goal. These cooperatives are made up of members that are sole traders or businesses themselves and one of the key purposes of such cooperatives is to get better market prices (both for buying and selling) and to generate better profits for producer-members (Gall & Schroder, 2006). Agricultural and dairy cooperatives are a fairly common example of this.

New alternative legal frameworks have also been developed. For instance, the **community interest company** is an incorporation structure that the UK government began offering in 2005 (Office of the Regulator of Community Interest Companies, 2013). There are two different types of community interest company (CIC): those that are *limited by guarantee* cannot operate for profit and cannot distribute profit, whereas those *limited by shares* can seek profit and are allowed to distribute up to 35% of the profit as dividends to owners (Ibid). Therefore, the CIC limited by guarantee positions profit only as a means to achieving social benefit, while the CIC limited by shares takes a triple-bottom-line approach. Both types of CIC’s have an asset-lock, which means there are no private financial rights to assets (Ibid).

The *social cooperative* incorporation structure available in some European countries is a worker cooperative with caps on the distribution, in order to maintain a focus on social benefit (Nasioulas, 2012; Borzaga et al., 2017). The *Community Benefit Society* in the UK, requires the pursuit of a social benefit mission and does not allow for private financial rights to profit or assets (NI Business Info, n.d.). *Social purpose corporations* and *benefit corporations*, available in some US states, are relatively new incorporation structures designed to ensure that businesses hold a public benefit purpose alongside their purpose of providing financial gain for owners. The benefit corporation framework is more stringent than the social purpose corporation, as it requires businesses to consider a number of stakeholders (including the environment), as well as to have a social purpose, whereas there is not a stakeholder consideration requirement for social purpose corporations (Berger, 2015).

4.3 Third-party certification

In the realm of sustainable business practice, third-party certification schemes have gained popularity in recent years, as mentioned in some of the scholarly work cited above. These schemes involve a self-written report of social and ecological impacts as well as external audits by the third-party organization, to ensure that certain sustainability standards are met.

Perhaps the most well-known is the *B Corporation* (also known as B Corp) certification (mentioned in Khmara & Kronenberg (2018) and Upward & Jones (2016)). The B Corp scheme was developed in the US, but is now offered internationally. It is only available to for-profit firms (B Corps, 2018a), although they can be subsidiaries of nonprofits (e.g., Greyston Bakery, 2017). The ‘B’ stands for benefit, which means that this certification scheme is often confused with the benefit corporation incorporation structure in the United States (e.g., Upward & Jones, 2016). The B Corp certification has tried to bridge this gap between strategy and incorporation structure by requiring that all B Corps have a social mission written into their governing documents (B Corps, 2018b).

The *Future-Fit Business Benchmark* is another well-known certification scheme. It was developed by an international group of scientists (Future-Fit Business, 2018a). Future-Fit takes sustainable business a step further away from the focus on profit, by trying to make sure that companies are both helping, and in no way hindering, progress towards social and ecological sustainability. The organization offers a framework of ‘break-even goals’, which it says demarcate the line in the sand of which company impacts are acceptable (or not), as well as ‘positive pursuits’, which are guidelines for actions that companies can and should take in order to actively build a more sustainable society. All of the ‘positive pursuits’ are focused on social and ecological sustainability – there are no prescriptions for financial performance. This is different from most triple bottom line approaches. The Future-Fit Business website represents its work graphically as moving from a focus on profit, to the three pillars of sustainability, to a nested concept of sustainability. However, its methodology guide repeatedly refers to the triple bottom line and states ‘*The so-called Triple Bottom Line of People, Planet and Profit has never been more relevant*’ (Future Fit Foundation, 2018, p. 8). This makes it clear that there are no constraints on profit being a business objective in this framework.

The *Common Good Balance Sheet* is another third-party certification that is gaining popularity, particularly in Europe and Latin America. It is based on a matrix that consists of a horizontal axis of ‘values’ and a vertical axis of ‘stakeholders’. The values include: human dignity; solidarity and social justice; environmental

sustainability; and transparency and co-determination. The stakeholders consist of: suppliers; owners, equity- and financial-service providers; employees; customers and business partners; and the social environment. (ECG, 2018a). They put forth a vision of voluntary caps on dividends and their workbook has an entire section on what is fair distribution of profits to shareholders, but this approach still allows for businesses to see profit as an objective and to distribute it to shareholders (ECG, 2018b, p. 37).

5. Discussion: Inconsistencies, contradictions, and ambiguity

The literature and approaches reviewed above show that the discourse around sustainable business is riddled with contradictions, inconsistencies, and ambiguity when it comes to seeing profit as a means or an end. This lack of clarity about business goals and private financial rights could keep economies from becoming more sustainable. Opportunists can co-opt or hijack concepts of sustainable business, making it harder for companies that are sincerely committed to sustainability to distinguish themselves from greenwashing competitors.

The main point of inconsistency lies in the triple bottom line concept itself. Most theoretical approaches to sustainable business simply bolt environmental and social concerns onto profit-seeking aims. These approaches advocate for transforming business purpose, or redefining business success, but end up simply adding social and environmental concerns to the status quo purpose of profit-making (e.g., Schaltegger et al., 2016; Stubbs and Cocklin, 2008; Dyllick & Muff, 2016). Stubbs and Cocklin (2008) state that sustainability cannot just be an add-on, but their section called '*Redefining the Purpose of Business*' could more accurately be called '*Expanding the Purpose of Business*', as the case studies it describes are both profit-seeking firms. These authors say that organizations should pursue sustainability for ethical *and* economic reasons, saying that it is both the right thing and the smart thing to do. This is the rhetoric of win-win-wins. Schaefer et al. (2015) state that 'profit as a means, not an end' is a requisite for sustainability, but the article remains vague about the role of profit, with phrases like 'creating value beyond profit' and 'beyond private economic wealth'. This language can be interpreted as meaning a focus on creating ecological and social value *in addition* to financial value, rather than *instead of* financial value, or *not* focusing on financial value at all. Some even explicitly call for stopping the simple expansion of a company's mission by adding people and planet on to profit as a goal, but then their own approach ends up doing exactly that (e.g. Stubbs & Cocklin, 2008; Upward & Jones, 2016). Even those that take a critical view of the triple bottom line explicitly allow or even promote profit as a goal (e.g., Upward and Jones, 2016; Dyllick & Muff, 2016; Future-Fit Business, 2018b).

This carries through into praxis. All three of the certification schemes examined had this inconsistency as well. The B Corps website says that the certification's main goal is to '*redefine business success*' (B Corps, 2018a), but it is only available to profit-seeking firms. The main developer of the Common Good Balance Sheet is quoted on the website as saying, '*Our current economic system is on its head. Money has become an end in itself rather than a means for what really counts: a good life for all*' (ECG, 2018c). And their Theoretical Basis webpage says that the real purpose of business is meeting human needs and that money is only a means of economic activity to measure whether this purpose is being fulfilled. (ECG, 2018c). Yet, the Common Good Balance Sheet also allows for profit to remain as a goal (ECG, 2018d).

Some authors do not advocate or align with an approach that promotes profit as an end but also do not clearly describe it as a means (e.g., Khmara & Kronenberg,

2018). Likewise, Schmid (2018) describes sustainable firms as those that focus on using profit as a means to achieving social and ecological aims, but in allowing for private financial rights, his description still allows for profit to be seen as an end. Johanisova & Fraňková (2017) offer more concrete guidance, by advocating for limitations on the distribution of profit, yet still allow for private financial rights, which seemingly does not align with their description of eco-social enterprises as pursuing ‘other-than-profit’ goals.

Ambiguous language about things like profitability, benefit, prosperity, viability, value creation, blended value, and social enterprise should raise red flags for sustainability researchers. These terms are often used in ways that generate vagueness and confusion around whether businesses should pursue profit as an objective or not.

6. Conclusion: Underwhelming solutions for overwhelming problems

In the context of transformations to a sustainable economy, it is important to discuss and clarify the place of private financial rights and the pursuit of profit. Good scholarship on the topic of sustainable business requires logical coherence and consistency on these critical issues. This review found that theoretical approaches and third-party certifications for sustainable business are often unclear or self-contradictory about whether business should see profit as a means or an end. It also finds that several existing incorporation structures can actually contribute clarity in the concrete terms of legal rights and responsibilities.

The principles offered in prominent approaches to sustainable business are too vague to transform the actual purpose of business in the direction of sustainability, as most of them allow for the business-as-usual objective of private financial gain. One can argue that adding sustainability concerns to expand a company’s mission beyond short-term financial gains is better than not doing so, and indeed this is often the response to critiques of the triple bottom line. But given the rapidly worsening severity of the global sustainability crises in the 21st century, is that enough? With evidence mounting that there is neither the time nor the biophysical capacity to waste on being less bad (Brondizio et al., 2019; UN Environment 2019), the difference between doing less bad and actually behaving in a socially-ecologically sustainable way must be acknowledged and brought to the fore. Most of the sustainable business approaches presented here reveal a lack of understanding of the severity of sustainability issues and industry’s role in contributing to the problems and solutions. Many imply that, as far as business is concerned, the sustainability problem is simply a problem of having unsustainable products and services (e.g., Schaltegger et al., 2016), so the solution is for companies to focus on selling larger quantities of more sustainable products and services. As long as such mixed messages lead the way in defining sustainable business, there is little basis for expecting real progress to be made.

This points to another issue inherent in many of the approaches – looking to the business world itself to problematize sustainability and to identify solutions. Current goals, strategies, and definitions of sustainability by mainstream businesses are a poor basis for creating guidelines and models for sustainable business. As Málovics et al. (2007) point out, if mainstream businesses are left to choose a definition of ‘sustainable business’, they will choose one that fits best with their existing goals and strategies. Isil and Hernke (2017) also highlight that incumbent businesses might much prefer a vague definition of sustainability that they can just bend to their needs, rather than having to bend themselves to the needs of sustainability.

Sustainable business is not about making a smorgasbord of principles from which managers can pick and choose. It is about defining clear, actionable principles that steer all business behavior to help deliver social wellbeing within ecological limits, whether or not that entails sacrificing financial surplus (Thompson et al., 2011). Approaches that synthesize, expand, and add on to business-as-usual goals ignore the manifold tradeoffs between profit-seeking and sustainability concerns.

If we are to take sustainability seriously, then we cannot afford to settle for businesses running sustainability practices alongside their current very destructive practices. Rethinking the role of business in either worsening sustainability crises or helping to resolve them, points to the likelihood that only a small portion of existing businesses are actually sustainable. However, with clear principles and institutional support, businesses might be able to transition in a sustainable direction – and if they are not able to do so, then they are not compatible with a sustainable future. A business might be regarded as sustainable if it sees profit only as a means to achieving social benefit and it meets all of the social and ecological criteria outlined by the third-party certifications examined in this article. If all companies in the world were to meet those conditions, then we might have an economy that delivers wellbeing for all people within the Earth's ecological limits.

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