

A study of Degrowth: A way forward for Social Sustainability in the Businesses

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Abstract— Sustainability as defined by the Brundtland commission, has been widely accepted and the significance is appreciated in many economies. The article however argues about the importance of the factors that are inculcated in the definition of sustainability, namely the triple bottom-line. A concept of degrowth is studied in this article as an enabler for sustainable development. It is further argued that social well-being should be prioritised over the economic growth and the implications of the same alongside the paradoxes are mentioned.

Index Terms— Business Strategy, Degrowth, Sustainable development, Sustainability, Social well-being debate

1 INTRODUCTION

As stated by the Prominent Physicist, Thomas Kuhn, "Paradigm shifts arise when the dominant paradigm under which normal science operates, is rendered incompatible with new phenomena, facilitating the adoption of a new theory or paradigm", in his pioneer work titled 'The Structure of Scientific Revolutions', Covid-19 has created such an urge that would lead to the rise of many such paradigm shifts in the Society (Michelson,2020; WEF,2020). Whitehead (2013), identifies the principles of degrowth from the Economic Degrowth for Ecological Sustainability and Social equity Conference held in Paris in 2008 as "paradigm shift from the general and unlimited pursuit of economic growth to a concept of 'right-sizing' the global and national economies." Sustainable developments no more mean economic improvement and accumulation of wealth. It is more a qualitative improvement that focuses on social interactions and inclusivity of all species on the planet (Foster et. al., 2010). Profit-making is not the final aim for the

degrowth Economy, while it may be important to make a profit in a capitalist economic system to fix interest payment. Although the degrowth economy needs a break from capitalism and its borrowing and interest repayment dynamics, the notion of sufficiency should be substituted for profit maximisation in the phase of transformation and profit reinvestment should be done in a pro-environmental and pro-social way (Nesterova,2020). Although, there has been significant work on the principles of degrowth, there is often not one clear perspective on the fundamentals and is often misunderstood to be linked with reduced standard of living (D'Alia Et. al., 2014).

In a commonly cited description by Schneider et al. 2010, degrowth was defined as a downscaling of demand and supply whilst promoting well-being. A transformative reorientation of society away from capitalism, i.e. from the supremacy of economic rationality, to a society and economy that is ecologically sustainable and socially beneficial, implies a major shift in various patterns and systems that are considered to be the conventional (Norgaard,2019). By explaining as precisely what degrowth isn't, Latouche (2009) claimed to unravel the contradictions involved in pursuing unlimited development. In this way, he responds to popular skepticism by arguing that

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degrowth does not seek to condemn impoverished nations to poverty, nor does it imply zero growth or a return to the past, nor does it imply a patriarchal or oppressive social order which is incompatible with democracy. With the current pandemic and pre-existing climatic crisis, consumers are more likely to adapt to degrowth consumption patterns that regulatory bodies or political leaders. . Businesses should in-turn promote and innovate the opportunistic flourishing of this small but growing movement (Roulet and Bothello,2020).

2 DEGROWTH AND BUSINESSES

Literature on degrowth is based not only on ecological boundaries, but also on self-limitation and voluntary simplicity, freedom, global social justice and the end of capitalism's exploitative relations (Kallis et.al. 2018). This section focusses on the key themes relating to degrowth and Business models. Two search strings have been used to identify literature and further scanning of literature is done on relevance and date from Science Direct and Google Scholar databases.

Sustainable degrowth can be characterised as an equitable reduction of supply and demand that, in the short and long term, increases human well-being and improves ecological conditions at the local and global level. The sustainable adjective does not mean that degrowth should be persisted forever(which would be bizarre),rather, transition/transformation process and the end-state should be sustainable in the sense of being environmentally and socially beneficial.(Schneider, et. al., 2010).The early stage research articles acknowledge the unsustainability of businesses based purely upon economic growth and define de-growth (D'Alisa & Kallis,2020). Nesterova, (2020)

coined the term degrowth business that entails all the business activities that can be scoped into operationalisation of degrowth principles. Furthermore, following 3 categories are indicated as broad classifiers to identify the performance and adaptability of degrowth principles.

Group	What does it entail?
Environment	<ul style="list-style-type: none"> • reorientation towards environmental considerations • material and energy throughput and waste reduction • waste avoidance/reduction, pollution minimisation • frugal, efficient use of energy and resources, eco-sufficiency, recycling, sharing of resources • renewable energy and resource use • durability and repairability • appropriate or simplified technology • localisation of sourcing, production, exchange • pro-environmental behaviour in the workplace, including travel by employees

Figure 1 – Environmental indicators for degrowth business

Source – Nesterova, 2020

In terms of its awareness of the embeddedness of the economy and all its components and agents within the ecosystem, the interpretation of degrowth business should be transdisciplinary, beginning with ecological economics. Environmental issues are also central to a degrowth organisation (Kallis,et. al.,2015).

People and non-humans	Workers:
	<ul style="list-style-type: none"> production orientated towards happiness and wellbeing: e.g. via despecialisation, meaning jobs, reduction in working hours, orientation towards fulfilment and development of human potential decreased productivity democratisation of decision-making
	Community:
	<ul style="list-style-type: none"> orientation towards societal wellbeing embeddedness within communities serving the needs/desirable sectors no public coercion via advertising democratisation of technology
	Non-humans:
	<ul style="list-style-type: none"> consideration of non-human life

Figure 2 – People and Non-Human indicators of degrowth business

Source – Nesterova, 2020

Deviation from profit maximisation imperative	<ul style="list-style-type: none"> focusing on qualitative change: rethinking of production, deviation from productivism, drivers other than profit, success other than material success shift in values: cooperation and collaboration, simplicity, responsibility, wider belonging, solidarity, non-violence changing attitudes to growth: smallness/human scale, non-growth, sufficiency in productive capacity alternative business models and ownership patterns: cooperatives, social enterprises, grassroots economic practice

Figure 3 – Deviation from Profit maximisation criteria

Source – Nesterova, 2020

The ultimate goal of degrowth business is thus to enable socio-ecological wellbeing with sustaining the economic performance (Schneider et al., 2015). Within

the modern era businesses, Management Scholars have been trying to inculcate the values and principles from ancient texts, philosophy and psychology to achieve this (Schad et al., 2016). Furthermore, Carollo and Guerri (2018), identify the various conflicting paradoxes these practices have given rise to from interviews of several business managers in Sustainability related roles

3 THE WELL BEING DEBATE

The debate around the potential barriers and facilitators of degrowth as a driver for wellbeing have been critically analysed in various geographical regions. Various such paradoxes have proven there is no relevance of the increased economic progress to the wellbeing of Mankind (Easterlin et al., 2010). This paradox links income/GDP increase with Life-satisfaction or happiness and has proven that there is no positive impact on happiness due to the former. This lack of relevance is further explained by Frederick and Loewenstein, 1999 that state the phenomenon of “hedonic adaptation” i.e., once a new standard is reached at large, the masses demand for something new and better. Thus, if some goods/services are bought by everyone, the masses demand a new vision to enhance the status of living. However, the Easterlin Paradox has been challenged by many and recently by Kallis et al., (2018) by arguing that while the GDP/economic growth can increase infinitely, the subjective wellbeing/happiness is usually measured on a bounded scale that restricts its growth after a certain point. It has been made evident that certain Countries have already achieved such a high score of this wellbeing that any increase to it is not really feasible. Buchs and Koch (2019) argue that it is important to realise how the subjective well-being would respond to the reduction of income or customer demand/consumption. Furthermore, Gough (2015) argues that the geograph-

ical diversity of the masses which are respondents to such surveys and practises, is a matter of conflict due to the culture and promotion of happiness in the Eastern and Western World. Thus, a more objective well-being/needs dependent approach would better suit the wellbeing assessment.

4 CONCLUSION AND DISCUSSION

Degrowth as a potential facilitator towards a sustainable corporate development has been discussed from the two lenses mentioned above. The former section of this article focusses on the enablers and drivers for degrowth to be included in the Business Strategies in various economies across the globe, while the later stresses upon the varied aspects that need to be addressed on a case-to-case basis depending upon various factors like the Geography of the economy under consideration, theory of hedonic adaptation etc. It is evident from the study, that a one fit for all solution is not possible for under-developed, the developing and the developed economies. A further research is suggested with specific sampling of subjects from the three economies to address the challenges each might face for the adoption of degrowth for social sustainability to adapt the formerly suggested enablers and facilitators.

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