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## Board-level sustainability paradoxes

Robert S. Bikel

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Pepperdine University  
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BOARD-LEVEL SUSTAINABILITY PARADOXES

A dissertation submitted in partial fulfilment  
of the requirements for the degree of  
DOCTOR OF BUSINESS ADMINISTRATION

by

Robert S. Bikel

January, 2022

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DOCTOR OF BUSINESS ADMINISTRATION

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## **DEDICATION**

This work is dedicated to my wife, Judi, the strongest person I know.

## VITA

**Robert Bikel**, MBA, is the Director and Lead Faculty for the SEER (Social Ethical and Environmental Responsibility) Program at Pepperdine's Graziadio School of Business. A faculty member since 2011, Bikel has taught various courses in the SEER program as well as Strategic CSR Executive Certificate classes. He is also an independent strategy consultant specializing in sustainably oriented businesses, focused on strategic guidance and market intelligence for responsible companies in B-Corp/Benefit Corporations, cleantech, online media, e-commerce, and food industries. His clients include Neil Young's Pono Music service, Jes Maharry Jewelry, the Yes Bar, Fox International Channels (with ex-Patagonia CEO Michael Crooke), and a major Latin American media company. A former investment banker, Bikel also has 12+ years' experience in entertainment as a development executive, producer, and music supervisor. A Harvard graduate, he has a SEER-certified MBA from Pepperdine and has GRI (Global Reporting Initiative) certification. His doctoral research focused on managing sustainability tensions at the corporate board level.

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### Research

Crooke, M. W., Csikszentmihalyi, M., **Bikel, R. S.** (2015). Leadership in a Complex World: How to Manage "The Tragedy of Choice". *Organizational Dynamics*, 44(2), 146—155.

## ABSTRACT

Managing sustainability in for-profit organizations can give rise to multiple tensions, including those between financial and social objectives or meeting competing stakeholder demands on the firm. Recent research into these tensions suggests that framing them paradoxically, as competing objectives that are interconnected and persist through time, can help to manage those tensions and may even promote innovative solutions. This research project, consisting of two complimentary papers, examined how a paradox approach might help directors on the boards of for-profit companies more productively manage sustainability. Specifically, it examined how a paradox mindset, a willingness to embrace multiple tensions among competing objectives, relates to the types of sustainability paradoxes experienced by these board members. The first paper developed a new conceptual model and propositions based on the corporate governance, sustainability, and paradox literature. The second paper tests and expands upon the first. Using grounded theory methodology to analyze semi-structured interviews with US-based corporate directors, I propose that board members respond to endogenous and exogenous factors to render multiple sustainability-related paradoxes salient. Once salient, these paradoxes provoke positive and negative cognitive affective responses which are put through a process that involves implicit coordination and construal-level theory. These responses result in adaptive or contingent strategies to manage or mitigate tensions, respectively. The paradox mindset is found to moderate both salience and the response to tensions. This project extends sustainability and paradox research into the board context, with practical implications for board member development, as well as board structure, management, and recruitment.

*Keywords:* boards of directors, corporate governance, sustainability, paradox, tensions

## CHAPTER 1: INTRODUCTION

### Overview

Simultaneously holding onto two seemingly contradictory ideas is hard. People in long-term relationships struggle with the desire for stability while also seeking adventure and excitement. Parents often wish to nurture their children while also challenging them to become self-reliant. In organizational settings, such dualities can become even more pronounced, involving multiple short, medium, and long-term objectives and a plethora of stakeholders with competing demands. Organizational scholars label such persistent yet interconnected contradictions paradoxes. Increasing demands for sustainability (the need to provide good for society and the planet) amplify these organizational paradoxes in for-profit companies. Directors serving on corporate boards already face competing objectives, such as combining oversight with collaboration with senior management, or representing shareholder interests while also ensuring the long-term viability of the firm. Demands to embed sustainability into their mandate expand these pressures. However, researchers understand little about how board members think about such pressures, if they perceive tensions between these competing objectives, and how that thought process affects their responses to them.

Boards of directors at for-profit companies face unique sustainability challenges. Pressures from environmental, social, and governance (ESG) campaigns and shareholder initiatives must be balanced while facing an international patchwork of disclosure requirements. Moreover, they encounter challenging decisions as to which among a staggering breadth of sustainability issues boards should pursue (Konigsburg et al., 2018). The Business Roundtable Letter of August 2019 saw nearly 200 of the most prominent corporate executives in the world call for business to shift its purpose from solely serving shareholders to serving a variety of

stakeholders (Murray, 2019). Moreover, the increasing number of corporate responsibility committees (CRCs) on boards indicates a shift to address sustainability concerns at the board level. However, such stakeholder-centric initiatives challenge the fiduciary responsibility of boards to shareholders and add a layer of complexity to the social-economic dialectic that firms face when striving to pursue sustainability goals (Shahzad et al., 2016). Examinations of sustainability behaviors at the board level are limited (Jain & Jamali, 2016) with many focusing on the connection between board diversity and sustainability (Rodrigue et al., 2013) or using disclosure as a proxy for performance (Hussain et al., 2018). Several papers discuss the difficulties of gaining access to boards in general, and to board members in particular, as an issue in examining sustainability at the board level (Ben-Amar et al., 2017).

Meanwhile, some researchers argue that we should move away from framing sustainability issues in terms of making a business case for sustainability. Critics of business case thinking raise concerns that this approach limits social impact on those efforts that generate profit. This narrow approach to corporate sustainability can result in trade-offs or compromises (Hahn et al., 2010; Hahn et al., 2014). Rather than accepting this either/or approach, a current research stream delves into both/and strategies that embrace paradox (Hahn & Aragón-Correa, 2015). This paradox perspective (Fairhurst et al., 2016; Schad et al., 2016; Schad et al., 2019) acknowledges tensions between conflicting goals as interconnected and persistent (Lewis, 2000; Smith & Lewis, 2011).

Research suggests that leaders can move away from efforts to manage away tensions to more helpful strategies to engage with them, potentially unlocking creativity and innovative solutions in organizations. Such a shift is timely, as business leaders are beginning to acknowledge the need to meet societal objectives alongside financial ones (see the Business



Roundtable letter). This pressure accompanies the need for bolder, more radically innovative solutions to vexing social and environmental problems grow ever more pronounced. And yet, a recent PricewaterhouseCoopers board survey revealed that corporate board members were moving against the stakeholder centrality espoused by leading investors, corporate leaders, and the general public. The survey shows declining rates of support for ESG commitments among board members, with a majority stating that investor pressure for ESG performance is overblown (PricewaterhouseCoopers, 2019).

Research has made tentative connections between framing sustainability paradoxically (i.e., a paradox mindset) and effective management of sustainability-related tensions. These have primarily focused on so-called hybrid organizations (Battilana et al., 2015; Besharov, 2014; Jay, 2013; Smith & Besharov, 2019) that place sustainability concerns on a more or less equal footing with economic concerns. Although there has been an increase in paradoxical perspectives on sustainability, there has been little focus given to boards of directors, where tensions between stakeholders may prove particularly acute.

Thus, the purpose of this research will be to examine how individual directors in for-profit company boards frame sustainability issues. Specifically, this project will seek to determine if tensions between competing social and economic objectives, or those between different stakeholders, are framed paradoxically. If so, this research will generate theory on how that framing affects approaches to address tensions. Additionally, this study will look for potential moderating effects, including variation between members' roles, the presence of CRCs, and the variation of insider vs. outsider status of board members.

## **Research Question(s)**

1. How do members of corporate boards perceive and frame sustainability tensions (if at all)?
  - a. What is the role of the paradox mindset in acknowledging and managing sustainability tensions?
  - b. How does personal or professional context and background affect this process?
  - c. How does role within the board affect this process?
2. What sustainability related paradoxes do individual board members acknowledge/make salient?
3. Does ESG reputation influence (or is it influenced by) the acknowledgment and response to sustainability tensions?

## **Significance of the Proposed Research**

This research should prove significant to several audiences and seeks to make contributions to theory, practice, and society. Academic researchers will see advances in sustainability theories enhanced by a paradox perspective in the often understudied context of the corporate boardroom. Meanwhile, in practice, this research should prove valuable to three critical stakeholders: management, investors, and boards themselves. First, many corporate managers acknowledge both heightened sustainability pressures and the need for board support in addressing those pressures. These leaders should gain insight into how those pressures are manifesting among board members. Second, investors increasingly pressing for their investments to meet sustainability standards will gain a greater understanding of how the boards which represent their interests are translating any such objectives into governance. Last, board members themselves should find greater clarity on how sustainability tensions resonate with their peers. The hope is that this research may help corporate boards better manage sustainability objectives and elevate firm performance to meet increasingly complex global sustainability challenges.

## CHAPTER 2: OVERVIEW OF THE RESEARCH AREA AND APPROACH

### Foundational Literature Review

The following sections will outline the tensions inherent in theories and concepts related to sustainability, as well as the theories and strategies developed in response to those tensions. Since its inception, scholarship on sustainability has coalesced around win-win strategies that remove these tensions by tying sustainability outcomes to financial ones (Carroll & Shabana, 2010; McWilliams & Siegel, 2001; Porter & Kramer, 2006, 2011). However, this approach has prompted concerns about oversimplification, path dependency (Martinez et al., 2017), and insufficiency to meet competing demands appropriately (González-González et al., 2019; Schad & Bansal, 2018). The paradox perspective offers a novel approach that promises greater flexibility, innovativeness, and creativity in meeting various competing demands simultaneously (Hahn et al., 2018), although the research into sustainability paradox remains unsettled theoretically and conceptually (Schad et al., 2019). The need for greater clarity on sustainability paradox is especially pronounced in the context of corporate boards. Boards play critically important roles in managing sustainability efforts, yet their behavior remains a relative black box (Gabrielsson & Huse, 2004; Jain & Jamali, 2016).

As a result, this research project exploits a nascent overlap of three significant streams of literature: sustainability scholarship, research into paradox perspectives, and research into board dynamics and cognitive processes. The management literature on sustainability in all its definitions is vast; a recent Scopus search for terms related to sustainability (enumerated below) in the business and management literature returned over 70,000 articles. The paradox literature is a more bounded set; Schad et al. (2016) uncovered over 700 articles (limited to higher impact factor journals) before narrowing their review to 133, noting that the body of literature on the

subject had grown significantly over the prior 25 years. However, this research is still in its comparatively early stages and establishing possible directions at the conceptual level (Cunha & Putnam, 2019; Schad et al., 2019). While research into corporate governance is mature, it has mostly taken an outside perspective with a distinct lack of research based on “direct engagement with the actors and settings involved in governance phenomena” (McNulty et al., 2013, p. 184). Research into the cognitive processes of board members is also scarce (Brown et al., 2019). Intersectional research exists at the periphery of these three research streams, but this study will exploit a gap at its center to focus specifically on sustainability paradoxes experienced by boards.

These different perspectives suggest that the modern history of sustainability in business has always been fraught with tensions surrounding its definition, its appropriateness, and even its legality (Bowen, 2013; Carroll, 1999a; Friedman, 1970). This study uses the term sustainability to encompass a variety of concepts associated with corporate social responsibility (CSR), including sustainability, corporate social performance, ecological sustainability, and more (Montiel & Delgado-Ceballos, 2014). Montiel and Delgado-Ceballos (2014) observe that “a standardized definition of [corporate sustainability] does not exist,” (p. 122) but note that commonality exists around a tripartite definition including environmental, social, and economic dimensions. Thus, in the absence of a formal, standard definition, this study will adopt Bansal’s (2005) definition that views corporate sustainability as actions that promote environmental integrity, social equity, and economic prosperity.

### ***Sustainability’s Implicit Tensions***

Sustainability tensions extend further. What does sustainability encompass (Elkington, 1994; Freeman, 1984; Wood, 1991) and how does it relate to strategic alignment (McWilliams & Siegel, 2001; Porter & Kramer, 2006, 2011)? Regarding appropriateness, sustainability’s earliest

question was if businesses owed anything at all to society. CSR proponents faced an opposition that stated an emphatic ‘no’ to that question, crystallized in Friedman’s (1970) assertion that the firm’s sole responsibility is to generate profit. Debates over that central tension have generated an ever-widening array of polarities and competing obligations.

Most of the literature supports strategies that address sustainability in some capacity. The greatest emphasis has been on contingent approaches that generate fit between contradictory aims (Haffar & Searcy, 2017; Van der Byl & Slawinski, 2015). These contingent approaches propose various strategies to reconcile these tensions by focusing on strategic alignment. A minority of scholars advocate for normative primacy over instrumental concerns (Evan & Freeman, 1988); in short, doing good should take precedence over making money. Others push for complex integrative systems that would accommodate both objectives (Wood, 1991; Worley & Mohrman, 2015). The majority of research has settled on efforts towards making the business case for CSR (Carroll & Shabana, 2010), a win-win approach that argues that if performed properly, investing in CSR would result in benefits to the firm (Van der Byl & Slawinski, 2015).

Scholars have supported the business case proposition using prominent management theories such as the resource-based view of the firm (Vilanova et al., 2009). It argues that a sustainability-oriented strategy will allow firms to secure hard to imitate resources leading to competitive advantage. Others took a theory of the firm perspective (Carroll, 1999a; McWilliams & Siegel, 2001) to argue that firms make sustainability investments that would generate the most return. In the practitioner literature, Porter and Kramer (2006, 2011) adapted Porter’s (1980, 1985) industrial organization-based competitive advantage model to address sustainability strategically. Through their construct of shared value creation and its emphasis on the impacts and opportunities presented by value chain activities, the model promised to infinitely scale the

opportunity for social impact while generating financial return (Porter, 2013). The business case perspective, that social responsibility can and should be good for the bottom line, has become the dominant logic in scholarly sustainability research (Hockerts, 2015). For more on the business case approach, readers should consult Carroll and Shabana (2010) and Hockerts (2015).

### ***Challenges with the Prevailing Views on Sustainability***

Despite the prominence of the business case, some researchers worry aloud that while sustainability has never been more prevalent in corporate communications, current approaches are failing to meet the present global social and environmental challenges (González-González et al., 2019). Moreover, scholars challenging the instrumental logic behind the business case approach find fundamental flaws in it due to oversimplification and isolation of variables. Gao and Bansal (2013) note that scholarship supporting the business case tends to treat individual sustainability measures and financial measures as distinct and isolatable. This view ignores the inherent interdependence between these variables and their connection to broader systems and sustainable development (WCED, 1987). Margolis and Walsh (2003) voiced concerns that framing the social actions of firms in economic terms “risks omitting the pressing descriptive and normative questions raised by these tensions, which when explored might hold great promise for new theory and even for addressing practical management challenges” (p. 280). The authors challenged researchers to embrace and explore the tensions between social and economic imperatives, rather than wish them away through convenient theory. More critically, some researchers have shown that the business case can actually inhibit the very social impacts it is meant to enable by disaffecting proponents or serving revenue-generating stakeholders at the expense of secondary stakeholders (Kaplan, 2020).

### *The Paradox Perspective*

Ultimately, most corporate sustainability theory sidesteps the interlocked nature of sustainability tensions in for-profit enterprises. These contradictory yet interdependent sustainability challenges fit into the very definition of paradox: “contradictory yet interrelated elements that exist simultaneously and persist over time” (Smith & Lewis, 2011, p. 382).

Paradoxes, like dialectics and dilemmas, involve tension but bear notable distinctions. Synthesis can resolve dialectic tensions, whereas paradoxical tensions persist through time. Moreover, dilemmas present tensions as an either/or choice between distinct mutually exclusive options, whereas paradoxes defy clear cut choices or compromises (Lewis & Smith, 2014).

Seen through a paradox lens, sustainability tensions align with the paradox pre-conditions of plurality, scarcity, temporality, and complexity (Lewis, 2000; Smith & Lewis, 2011). Tensions involving *plurality*, meeting simultaneous competing obligations, can be seen in *stakeholder theory*, the belief that firms bear a responsibility to multiple additional parties beyond shareholders (Freeman, 1984) and in Elkington’s (1994) *triple bottom line* (TBL) concept with its obligations to social, environmental, and economic outcomes. Furthermore, these theories prompt confusion as to how decision-makers should allocate resources to meet these competing demands (Schwartz & Carroll, 2008). This confusion created tensions involving *scarcity*, working with limited resources to meet outsized demands. In contrast to the balanced demands of the TBL, Carroll and Shabana’s (2010) pyramid model of corporate social performance economic concerns are the foundation of business imperatives, which include in descending importance, legal, ethical, and finally discretionary philanthropic responsibilities. These schemes attempt to integrate social and financial performance under one rubric but limit themselves by providing categories of obligation, but not principles upon which to act (Wood, 1991).

Finally, the Brundtland Commission's concept of sustainable development introduced a temporal set of tensions for businesses by asking them to think about the consequences of their actions on future generations (WCED, 1987). All these tensions fit into system-level challenges that entail all the tensions above and representing overarching complexity. For example, many sustainability issues appear as symptoms or aspects of more significant challenges such as climate change, poverty, and economic opportunity disparity. This kind of wicked problem has "innumerable causes, is tough to describe, and does not have a right answer" (Camillus, 2008, p. 2). These large-scale, intractable problems defy linear thinking due to their elusive boundaries, poor definability, and interdependence (Rittel & Webber, 1973). Such problems also definitionally defy simple calculus to determine solutions, which likely require broad, multi-stakeholder, and longitudinal efforts.

The paradox literature suggests that tensions are both inherent and socially constructed (Lewis & Smith, 2014), but must first be rendered salient through cognition and sensemaking. Once salient, individuals respond to tensions with a variety of strategies. Defensive strategies attempt to avoid tensions altogether or approach them contingently, attempting to mitigate tensions through trade-offs (Lewis & Smith, 2014). Adaptive strategies (sometimes referred to as active or strategic responses) acknowledge and embrace the persistence of tensions and therefore seek to manage them as paradoxes (Jarzabkowski et al., 2013; Smith & Lewis, 2011).

Inherent paradoxes lie latent until they become salient by individuals recognizing (Smith & Tushman, 2005) and acknowledging them (Schad et al., 2016). Individuals must use cognitive and emotional processes to make sense of such complexity in order to act (Lewis, 2000). These processes result in the formation of a *cognitive frame*, "a mental template that individuals impose on an environment to give it form" (Walsh, 1995, p. 281). Cognitive frames differ by both



*content* (the bounded set of knowledge assembled within a frame) and *structure* (how that knowledge is organized and the web of connections that form between the elements within the frame) (Walsh, 1995).

An individual's cognitive complexity, or the ability to comprehend a wide variety of factors or dimensions of an issue while also seeing a wide web of interconnections between those factors (Bartunek et al., 1983), plays a determinant role in this process. Building a cognitive frame results from scanning for relevant information and interpreting where the individual attaches meaning to that information (Thomas et al., 1993). In addition, emotional responses help guide the structure and content of the frame. Positive affect will help the individual widen the complexity of the information being scanned, while negative affect will prompt a narrowing effect (Sharma & Good, 2013). The content and structure of a cognitive frame inform an individual's interpretation of a situation and resultingly guides that individual's response (Walsh, 1995). In effect, these frames encapsulate how we think and feel about tensions, like those inherent in corporate sustainability, and determine our responses to them, which can be negative or positive depending on the type of framing employed (Hahn et al., 2014).

### ***Defensive Responses: Repression and Contingency***

Negative or defensive responses include ignoring tensions outright, seeking resolution, and creating contingencies (Lewis & Smith, 2014). At the most extreme, individuals confronting paradoxes can repress the contradiction, denying or mentally blocking its existence (Lewis, 2000). Aside from outright suppression, other responses designed to deny the existence of tensions include compartmentalization of tensions or opposition to one or another element (Jarzabkowski et al., 2013). Denying the existence of a paradox may grant temporary relief from tensions, but ironically can serve to intensify the paradoxical tension (Lewis, 2000). Friedman's

(1970) repudiation of social responsibility for for-profit firms represents such a denial of paradox, though this view is considered quite extreme today, where most researchers accept the need for some form of sustainability (Carroll & Shabana, 2010).

Far more prevalent in the sustainability literature are strategies that seek to accommodate the existence of a paradox through compromise or accommodation of both sides (Jarzabkowski et al., 2013; Lewis, 2000). These responses can stem from a desire for consistency, seeking contingencies that “mediate inconsistent ideas” (Smith & Tushman, 2005, p. 525). Such contingent thinking undergirds the business case approach to sustainability (Hahn et al., 2014), which has focused on contingent approaches that generate fit between contradictory aims (Haffar & Searcy, 2017; Van der Byl & Slawinski, 2015). This approach seeks alignment with contingent conditions to maximize some previously determined measure of performance (Drazin & Van de Ven, 1985; Smith & Lewis, 2011). However, this approach treats paradoxes as dialectics, ignoring the irreconcilability of the contradicting elements and therefore setting up the same potential for increasing tensions as outright repression would. This is the chief criticism of the business case framing – by putting economic interests above socio-environmental, one can create the illusion of harmony between objectives by artificially reducing the complexity and sense of control over outcomes (Hahn et al., 2014).

### ***Adaptive Responses: Paradoxical Framing***

In contrast to defensive responses, paradoxical framing represents a more adaptive response to tensions (Lewis & Smith, 2014; Smith & Lewis, 2011). Smith and Tushman (2005) describe paradoxical frames as “mental templates in which managers recognize and accept the simultaneous existence of contradictory forces” (p. 526). Paradoxical framing done well becomes a superior ability to differentiate competing logics and then integrate those logics to

uncover synergies (Smith & Tushman, 2005). In such a frame, sensemaking establishes the irresolvability of the tensions (Lüscher & Lewis, 2008), while positive affect helps the individual widen the complexity of the information being scanned (Sharma & Good, 2013).

In optimal cases, this framing allows constructive engagement with a broader variety of issues in conflict (Besharov & Smith, 2014). This increased level of differentiation and integration through paradoxical framing can also contribute to creativity by increasing the capacity to tolerate conflicting ideas and using that conflict to generate alternatives (Miron-Spektor et al., 2011). Paradoxical framing engages and embraces tensions, leveraging those tensions for creativity, innovation, and positive change (Jay, 2013; Lewis & Smith, 2014; Lüscher & Lewis, 2008).

Building on the work investigating the relationship between paradoxical frames and creativity, Miron-Spektor et al. (2018) have developed a scale measuring the ability to frame paradoxes as a paradox mindset. Drawing on the paradox literature and the psychology research into coping with tensions, the authors deductively developed the scale using experts in the field of paradox theory and scale development. The scale consists of a nine-item instrument that measures comfort with tensions, cognitive flexibility, and the capacity to derive energy from engaging with those tensions. The authors assert that their scale displays convergent validity. It is “positively yet moderately correlated with tolerance for ambiguity, integrative complexity, tolerance for contradictions, and openness to experiences” (Miron-Spektor et al., 2018, p. 33). Moreover, the authors validated the paradox mindset scale against performing, belonging, and organizing tensions according to Smith & Lewis’ (2011) typology to establish generalizability of the construct across multiple types of tensions.

Furthermore, thinking paradoxically is not an innate trait but a skill that individuals can develop through practice (Lewis & Dehler, 2000, p. 714). Sharma and Good (2013) also suggest that a capacity for emotional complexity and reflexivity can help individuals to improve positive emotional responses during scanning and interpreting, expanding the resulting frame.

Applying a paradoxical approach could bring several distinct advantages that support an alternative approach to sustainability. Paradoxical frames are logically appropriate since paradoxes become salient under the same conditions of plurality, scarcity, temporality, and complexity that surround sustainability challenges (Lewis, 2000; Smith & Lewis, 2011). Amidst these conditions, paradoxical thinking allows one to shift away from either/or propositions to a more inclusive both/and disposition (Lewis & Smith, 2014), a thought not lost on early paradox scholars (Smith & Tushman, 2005). According to Hahn et al. (2018),

...a paradox perspective on corporate sustainability not only considerably widens the scale and the scope of corporate contributions to sustainability; it also offers the theoretical foundations for a conceptualization of corporate sustainability that removes the limitations that result from the primacy of business benefits over environmental and social concerns. (p. 239)

Furthermore, the paradox mindset might be necessary for acknowledging, and therefore managing, sustainability tensions. For example, Vallaster et al. (2019) suggest that framing things paradoxically, and the mindset behind such framing, can be seen as part of the sensing aspect of the dynamic capabilities framework (c.f. Teece, 2007) which promises to increase entrepreneurial responses. Yet, only a handful of studies uncovered for this review specifically examine the idea of paradoxical thinking about sustainability.

For example, there is evidence paradoxical thinking plays a role in managing tensions within social enterprises, a type of so-called hybrid organizations that choose to elevate their social mission to the same level if not above financial objectives (Besharov, 2014; Jay, 2013). These organizations provide fertile ground for exploring sustainability paradoxes due to the explicitness of their dual mission (Smith et al., 2013; Vallaster et al., 2019). Jay (2013) suggests that acknowledging sustainability paradoxes through reflexivity and then putting them through a sensemaking process (i.e., making them salient) can result in innovation. Also, in a study of a natural food store facing mission/financial tensions, Besharov (2014) notes that the paradox mindset did not distribute evenly among members, but a minority of pluralists helped the organization make the tensions salient. These pluralists even helped develop paradoxical thinking in others. So even within a context where tensions between objectives are explicit, such as a social enterprise, balancing financial vs. mission goals or serving multiple stakeholders simultaneously does not automatically prompt paradoxical framing or guarantee a paradox mindset among organization members.

Despite the promise that thinking paradoxically about sustainability holds, our understanding of its prevalence, let alone its mechanics, is limited. Research into paradox as it relates to sustainability is in its very early stages (Hahn et al., 2018). Of the few dozen empirical articles researching sustainability paradox surfaced for this review, only a handful focused on individual-level experiences (e.g., Schad et al., 2016).

### ***Boards and Sustainability Tensions: Untraveled Territory***

The context of the corporate board presents unique conditions that distinguish how sustainability is likely to be viewed from the firm in general. First, boards have their own unique tensions, including the appropriate exercise of power (loose vs. tight) over senior management,

and balancing collaboration vs. personal independence (Demb & Neubauer, 1992). These conflicts relate to potentially incongruent theories of governance, including agency, stewardship, and legitimacy theories, which entail obligations to shareholders, stakeholders, and societal expectations in different measures (Chan et al., 2014; Kreutzer & Jacobs, 2011).

Furthermore, context can significantly affect how individuals render paradoxes salient and guide their responses to them. Sharma and Good (2013) suggest that both context and cognition influence an individual's capacity for reflexivity as a necessary precondition to acknowledging tensions. They argue that this reflexivity stems from characteristics, such as formal roles or individuals' values, and embeddedness in contexts that present explicit duality, such as a social enterprise.

Research into board contribution to sustainability tends to focus on inputs including composition and diversity (Walls et al., 2012), outputs including reporting (Brammer & Pavelin, 2006; Mallin et al., 2013; Rodrigue et al., 2013) and, to a more limited extent, performance (Hussain et al., 2018). Other research has holistically explored the structural relationship of sustainability and corporate governance in its relationship to corporate strategy (Jamali et al., 2008). However, these approaches overlook the contribution of individual board members in corporate governance as a process, let alone sustainability as an outcome. Moreover, researchers advocating for stakeholder views of corporate governance admit these are in the minority and likely to run counter to prevailing agency approaches, which align more with shareholder primacy (Mason & Simmons, 2014).

Only a handful of studies explicitly approach board dynamics from a paradox perspective, even fewer explore that phenomenon at the cognitive and/or affective level, and those that do approach that intersection obliquely. Forbes and Milliken (1999) authoritatively

established the field of board dynamics at the cognitive level with their studies connecting board cognition and conflict to task performance. However, follow-on research into socio-cognitive dynamics between board members remains scant (Brown et al., 2019), especially curiously as applied to sustainability concerns.

A few studies to date examine board-level paradoxical tensions. The conceptual paper by Sundaramurthy and Lewis (2003) stands out by most closely aligning with the paradox as metatheory construct that pervades the paradox literature (Lewis & Smith, 2014). In it, the authors examine control and collaboration as competing yet interconnected board objectives, proposing that paradoxical thinking can help create self-correcting cycles of behavior that agency and stewardship responses resulting in strategic flexibility. Other studies establish ideal types of paradoxical coaching and control governance behaviors in European civil society organizations (Kreutzer & Jacobs, 2011), as well as showing a curvilinear relationship between board socio-cognitive conflict and heightened regulatory accountability under Sarbanes-Oxley (Brown et al., 2019). One of the very few studies on board sustainability paradoxes at the cognitive level uses surveys to back into salience through measuring issue distance (Bergman et al., 2016) in a sample of European, finding a low degree of cognitive diversity of board members on strategic issues and low sustainability salience. Given the lack of developed theory in the cognitive mechanics of board members, this quantitative approach gives a well-developed picture of the structure of board cognition on sustainability salience. However, it fails to address the more pressing issue of why such salience takes the shape that it did in their study, limitations which the authors themselves suggest further research might address. These deficiencies in existing research reinforce the need for a foundational qualitative study into the phenomenon.

## **Gaps in the Literature and Opportunities for Further Research**

The review of the literature strongly suggests further exploration into how the paradox mindset manifests in corporate boards and the specific sustainability paradoxes individual directors experience. Furthermore, the scales for the paradox mindset developed by Miron-Spektor et al. (2018) remain underutilized in sustainability governance research (RQ#1a). In essence, the literature establishes that organizations pursuing sustainability objectives alongside financial aims face tensions classifiable as paradoxes. What still needs establishing is why specific individuals in organizations manage to frame those tensions as paradoxes while others, even those in social enterprises, do not (RQ#2). This gap in understanding is even more pronounced in a board context, even as boards continue to face increasing pressure to confront sustainability issues (RQ#3). The experience of corporate board members grappling with sustainability objectives may match those documented in social enterprises. However, the importance of context unique role characteristics within corporate boards suggests that prior studies on experiencing tensions in a different context may not be transferable to the board context (RQ#1c). This research will seek to extend understanding of how these dynamics operate in a board context.

## **Description of the Research Agenda**

This research project will take the form of two self-contained yet interconnected articles. The first will use existing literature to generate theory addressing the research questions stated on experiencing sustainability tensions at the individual level in a corporate board context. Paper 1 will establish a model based on existing theory at the intersection of research streams in corporate governance, sustainability, and organizational paradox. The purpose of Paper 1 will be to generate theoretical propositions for further empirical study, serving as “a bridge between



validation and usefulness” (Gilson & Goldberg, 2015, p. 129). The second paper empirically explores and expands on the theoretical propositions posed in Paper 1 using a grounded theory approach to explore the phenomenon situated in the lived experiences of individual board members (Charmaz, 2014).

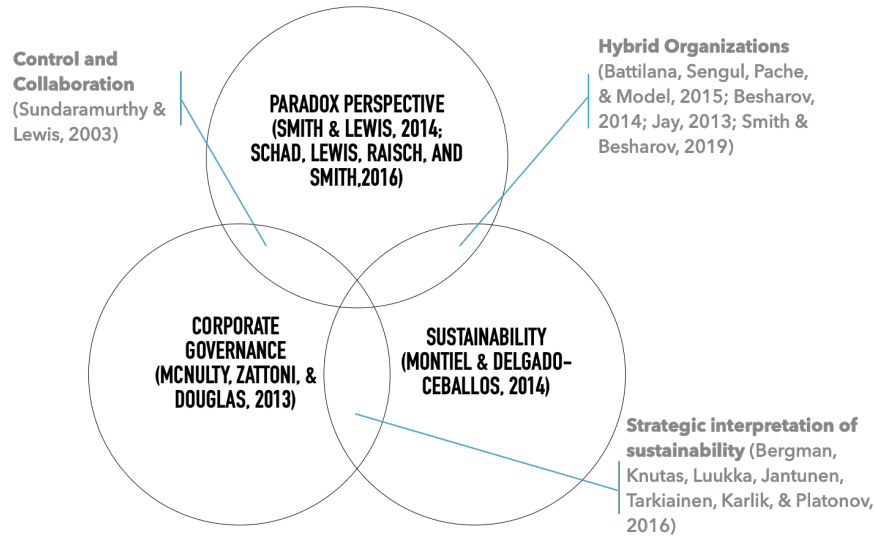
### ***Two Papers Addressing a Need for Theory Generation***

The conceptual work in Paper 1 recognizes a gap in existing literature to adequately describe how sustainability tensions are framed and managed at the board level. This dearth of relevant research supported a qualitative approach to studying their intersection in a corporate board context. Research into sustainability includes related concepts such as social responsibility (Carroll, 1999) and stakeholder responsiveness (Freeman, 1984, 2010) and is relatively mature but still evolving (Dahlsrud, 2008; Latapí Agudelo et al., 2019). However, research into paradox is still in a nascent phase, with most of the empirical research qualitatively focused on theory generation (Fairhurst et al., 2016; Schad et al., 2016; Schad et al., 2019). That said, the paradox research is reaching a phase where researchers are testing early theories quantitatively, resulting in scales measuring the cognitive aspects of paradoxical framing (Miron-Spektor et al., 2011; Miron-Spektor et al., 2018). On the other hand, research into corporate boards is quite mature, but heavily tilted towards descriptive, quantitative analysis. Empirical studies have focused mostly on such input-output relationships as board composition and transparency (Hussain et al., 2018). This research finds support in relatively little qualitative theory-building one might expect, especially regarding board behavior and cognition (Huse et al., 2011). Thus, while early research exists at the intersection of paradox, sustainability, and corporate governance in pairs, almost no research exists at the epicenter of all three (**Error! Reference source not found.**). T

herefore, the first paper addressed this gap by applying a paradox perspective to connect existing literature on sustainability, cognition, and corporate governance.

**Figure 1**

***Intersection of Significant Research Streams***



Paper 2 qualitatively explored the dynamics of acknowledging and managing tensions among directors on boards of for-profit companies. Given the nascent state of relevant theory, the open-ended nature of the research question, and the generally underexplored context of board-level cognition, further qualitative empirical exploration of the phenomenon is warranted (Edmondson & McManus, 2007). Qualitative research is also appropriate when the aim of the study is “exploring and understanding the meaning individuals or groups ascribe to a social or human problem” (Creswell, 2014, p. 4). Managing paradoxes requires cognitive processes at the individual level (Miron-Spektor et al., 2011), cognitive frames that allow people to acknowledge interrelated tensions and embrace those tensions. The paradox mindset contains both cognitive and emotional components (Miron-Spektor et al., 2018). These qualities of paradox meet Creswell and Creswell’s (2017) threshold for qualitative inquiry as an exploration of meaning-making of phenomena by individuals. Reinforcing the impetus for qualitative methods,

scholarship on paradox methodology suggests that research into paradoxes as experienced in the real world pay close attention to the ‘life world of subjects’ to root insights in the particular contexts of the subjects under study (Andriopoulos & Gotsi, 2017).

### ***Epistemological Approach of Pragmatism and Constructivism***

Guba and Lincoln (1994) note four distinct paradigms in qualitative research: positivism, post-positivism, critical theory, and constructivism. Each has its own distinct ontological/epistemological stance, ranging in a sort of continuum from the precise realism/objectivism of positivism to the relativist/subjectivist implications of constructivism on the other end. The theory-building nature of this study would suggest alignment with constructivism or critical theory since that end of the paradigmatic spectrum seeks to construct knowledge via dialogue and dialectic. This approach stands opposed to the hypothesis-testing implicit in positivist/post-positivist perspectives (Guba & Lincoln, 1994, pp. 109-111). However, paradox researchers implore scholars to approach the subject paradoxically (Schad et al., 2016), embracing dualities even at the philosophical level.

Therefore, at its core, this study adopts a pragmatist epistemology (Creswell & Creswell, 2017), which prioritizes the consequences of inquiry rather than the philosophical purity of methodology. The inquiry into the experience of paradoxical tensions is phenomenological. Therefore, since this study seeks to generate and explore theory rather than test it, the methodology employed leans heavily on the constructivist side of the epistemological spectrum.

### ***Grounded Theory***

Grounded theory methodology seeks to explain actors’ responses to dynamic conditions (Corbin & Strauss, 1990). Grounded theory then makes the most sense to explore this phenomenon, since acknowledging and responding to tensions represents a cognitive process at

the individual level (Miron-Spektor et al., 2018). Grounded theory also recommends itself where theory does not exist or where existing theory has not been developed to address the sample under investigation (Creswell & Poth, 2016). The lacuna of theory at the intersection of sustainability and paradox in the context of corporate governance satisfy both conditions. Charmaz's (2014) approach also serves practical needs for this research: its inherent pragmatism allows for consulting literature and exploring propositions while still maintaining minimal distance from the data, and it accepts flexibility in allowing the emerging data analysis to determine the ultimate necessary sample size.

In all, a two-paper approach to first generate theoretical propositions and then to test those propositions empirically is justified epistemologically, theoretically, and methodologically. Historically, concerns with grounded theory have focused on the generalizability of findings due to the likely small sample (less than 50). However, these limitations are counterbalanced by the likely depth of understanding resulting from plumbing the experiences of multiple individuals across a variety of contexts.

## **CHAPTER 3: TOWARDS A CONCEPTUAL MODEL OF SUSTAINABILITY PARADOX GOVERNANCE**

This paper develops a theory of sustainable governance from a paradox perspective. Specifically, it utilizes concepts from paradox theory (e.g., paradox mindset and cognitive framing strategies) to propose relationships between sustainability tensions and efforts to manage those tensions at the board level. The resulting model defines and proposes relationships between theoretical constructs and predicts outcomes (Jaakkola, 2020). This model explains how paradoxes related to sustainability are perceived and embraced by directors on boards of for-profit companies in the United States. It uses existing theory to deduce and propose directional relationships between the presence of a paradox mindset (i.e., a willingness to embrace multiple tensions among competing objectives) and the framing of sustainability tensions in a corporate board context. Currently, no models exist that explain how such framing in corporate governance connects to managing tensions arising from competing sustainability related issues.

### **Need for a New Conceptual Model**

In early 2020, BlackRock CEO Laurence Fink issued his annual letter to CEOs emphasizing that “companies must be deliberate and committed to embracing purpose and serving all stakeholders – your shareholders, customers, employees, and the communities where you operate” (Fink, 2020, para. 23). This letter, from the world’s largest private investment company, echoed calls for a stakeholder focus from the Business Roundtable the prior summer (Business Roundtable, 2019) and seemed to represent a significant shift away from a primary focus on financial returns to shareholders. Meanwhile, in part prompted by the coronavirus pandemic and concurrent reinvigorated movements around racial and climate justice, the World Economic Forum cited that corporate boards, the bodies charged with primary oversight of CEOs

and top management, are beginning to shift their focus towards stakeholder inclusivity. However, the underlying survey data shows strong hesitancy and uncertainty in moving a board's focus from singly serving shareholders to a broad array of stakeholders. In fact, a PwC survey from year before showed a majority of board directors pushing back against grappling with ESG issues (PWC, 2018).

So, a chorus of influential voices are calling for companies and boards to address an increasingly complex web of social and environmental issues alongside the challenges of operating profitably and board members seem uncertain about how or even whether that should be done. Thus, we need to understand how board members think about managing these competing objectives. Most models of board behavior reduce perspective to single motivations, such as agency or stewardship (Hung, 1998; McNulty et al., 2013). We need a new model that can accommodate more complexity of thought and a wider range of responses by individual board members. The paradox perspective, with its emphasis on complexity and uncovering and embracing tensions, seems particularly salient in exploring how board members navigate this increasingly fraught environment.

Research into board behavior is a relatively recent phenomenon (McNulty et al., 2013), with only scattered studies addressing paradoxical tensions, such as collaboration and control (Sundaramurthy & Lewis, 2003). Mason and Doherty (2016) explicitly investigate sustainability tensions, describing tensions arising from the social-economic duality faced by boards governing Fair-Trade Social Enterprises (FTSEs). The authors propose a cyclical model where paradoxes are uncovered (conceptualized) and then addressed. This concept reflects the model proposed by Vallaster et al. (2019), who suggest paradoxical framing as a necessary micro-foundation for the sensing dynamic capability (Teece, 2007) before addressing organizational paradoxes. Since the

paradox mindset is a capability that develops through practice (Miron-Spektor et al., 2018), it makes sense to expect its presence among board members of firms that have successfully managed social and economic objectives simultaneously. However, countervailing research into social enterprise hybrids by Child (2019) proposes that successfully managing dual social-economic tensions might not require paradoxical framing at all, suggesting that a paradox mindset might not need to be present.

The many ambiguities surrounding the way board members navigate the cognitive complexities related to their duties, stakeholders, and sustainability in general demand more work to model their cognitive responses. Generally, however, research into board-level cognition is scant (Brown et al., 2019).

### **Objective of the Development Process**

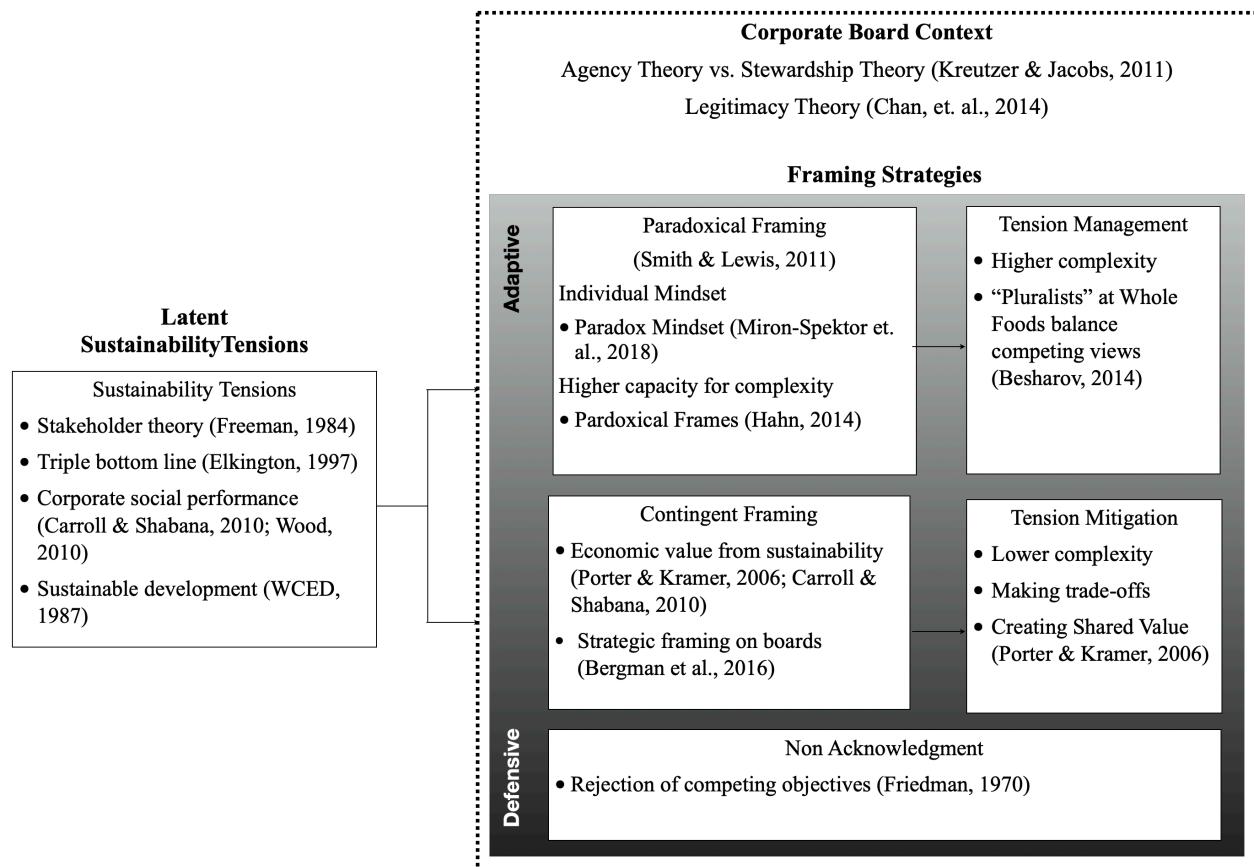
The model developed by this paper seeks to establish potential mechanisms connecting constructs and focusing on causal agents to explain the proposed effects of experiencing sustainability tensions as a corporate director (Cornelissen, 2017). For this study, I seek to understand paradoxical framing as an effect: to what extent do individual directors acknowledge and embrace sustainability tensions as paradoxical? Conceptual inputs to this process model include the various tensions inherent in sustainability and corporate governance as well as the cognitive and affective processes of individuals in response to those tensions. Outputs will include the cognitive frames composed by individual directors around those tensions and the likely behavioral responses that should result from such framing, including the types of responses, defensive to adaptive. Ultimately, these responses will connect to likely reputational and social performance outcomes.

## Conceptual Map Based on the Literature

A provisional conceptual map is provided in Figure 1. Guided by open systems theory, it shows how the literature contributes to sustainability paradox governance and to the model’s development (Scott & Davis, 2015). The paper will seek to establish a broad range of contingent propositions on causes and dependencies within this model to serve as “guideposts for further research” (Cornelissen, 2017, p. 4).

**Figure 2**

### *Conceptual Map of Sustainability, Paradox, and Governance Literature*



This map shows the progression from latent tensions identified in the sustainability and governance literature (inputs) to the strategies developed by scholars and practitioners to frame and then address those tensions (throughputs). Here, the paradox perspective scholars have



offered an alternative to the perceived shortcomings of the dominant business case for sustainability logic as well as normative and integrative approaches to sustainability. The paradox approach to sustainability offers significant insight into the sustainability tensions firms face while raising questions at the holistic and individual level. Epistemologically, researchers have taken holist or individualist perspectives while studying paradox in organizations (Fairhurst et al., 2016). However, researchers viewing paradox as a metatheory recommend taking a both/and approach to theory building itself (Lewis & Smith, 2014). This review accepts that pragmatist approach but adopts an individualist focus on sustainability paradox. It explores the microfoundations of paradox perspectives and applies them to sustainability paradoxes as experienced by board directors.

In this model, board member responses to sustainability tensions can fall on a spectrum from defensive to adaptive. Defensive responses likely range from non-acknowledgement of tensions to contingent responses and adaptive responses embracing tensions paradoxically. Adaptive (defensive) responsive should bear some positive (negative) relationship with the prevalence of the paradox mindset. Board context should also play a role, potentially moderating and/or mediating this relationship. Finally, responses should relate to social performance, with possible positive (negative) feedback loops emerging from high (low) social reputation and framing strategies.

## **Literature Review**

The following sections outline the tensions inherent in theories and concepts related to sustainability, as well as the theories and strategies developed in response to those tensions. Scholarship on sustainability has coalesced around win-win strategies that remove these tensions by tying sustainability outcomes to financial ones (Carroll & Shabana, 2010; McWilliams &

Siegel, 2001; Porter & Kramer, 2006, 2011). However, this approach has prompted concerns about oversimplification, path dependency (Martinez et al., 2017), and insufficiency to meet competing demands appropriately (González-González et al., 2019; Schad & Bansal, 2018). The paradox perspective offers a novel approach that promises greater flexibility, innovativeness, and creativity in meeting various competing demands simultaneously (Hahn et al., 2018), although the research into a sustainability paradox remains unsettled theoretically and conceptually (Schad et al., 2019). The need for greater clarity on sustainability paradox is especially pronounced in the context of corporate boards. Boards play a central role in prioritizing sustainability efforts, yet they remain a relative black box (Jain & Jamali, 2016).

As a result, this research exploits a nascent overlap of three significant streams of literature, including sustainability scholarship, research into paradox perspectives, and research into board dynamics and cognitive processes. The management literature on sustainability in all its definitions is vast; a recent Scopus search for terms related to sustainability (enumerated below) in the business and management literature returned over 70,000 articles. The paradox literature is a more bounded set; Schad et al. (2016) uncovered over 700 articles (limited to higher impact factor journals) before narrowing their review to 133, noting that the body of literature on the subject had grown significantly over the prior 25 years. However, this research is still in its comparatively early stages and establishing possible directions at the conceptual level (Cunha & Putnam, 2019; Schad et al., 2019). While research into corporate governance is mature, it has mostly taken an outside perspective with a distinct lack of research based on “direct engagement with the actors and settings involved in governance phenomena” (McNulty et al., 2013, p. 184). Research into the cognitive processes of board members is also scarce (Brown et al., 2019). Intersectional research exists at the periphery of these three research

streams, but this study will exploit a gap at its center to focus specifically on sustainability paradoxes experienced by boards.

### ***Inherent Tensions Resulting from Sustainability in Management***

These different perspectives suggest that the modern history of sustainability in business has always been fraught with tensions surrounding its definition, its appropriateness, and even its legality (Bowen, 2013; Carroll, 1999a; Friedman, 1970). This study uses the term sustainability to encompass a variety of concepts associated with CSR, including sustainability, corporate social performance, ecological sustainability, and more (Montiel & Delgado-Ceballos, 2014). Montiel and Delgado-Ceballos (2014) observe that “a standardized definition of [corporate sustainability] does not exist,” (p. 122) but note that commonality exists around a tripartite definition that includes environmental, social, and economic dimensions. Thus, in the absence of a formal, standard definition, this study will adopt Bansal’s (2005) definition that views corporate sustainability as actions that promote environmental integrity, social equity, and economic prosperity.

Sustainability tensions extend further. What does sustainability encompass (Elkington, 1994; Freeman, 1984; Wood, 1991) and how does it relate to strategic alignment (McWilliams & Siegel, 2001; Porter & Kramer, 2006, 2011)? Regarding appropriateness, sustainability’s earliest question was if businesses owed anything at all to society. CSR proponents faced an emphatic no to that question, crystallized in Friedman’s (1970) assertion that the firm’s sole responsibility is to generate profit. Debates over that central tension have generated an ever-widening array of polarities and competing obligations.

Most of the literature propose long-term firm benefits resulting from strategies that address sustainability in some capacity. The most significant emphasis has been on contingent

approaches that generate fit between contradictory aims (Haffar & Searcy, 2017; Van der Byl & Slawinski, 2015). These contingent approaches propose various strategies to reconcile these tensions by focusing on strategic alignment. A minority of scholars advocate for normative primacy over instrumental concerns (Evan & Freeman, 1988); in short, doing good should take precedence over making money. Others push for complex integrative systems that would accommodate both objectives (Wood, 1991; Worley & Mohrman, 2015). The majority of research has settled on efforts towards making the business case for CSR (Carroll & Shabana, 2010), a win-win approach that argues that if performed properly, investing in CSR would result in benefits to the firm (Van der Byl & Slawinski, 2015).

Scholars have supported the business case proposition using prominent management theories, such as the resource-based view of the firm (Vilanova et al., 2009). It argues that a sustainability-oriented strategy will allow firms to secure hard to imitate resources leading to competitive advantage. Others took a theory of the firm perspective (Carroll, 1999a; McWilliams & Siegel, 2001) to argue that firms make sustainability investments that would generate the most return. In the practitioner literature, Porter and Kramer (2006, 2011) adapted Porter's (1980, 1985) industrial organization-based competitive advantage model to address sustainability strategically. Through their construct of shared value creation and its emphasis on the impacts and opportunities presented by value chain activities, the model promised to infinitely scale the opportunity for social impact while generating financial return (Porter, 2013). The business case perspective (that social responsibility can and should be good for the bottom line) has become the dominant logic in scholarly sustainability research (Hockerts, 2015). For more on the business case approach, readers should consult an overview by Carroll and Shabana (2010) and

Hockerts (2015) for a more recent comparison between the business case and competing perspectives, including paradox.

### ***Challenges with Sustainability Tensions***

Despite the prominence of the business case, some researchers worry aloud that while sustainability has never been more prevalent in corporate communications, current approaches have failed to substantively address existing global social and environmental challenges (González-González et al., 2019). Aside from companies actively fighting against greater socio-environmental accountability, such as ExxonMobil's recent (and ultimately futile) moves to guard against climate activists gaining access to their board, companies with less tarnished ESG records can find subtle ways to avoid addressing their material ESG issues. For example, Coca-Cola managed to reframe their unhealthy food and drink choices as a consumer challenge to exercise more (Pinkse et al., 2019). Furthermore, larger companies can also combine good sustainability practices with activities elsewhere that counteract those positive effects, such as Toyota marketing environmentally friendly hybrid cars while simultaneously lobbying against raising fuel standards (Marques & Mintzberg, 2015).

Scholars challenging the instrumental logic behind the business case approach find fundamental flaws in it due to oversimplification and isolation of variables. Gao and Bansal (2013) noted that scholarship supporting the business case often treats sustainability measures and financial measures as distinct and isolatable. This view ignores the inherent interdependence between these variables (Crooke et al., 2015) and their connection to broader systems and sustainable development (WCED, 1987). Moreover, business case logic can actually reduce the intended social benefit it is meant to enable, such as business case diversity efforts engendering bias against inclusion or actively making women feel unwelcome (Kaplan, 2020). Margolis and

Walsh (2003) voiced concerns that framing the social actions of firms in economic terms “risks omitting the pressing descriptive and normative questions raised by these tensions, which when explored might hold great promise for new theory and even for addressing practical management challenges” (p. 280). The authors challenged researchers to embrace and explore the tensions between social and economic imperatives, rather than wish them away through theory.

### ***The Paradox Perspective***

Ultimately, most theory on corporate sustainability to date sidesteps the interlocked nature of the many tensions inherent in embedding sustainability into for-profit enterprise. These contradictory yet interdependent sustainability challenges fit into the very definition of paradox: “contradictory yet interrelated elements that exist simultaneously and persist over time” (Smith & Lewis, 2011, p. 382). Paradoxes, like dialectics and dilemmas, involve tension but bear notable distinctions. Synthesis can resolve dialectic tensions, whereas paradoxical tensions persist through time. Moreover, dilemmas present tensions as an either/or choice between distinct mutually exclusive options, whereas paradoxes defy clear cut choices or compromises (Lewis & Smith, 2014).

Seen through a paradox lens, sustainability tensions align with the paradox pre-conditions of plurality, scarcity, temporality, and complexity (Lewis, 2000; Smith & Lewis, 2011). Tensions involving plurality (meeting simultaneous but competing obligations) can be seen in stakeholder theory (Freeman, 1984) and in Elkington’s (1994) TBL concept. Both frameworks suggest that organizations bear responsibility to generate social, environmental, and economic outcomes. They also prompt confusion as to how decision-makers should allocate resources to meet these competing demands (Schwartz & Carroll, 2008). This confusion created tensions involving scarcity (working with limited resources to meet outsized demands). In contrast to the balanced

demands of the TBL, Carroll and Shabana's (2010) pyramid model of corporate social performance places economic concerns at the foundation of business imperatives, which include in descending importance, legal, ethical, and finally discretionary philanthropic responsibilities. These, and related schemes, attempt to integrate social and financial performance under one rubric but limit themselves by providing categories of obligation, but not principles upon which to act (Wood, 1991).

Finally, the Brundtland Commission's concept of sustainable development introduces a temporal set of tensions for businesses by asking them to think about the consequences of their actions on future generations (WCED, 1987). All these tensions fit into system-level challenges that entail all the tensions above and represent overarching complexity. For example, many sustainability issues appear as symptoms or aspects of larger challenges, such as climate change, poverty, and economic opportunity disparity. This kind of wicked problem has "innumerable causes, is tough to describe, and does not have a right answer" (Camillus, 2008, p. 2). These large-scale, intractable problems defy linear thinking due to their elusive boundaries, poor definability, and interdependence (Rittel & Webber, 1973). Such problems also definitionally defy simple calculus to determine solutions, which likely require broad, multi-stakeholder, and longitudinal efforts.

### ***Framing Paradoxical Tensions***

The paradox literature suggests that tensions are both inherent and socially constructed (Lewis & Smith, 2014), but must first be rendered salient through cognition and sense making. Once salient, individuals respond to tensions with a variety of strategies. Defensive strategies attempt to avoid tensions altogether or approach them contingently, attempting to mitigate tensions through trade-offs (Lewis & Smith, 2014). Adaptive strategies (sometimes referred to as

active or strategic responses) acknowledge and embrace the persistence of tensions and therefore seek to manage them as paradoxes (Jarzabkowski et al., 2013; Smith & Lewis, 2011).

Inherent paradoxes lie latent until they become salient by individuals recognizing (Smith & Tushman, 2005) and acknowledging them (Schad et al., 2016). Individuals must use cognitive and emotional processes to make sense of such complexity in order to act (Lewis, 2000). These processes result in the formation of a cognitive frame, alternately defined by Walsh (1995) as a knowledge structure, schema, or “mental template that individuals impose on an environment to give it form” (p. 281). Cognitive frames differ by both content (the bounded set of knowledge assembled within a frame) and structure (how that knowledge is organized and the web of connections that form between the elements within the frame) (Walsh, 1995).

An individual’s cognitive complexity, or the ability to comprehend a wide variety of factors or dimensions of an issue while also seeing a wide web of interconnections between those factors (Bartunek et al., 1983), plays a determinant role in this process. Building a cognitive frame results from scanning for relevant information and interpreting where the individual attaches meaning to that information (Thomas et al., 1993). In addition, emotional responses help guide the structure and content of the frame. Positive affect will help the individual widen the complexity of the information being scanned, while negative affect will prompt a narrowing effect (Sharma & Good, 2013). The content and structure of a cognitive frame inform an individual’s interpretation of a situation and then guides that individual’s response (Walsh, 1995). In effect, these frames encapsulate how we think and feel about tensions, like those inherent in corporate sustainability, and determine our responses to them, which can be negative or positive depending on the type of framing employed (Hahn et al., 2014).



### ***Defensive Responses: Non-Acknowledgment and Contingency***

Negative or defensive responses include ignoring tensions outright, seeking resolution, and creating contingencies (Lewis & Smith, 2014). At the most extreme, individuals confronting paradoxes can repress them through contradicting, denying, or mentally blocking their existence (Lewis, 2000). Aside from outright suppression, other responses designed to deny the existence of tensions include compartmentalization of tensions or opposition to one or another element (Jarzabkowski et al., 2013). Denying the existence of a paradox may grant temporary relief, but ironically can serve to intensify the paradoxical tension (Lewis, 2000). Friedman's (1970) repudiation of social responsibility for for-profit firms represents such a denial of paradox, though this view is considered quite extreme today, where most researchers accept the need for some form of sustainability (Carroll & Shabana, 2010).

Far more prevalent in the sustainability literature are strategies that seek to accommodate the existence of a paradox through contingency, compromise or accommodation of both sides of the polarity (Jarzabkowski et al., 2013; Lewis, 2000). These responses can stem from a desire for consistency-seeking contingencies that "mediate inconsistent ideas" (Smith & Tushman, 2005, p. 525). Such contingent thinking undergirds the business case approach to sustainability (Hahn et al., 2014), which has focused on contingent approaches that generate fit between contradictory aims (Haffar & Searcy, 2017; Van der Byl & Slawinski, 2015). This approach seeks alignment with contingent conditions to maximize some previously determined measure of performance (Drazin & Van de Ven, 1985; Smith & Lewis, 2011). However, this approach treats paradoxes as dialectics, ignoring the irreconcilability of the contradicting elements and therefore setting up the same potential for increasing tensions as outright repression would. This is the chief criticism of the business case framing – by putting economic interests above socio-environmental, one is able

to create the illusion of harmony between objectives by artificially reducing the complexity and sense of control over outcomes (Hahn et al., 2014).

### ***Adaptive Responses: Paradoxical Framing***

In contrast to defensive responses, paradoxical framing represents a more adaptive response to tensions (Lewis & Smith, 2014; Smith & Lewis, 2011). Smith and Tushman (2005) describe paradoxical frames as “mental templates in which managers recognize and accept the simultaneous existence of contradictory forces” (p. 526). Paradoxical framing done well becomes a superior ability to differentiate competing logics and then integrate those logics to uncover synergies (Smith & Tushman, 2005). In such a frame, sensemaking establishes that the tensions are not resolvable (Lüscher & Lewis, 2008), while positive affect helps the individual widen the complexity of the information being scanned (Sharma & Good, 2013).

Researchers thus argue that individuals who routinely construct paradoxical frames can possess the capability and propensity to establish paradoxical frames (a paradox mindset), indicating an innate propensity to surface tensions and construe them as paradoxes (Bartunek et al., 1983; Lüscher & Lewis, 2008). Furthermore, they argue thinking paradoxically is not an innate trait, but a skill that individuals can develop through practice (Lewis & Dehler, 2000). Sharma and Good (2013) also suggest that a capacity for emotional complexity and reflexivity can help individuals to improve positive emotional responses during scanning and interpreting, expanding the resulting frame. Therefore, paradoxical frames and the paradox mindset are distinct yet interconnected constructs. In short, the paradox mindset enables the individual to construct the paradoxical frame. In their dynamic equilibrium model of paradoxical organizing, Smith and Lewis (2011) posit that this mindset, as part of paradoxical cognition, works alongside

environmental factors of scarcity, plurality, and change to help individuals render paradoxical tensions salient.

In optimal cases, this framing allows constructive engagement with a wider variety of issues in conflict (Besharov & Smith, 2014). This increased level of differentiation and integration through paradoxical framing can also contribute to creativity by increasing the capacity to tolerate conflicting ideas and using that conflict to generate alternatives (Miron-Spektor et al., 2011). Paradoxical framing engages and embraces tensions, encouraging actors to proactively manage them through various strategies of acceptance, confrontation, and transcendence (Lewis, 2000; Lewis & Smith, 2014), which can be employed in isolation or in dynamic combination (Smith & Lewis, 2011). Such strategies leverage those tensions for creativity, innovation, and positive change (Jay, 2013; Lewis & Smith, 2014; Lüscher & Lewis, 2008). For example, Besharov (2014) found that paradoxically minded pluralists at a natural grocer accepted competing goals of mission and profit as interlinked. They confronted the tensions by routinizing the mission and transcended the tensions by creating integrative solutions to achieve both goals. This dynamic response to paradox enabled other more ideologically inclined team members to overcome their defensive responses to tensions.

Applying a paradoxical approach could bring several distinct advantages that support an alternative approach to sustainability. Situating sustainability tensions within paradoxical frames is logically appropriate since paradoxes become salient under the same conditions of plurality, scarcity, temporality, and complexity that surround sustainability challenges as mentioned above (Lewis, 2000; Smith & Lewis, 2011). Amidst these conditions, paradoxical thinking allows one to shift away from either/or propositions to a more inclusive both/and disposition (Lewis &

Smith, 2014), a thought not lost on early paradox scholars (Smith & Tushman, 2005). According to Hahn et al. (2018),

...a paradox perspective on corporate sustainability not only considerably widens the scale and the scope of corporate contributions to sustainability; it also offers the theoretical foundations for a conceptualization of corporate sustainability that removes the limitations that result from the primacy of business benefits over environmental and social concerns. (p. 239)

Yet, only a handful of studies uncovered for this review specifically examine the idea of paradoxical thinking about sustainability. For example, there is evidence paradoxical thinking plays a role in managing tensions within social enterprises, a type of so-called hybrid organizations that choose to elevate their social mission to the same level if not above financial objectives (Besharov, 2014; Jay, 2013). These organizations provide fertile ground for exploring sustainability paradoxes due to the explicitness of their dual mission (Smith et al., 2013; Vallaster et al., 2019). Jay (2013) suggests that by acknowledging sustainability paradoxes through reflexivity, people can then put the paradoxes through a sensemaking process. Making them salient can result in innovation. Also, in a study of a natural food store facing mission/financial tensions, Besharov (2014) notes that the paradox mindset did not distribute evenly among members, but a minority of pluralists helped the organization make the tensions salient. These pluralists even helped develop paradoxical thinking in others. So, even within a context where tensions between objectives are explicit, such as a social enterprise, balancing financial vs. mission goals or serving multiple stakeholders simultaneously does not automatically prompt paradoxical framing or guarantee a paradox mindset among members.

Paradox researchers have established the benefits of organizational actors applying paradoxical frames to tensions outside of sustainability. Smith et al. (2010) demonstrate how senior leadership teams embrace paradox to create distinct yet complementary business models designed to simultaneously explore and exploit. Lüscher and Lewis (2008) demonstrated how executives at the Danish company LEGO could apply a paradox lens to help them navigate the intricacies of a major restructuring. Vallaster et al. (2019) suggests that framing things paradoxically promises to increase entrepreneurial responses in firms.

Despite the promise of thinking paradoxically about sustainability, our understanding of its prevalence, let alone its mechanics, is limited. Research into paradox as it relates to sustainability is in its very early stages (Hahn et al., 2018). Of the few dozen empirical articles researching sustainability paradox surfaced for this study, only a handful focused on individual-level experiences, revealing a relative lack of research into individual approaches and the dynamics of paradox compared to the predominance of studies focused on collective approaches and outcomes (Schad et al., 2016).

### ***Boards and Sustainability Tensions: Untraveled Territory***

The corporate board context represents a unique perspective on how sustainability is likely to be viewed from the firm in general. Corporate boards serve a distinctive role in for-profit firms as the “common apex of the decision control systems of organizations, large and small” (Fama & Jensen, 1983, p. 311) and for public companies serving as the link between shareholders and management (Forbes & Milliken, 1999). Boards are therefore both part of yet stand apart from their respective organizations, standing as intermediaries between internal and external forces of power over the firm (Mintzberg, 1983). Broadly, Zahra and Pearce (1989) define the roles of the board as strategy, control, and service: respectively guiding management

on goals and helping formulate and refine mission, performing necessary checks and balances by monitoring management's performance and intervening where necessary, and finally serving as links between the firm and its external environment. Functionally, boards are charged with a variety of oversight duties including appointing or advising the hiring and compensation of the CEO and senior management, overseeing and reviewing financial objectives and auditing of finances, as well as general oversight of firm business practices (Eisenberg, 1993). Mintzberg (1983) notes that discharge of these board duties can be highly variable depending on board composition as well as situationally dependent.

More significant, however, these roles bear implicit tensions if not outright contradictions. Researchers have highlighted board-level tensions, including the appropriate exercise of power (loose vs. tight) over senior management and balancing collaboration vs. personal independence (Demb & Neubauer, 1992). These conflicts relate to potentially incongruent theories of governance including agency, stewardship, and legitimacy theories which entail obligation to shareholders, stakeholders, and societal expectations in different measures (Chan et al., 2014; Kreutzer & Jacobs, 2011). These competing roles and identities within the board context also help individuals form heuristics for sense making and interpretation (Golden-Biddle & Rao, 1997). Navigating these roles likely works alongside the paradox mindset to help individual directors construct cognitive frames around sustainability and rendering tensions salient.

Furthermore, board level conflicts might be even more complex than the above discussion suggests. Individuals typically hold multiple roles and multiple role identities in organizations (Stryker & Burke, 2000). Role salience derives from alignment between these multiple identities, which can be highly situationally dependent (Ashforth & Fugate, 2001).

While research suggests that multiple identities can enable greater ability to manage varied situations, an overabundance of nested identities can lead to greater identity conflict especially when conflicting organizational goals place competing claims on individuals (Ashforth & Mael, 1989, 1996).

In a board context, focusing on the distinct roles of monitoring and resource provision played by corporate directors, Hillman et al. (2008) argue that role conflict among board members will be a function of role misalignment. However, board members likely face more than a duality of competing roles in performing their duties. Hung (1998) outlines six role types, each aligned with a corresponding theoretical basis, which boards collectively play in their organizations. These role types ranged from roles influenced by extrinsic factors (i.e., linking, coordinating, control, and strategic) to those influenced by intrinsic factors (i.e., maintenance and support). We also know that these roles conflict paradoxically with one another, such as the conflict between control and collaboration explored by Sundaramurthy and Lewis (2003), or the paradox of control and coaching determined by Agency and Stewardship theory, respectively (Kreutzer & Jacobs, 2011). Even within sustainability governance, role conflict can emerge between organization-oriented roles, including direction-setting and conformance roles, and society-centered roles, including social networking and social participation (Hung, 2011). Hung (1998) argues that all types likely operate simultaneously, with boards collectively playing multiple roles. Social identity theory would suggest that if multiple role types are operative at the collective level, then individual directors are likely to identify with, and therefore play, multiple roles within the board collective (Ashforth & Fugate, 2001; Ashforth & Mael, 1989).

Employing the types of tensions categorized by Smith and Lewis (2011), we can frame these role conflicts as various combinations of paradoxical tensions (Table 1). Paradox research

suggests that tensions between these various board roles likely exist ontologically even if they are not rendered salient by board members (Schad & Bansal, 2018). Moreover, since board members likely take on more than one role over time, and perhaps multiple roles simultaneously, the potential combinations of nested tensions experienced by a single director grow increasingly large and complex.

**Table 1**

*Types of Tensions Arising from Competing Board Roles*

Board Role (theory)	Characteristics	Types of Tensions
Linking role (resource dependency theory)	Interorganizational resource linking	Learning, Performing, Organizing
Coordinating Role (stakeholder theory)	Balancing competing stakeholder interests	Performing, Organizing, Belonging
Control role (agency theory)	Limiting agent's self-interest	Performing, Belonging
Strategic role (stewardship theory)	Aligning with management over shared mission	Performing, Belonging
Maintenance role (institutional theory)	Preserving the essential qualities of the organization	Learning, Performing, Organizing
Support role (managerial hegemony)	Enabling management	Organizing, Belonging
Normative role (legitimacy theory)	Meeting societal expectations	Learning, Performing

A limited number of studies explicitly approach board dynamics from a paradox perspective (Solomon & Huse, 2019) and even fewer explore that phenomenon at the cognitive and/or affective level. Those that do tend to approach that intersection obliquely through survey or publicly available data (Bergman et al., 2016; Brown et al., 2019; Kreutzer & Jacobs, 2011; Solomon & Huse, 2019). Forbes and Milliken (1999) authoritatively established the field of



board dynamics at the cognitive level with their studies connecting board cognition and conflict to task performance. However, follow-on research into socio-cognitive dynamics between board members remains scant (Brown et al., 2019) and that is especially true with respect to sustainability concerns. A few studies have explicitly examined board-level paradoxical tensions. Sundaramurthy and Lewis' (2003) conceptual paper stands out by most closely aligning with paradox as metatheory construct that pervades the paradox literature (Lewis & Smith, 2014). In it, Sundaramurthy and Lewis (2003) examine control and collaboration as competing yet interconnected board objectives, proposing that paradoxical thinking can help create self-correcting cycles of alternating agency and stewardship responses resulting in strategic flexibility. Other studies establish ideal types of paradoxical coaching and control governance behaviors in European civil society organizations (Kreutzer & Jacobs, 2011), as well as showing a curvilinear relationship between board socio-cognitive conflict and heightened regulatory accountability under Sarbanes-Oxley (Brown et al., 2019).

Research into board contributions to sustainability tend to focus on inputs, including composition and diversity (Walls et al., 2012), outputs, including reporting (Brammer & Pavelin, 2006; Mallin et al., 2013; Rodrigue et al., 2013), and to a more limited extent, performance (Hussain et al., 2018). Other research has holistically explored the structural relationship of sustainability and corporate governance in its relationship to corporate strategy (Jamali et al., 2008). For example, Lawler and Worley (2012) outline the need for boards to structure themselves differently to integrate a triple bottom line perspective into their remit, likely resulting in trade-offs when actions that are not positive to all three areas of sustainable effectiveness are under discussion. However, these approaches overlook the contribution of individual board members in corporate governance as a process, let alone sustainability as an

outcome. Moreover, researchers advocating for stakeholder views of corporate governance admit these are in the minority and likely to run counter to prevailing agency approaches, which align more with shareholder primacy (Mason & Simmons, 2014).

One of the very few studies on board sustainability paradoxes at the cognitive level uses surveys to back into salience through measuring issue distance in a sample of European cleantech companies, finding a low degree of cognitive diversity among board members on strategic issues and low sustainability salience (Bergman et al., 2016). Given the lack of developed theory in the cognitive mechanics of board members, this quantitative approach gives a well-developed picture of the structure of board cognition on sustainability salience but fails to address the more pressing issue of why such salience takes the shape that it did; this is a limitation which Bergman et al. (2016) themselves suggest further research might address.

### **Principles Guiding Model Development**

Theory fundamentally answers the question why, or “the connections among phenomena, a story about why acts, events, structure, and thoughts occur” (Sutton & Staw, 1995, p. 378). Strong theory includes explanations of processes (often microprocesses) that form the root of phenomena (Sutton & Staw, 1995), contains descriptive and explanatory elements (Whetten, 1989), and features both originality and durable utility to both science and practice (Corley & Gioia, 2011). Robust conceptual models generate novel propositions with sufficient scope that move beyond existing theory, as well as clear cause and effect relationships (Cornelissen, 2017).

Regarding scope, Cornelissen (2017) warns that many proposition-based conceptual papers present overly narrow propositions that hew too closely to existing literature. Increasing scope of theory means applying *prescience*, making theoretical contributions that produce conversations necessary to meet pressing needs faced by organizations (Corley & Gioia, 2011).

Corley and Gioia (2011) urge taking a long-term focus to improve scope, relevance, and utility of theoretical contributions. This model proposed herein employs a suitably broad scope to address a historically significant dynamic phenomena likely to grow in significance in the future.

Regarding novelty and causality, researchers have conceptually mapped the intersection of paradox and corporate governance (Sundaramurthy & Lewis, 2003), sustainability and paradox (Battilana et al., 2015; Besharov, 2014; Jay, 2013; Smith & Besharov, 2019), and, to a lesser extent, sustainability and corporate governance (Bergman et al., 2016; Jantunen et al., 2016). The intersection of all three theoretical streams is underexplored, but exposing this gap by itself does not represent a contribution to theory, because it does not explain the relationships proposed or the mechanisms of causality (Sutton & Staw, 1995). By focusing on end-to-end relationships of the sustainability paradox governance process, this model seeks to generate meaningful theory that explains a causal process from sustainability tensions, through salience, and finally to framing within the mind of a corporate director. Such a causal model avoids the traps that separate meaningful theorizing from diffuse approximation (Weick, 1995).

### **A Process Model of Sustainability Paradox Governance**

From a developmental process perspective (Van de Ven, 1992), we can see how the Smith and Lewis (2011) dynamic equilibrium approach adapts to the peculiarities of board members' experience. The current model follows Smith and Lewis (2011) by starting with the method by which individual directors encounter latent sustainability tensions (Figure 2, Box A). These tensions include those implicit in various sustainability theories, including stakeholder demands of stakeholder theory (Freeman, 1984, 2010), challenges with allocating resources to meet triple bottom line (i.e., people, planet, and profit) objectives (Elkington, 1994), the ranked hierarchy of objectives in corporate social performance (Carroll, 1991; Carroll & Shabana,

2010), and finally the temporal challenges of simultaneously meeting the needs of tomorrow and today (WCED, 1987). To this list of tensions, we add the role-specific tensions identified in Table 1 that directors might experience (Figure 2, Box B). Each of these frameworks is laden with the paradoxical preconditions of scarcity, plurality, and change (Lewis, 2000; Lewis & Smith, 2014) that, under the right conditions, can push individuals to render paradoxes salient.

Proposition 1. Sustainability tensions and role tensions should combine to increase the chances that tensions are rendered salient by directors.

Next, prompted by sustainability tensions, directors undergo a sense making process to build a cognitive frame around the tensions experienced (Sharma & Good, 2013; Sharma & Jaiswal, 2018). Since role conflicts intertwine with stakeholder conflicts (Hung, 1998, 2011), the cognitive frame for sustainability necessitates navigating both role and sustainability conflicts simultaneously. Given their multiple role identities, directors render paradoxes salient based on their level of intrinsic paradox mindset and their ability to embrace multiple roles on their respective boards (Figure 2, Box C).

Proposition 2a. A greater prevalence of paradoxical mindset/framing should render more sustainability paradoxes salient.

Proposition 2b. Greater acknowledgment of multiple roles will likewise render more role paradoxes salient.

Once salient, tensions provoke a response on a spectrum from adaptive to defensive (Figure 2, Box D). Defensive responses lead to mitigation strategies including contingent win-win approaches to outright issue avoidance at the extreme (Figure 2, Box E). More adaptive responses embrace the tensions as paradoxical (creating paradoxical frames), leading to strategies that accept tensions and thus demand complex responses to meet competing objectives and pluralistic behaviors (Figure 2, Box F).

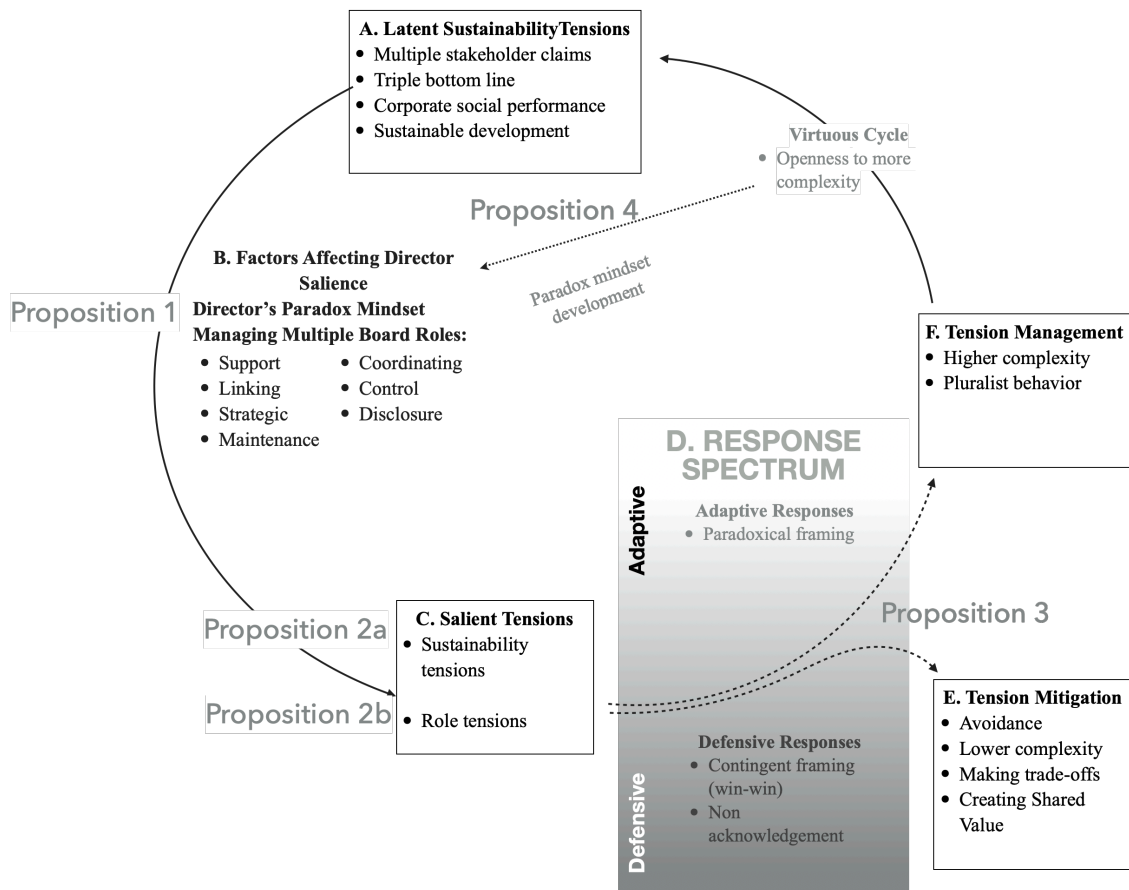
Proposition 3. Prevalence of a paradox mindset should correlate to more adaptive framing; less prevalent paradox mindsets should result in more contingent framing or non-acknowledgement.

These responses further create a virtuous cycle wherein, having embraced paradox, the individual is now open to greater complexity of thought and can further develop a paradox mindset.

Proposition 4. Virtuous cycles: successful management (acceptance) of sustainability tensions should positively influence further salience of additional sustainability paradoxes.

**Figure 3**

*Sustainability Paradox Governance as a Cognitive Process*



This model of sustainability paradox governance provides benefits to both theory and practice. It advances theory by using the paradox perspective to fill a critical gap in the sensemaking process of managing sustainability tensions in a board context. Specifically, it proposes a novel integrative structure to describe how board members move from sustainability tensions to responses. Furthermore, by integrating the concepts of competing board roles and their relative socio-cognitive implications on stakeholders, strategy, stewardship and more, this model likely reflects the complexity faced by directors as they make sense of sustainability tensions. Finally, it advances the corporate governance theory by focusing on social and cognitive processes as a qualitative phenomenon, rather than relying on deductive hypothesizing based solely on agency theory.

This model may also provide benefit to three key practitioner stakeholders: investors, executives, and board members themselves. Investors interested in improving sustainability performance while maintaining strategic and financial performance can use this model to better understand how directors on boards are likely to frame the tensions that arise from such issues. These investors can use this insight into better interpreting communications from boards and structuring interactions with them to better balance both social and financial objectives. Likewise, senior executives can use these insights to improve their working relationships with boards that help foster more complex framing of sustainability tensions, and therefore more adaptive strategies to respond to them.

Finally, board members can use these insights to structure their interactions to recognize defensive responses to tensions and promote more adaptive responses that will likely result in positive feedback loops. Board and committee chairs might use these insights to recruit members

with higher degree of the paradox mindset, including comfort with tension and the ability render paradoxes as salient, to improve board level responses to sustainability tensions going forward.

Further empirical research should seek to extend understanding on how these dynamics operate in a board context. Specifically, researchers should test the validity of and if necessary, expand upon the propositions put forth in this study by examining the lived experience of board directors as they encounter sustainability issues.

## **CHAPTER 4: BOARD-LEVEL SUSTAINABILITY PARADOXES: HOW CORPORATE DIRECTORS EXPERIENCE SUSTAINABILITY TENSIONS**

In the spring of 2021, as former Best Buy CEO Hubert Joly was stepping down from chairing its board, he wrote a reflective piece for the Harvard Business Review. He described how the prior year had impressed on him the need for business to change its relationship with society (Joly, 2021). According to Joly (2021), the overlapping crises of the pandemic, the mass protests in response to the George Floyd murder, and worldwide acknowledgment of a climate crisis provided the final nail in the coffin for the shareholder primacy view expounded by Friedman (1970). This call for stakeholder capitalism echoes in the 2019 Business Roundtable letter (signed by almost 200 CEOs in the U.S. industry) and recent annual letters to CEOs penned by Lawrence Fink, CEO of Blackrock, the world's largest private investor (Fink, 2020). These letters call for a new purpose of business, meeting broad social and environmental goals. Joly's perspective as a board member is a significant addition to this call as corporate boards represent a critical link between investors like Blackrock and the CEOs on the Business Roundtable, serving as agents to the former and stewards of the businesses run by the latter.

Joly (2021) is notably optimistic about the ability of business to "be part of the solution to challenges" (p. 4). His prescription for this transformation included idealistic steps such as "putting purpose and people at the center" (Joly, 2021, p. 11) of the company no matter the circumstances. Most important, he boldly mandated that companies must stop trading off among stakeholders but rather "choose 'and' rather than 'or' ... and serve all stakeholders in word and deed" (Joly, 2021, p. 11). These are inspirational words from such a seasoned retail veteran. However, this charge raises significant questions that very likely would have come up in Mr. Joly's boardroom, questions about how to address tensions between the business model and the



social and environmental sustainability goals that Best Buy consistently garners praise for trying to meet. For example, how would board members genuinely meet customers' needs while also significantly reducing emissions and mitigating the social inequities of sourcing electronics in low-cost producing countries? Could board members back aggressive efforts to achieve significant reductions in e-waste when the consumer electronics industry is increasingly reliant on reducing rather than extending the useful lifespans of everyday electronics (Circular, 2020). And could all these competing objectives be met while providing a living wage to its 100,000 employees and maximizing returns to shareholders?

In organizational settings, dualities and conflicts abound, involving multiple short, medium, and long-term objectives involving various stakeholders with competing demands. Organizational scholars label such persistent yet interconnected contradictions paradoxes (Lewis, 2000; Smith & Lewis, 2011). Increasing demands for sustainability (the need to create positive impact for society and the planet) amplify and add to these organizational paradoxes in for-profit companies. Directors serving on corporate boards already face competing objectives, such as combining oversight with senior management collaboration or representing shareholder interests while also ensuring the firm's long-term viability. Demands to embed sustainability into their mandate expand these pressures. However, researchers understand little about how board members think about such forces, if they perceive tensions between these competing objectives, and how that thought process affects their responses to them.

The purpose of this research was to gauge how directors on boards of for-profit companies experience and embrace paradoxes related to sustainability. Specifically, it will examine how a paradoxical framing (a willingness to embrace multiple tensions among

competing objectives) links to the types of sustainability paradoxes experienced by these board members.

This paper bases itself in the relevant literature on organizational paradox, governance, and sustainability. The conceptual work by Bikel (2021), which based the framing process in the literature, is the point of departure. Bikel (2021) combines with this one to serve as a single doctoral dissertation and so both can be taken as complements to one another: the conceptual work informing what to expect from the literature, and this study, which empirically tests and expands on those expected relationships among actual board members. In addition, I will describe relevant findings in related fields of cognition, construal, and implicit coordination, which emerged as themes from the research. A brief description of the qualitative methods follows. The constructivist approach using grounded theory to generate conceptual propositions from in-depth semi-structured interviews with corporate directors is highlighted. Finally, the findings are presented and include the proposed process model and associated propositions, followed by a discussion of implications for theory, practice, and future research.

## **Literature Review**

Grounded theory methodology typically asks researchers to hold back from seeking out relevant theory too early in the research process, to help researchers maintain an open mind, prevent forced application of preconceived ideas, and let the data guide the theorizing (Corbin & Strauss, 1990; Glaser & Strauss, 2017). However, taking a pragmatist, constructivist approach (Charmaz, 2014), this research allowed for some prior theory to help guide expectations non-committally without jeopardizing inductive analysis (Urquhart & Fernández, 2016). Therefore, the conceptual model of sustainability paradox governance (Bikel, 2021) suggested the likely significance of theory related to paradox cognition (Hahn et al., 2014; Miron-Spektor et al.,

2018), salience and types of salient paradoxes (Lewis, 2000; Lüscher & Lewis, 2008; Smith & Lewis, 2011), board roles and identity (Hung, 1998), and adaptive or defensive responses to paradoxical tensions (Sharma & Good, 2013; Smith & Lewis, 2011).

An initial analysis of the data indicated that various perceptions of abundance and scarcity also played significant roles in generating positive (or negative) responses to tensions and prompting adaptive (or contingent) strategies. Specifically, construal level theory (Trope & Liberman, 2003; Wiesenfeld et al., 2017), theories governing team implicit coordination (Rico et al., 2008), constructive pessimism (Kaida & Kaida, 2016a), and perspectives on abundance and scarcity (Gu et al., 2020; Roux et al., 2015) emerged as significant from the coding process. I organize the following literature review covering these topics according to the likely cognitive framing process (Bikel, 2021; Smith & Lewis, 2011) starting with salience, through types of paradoxes provoked, and finally to related responses and strategies to tensions.

Researchers define organizational paradoxes as contradictory aims, objectives, or demands that are nonetheless interconnected and persistent through time (Lewis, 2000; Smith & Lewis, 2011). The paradox literature suggests that paradoxical tensions are inherent and socially constructed (Lewis & Smith, 2014) but must first be rendered salient through cognition and sensemaking. Once salient, individuals respond to tensions with various strategies, generally categorized as either defensive or adaptive (Lewis & Smith, 2014; Smith & Lewis, 2011).

### ***Latent Tensions in Sustainability***

Research into corporate sustainability, which encompasses various interrelated concepts and terminology, including business ethics, environmental sustainability, corporate social responsibility, corporate citizenship, and corporate social performance, is mature but unsettled (Carroll, 1999b; Dahlsrud, 2008). Within the broader sustainability literature, several theoretical

concepts appear laden with inherent tensions (Carroll, 2015): calls to satisfy a variety of stakeholders (Freeman, 1984, 2010; Mitchell et al., 1997), meeting simultaneous environmental, social, and economic goals (Elkington, 1994), hierarchical approaches (Carroll, 1991; Carroll & Shabana, 2010), or integrative approaches (WCED, 1987). Best Buy's efforts to reduce e-waste while relying on a business model that promotes frequent technology upgrades represents such a persistent sustainability tension.

### ***Cognition and Sensemaking in Framing Paradox***

To respond to paradoxes, individuals must first use cognitive and emotional processes to make sense of them. The resulting cognitive frames differ by both content (the bounded set of knowledge assembled within a frame) and structure (how that knowledge is organized and the web of connections that form between the elements within the frame) (Walsh, 1995). The content and structure of a cognitive frame inform an individual's interpretation of a situation and subsequently guides that individual's response (Hahn et al., 2014). A paradox mindset is the propensity to acknowledge paradoxical tensions and respond positively to them (Miron-Spektor et al., 2018; Smith & Lewis, 2011). In the overall paradox cognition process, the mindset therefore plays a dual role, first in rendering paradoxical tensions salient and second in promoting a positive response to those tensions.

### ***Role and Identity Conflicts in the Board Context***

The context of the corporate board distinguishes how sustainability is likely to be framed by individual board members and the firm in general. Social identity theory suggests that individual board members likely face competing multiple roles and identities arising from their individual personal background and those arising from the organizational context (Ashforth & Fugate, 2001; Ashforth & Mael, 1989, 1996; Stryker & Burke, 2000). First, board members face

their own unique tensions, including the appropriate exercise of power (loose vs. tight) over senior management and balancing collaboration vs. personal independence (Demb & Neubauer, 1992). These conflicts relate to potentially incongruent theories of governance, including agency, stewardship, and legitimacy theories, which entail obligations to shareholders, stakeholders, and societal expectations in different measures (Chan et al., 2014; Kreutzer & Jacobs, 2011). These incongruities give rise to a significant set of inherent tensions for board members, including balancing stakeholder interests, balancing oversight and collaboration with senior management, and meeting shareholder and societal expectations. Second, because board members also play boundary-spanning roles (Hung, 2011), they may also have strong affiliations with individual firm stakeholders. These affiliations can result from a psychological contractual obligation (Hung, 2011) or an exercise of their external social capital (Kim & Cannella Jr, 2008), which can create conflicts between obligations to the board, the firm, and the stakeholder affiliation (Korschun, 2015).

### ***Salient Types of Paradox – Performing, Belonging, Learning, and Organizing***

Exploring organizational paradox by type has dominated the academic research to date (Schad et al., 2016). Researchers studying the nature of paradox have acknowledged four basic types of paradox: organizing, performing, belonging, and learning (Lewis, 2000; Lüscher & Lewis, 2008; Smith & Lewis, 2011). Typing paradoxes this way represents a building block of research into the phenomenon. It "simplifie[s] the intricate, often messy phenomenon of paradox" (Schad et al., 2016, p. 6).

Organizing paradoxes result from differentiation and integration, as subsystems tasked with different objectives within organizations work against one another, or against the system as a whole (Jarzabkowski et al., 2013). Board members are likely to acknowledge organizing

paradoxes within the firms under their care and experience organizing paradoxes personally as they balance critical yet competing functions of their oversight role, such as alternating demands to control and collaborate with top management (Sundaramurthy & Lewis, 2003). Performing paradoxes result from attempting to meet competing objectives or managing multiple stakeholder expectations. Paradox researchers have specifically described sustainability paradoxes as performing paradoxes. Smith and Lewis (2011) suggest that sustainability issues represent a double bottom line (e.g., meeting the needs of multiple stakeholders, or divergent objectives) that would lead to performing paradoxes. Belonging paradoxes result from conflicting identities, affiliations, and related values and beliefs within and across organizational boundaries (Jarzabkowski et al., 2013). Board members are likely to identify belonging tensions within their respective firms as they see values clash over organizational purpose and competing business and social mission logics (Besharov, 2014; Smith et al., 2013). Board members also likely face direct belonging tensions as they navigate the dualities stemming from being part of and yet separate from the organizations they serve (Demb & Neubauer, 1992). These tensions might also arise from the various roles directors play on the board (Hung, 1998), how they negotiate their identity with that of the organization (Golden-Biddle & Rao, 1997), or even from internal identity conflicts (Ashforth & Mael, 1989; Hillman et al., 2008). Finally, learning paradoxes stem from tensions between preserving existing knowledge structures while acquiring new ones, such as when balancing radical and incremental innovation strategies (Smith & Lewis, 2011).

These distinct types of paradox also interoperate, and therefore individuals can experience them in combination (Smith & Lewis, 2011). For example, enabling ambidexterity can require firms to acknowledge the past while adopting innovative new skills and creating discrete sub cultures and organizational architectures to meet present and future objectives

(Tushman & O'Reilly, 1996). Creating these capabilities therefore entail concomitant learning, organizing, and performing paradoxes. Moreover, different types of paradox can coevolve over time, such as when individuals coming into multiple roles within an organization experience tensions in acquiring knowledge, resulting in a combination of learning and belonging paradoxes (Jarzabkowski et al., 2013).

Prior conceptual research suggests that sustainability concepts such as the triple bottom line or stakeholder management prompt performing tensions as individuals meet competing objectives (Smith & Lewis, 2011). However, some individuals experience knotted paradoxes (Sheep et al., 2017), where different paradoxes entangle and affect one another. For example, learning paradoxes might subsume organizing paradoxes when knowledge acquisition is unevenly distributed across organizational boundaries or belonging paradoxes when roles involving knowledge work compete (Jarzabkowski et al., 2013). Specific contexts might also provoke more types of sustainability paradoxes. For example, Smith et al. (2013) propose that social enterprises, organizations that use business ventures to solve social problems, might face all four types of paradoxes in the organization.

Paradox researchers see typing paradoxes as a foundational precursor to exploring the relationships between responses to and dynamics surrounding tensions (Schad et al., 2016). However, because paradox pervades so many aspects of organizational life, certain contexts, such as corporate governance, remain underexplored even at the foundational level of paradox (Schad et al., 2016; Schad et al., 2019). Therefore, since board member awareness of the sustainability paradox is an underexplored phenomenon, it was appropriate here to empirically examine both the types of paradox board members encounter as well as the dynamics of how they process those tensions.

Synthesizing the broader sustainability, governance, and paradox literatures, Bikel (2021) suggested that one should expect board members to experience multiple types of paradox related to sustainability. The scope of sustainability issues facing board members, their conflicting roles, and the high level of their strategic perspective can combine to provoke salience for many if not all types of sustainability-related paradoxes.

### ***Positive and Negative Responses to Tensions – Abundance and Construal***

The process of framing responses to tensions prompts individuals to respond positively or negatively to the acknowledged underlying tensions (Jarzabkowski et al., 2013). Responses to tensions result from cognitive and emotional processing of those tensions (Lewis, 2000; Miron-Spektor et al., 2018; Smith & Lewis, 2011). Negative or defensive responses include ignoring tensions outright, seeking resolution, and creating contingencies (Lewis & Smith, 2014). Defensive responses also include those stemming from a desire for consistency and those seeking contingencies that "mediate inconsistent ideas" (Smith & Tushman, 2005, p. 525). Positive responses include accepting tensions rather than attempting to mitigate them (Lewis, 2000). Smith and Lewis (2011) propose two factors that can aid individuals in accepting tensions: situating decisions in the long term and having an abundance mindset. Both orientations mitigate fears of scarcity and constrained options. The coding process of this research revealed three related additional theoretical concepts that significantly affected this response mechanism to sustainability tensions: implicit coordination, construal level theory, and constructive pessimism.

In addition to the role and identity conflicts enumerated above, research into boards as teams identifies several structural and dynamic elements that can promote or hinder tensions management (Demb & Neubauer, 1992). Demb and Neubauer (1992) describe conditions of



alignment, where boards effectively accommodate divergent points of view while coalescing around shared purpose, versus conditions of misalignment, where discussions are constrained due to personality or power conflicts, therefore reducing options. At the individual level, board members anticipating these conditions will implicitly coordinate and adjust their thinking to adapt to likely future interactions with their colleagues (Rico et al., 2008). Through this implicit coordination, perceived constraints on options resulting from perceived board misalignment can result in feelings of scarcity, while reducing constraints likewise can promote feelings of abundance (Roux et al., 2015).

Construal level theory describes the ways in which individuals cope with or understand vague or ambiguous concepts (Wiesenfeld et al., 2017). Sustainability requires the need for collective action, consideration of others outside one's immediate circle, and encompasses significant time spans between action and outcomes, which themselves are uncertain. Construal researchers thus describe sustainability as inherently abstract, and therefore more challenging to mentally parse (White et al., 2019). A high-level construal embraces ambiguity and abstract constructs to focus on desirability rather than concrete constructs and feasibility of outcomes (Liberman & Trope, 1998). Individuals also have differing predispositions to accept abstract concepts. That is, while individuals can embrace both abstract/fuzzy thinking (high-level construal) and concrete/clear thinking (low-level construal) in their daily lives, most are predisposed to one way of thinking vs. the other (Vallacher & Wegner, 1989). A preference for higher construal levels or ease with abstractions enable individuals to bridge psychological distance. The construal construct effectively describes a framing process, where low-level construal consists of simple, highly contextualized cognitive frames, and high-level construal consists of complex, schematic frames (Trope et al., 2007). According to Trope et al. (2007),

there are various types of psychological distance (e.g., temporal, physical, social, probabilistic) and they all apply to the concept of sustainability.

There is a logical overlap between paradox theory and construal level theory. Construal level addresses the level of comfort individuals have in handling ambiguity (Tan & Liu, 2018), while an underlying assumption of paradox is that organizational life contains inherent ambiguity that actors must accept (Lewis & Smith, 2014). The relationship between high-level construal and paradoxical thinking may be direct: some paradox researchers suggest that paradoxical frames enable abstract thinking and high-level construal (Miron-Spektor & Paletz, 2020). Some studies have shown that higher levels of construal can contribute to more effective management of tensions arising from cognitive dissonance (Yang et al., 2021).

Two dimensions of the construal process, time and probability (i.e., uncertainty over outcomes) distance, are directly applicable to framing sustainability paradox tensions in the board context. Framing sustainability tensions requires more ambiguity. Specifically, decision-makers must accept unpredictability and temporal uncertainty (managing for effects in multiple time frames) when dealing with sustainability (Hahn et al., 2014). Construal level theorists have linked these temporal and probabilistic dimensions of ambiguity to higher-level construal (Tan & Liu, 2018). First, construal level theorists (Trope & Liberman, 2003) posit that a high future orientation correlates to high-level construal, allowing individuals to accommodate temporal distance more readily. Research in construal level theory has further shown that temporal distance (maintaining a long-term view) can overcome concerns of scarcity in the near term and prompt more prosocial behavior (Gu et al., 2020).

Second, concrete ideas of sustainability correlate to low-level construal leading to immediate outcomes, while individuals who think more abstractly, using high-level construal,

will be more comfortable with broader, ambiguous, and even vague definitions of sustainability (Gutentag, 2021). As an example, consumer purchasing behavior tends to manifest at a very concrete level, and thus much of construal research into consumer behavior has focused on the benefits of reducing abstractness (Reczek et al., 2018; White et al., 2019). However, the complexity involved with strategy at the board level entails a higher degree of ambiguity (Mosakowski, 1997), as does the concept of sustainability which requires focusing on the immediate as well as physically, temporally, and psychologically distant outcomes (Donaldson & Walsh, 2015). Sustainability is believed to demand a higher level of construal (Trudel, 2019).

The above suggests that board members more comfortable with high-level construal should allow for greater complexity in dealing with the ambiguities and uncertainties implicit in paradoxical tensions, such as sustainability. Therefore, high-level construal logically correlates to more paradoxical framing. As such, the two relevant dimensions of high-level construal outlined above, future orientation and accepting a broad or vague definition of sustainability, appear indicative of high-level construal overall, and therefore more conducive to paradoxical framing and strategies.

Related to high-level construal, constructive pessimism can also function as an enabler of paradoxical framing. Pessimism is widely regarded as a negative response that can provoke defensive responses, restrict frames, and retard action (Martin et al., 2001). Accepting tensions and thinking paradoxically has been linked to reframing negative situations as positive (Keller & Chen, 2017; Miron-Spektor & Paletz, 2020). This association has led some researchers to believe that thinking paradoxically correlates to optimism, sometimes with adverse outcomes, such as rationalizing escalating commitment to a failing course of action (Sleesman, 2019; Staw, 1981).

This correlation would suggest that pessimism should therefore correlate with non-paradoxical frames.

So, under what conditions does pessimism become constructive? Pessimism becomes a positive constructive force rather than a debilitating one when it combines with high concern for future states engendering action towards mitigating undesirable future events (Kaida & Kaida, 2016a). For example, pessimism can actually increase engagement with intractable problems, such as environmental challenges (Kaida & Kaida, 2016a). This constructive pessimism focuses on the desirability of a necessary, altered future state versus the challenges in feasibility in achieving this state, linking it to a high-level construal (Trope & Liberman, 2003). Moreover, research indicates that pessimists may be more inclined to include more negative possible outcomes than optimists – in other words, creating more complex cognitive frames (Norem & Chang, 2002).

One can accept that optimism might naturally correlate to paradoxical framing. However, taking a paradoxical view of theory (Schad et al., 2016), the variety of constructive pessimism approaches described above might also relate to greater cognitive complexity and paradoxical strategies in response to tensions. So, future orientation, high-level construal, and constructive pessimism can contribute to the abundance orientation that is instrumental in preserving tensions and framing them paradoxically. However, focusing on resource and options constraints will prompt feelings of scarcity that produces more defensive efforts to mitigate or remove tensions.

### ***Contingent vs. Adaptive Strategies to Sustainability – Mitigating or Managing Tensions***

Arising from a defensive reaction to tensions, the business case for sustainability represents contingent response to tensions because it attempts to resolve those tensions by only focusing on areas where social and financial goals align (Hahn et al., 2014). Such efforts to

mitigate tensions by favoring one pole over another can be successful in the short run but are likely to fail over the long term as the underlying tension will reassert itself (Lewis, 2000; Lüscher & Lewis, 2008). In contrast, individuals may establish paradoxical frames through this sensemaking process (Lüscher & Lewis, 2008). Paradoxical framing engages and embraces tensions, leveraging those tensions for creativity, innovation, and positive change (Jay, 2013; Lewis & Smith, 2014; Lüscher & Lewis, 2008). These responses can, in turn, lead to respective vicious or virtuous cycles of activity (Smith & Lewis, 2011).

The above review reveals a complex collection of theories that may contribute to board members' framing and responding to paradoxical sustainability tensions. This review shows that existing research broadly suggests associations and relationships between cognitive frames and managing sustainability paradoxes. Relatedly, this research suggests that role conflict and the paradox mindset appear to provoke salience of numerous types of paradoxes for individual board members. Furthermore, construal appears to interact with perceived board dynamics to influence feelings of scarcity or abundance, influencing the degree of response to those salient tensions. The data gathered for this research clarifies those associations and relationships, allowing us to propose how these constructs specifically interact when board members encounter and respond to sustainability paradoxes.

### **Research Design and Approach**

This study focuses on the microfoundations of experiencing sustainability paradox in the boardroom, taking the individual board member as the unit of analysis. Organizational scholars define microfoundations as the links between individual actions to collective activity (Barney & Felin, 2013). Though paradox is socially constructed, individuals employ cognitive frames and processes to make sense of the interconnected and persistent nature of the conflict (Lewis, 2000;

Smith & Tushman, 2005). This sensemaking process includes a mix of cognitive and emotional responses (Miron-Spektor et al., 2018; Sharma & Good, 2013).

To explore this sensemaking process at an individual level, this study took a qualitative approach, employing grounded theory methodology, which is suited to focusing on "a process or action that has distinct steps or phases that occur over time" (Creswell & Poth, 2016, p. 83). The resulting research design primarily used intensive, semi-structured interviews designed to elicit detailed, first-hand accounts about the respondents' personal experiences (Charmaz, 2014). In keeping with grounded theory methodology practices, the interview protocol was kept flexible to allow for follow-up questions and clarifications and allowances for unanticipated responses (Charmaz, 2014). In the end, this approach yielded rich data and thick descriptions (Geertz, 2008) concerning the directors' perceptions and responses to in-role tensions.

Data triangulation is necessary to bolster construct validity (Creswell & Poth, 2016). Open-ended interview responses formed the central data for this research; this was supported by other data, such as demographic data and firm characteristics and performance (both financial and social). A survey containing the paradox mindset and experiencing tensions scales (Miron-Spektor et al., 2018) was also administered, the results used to triangulate findings from the interviews. However, this triangulation survey data was not considered sufficient to constitute a mixed-methodology study.

### **Methodological Fit**

Exploration into paradox has been growing, but it is still relatively nascent in specific contexts (Schad et al., 2016), especially in the fields of sustainability (Hahn et al., 2018; Van der Byl & Slawinski, 2015) and corporate governance (Bergman et al., 2016; Sundaramurthy & Lewis, 2003). With that in mind, empirical inquiry into the presence of a paradox mindset among

board members represents untraveled territory. Little research has attempted to apply a paradox perspective to the operations of corporate boards. In a rare example, Mason and Doherty (2016) uncovered cycles of uncovering and addressing sustainability tensions by board members, but within the narrow context of European fair-trade social enterprises where such tensions were explicit. To date, no study discovered for this research has attempted to explore sustainability paradox cognition in the broader context of corporate boards, let alone among US firms. The intersection of these three research streams best aligns with late nascent/early intermediate stage of maturity as defined by Edmondson and McManus (2007), which suggests that quantitative inquiries can coexist comfortably with qualitative theory-building efforts such as this.

## **Study Population and Sampling**

### ***Sampling for Explicitness of Tensions in Context***

This study took a constructivist, grounded theory approach. It explored the cognitive aspects of board-level sustainability paradoxes in contexts where such tensions are explicit, namely within the minds of active U.S.-based corporate directors. For example, researchers studying sustainability-related tensions have investigated so-called hybrid organizations due to the explicit nature of the tensions between multiple objectives, including social and financial objectives (Jay, 2013; Smith & Besharov, 2019; Vallaster et al., 2019). Therefore, the purpose of this grounded theory research was to open the black box of sustainability at the board level (Jain & Jamali, 2016). It delves into the relatively underexplored territory of an individual director's thought processes (McNulty et al., 2013), a unit of analysis paradox scholars also identify as one needing more attention from qualitative researchers (Bergman et al., 2016).

I employed a variety of sampling methods to meet these research objectives (Robinson, 2014). First and foremost, purposive sampling (Creswell & Creswell, 2017) guided our selection

of corporate board members, participants who are most able to help me investigate the chosen phenomenon. Underneath this broader sampling strategy, I used convenience sampling by tapping my network of established executives, venture capitalists, and board members, as well as my colleagues to source initial participants. To supplement this approach, snowball sampling (Symon & Cassell, 2012) sought follow-on referrals from early participants to other board members in their personal and professional networks; these referrals yielded two out of the 18 interviews. Finally, theoretical sampling helps ensure saturation, where no further theoretical insights are to be gained from the data (Charmaz, 2014).

Limitations to this sampling strategy included possible concerns over convenience sampling and the size of the eventual sample. Concerns about convenience sampling are addressed by my extended personal and professional network consisting of a deep cross-section of business in the U.S. and elsewhere, which is reflected in the wide variation in business size, industry, geography, and sustainability structure. Despite inherent challenges with access to corporate boards (Leblanc & Schwartz, 2007), this sampling approach yielded 18 interviews, still on the lower end of the expected range. However, the heterogeneity of the sample population proved sufficient to address the relatively diffuse and complex nature of sustainability and allowed me to reach theoretical saturation (Charmaz, 2014). This outcome aligns with Charmaz's (2014) assertion that researchers can produce significant studies based on small samples, and qualitative research does not require samples that might be needed for quantitative work.

### *Sample Characteristics*

Participants were selected according to the idea of purposeful sampling, which suggests selecting participants that are most able to help me investigate the chosen phenomenon (Creswell, 2014). All participants were currently serving on for-profit corporate boards, with



tenures of at least one year, and long histories of board service in most cases. Several participants were currently serving on multiple boards simultaneously. Therefore, this choice fits with the original intent of purposeful sampling (Creswell & Creswell, 2017), as these participants would be very well situated to discuss these tensions.

Eighteen interviews (17 hours) were conducted with corporate directors currently serving on 15 for-profit corporate boards. Participants were deliberately selected to represent a range of company characteristics and personal demographics to expand the variety of perspectives. In all, 14 directors represented distinct firms, while four came from a single board (O5). Table 2 summarizes the firm characteristics. Sampled firms ranged from industrial to healthcare to technology, included startups and mature companies, included a mix of public and private companies, and included several companies (17%) structured as social enterprises (e.g., public benefit corporations, flexible purpose corporations) alongside traditionally structured firms. Firms were categorized by size based on employees. Three firms (17%) were over 10,000 employees. The sample was roughly balanced among these categories. Furthermore, the sample represents a healthy demographic balance of gender and race, as shown in Table 3.

**Table 1*****List of Organizations in Sample***

Company Code	Industry	Public/Private?	Size (employees)
O1	Real Estate	Private	Very Small (1-99)
O2	Industrial	Public	Large (1000-10,000)
O3	Technology	Private	Very Small (1-99)
O4	Banking	Public	Large (1000-10,000)
O5	Healthcare	Private	Large (1000-10,000)
O5	Healthcare	Private	Large (1000-10,000)
O5	Healthcare	Private	Large (1000-10,000)
O5	Healthcare	Private	Large (1000-10,000)
O6	Technology	Private	Very Small (1-99)
O7	Industrial	Public	Very Large (>10,000)
O8	Personal Care	Private	Very Small (1-99)
O9	Technology	Private	Medium (500-999)
O10	Industrial	Public	Very Large (>10,000)
O11	Technology	Public	Large (1000-10,000)
O12	Technology	Private	Very Small (1-99)
O13	Technology	Private	Very Small (1-99)
O14	Banking	Public	Very Large (>10,000)
O18	Internet	Private	Small (99-499)

**Table 2*****List of Participants***

Participant Code	Gender	Minority
CD1	Female	No
CD2	Male	No
CD3	Female	No
CD4	Male	No
CD5	Male	No
CD6	Male	Yes
CD7	Female	No
CD8	Female	No
CD9	Male	Yes
CD10	Male	Yes
CD11	Male	No
CD12	Male	No
CD13	Male	Yes
CD14	Female	No
CD15	Female	No
CD16	Female	Yes
CD17	Male	No
CD18	Female	No

From a diversity perspective, this sample represents a rich variety of gender and minority voices, though admittedly not representative of corporate boards in general. In short, this sample is comparatively much more gender diverse and slightly more racially diverse than the total population of corporate directors of public and private companies. Statistically, women comprise 21%/11% (public/private) of board seats and minorities comprise 22%/18% (public/private) (Lehr, 2020; Shepherd, 2021; SpencerStuart, 2021). This study was above that, at 44% female and 28% minority.

Interviews were conducted over Zoom and were recorded for transcription purposes. Each interview was transcribed using speech-to-text translation, which was then manually checked for accuracy. This process of reviewing the audio of the recording provided the additional benefit of revisiting each interview and augmenting initial reactions to each participant's response. Additionally, I took field notes during each interview, looking for nuance and recording initial reactions to the participant responses.

### ***Measures***

Interviews were structured as an interview guide, leaving flexibility for the participant's view of the phenomenon to unfold organically (Marshall & Rossman, 2011, p. 144). For this research, the questions initially were adapted from the Perceiving Tensions and Paradox Mindset Scales developed by Miron-Spektor et al. (2018). However, those scales were developed as a survey instrument and not as questions for qualitative inquiry. The guide included questions derived from the research questions concerning board roles. After the first interview, some changes were made to probe deeper into the cognitive and emotional mechanics behind the experience of paradox. The guide was adapted into a template to capture field notes during the interviews

(Symon & Cassell, 2012). The primary interview guide presented in the initial draft protocol can be seen in Table 4.

**Table 3**  
***Interview Guide***

Question Number	Question
Tensions Q1:	How do you personally define sustainability/corporate social responsibility? How would you say CSR/sustainability matters for your board?
Tensions Q2:	What kind of tensions do you experience between stakeholders' interests? How do you manage them? Examples?
Tensions Q3:	Are there other CSR/sustainability tensions you deal with that we haven't discussed?
Tensions Q4:	Please describe how you interact with your colleagues on the board concerning sustainability matters. How do you engage them? How do they engage you? Has this dynamic changed over time? Is it consistent?
Tensions Q5:	Do you see your (the board's) objectives and the objectives of senior management (especially around sustainability) as aligned? How so? Example?
Tensions Q6:	Do any of the tensions described above keep coming up?
Strategies Q1:	(If not already addressed) Please describe the extent to which conflicting perspectives factor into your thinking about sustainability.
Strategies Q2:	Please describe your level of comfort in dealing with the different tensions and conflicts described above.
Strategies Q3:	How much of your success within the board do you attribute to effectively meeting conflicting demands?
Strategies Q4:	When you see two ideas in conflict with one another, how do you feel, energized, stressed, etc.? Can you elaborate?
Strategies Q5:	Does your role (e.g., committee membership) or background influence how you manage/approach sustainability issues?
Strategies Q6:	How does the firm's reputation for CSR/ESG affect how you treat these issues?
Strategies Q7:	Are there times when you take different approaches to CSR?
Strategies Q8:	Is there anything I should be asking, or that you would like to add?

## **Data Analysis Methods**

Data analysis followed a grounded theory methodology that is at once progressive but also iterative and recursive (Birks & Mills, 2015). Coding the data is a process in grounded theory to develop a cohesive theoretical explanation for a phenomenon based on the experiences of multiple individuals (Corbin & Strauss, 1990). In coding, the researcher moves through an iterative process from slices of raw data to higher levels of theoretical abstraction (Urquhart et al., 2010). The analytical strategy followed the general prescription for qualitative analysis that data analysis should accompany data collection contemporaneously (Corbin & Strauss, 1990; Marshall & Rossman, 2011).

### ***Coding***

Coding followed Charmaz's (2014) protocol, moving from open codes directly tied to small bits of text (e.g., words, phrases, sentences) from the interview transcripts to a stage of focusing on connections between codes. This coding strategy also follows Urquhart et al.'s (2010) recommendation that "constant comparison with previous data, categories, concepts, and constructs is the key" to develop theoretical constructs from relationships between initial "conceptual categories," or early-stage codes (p. 20) to "stay close to the data" (Charmaz, 2014, p. 120). Then, the work moved to synthesizing selective codes into theoretical codes, testing and collapsing initial codes into second-order themes (Charmaz, 2014).

Last, consulting the literature helped form theoretical codes, which are then used to condense and create coherence from the focused codes that have emerged from the data (Charmaz, 2014). Here, the paradox literature was used as a paradigm, keeping in mind Cunha and Putnam's (2019) caution against researchers using paradox perspective as a "fully developed a priori category system" (p. 98) risking excluding dimensions of paradox that do not align with

accepted theory. The goal of this process was to develop a theoretical model and attending propositions explaining board members' processes of engaging with paradoxical tensions.

To assist theorizing, Schad et al. (2019) further urge researchers exploring paradox to play devil's advocate to challenge established conventions of paradox theory, including but not limited to types of paradoxes experienced and responses to paradoxical tensions. This position also helps guard against researcher bias by questioning easy conclusions and seeking out unconventional connections, keeping open to disconfirming information or discrepancies that can lend to credibility (Creswell & Creswell, 2017). Maintaining a jaundiced eye is also in keeping with the prescription for abductive reasoning in grounded theory: making oneself open to surprising connections and insights (Charmaz, 2014), necessitating an "attitude of preparedness to abandon old convictions and to seek new ones" (Reichertz, 2007, p. 219). Therefore, Bikel's (2021) conceptual paper informed later stage coding but did not form guardrails on the development of the empirical model, which emerged using this prescribed combination of inductive and abductive logic. For example, the conceptual map in Bikel (2021) suggested task-oriented roles on the board (Hung, 1998, 2011) would correlate to paradoxical framing. However, early coding revealed that identity-based roles (Ashforth & Mael, 1996) and stakeholder identification or influence (Mitchell et al., 2015) also provided significant inputs into the internal process for establishing sustainability frames.

### ***Triangulating Using Additional Data Sources***

Triangulating interview data with secondary data sources enhances study validity (Creswell & Creswell, 2017). Secondary data included information on firm social performance using CSRHub data, company data aggregators (e.g., Crunchbase), news sources (e.g., the New York Times, Wall Street Journal, Bloomberg), and company sustainability reports where

available. This data helped peg the conversations to specific company activities. For example, in interviews with CD 13 and CD 16, sustainability activities described in the company's corporate sustainability report helped frame discussion around tensions and possible trade-offs between environmental and social objectives.

Additionally, interviewees were asked to complete the paradox mindset scales to provide some additional context of board members' cognitive strategies, which remains the central focus of the study. Though some data (including the scales) is quantitative, it was used for triangulation only, and its use in the analysis does not represent a mixed-methods approach.

### ***Trustworthiness***

Symon and Cassell (2012) affirm that qualitative research should demonstrate scientific rigor using criteria distinct from the positivist criteria used to validate research in the natural sciences. Lincoln and Guba (1985) are widely credited with establishing the criteria for validating qualitative research (i.e., credibility, transferability, dependability, and confirmability). The open-ended structure of the interviews allowed me to member-check in the moment by rephrasing responses for participants, which enhanced the credibility of the subsequent data analysis. Follow-on conversations with select participants served as additional member checking to improve validity. Providing a thick description of the context surrounding the participants and the phenomenon (Lincoln & Guba, 1985) offers additional transferability; this should help future researchers control for those contextual factors. Copious memo writing contributed to the audit trail for the research (Birks & Mills, 2015) and enhanced the dependability and confirmability of this study (Lincoln & Guba, 1985).

Ultimately, the data from this research was used to refine and elaborate upon the model proposed by Bikel (2021), providing empirical evidence for the causal relationships between

proposed constructs and proposing additional related constructs and relationships. Grounded theory methodology provides the framework through which theoretical concepts emerge from raw data (Charmaz, 2014). This process eschews quantitative logic (i.e., looking for frequency in data) in favor of a process by which I defined significance in the data (Charmaz, 2014).

Discursive text and visualization show the linkages between the theoretical concepts. Grounded theory asks researchers to allow the data to take them to unexpected destinations (Charmaz, 2014; Reichertz, 2007). Therefore, the resulting theoretical model and propositions relate to those proposed in Bikel (2021) but provide additional nuance and clarity.

### ***Assumptions and Ethical Considerations***

The collected data includes potentially sensitive corporate and board-related information concerning stakeholders and strategy. As such, there are potential legal and social risks should such information be disclosed in a way that can be connected back to participants and the firms with which they are associated. Participants were asked about their cognitive and behavioral responses, but this data only concerned firm-related business and was deemed not to involve any trauma. Furthermore, all participants were adults who, because of their position and experience, were expected to have a high degree of sophistication and understanding of both professional and personal liability. Moreover, the sample drew individuals from various boards with distinct characteristics, including industry, scale, geographic location, and did not prioritize interviewing members of the same board. This sampling strategy reduced the risk of participants being identifiable to one another.

Moreover, I employed methods to minimize these risks and maintain ethical standards:

- Giving consent forms explaining the rights of participants and that participation was entirely voluntary, which was verbally confirmed at the beginning of each interview.



- Soliciting permission for all data collection methods, including recording and storage of information before each interview.
- Data was stored on password-protected devices and online services. All data files were encrypted and password protected on stored devices belonging to and under my control.
- All efforts were taken to keep data anonymous. Participants' identifiable information, including but not limited to personal information or specific company information, was stripped from transcripts.
- Pseudonyms or codes were used so that no identifiable information was used in any written or communicated form of this research. A master codex of pseudonyms and codes alongside the corresponding confidential information resides in a separate encrypted and password-protected document and will not be shared.
- Publishing results of this research is planned and, per APA, all data, including audio recordings and transcripts, will be stored securely (encrypted and on password-protected devices under my control) for five years after publication (Creswell & Creswell, 2017).

For all the reasons listed above, overall risks to participants were deemed to be minimal.

### **Results of the Coding Process**

This section describes the results of the coding process. It lays out the initial codes and categories, describes how these codes and categories were modified through the process, and defines the final set of themes that were used to theorize how board members frame sustainability paradoxes. Following this section, the resulting process model is described.

The initial and preliminary analysis involved progressing and looping through levels of abstraction beginning with open coding, focusing those codes into categories by constant comparison within and across interviews, and finally crystallizing the emergent thematic

framework. Open coding resulted in over 1,000 individual references generated from the 18 interviews, field notes, and follow-on conversations. Coding used gerunds where possible to emphasize actions rooted in the phenomena of board sustainability dynamics (Charmaz, 2014). Per Charmaz (2014), this approach was especially helpful in teasing out the many underlying processes involved in identifying and working through sustainability tensions in the board member's individual experiences.

Comparisons across cases (interviews) allowed more focused codes to emerge. This level of analysis began during the data collection period and thus contemporaneous to open coding, which allowed for continuous reflection and refining of the focused coding. Focused coding began to cluster and categorize similar points of data captured in the open codes. Certain focused codes emerged more or less literally from the transcripts, such as statements complaining of the lack of clarity in defining sustainability which became the code "Seeing Sustainability as Vague." Others collected more abstractly related references, such as statements on pressures associated with the Covid pandemic, which coalesced into a code "External Pressures – Temporary Shocks."

Keeping in mind the suggestion that early level coding should be emergent and non-binding (Charmaz, 2014), both initial and focused codes changed as comparisons between data revealed more significant implications. Seventy preliminary focused codes emerged from this process. As part of the next stage of comparative analysis, connections between preliminary focused codes allowed initial categories to emerge. Some of these initial categories included preliminary focused codes that eventually moved up to higher analytical levels, as suggested by the data. For example, "Future Orientation" (FO) was an early focused code denoting an individual's decision-making horizon. Due to prevalence of related codes concerning risk focus

and degree of orientation, this code was promoted to become an initial category; later, FO became a significant component in the theme of “Construal” in the eventual process model. Table 5 shows the progression from preliminary focused codes to initial categories. These initial categories began the process of theoretical coding, the final stage in grounded theory analysis. Therefore, they were partially influenced by coding families (Glaser & Strauss, 2017), especially those related to degree, type, dimensions, strategy, and identity (Thornberg & Charmaz, 2014).

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INSERT TABLE 5 ABOUT HERE  
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Comparing focused codes suggested a basic linear process through which board members rendered multiple sustainability-related tensions salient, responded to those tensions, and finally developed adaptive or contingent strategies to manage those tensions. The conceptual map and process model proposed by Bikel (2021) helped organize the themes as they emerged. It resulted in five broad themes related to 1) endogenous and exogenous factors provoking 2) salient paradoxes, as well as 3) mindset dimensions, 4) observations on cognitive affective responses to paradox, and 5) strategies to manage tensions. Invoking the construal (psychological distance), implicit coordination, and scarcity concepts also helped to identify three supporting themes pertaining to responses, including 1) the presence of an abundance or scarcity orientation, 2) implicit coordination, and 3) construal. These themes proved significant to responding to paradoxical tensions and thus the framing process overall. Ultimately eight thematic categories emerged from the focus coding: endogenous framing factors, exogenous framing factors, mindset factors, salient tensions, positive responses, negative responses, adaptive strategies, and contingent strategies. A presentation of these themes follows, with representative quotes to provide illustrative examples. Quotes have been edited where necessary to assist in readability.

## **Endogenous Framing Factors**

Board members identified three intrinsic forces that connect them to sustainability issues, and therefore played a role in provoking salient tensions: 1) role/identity, 2) stakeholder focus, and 3) individual sustainability orientation.

### ***Role/Identity***

Role/Identity refers to distinct roles board members played. These roles span elements of the respective board members' perception of themselves, including identity, experience, and values/philosophy (Hogg et al., 1995). From the 52 references, three distinct role types emerged through focused coding. The first two role types, informal functional roles and personal identity roles, highlight board members' tendency to use identity or personal/professional experience to filter information. In contrast, the third type, role ordering, acknowledges multiple roles played by individual directors.

A majority (61%) of board members described serving distinct informal functions on their respective boards. These roles include functional roles coded as Sage, Change Agent, and Expert. All three functional role themes connote a desire to contribute to both board and company effectiveness. Sages express the desire to share wisdom built from experience. Change Agents express the desire to use their position to create positive impacts within the organization or in the world through the organization. Finally, Experts use their specific experience as a filter for framing decisions and subsequent action. Only a few responses were coded into each of these themes, as can be seen in Table 6.

**Table 4**

***Functional Roles Sample Data***

Functional Role	Number of Board Members	Representative Reference
Sage	2	But there's many, many compelling reasons to be on a board. And one of them is if you can share enough wisdom from your experience because that's the real value. (CD 5)
Change Agent	4	I think the reason I'm on the board is not in the name of the committee, but it's all about creating a new culture for the company. It's not that they didn't have a good mission and values. And in fact, they reaffirmed them, which I was part of when I first started the board. It was sort of taking a look, do we need to re redo this? (CD 7)
Expert	5	So manufacturing is where it should begin....I spent, I don't know if you know this, I can give you my resume, I spent 10 years in manufacturing. And that's where it really should begin as a manufacturer. (CD 15)  Being a finance person, I measure things... I look at things I can measure, and returns (CD 12)

Furthermore, personal background codes included references acknowledging the influence of ethnicity, minority status, and political philosophy on decision-making. For example, CD 14 acknowledged being recruited to the board specifically to improve diversity: “when I got extended the invitation to join, one of the comments was, we need people like you because we're pale and male. You know, I just think that there's a like a muscle that just hadn't been used.” Similarly, CD 9 was self-described as being a “nice tree-hugging liberal” when expressing a focus on delivering impact beyond profit. Strong personal beliefs and values can give rise to paradoxical tensions of belonging (Smith et al., 2012; Smith & Lewis, 2011). These codes illustrate other individual characteristics and values that interact with other role dimensions in framing sustainability issues.

These roles operate individually but also in concert. Significantly, several board members explicitly described playing a plurality of roles. Some actively resisted being pigeonholed into being valued for only one facet of their identity (such as race):

I'm here because I provide professional value. And if I'm a woman or minority, you know, that's a bonus for you. Right? I'm not here because I'm a woman or a minority, and I don't want you to pick me if that's what you want. Because I don't want to be in that position. (CD 16)

Similarly, others describe actively playing dual or multiple roles that span aspects of their personal and professional identities on their respective boards:

Some people [see that] my experiences as a, you know, an Asian person or a woman, or certain things really define [me]. For me, it's not that at all. For me, it's more having founded a company that defines me and being an immigrant that defines me. It's less the other things (CD 14)

Individuals likely employ many simultaneous identity and role perspectives in their framing of sustainability. As one board member put it, “So, each board member comes with their own baggage of how they identify with their own identity. And I actually think that informs how they think about ESG and identity and caring [for] greater than just profit.”

### ***Stakeholder Focus***

Stakeholder Focus highlights the individual’s alignment with the interests of specific stakeholder groups. This focus represents an intrinsic commitment to stakeholders either through interest or affiliation (Golden-Biddle & Rao, 1997; Huse et al., 2011) and is distinct from experiencing pressure from stakeholders as an externally applied force. Stakeholders identified by board members included employees, customers, the broader community, and of course, investors. In addition, several board members discussed identifying with multiple stakeholders simultaneously. These foci can indicate weighting or prioritizing specific stakeholders over others or merely highlighting those stakeholders needing attention. Some nuance was required to

delineate stakeholders, as one respondent who sits on a Real Estate Investment Trust (REIT) board defines the customer as the shareholders of the REIT,

I think honestly, right I think for me ... it goes back to the fact that I'm a consumer advocate first and foremost... the whole business model behind [the company] I loved [was] because it was very consumer-focused, it was all about the shareholder. (CD 10)

Here, the business model of the REIT justifies considering investors as customers. Moreover, serving those customers was considered a social imperative:

And that's what drew me into it. It wasn't, you know, all the guys that put money in and what their, you know, exit was going to be it was really like, how do we pull as many people as possible from shareholders into this opportunity to generate wealth? (CD 10)

Furthermore, investor focus can include broader instrumental concerns (e.g., financial outcomes and share price) that would be aligned traditionally with agentic behavior and serving investors (Eisenberg, 1993). As can be seen from the representative data, SF is an intrinsic affinity.

Therefore, it is distinct from Stakeholder Influence and Pressure (SIP), which manifests extrinsically, exerting force on the individual and the board.

### ***Individual Sustainability Orientation***

Individual Sustainability Orientation connotes the degree to which board members intrinsically feel compelled to address sustainability-related issues as part of their duties. Coding here relied on the logic that most sustainability-related paradoxes revolve around balancing competing social and economic objectives (Hahn & Aragón-Correa, 2015; Hahn et al., 2014; Smith & Lewis, 2011). For-profit corporate boards are presumed to act in the interests of shareholders and therefore operate intending to maintain or improve financial performance over time (Zahra & Pearce, 1989). This assumption aligns with our data in which no participant denied the imperative to ensure the long-term economic viability of their respective firms. Therefore, since one can presume financial objectives as a given, the examination of

sustainability tension must look at the variability of the social or environmental side of the polarity. The construct of Sustainability Orientation (SO), which emerged from the data, thus serves as the measure of this variability.

SO connotes a perceived intrinsic or implicit sustainability orientation at the individual, board, or company level. This orientation can either describe a high motivation towards or preference for sustainability or a lower predilection for sustainable behavior. Individual sustainability orientation is distinct from board and company orientation since the former speaks to individual values and preferences (i.e., internal beliefs), while the latter describes perceptions of organizational orientation. Statements corresponding to these themes emerged from various parts of the interviews. Initially, there was little variance in sustainability orientation, but a range of intensity emerged upon comparing statements to one another. The coding was split into two categories (i.e., low-to-moderate and high SO). Table 7 shows the two Individual SO themes with representative codes and references.



**Table 5*****Representative Data for Individual Sustainability Orientation***

Theme (% responding)	Open Code	Reference
High Individual SO (56%)	Seeing oneself as impact-oriented	So, I'm an impact guy. This stuff is important to me. (CD 4)
	Urgency for more sustainability	Because it's, are we doing enough? Is what it is. It's 'are we doing enough? And where can we play? And how can we do it?' (CD 15)
	Personally driving diversity	'And so therefore, board, we need to make sure management is doing all the right things to ensure that that happens.' So, this is [me], driving this initiative in the boardroom. (CD 13)
Low/Moderate Individual SO (28%)	Not much experience with sustainability	I'm probably most influenced [on sustainability] by what I read in the journal, Wall Street Journal. And not so much by prior experiences, because not a lot of relevant prior experience, what I read in the journal, and I get publications from governance firms that and firms that talk about governance issues, so I read them. I've influence, I'd call it some not a lot, but some. Okay, I start with leave it to this this good business, then I'm all for it. It goes back to return. Is it good for the company? (CD 12)
	Situational motivation for sustainability	So, I think that that one way of looking at sustainability is what does it mean to your type of operation? What is it that you do that you can play a part in sustainability? You know, if I look at our business, we are in the commercial real estate business. So, there's very little wiggle room for us for really engaging with sustainability (CD 10)

**Exogenous Framing Factors**

Board members also faced exogenous forces when confronting sustainability issues.

These forces include 1) predispositions of the firm and/or board towards sustainability, 2) the

perceived influence or pressure from stakeholders both inside and outside the firm boundaries, and 3) the dynamics of the working relationship with management. Since the unit of analysis is the individual board member, intrinsic motivators are considered endogenous, while all influences that operate outside the individual are considered exogenous.

### ***Board/Company Sustainability Orientation***

Board Sustainability Orientation (Board SO) describes the participants' views on how intrinsically motivated their respective boards are to push sustainability-related issues. This construct includes basic disposition, or how much sustainability is valued (espoused values), and interest in promoting sustainability strategies (intent). These represent individual perceptions of the collective (group) attitude towards sustainability. Like Board SO, Company SO describes the participant's views on a company-level predilection for sustainable behavior. However, Company SO can also include a structural sustainability orientation, including sustainable business models, certification, or legal status as a public benefit corporation (e.g., B Corp, Flexible Purpose Corporation).

### ***Stakeholder Influence and Pressure***

Contrasting with the intrinsic Stakeholder Focus described above, which is more akin to identification, board members can feel external pressure to respond to stakeholders (Brown et al., 2019). Thirteen respondents describe feeling various levels of stakeholder influence and pressure on them to act on sustainability matters. Pressure can come from a variety of stakeholders, singly or in combination. For example, one participant said,

Now, it matters, for sure, to some investors, you know, that we're finding it matters a lot to our customers. So, our chief ESG officer is now out doing customer calls. For sure, it's going to matter in our supply chain, from our point of view, as well. (CD 16)

Furthermore, board members describe stakeholders advocating for sustainability or ESG generally or referring to specific social and environmental issues that stakeholders demand:

And they understand that there's a strong, you know... even [the] customer base is not only going to demand a diverse team that they're working with, but they also realize there's a business opportunity by having the right people involved in those conversations. (CD 2)

In reviewing codes for this theme, intensity levels emerged. So, the coding sorted itself into three categories: high stakeholder pressure, low stakeholder pressure, and mixed stakeholder pressure.

### ***Working with Management***

A primary board function is oversight of management's handling of strategy (Demb & Neubauer, 1992; Zahra & Pearce, 1989). However, executing this function can vary based on situational factors (Mintzberg, 1983) and vacillate between control and collaboration (Sundaramurthy & Lewis, 2003). Respondents generally described three relationship patterns when dealing with management on sustainability strategy: leading, following, and collaborating.

In a leading arrangement, board members take a dominant, controlling role over management to push sustainability issues or agendas. Leading can take the form of forceful urging or direct challenging. A following pattern involves a more passive board role, letting management set and execute the sustainability agenda: "Yeah, because the management team are just really top notch, the board is actually being brought along somewhat" (CD 14). Similarly, the board is ready to step in if needed: "more important, we can also be there for management, should they need counsel or advice or a vote or anything as well." The collaborating relationship connotes a shared leadership approach to managing sustainability for the firm, partnering with management on more or less equal footing, with a heavy emphasis on trust between senior leadership and the board: "I'm a big believer in the board and the CEO role. I just feel like it's in tandem. Good CEO, good board. Good board, good CEO. The converse is also true."

Using a matrix query function, an analysis of these categories of working with management by case revealed that several respondents were taking two or three of these approaches with management, suggesting either flexibility or a cycling between approaches to the oversight function. Interviewees that appeared to adopt multiple approaches are highlighted in **Table 6**. For example, CD 5 made five mentions coded as collaborating, two following, and discussed leading twelve times.

**Table 6**  
*Matrix Coding for Working with Management*

	Collaborating with Management	Following Management	Leading Management
CD 1	2	0	1
CD 2	0	0	0
CD 3	0	2	0
CD 4	0	0	1
CD 5	5	2	12
CD 6	0	0	0
CD 7	0	2	0
CD 8	3	2	0
CD 9	0	0	0
CD 10	2	1	0
CD 11	0	0	2
CD 12	2	3	2
CD 13	1	0	4
CD 14	0	2	0
CD 15	0	0	4
CD 16	0	0	0
CD 17	4	1	2
CD 18	3	0	0

This finding prompted revisiting the interviews to explore the phenomenon further (Charmaz, 2014). CD 17 describes breaking up responsibility for managing sustainability into discrete chunks and dividing that with management:

Let me just process and I'm breaking it into chunks... I'm thinking about the diversity issues, I'm thinking about the financial dimensions, I'm thinking about customer, I'm thinking about the sustainability pieces, I would say it was a split decision. Actually, I would say, board drove three of those five and management drove the other two. (CD 17)

Then structuring the collaborative process:

So, the CEO and I and the whole board talk about these things. I the way I've structured the cadence of the board meetings, is right along those lines, there's one meeting dedicated to each of those topics. And I'm very quickly about holding people to that to that standard. (CD 17)

This shared authority arrangement appears to be the preferred disposition. This respondent will take a passive role if management demonstrates mastery over a situation (i.e., "...we focused on supporting that and being incrementalist (sic) to the journey versus introducing a new construct. That was the right way, I think, because they had their arms around it.") and is reluctant to take the dominant position unless pushed:

Yeah, [the relationship with the CEO was fractious], because to the gentleman's credit, he built the company worth [billions of] dollars over [many] years. That's impressive. So, I spent about two years trying to help him break out of [his habits]. And every time I had the conversation it was circular. (CD 17)

Table 9 shows representative data for the Working with Management theme.

**Table 7**

***Representative Data for Working with Management***

Theme (% responding)	Open Code	Reference
Leading Management (44%)	Leading management on ESG	Management isn't leading, it's definitely us and one other investor, um but management goes along with it. And he knew he was... who he was choosing as his investors in the first place. (CD 1)
	Playing significant role in helping company	...but smaller boards do, then you can play a really significant role in helping, you know, those who are managing the company to do the right thing. (CD 5)
	Helping management frame the situation	...great boards are great, because they help the management team think about things differently. So, you got to create that, that in that environment. And we take that really seriously. (CD 4)
Following Management on Sustainability (50%)	CEO sets the tone for action	...if the CEO doesn't believe in it, it's not going to happen. So, I mean, you know, so basically, I would say, on this one that [he] is set for the job, and, you know, I, he does walk the walk, that doesn't mean, there are lots of problems. (CD 7)
	Management is bringing the board along	Yeah. And it's really, because the management team are just really top notch, ...the board is actually being brought along somewhat... (CD 14)
	Board lets management manage CSR	So it's sort of left to the business, individual businesses to execute it. With help from the CEO and his team. And the board sort of leaves it to management, we get reports, how are we doing? What are we doing? Things like that? We don't manage it. You know, on a day to day basis, we don't manage anything on a day to day basis. (CD 12)
Collaborating with Management on Sustainability (44%)	Strong reciprocity between board and CEO effectiveness	I'm a big believer in the, the board and the CEO role. I just feel like it's in tandem. Good CEO, good board. Good board. Good CEO. The converse is also true. (CD 8)
	Working closely with management on strategic oversight	Absolutely, ...a board's responsibility is strategic oversight, financial oversight, and succession planning, succession planning of the leadership team, and the board itself. All those things that we've been talking about, all get blended together, in the way you operate, and you think about these things. So, the CEO and I and the whole board talk about these things. I the way I've structured the cadence of the board meetings, is right along those lines, there's one meeting dedicated to each of those topics. And I'm very quickly about holding people to that to that standard. (CD 17)

Though asked directly how reputation influenced their views on sustainability, few board members delineated reputational concerns as a distinct factor in their thinking about sustainability. Two board members explicitly tied reputation as a distinct force operating on how they appreciated sustainability issues, viewing reputational risk as less of a current but a potential risk that would force greater appreciation of sustainability issues. One said, “If I thought it would hurt the firm's reputation, I would do more, since we tend to be below the radar off the screen companies less of an issue” (CD 12). Or as a measure of potential stakeholder pressure:

Oh significantly. If you are being sued by stakeholders for the quality of your products or the impact you're having on the environment, then you become a very high-profile target from those who are interested, and you become obligated to show that you're improving things at a rate that your stakeholders are excited about it, making commitments to resolve those issues. So, the reputation is a key part... of any ESG strategy. (CD 13)

This second quote suggests that reputation may be highly correlated to stakeholder pressure for board members and therefore not operate as a wholly discrete exogenous force on salience.

### **Mindset**

Board members also discussed their general cognitive flexibility when dealing with tensions. The interview protocol prompted them to describe their comfort with tensions, otherwise known as a paradox mindset, which created a distinct category of codes. However, board members also discussed their propensity to learn and grow, which created a complementary category indicating cognitive plasticity. Several studies have established positive correlations between a disposition for learning and the existence and development of the paradox mindset (Miron-Spektor et al., 2011; Sleesman, 2019; Yin, 2021), since paradoxes prompt opportunities for learning and development (Smith & Lewis, 2011). Therefore, Learning and Growth serves as an additional proxy for paradoxical cognition as applied to salience.

## *Paradox Mindset*

Board members were asked directly about their comfort with tensions to gauge their paradox mindset. A paradox mindset survey was distributed to all participants to bolster data triangulation, but response rate was low ( $n = 4$ ) and therefore less helpful than anticipated. These questions in the interview protocol emerged from the established paradox mindset scales (Miron-Spektor et al., 2018) and emphasized the simultaneity of meeting competing objectives (Ingram et al., 2016). A minority (28%) describe discomfort around tensions, while the majority (14 of 18) describe comfort with tensions.

**Table 8**

### *Representative Data for Paradox Mindset*

Theme (% responding)	Open Code	Reference
High comfort with tensions (78%)	Comfort with ideas in tension	Because I tend to be an individual that can see two sides of a conflict and help them establish common ground and understand where we're going. (CD 2)
	Valuing tension	The short answer is yes, I have noticed, tension, but that's not a bad thing. Tension is good. That is, there are different points of view that we have to take into consideration before making our decisions, and that can lead itself to tension, but it does not lead itself to disruption, right? (CD13)
Low/moderate comfort with tensions (28%)	Not enjoying being wrong	I don't know, I like, you know, someone telling me something that I hadn't thought about before or telling me why I'm wrong. You know what I mean? And not necessarily, I don't like people telling me I'm wrong. (CD 4)
	Seeing thing as black or white	I tend to have more stringent views, you know, I'll I'm more of a black and white, some people are, you know, it's gray. And if it's black, I'm gonna fight it. And now, you know, I might end up saying, well, if you all want to do it, do it, but I, you know, I don't get it. (CD 12)



## *Learning and Growth*

Eleven respondents (61%) emphasized the importance of learning in the context of managing complexity and experiencing growth in their abilities to handle complex situations and ideas. These codes, highlighted in Table 11, reveal a positive view of learning to increase understanding of the nuances in sustainability issues. Respondents describe learning individually and through interaction with board colleagues. Furthermore, respondents make positive associations with progress in deepening understanding of sustainability over time, suggesting a desire to keep learning.

**Table 9**

### *Representative Data for Learning and Growth*

Theme (% responding)	Open Code	Reference
Learning (33%)	Opportunity to learn and grow	[We get] just more diverse thought. I mean, we have a fairly diverse board already. [But], while we have a diverse board, you know, there's always opportunities to grow and have different perspectives. (CD 2)
	Learning from seasoned directors	I probably come... I have my own views. But I'm also like I said, you know, the least, you know, I've been in the business world less than all of them. So, I always find that I can learn, and I ask questions, and sometimes those questions allow them to think about a problem differently. Which I think they do appreciate. (CD 14)
Growth (44%)	Getting better at holding diametrically opposed thoughts together	I mean, this is kind of what 21 <sup>st</sup> century leadership is all about: posing totally, diametrically opposed thoughts in your head at the same time working with them, I think, you know, we live in this world now. ...I think in some ways, yes, in some ways, yes. I am. getting better at it. (CD 3)
	Evolving to embrace more ESG	Oh, yeah, I've grown in maturity on my own personal journey tremendously. Absolutely. I would tell you as a young executive at [a former company], I didn't pay attention to it. It wasn't on my radar. Absolutely readily admitted. As I got a little older, I started to see what we were doing to the planet and reading more. And I'm like, Okay, yeah, this isn't good. But it rose. (CD 17)

## Salient Tensions

The interview protocol probed board members for their perception of sustainability-related tensions. By definition, any tensions described by board members in their interviews would be presumed to have been rendered salient, or they would not have been acknowledged. The four types of tensions described in the literature review were used as codes and their corresponding attributes heard in the interviews are listed in Table 12. Most directors (78%) described more than one tension in their dealings with sustainability issues and 44% acknowledge more than two.

**Table 10**

*Themes Related to Types of Salient Paradoxes*

Type of Salient Paradox (% responding)	Number of References	Descriptive Attributes
Belonging Tensions (61%)	19	Competing values; organizational identity conflicts; competing vested interests
Performing Tensions (78%)	53	Cost vs. desired outcomes; competing stakeholder claims; immediate vs. delayed outcomes
Organizing Tensions (83%)	39	Scaling issues; pipeline issues in hiring; allocating internal resources
Learning Tensions (61%)	20	Responding to external shocks (change); poor metrics; situational tensions; tensions of temporality

## Positive and Negative Responses to Tensions

Here, board members described three factors contributing to positive or negative responses to salient tensions. First, they described overall conditions of abundance (or scarcity) based on headwinds (or tailwinds) for engaging in sustainability based on favorable (or unfavorable) macro or firm-level conditions. Second, they described the dynamics of board conditions that were either conducive to alignment and therefore more open to competing perspectives or misaligned, thus placing greater perceived constraints on options (Demb &

Neubauer, 1992). Third, board members described different levels of construal, their ability to accept ambiguous and longer-term perspectives on sustainability over more concrete, near-term perspectives, leading to higher complexity or lower complexity, respectively (Trope & Liberman, 2003). Table 13 shows the indicative categories in each dimension of positive and negative responses to salient tensions by board members.

**Table 11**

***Dimensions of Positive and Negative Responses***

	Positive Responses	Negative Responses
Abundance/Scarcity	<b>Abundance</b> Sustainability tailwinds Higher optionality Constructive pessimism	<b>Scarcity</b> Sustainability headwinds Unfavorable comparison to other firms/industries
Implicit Coordination	<b>Alignment</b> Empathy and tact Diversity of perspective Being deliberative Being agile Shared purpose	<b>Misalignment</b> Conflict avoidance Dysfunction Mistrust Stifling voice Groupthink
Construal	<b>High-level construal</b> Broad or vague definition of sustainability High future orientation	<b>Low-level construal</b> Narrow or concrete definition of sustainability Low future orientation

***Positive Responses due to Abundance Orientation***

Board members adopted an abundance orientation relative to sustainability for a variety of reasons. First, they can see firm-specific conditions that minimize or eliminate constraints. For example, CD 11 said, “Because we don’t really deal with a resource intensive product, the world is your oyster there.” Or they may see a general rising tide for sustainability as a macro-level tailwind that provokes a change in thinking about sustainability as a necessity:

So, what's interesting to me right now where the whole world has gone and all the board work that I'm doing right now, it's all around diversity, inclusion and, and social justice. I mean, social justice is everywhere, everywhere. (CD 3)

We are in the middle of the great reset. You know, with a great reset, the only question we should be asking ourselves in whatever position that we're in whether we're family, men or parents or employees, managers, directors, executives, board members, is, if I had to start all over and do it again, what would I do differently? (CD 10)

A surprising finding revealed through abductive analysis was the role of pessimism in framing sustainability. Abductive inference in grounded theory posits that unanticipated observations in the data must derive from a general principle derived from existing knowledge or invented by the researcher (Bruscaglioni, 2016). Seven board members (39%) made statements indicating overt or oblique pessimism, casting doubts about their progress on meeting broad social and environmental goals. These negative projections included the frustrated motivation within SO. In addition, board members saw a general lack of progress in sustainability, two board members specifically mentioning needing "generational change" for things to move more positively (CD11, CD14). This sentiment equates with a dim view of meeting future goals, such as "we're not going to solve a racial equity in my lifetime, it's not going to happen" (CD 16) or being daunted by the amount of structural change needed to achieve net zero carbon "it's a staggering amount of infrastructure expenditures" (CD 18). These pessimistic statements may seem more indicative of the scarcity mindset that provokes negative responses to tensions. CD 16 referred to these challenges as "stressful." These statements were accordingly initially coded as negative, indicating a scarcity mindset.

In revisiting the data, not all board members expressing pessimistic outlooks appeared to fall victim to defeatism but seemed motivated to work for progress despite their pessimism. To explain this contrast, comparative analysis connected these pessimistic attitudes to high future orientation among these board members. Moreover, an evident urgency to act indicates some

sense of agency in addressing even a small piece of the overall challenge. Table 14 links descriptions of agency and future orientation to those board members expressing pessimism.

**Table 12**

***Board Member Pessimism Connected to Agency and Future Orientation***

	Agency	Future Orientation
CD 15	My concern is that it is purpose over profit and until it becomes mandated the direction will not change. There is a lot of greenwashing and companies need to be held to their commitments. It does stress me out and motivates me to stay the course and keep pushing.	So that is why now I look at how can I influence now I keep it in the minds of the CEO and in the boardroom for the future. Because I do believe it is going to come up for the future. Right now. It's just in its infancy. And I think that as it comes up in the future, I don't want I know how hard it is to react. So, if it's planned for and part of the sustain... and part of the long-term goals and long-term range plan, it only helps the organization. So that's where I feel my role is to make sure that it's top of mind.
CD 16	[On race] how are you going to untangle this? But look, you have to do different things, like, give people the jobs.	It's important to have people like me who dream of a better future
CD 1	So at least we could move a small part of the needle	I'm conscious of the women who have had it worse

Aligning with theory on the motivational aspects of constructive pessimism, board members show strong commitment to addressing sustainability issues even when they perceive the outlook on progress as dim. As CD 1 put it when asked directly how one squares seeing a pervasive lack of progress on ESG overall with an explicit ESG investment focus: “Because you have to try.” Overall, these examples of pessimism connected to motivation to work for a better future, rather than despair. I concluded that constructive pessimism contributed to feelings of abundance rather than scarcity. These surprising connections prompted a revisiting of the relevant literature on pessimism and social goals, leading to the work on constructive pessimism.

### *Negative Responses due to Scarcity Orientation*

As the inverse of an abundance mindset, board members express a scarcity mindset by describing internal and external resource constraints. One said, “It is because, you know, small company limited resources can’t do everything” (CD 9). Another mentioned, “Yeah, so... you do have a lot of resource constraints and guardrails that are external. Yes, I’m not under your control, anytime” (CD 7).

In addition, many (83%) respondents commented at various places in their interviews suggesting advantages or disadvantages in embedding sustainability compared with other firms, industries, or ownership structures. For example, describing the difference between public and private boards, one public board member described how private boards had more flexibility in deciding where to focus: “Right. And so that was a little bit of a hard knocks, and there wasn’t quite the flexibility that you have in private companies, because I find private companies are a little more forgiving. And not quite as strict and stringent” (CD 5).

Similarly, board members with experience with smaller companies viewed small scale as a stumbling block:

...if we get to a nice six, eight, ten million annual run rate, this business will be throwing up so much cash, because the profit margins are so good on the test that people being treated \$50 for that, you’ll be able to take that cash and reinvest it in or subsidize and do more of the do more of the community to do good work in the community. (CD 9)

Yeah. Because it’s, it’s, you know, when your revenue is survival. Revenue is survival, right? And growth is survival. ESG is not necessarily survival, but needed for long term permanence, acceptance growth. (CD 14)

They also promoted the idea that larger companies had either more motivation to focus on sustainability or higher motivation to do so:

So, I guess that’s why you’re looking at public [firms], specifically, because they have the bandwidth and the thought power and the resources and the public pressure, you know, to do something about it? (CD 14)

These comments point to constraints on either resources or options which research shows can provoke defense reactions to tensions, limiting the potential for paradoxical framing (Smith & Lewis, 2011).

### ***Positive and Negative Responses due to Implicit Coordination***

All board members interviewed emphasized the importance of the internal board dynamics in influencing how they thought about sustainability. Board members described these dynamics along multiple dimensions, including the composition of the board, specifically the gender, ethnic, professional, and cognitive diversity of their board colleagues, and the dynamics of the board, including leadership, structure, and levels of collegiality, respect, and overall psychological safety. Ultimately, these dimensions of board dynamics coalesced around the concept of *alignment*, a dynamic equilibrium in which a group can foster both healthy and necessary debate while maintaining joint purpose (Demb & Neubauer, 1992). Board dynamics corresponded to either an overall state of alignment or misalignment.

At the conceptual level, board members describe four basic aspects of alignment, accepting dissent (6 respondents), being deliberate (16 respondents), being agile (8 respondents), and mutual respect (4 respondents). Accepting dissent helps distinguish alignment from consensus, where everyone must hold the same position, “boards need alignment to operate, not and I particularly didn't choose the word consensus, because I think that might be a false god” (CD 17). Being deliberate allows boards to develop strategy over time with robust solutions coming at the possible expense of speed. One participant said,

I didn't solve the problem in that meeting. But it informed my thinking and helped me think about, well, how am I going to present this in a way that a) makes sense and b) people can [understand it]. So, I think of it, some of these things that are coming into play as newer practices. I think of them as more along an evolutionary line. (CD 16)

As a counter to deliberation, being agile allows the board to move past impasses, as CD 5 stated:

I think all these boards are, I think, people developing as we go and there's never not contention nor should there ever not be. And, you know, I think thought processes mature as we go along and we move on to the idea at the end of the day, we come to the realization we have to move on to things that we can make a difference on in a positive way. (CD 5)

Finally, CD 13 mentioned that mutual respect provides the bridge between dissent and agility:

Given the fact that seven of my colleagues, who I have a lot of respect for who have a different view than I do, I'm willing to go along with it and support it, although I don't believe that's the right thing to do, but I'm willing to go along in order to move the ball forward. (CD 13)

Within these parameters for alignment, board members described several ways in which they see boards as aligned or misaligned. These factors for alignment or misalignment include those described by Demb and Neubauer (1992), including space for healthy discussions, diversity of perspective, and shared purpose. Additionally, board members added tact and empathy as necessary conditions for alignment. Some board members describe situations of misalignment in their current boards or bring up misalignment in other situations or board experiences. Table 15 contrasts alignment and misalignment factors observed by board members.



**Table 13**

***Representative Data for Board Dynamics Comparing Alignment and Misalignment***

Factor	Alignment	Misalignment
Space for healthy discussions	We are a very critical group. So, there's a lot of debate when people are not shy, yeah, people are not shy about bringing up their viewpoints. And actually, I think that's one of the things that's been good about it, frankly, because like, there's nothing hidden, everyone just kind of says what they need to say. And some of it is like, Okay, and then some of it is like, whoa, Where'd that come from? (CD 14) <i>78% responding</i>	People want to have... I mean, the whole idea of agreeing disagree is really hard. Because you know, especially when you get these large personalities where they're like, okay, we agree to disagree, but let me make you agree with me if you get into these unbelievable long conversations where people are trying to convince because if they don't, they haven't won...And also almost always the groupthink is just astounding. We know it's very hard to be a voice that is a voice of dissent (CD 3) // <i>61% responding</i>
Diversity of perspective	...going back to what I've really appreciated about this board is [that] it is a very diverse background of professionals. And I understand how they look at problems and issues differently than myself on understanding, you know, the limitations of sometimes what I would think would be the best path forward on something, and then kind of, you know, and then oftentimes that causes you to change your opinion. (CD 6) // <i>78% responding</i>	When we first came here, it was all guys, though...[and] our entire leadership team was male. And you sit in a meeting with that, you know, sit and look on the table, there's 12, guys, and it's all guys. You know, do we need 12 of you? Because frankly, probably three of you would cover. And so, when we started to think about it, maybe we need some new ideas in here. (CD 11) // <i>22% responding</i>
Shared purpose	And I got the distinct sense when applying for the board that they were serious, this wasn't just, you know, a poster on the wall, this was really what they were aspiring to be and to run and to do and who they are, and a deep integration of kind of what they cared about and how they express their business. (CD 8) // <i>61% responding</i>	So, I think it took longer than I think was necessary. But you know, at the same time, you know, organizations are nothing more than a people, group of people banded together for a common purpose. And this case, it was a group of people that were banded together because they were friends, to some extent, or there were relationships there. (CD 7) // <i>39% responding</i>
Tact and empathy	[If] I always ever were gonna make a, you know, bold statement, I always tried to make like, Hey, I could be totally wrong. It's a level of humility, if you will, saying, like, I'm not sure this is the right way to say it, or think about it. But this is my perspective. Hopefully, it's one that resonates. (CD 6) // <i>44% responding</i>	The difficult conversation is it goes on for five more hours, and then I get a phone call at midnight that goes on till four from the CEO. That's not a sustainable way of doing it. But that's just him saying he's got to convince me that he's right, and I'm wrong. So, you know, the question about how are people having conversations and agreeing to disagree, or are they not? (CD 3) // <i>44% responding</i>

### ***Positive and Negative Responses due to Construal***

Finally, high (or low) construal levels complement feelings of abundance and alignment (or lack thereof) that help board members respond to tensions. Sustainability tensions sparked high or low-level construal on two dimensions, *psychological distance*, how narrowly or broadly board members defined sustainability, and *temporal distance*, their relative degree of FO.

Board members' responses on their personal definition of sustainability addressed psychological distance. References coded to this theme came from direct answers to this question as well as from other parts of the interviews. References expressing a singular or narrow definition of sustainability suggest a concrete conceptualization of sustainability, while a broader definition of sustainability, including comments about vagueness, indicate a more abstract, higher-level construal.

Applying a paradoxical lens to these codes suggest that board members who accept and view sustainability as more abstract will be open to more complex framing containing more ambiguity (Bullard et al., 2019; Hale & Delia, 1976): "Because there hasn't been... I don't think it's been well defined. You know, I think, you know, fundamentally, you know, it's, it's not well defined, nor well understood" (CD 7). Holding a narrow, concrete notion of sustainability should align more with lower complexity of framing: "And I think about social responsibility, my mind bends a little bit more towards the customer, which in this case, again, is seniors and making sure that, you know, it, the decision making that I'm doing is for their best benefit" (CD 6).

FO describes the time horizon board members consider when thinking about tensions and strategies. This tendency addresses construal's temporal distance dimension (Trope & Liberman, 2003). A higher FO is a tendency to or preference for focusing on longer-term objectives, while a

lower FO is a preference for addressing concerns in the near term. These dispositions are not mutually exclusive as respondents expressed both high and low future orientation (Table 16).

**Table 14**

***Representative Data for Future Orientation***

Theme (% Responding)	Open Code	Reference
High FO (56%)	Setting audacious goals	Yes, well I believe in setting audacious expectations. And, but having a balanced perspective on it, I'd rather set a goal that I want to grow by 10% and end up at eight, then a goal that I set for six. And end up at six. (CD 13)
	Focusing on the long term	And so, I think there's some ability as a board member to step back and say, okay, let's take a little longer view of things. And let's be a little more circumspect about the decisions we make and the long-term effects of those decisions. (CD 5)
Low/Moderate FO (50%)	Focusing on near-term challenges	We haven't talked about that much explicitly because we're still in the trenches, you're fighting fires. What we have hinted at is, as the company grows and scales, um, rather than, you know, an explicit promise to help X number of people in you know, why areas of the country, it may be, we're going to donate z percent of money, right, to other charitable organizations that are serving a skew. (CD 9)
	Small increments to settle impasse	It ends with Okay, next time, we'll talk about it. Okay, so it's sort of like it ends with will do little, little bits of it. (CD 15)

**Contingent Strategies**

Board members described various contingent strategies employed to mitigate tensions. Contingent strategies include framing tensions as trade-offs, making the business case, and using moral imperatives.

Trading off rejects one or more poles of the tension in favor of the other:

When I think about it, in the context of businesses, it's sort of purpose driven, you know, purpose driven, values driven, but has to be married to the idea of sustainability and including the ability for an organization to maintain itself, right? Rather, the kind of conceptual model that that sustainability as a free good is not true, right? There are always gonna be tradeoffs. (CD 7)

Making the business case seeks win-win scenarios for sustainability that can also enhance financial or strategic performance. For example, one participant stated, “there's a strong, you know, even customer base is not only going to demand a diverse team that they're working with, but they also realize there's a business opportunity by having the right people involved in those conversations (CD 2). Another followed, “The reason I'm a nice person is because I'm hoping as a result of that something great happens. If not, I'd be an a\*\*hole like most people” (CD 13).

Moral imperatives, a much rarer strategy, essentially invert the business case logic by accepting instrumental objectives if they also support the mission:

So, when I sit on a board, that's something that I really stress is how are we going to hold our vendors accountable, and make sure that they're meeting our requirements, the things that we think we're doing, how are we going to make them... how are we going to make them and hold them accountable. And the only way we're going to do that is by holding back dollars. Right? If we continue to pay them and continue to use their services and continue to buy products for them that continue to procure, they're not going to do it. So, it's going to take companies to really make that difference. (CD15)

All these responses seek to mitigate the salient sustainability tensions by various means.

### **Adaptive Strategies**

In contrast to the contingent strategies outlined above, participants described adaptive strategies that accept and manage salient tensions. Such strategies showed commonality in avoiding the impulse to mitigate tensions. These strategies included rejecting contingent framing and perspectives that indicated a desire to preserve or increase the complexity of the cognitive frame around sustainability tensions. Since each participant expressed some thought that coded

to this theme, further analysis revealed a typology of these strategies: trade-off avoidance (44% responding), complexity seeking (94% responding), braiding objectives (61% responding), leveraging constraints (50% responding), and north star focus (44% responding).

Trade-off avoidance describes a resistance to reduce choices to binary trade-offs:

One knee jerk reaction is you know Milton Friedman said don't worry about this. Right? And then number two is, you know this, if it doesn't work, you'll actually accept lower returns. There's no such thing as doing good and making more money the trade-off. Yeah, I think it's totally wrong. It just it's a lazy thing. (CD 11)

Complexity seeking can be seen as an expansion of trade-off avoidance, where individuals do not just want to avoid the trap of dichotomy, but seek to expand the complexity of information surrounding a sustainability tension. For example, one participant stated, “It's that gray area that you can't oftentimes measure, or realize until after the fact, you know, what you may have, you know, done. And so, again, looking at things, less simplistically sometimes is highly important” (CD 6).

Some board members explicitly refer to the interdependencies behind tensions by braiding objectives. For example, one board member said, “Look, if you have no planet, you have no business. Right? If you don't have equity, you don't have the right talent” (CD 16).

In addition, some members using constraints to provoke creative solution seeking (leveraging constraints). For example, one participant described pushing back against the argument that a limited pipeline hampers recruiting talented people of color:

Why don't blacks let Latinx etc, to get the board positions, because they don't have the right job experiences to be effective on a board. So, give them the jobs. Right. That's what I think we have to start doing. And of course, that takes a long time, because you can't just say, pipeline, pipeline. (CD 16)

Finally, some board members avoid contingent thinking by keeping in mind a north star goal, or company purpose. One participant said,

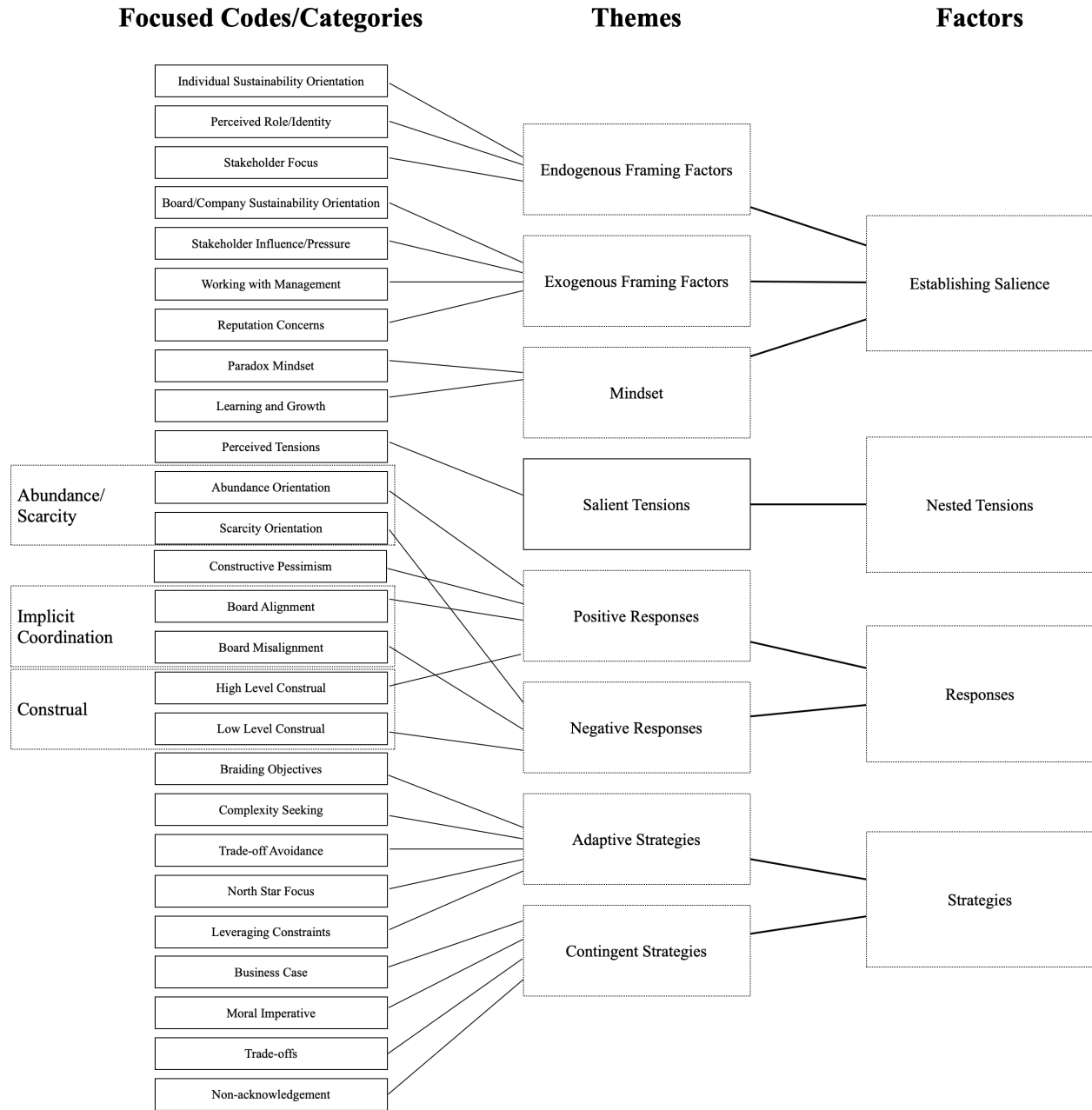
In my experience, the organizations that really make [mission] the water in which you swim are more successful on... so many different indicators, you know, employee engagement, philanthropy, you know, high performance, top quality I because I just think it's... support, it's a filter and screen for everything you say yes or no to, and you're making decisions based on kind of what you say you care about... And I think those organizations outperform others. I really do. And I think it helps them make tough decisions, because there's always going to be a tough decision. (CD 8)

## **Summary**

Based on the literature review and Bikel's (2021) proposed model, these 26 coding categories gathered into eight major theoretical themes encompassing the framing process. Initially, the process by which board members rendered tensions salient revealed that board members experienced belonging, organizing, and learning tensions beyond the expected performing tensions. At the other side of the rendering tensions salient process, construal levels (i.e., psychological distance), implicit coordination, and abundance/scarcity orientation helped inform the process of outlining the cognitive-affective responses to tensions. Finally, five adaptive and four contingent strategies emerged to describe how directors manage or mitigate tensions. Figure 4 shows the resulting data structure emerging from the focused codes. Tables in Appendix B provide representative quotes. This structure establishes the general flow for the proposed process model, which follows.

**Figure 4**

***Data Structure***



## **A Theory of Sustainability Paradox Cognition in the Boardroom**

The picture that emerges from the preliminary analysis shows a framing process divided into three broad components. First, endogenous and exogenous forces related to combine to provoke salience, determining whether or not board members acknowledge sustainability tensions. Salience is moderated by the mindset at work, with higher paradoxical mindsets provoking more salience and lower mindsets provoking less. Second, salient sustainability tensions span multiple types of belonging, performing, organizing paradoxes that interconnect and interoperate. When encountering salience, individual board members face a choice how to respond, a complex process through which they can accept tensions or reject them. Finally, rejecting tensions leads to contingent strategies that seek to temporarily mitigate or resolve tensions while accepting tensions leads to adaptive strategies embracing tensions.

The model proposed takes its cues from the paradox literature, which has described three internal routines for framing sustainability tensions: rendering tensions as salient, responding emotionally and cognitively to them, and crafting strategies to address those tensions. Researchers have not definitively established boundary conditions for what constitutes framing within this extended process. Still, Smith and Lewis (2011) suggest that individuals apply paradoxical cognition to render tensions as salient, which then provoke adaptive or defensive responses. Accepting tensions results in viewing options from a perspective of abundance, a lack of constraints on resources or options. Alternatively, responding defensively results from a scarcity mindset. Their proposed process model suggests that framing and responding to tensions are discrete actions. The data suggest an alternate view of framing that extends throughout the salience-response-strategy process.



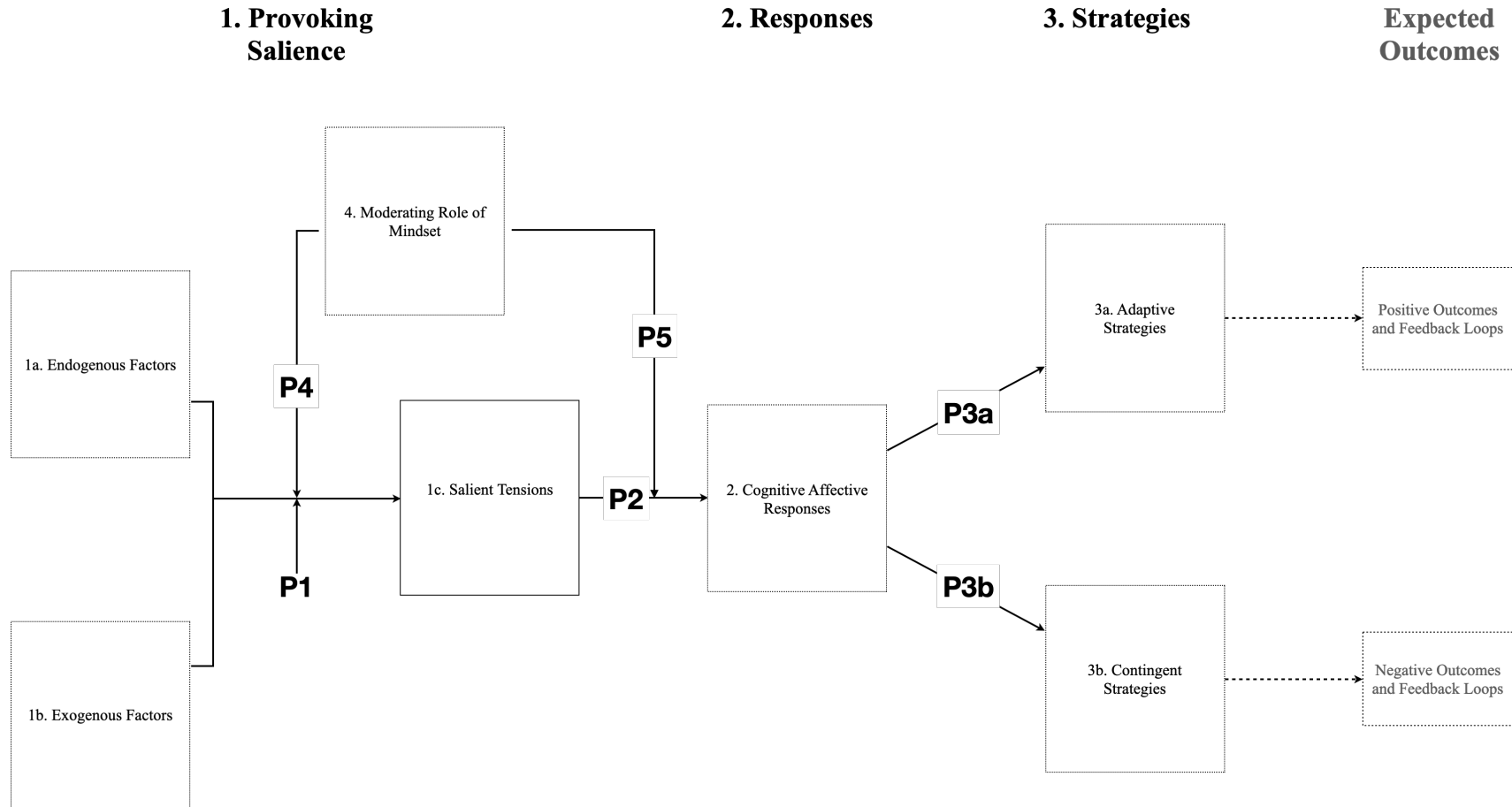
The data here suggest that board members render paradoxical tensions salient due to endogenous factors, including role, sustainability orientation, and individual stakeholder focus, as well as exogenous factors such as perceived company/board sustainability orientation, stakeholder pressures, working relationships with management, and reputational concerns. In other words, endogenous and exogenous forces operate individually and collectively to prompt tension salience. The resulting salient sustainability paradoxes span the proposed spectrum of performing, organizing, learning, and belonging paradoxes that individuals and organizations can experience (Lewis, 2000; Lüscher & Lewis, 2008; Smith & Lewis, 2011). Furthermore, these various salient paradoxes appear to interconnect and interoperate (Jarzabkowski et al., 2013; Sheep et al., 2017) such as the performing and belonging paradoxes experienced by black female board members when approaching DEI issues or the combined organizing and learning paradoxes that one board member faced when realizing that supply chain sustainability meant grappling with insufficient organizational resources and poor metrics.

Once salient, individual board members continue to construct their cognitive frames. At this point they face a choice to either accept and embrace tensions or reject and mitigate them (Hahn & Aragón-Correa, 2015; Hahn et al., 2014). The process includes a cognitive-affective response to tensions (Sharma & Good, 2013). Defensive responses seek to reduce the complexity of paradoxical frames, while adaptive responses aim to keep that complexity. Borrowing from the strategy literature, this distinction between framing and response can be seen as akin to separating strategy from execution, which some label as a false dichotomy (Martin, 2010). For example, board members who respond defensively to the tension between control and collaboration by engaging in vicious cycles of control over collaboration (or vice versa) are reducing and trading-off the structural elements of their cognitive framing in working with

management (Sundaramurthy & Lewis, 2003). It is possible that as individuals respond to salient tensions, they continue the framing process, reducing, preserving, or even adding to the complexity of those cognitive frames. Therefore, the proposed model shows the response to salient tensions as part of the framing process. Furthermore, board members alter their perspectives on sustainability based on the anticipated dynamics of their respective boards – implicitly coordinating their behavior in advance. Because of this implicit coordination, abundance and scarcity mindsets do not appear to result from sustainability frames but rather help further shape those cognitive frames. The final step of the framing process entails generating contingent or paradoxical framing strategies as a result of tension rejection or acceptance, respectively (Smith & Lewis, 2011). Figure 5 shows the proposed process model and propositions for framing sustainability paradoxes at the board level.

**Figure 5**

*Process Model for Framing Sustainability Paradoxes at the Board Level*



In summary, for a board member:

- Endogenous and exogenous factors render salient a variety of tensions.
- Those tensions provoke positive or negative responses.
- Positive and negative responses lead to adaptive and contingent strategies, respectively.
- The nature of an individual's mindset moderates the extent to which endogenous/exogenous factors are framed as tensions. Individuals with learning/growth/paradoxical mindsets are more likely to have tensions triggered.
- The nature of an individual's mindset moderates the nature of the cognitive affective response to tensions. Individuals with learning/growth/paradoxical mindsets are more likely to respond positively to tensions.

### **Salience Through Endogenous and Exogenous Factors**

Board members experience multiple forces as they examine sustainability in the context of their roles (including identity), their own values and inclination towards sustainability, the firm's established sustainability disposition (or structure), and their relationships with stakeholders and management. These forces operate endogenously, as intrinsic motivation, and exogenously, imposed from without.

#### ***Endogenous Factors Influence Salience***

Board members identified three endogenous forces contributing to the salience process: roles, sustainability orientation, and stakeholder focus. The roles identified by directors provide context for individual sense-making and therefore aid in establishing cognitive frames (Golden-Biddle & Rao, 1997). Moreover, higher degrees of role identification should correlate to higher role conflict under certain conditions such as taking on oversight functions (Chan et al., 2014; Kreutzer & Jacobs, 2011). Such role conflicts contribute directly to provoking belonging

paradoxes into salience (Smith & Lewis, 2011). Sustainability orientation emerges from personal values and predispositions to ethical and prosocial/pro-environmental behavior (Grant, 2008). Relatedly, board members also feel the need to advocate for certain stakeholders through affinity (Hung, 2011) or affiliation (Huse et al., 2011).

These endogenous forces also interoperate. These distinct roles can interact individually with sustainability issues (e.g., viewing diversity as a former executive and a minority woman, or viewing environmental sustainability as a former accountant and as someone who grew up on a farm). To the extent that roles interact with sustainability in this way, greater role acknowledgment should lead to higher levels of salient belonging tensions. Similarly, a stakeholder focus can help promote certain sustainability issues over others, prompting a perceived role as advocate for those issues. As a result, each endogenous force should prompt more salient tensions as they provoke more issues as central (Besharov & Smith, 2014). Moreover, the interaction of these forces should force even more tensions into prominence as individual grapple with role, values, and identification-based tensions simultaneously, leading to the proposition:

Proposition 1a: When high levels of endogenous forces are present and acknowledged, more sustainability related tensions will be rendered salient

### ***Exogenous Factors Influence Salience***

As a complement to endogenous forces at work in provoking salience, exogenous forces also act on board members as they experience sustainability paradoxes. Just as the endogenous force of stakeholder affiliation is likely to provoke salient belonging tensions, feeling pressure from competing stakeholder demands will likely result in performing tensions (Hahn et al., 2018). Likewise, structural sustainability (B Corp status) or firm commitments to sustainability

will provoke organizing tensions (Besharov & Smith, 2014; Smith & Besharov, 2019), as well as belonging tensions between competing values (Besharov, 2014). Moreover, the data supports theory stating that boards exhibiting extremes of accommodation or control in their relationship with management impair effective performance (Sundaramurthy & Lewis, 2003). A shared leadership model where power oscillates between the board and management will increase the number of contradictory elements in strategy, and therefore the complexity of framing sustainability issues (Crooke et al., 2015). This provides a level of confidence that new ideas will surface, be effectively vetted, and have a good chance of being implemented.

The data presented above shows clear evidence of board members experiencing varying degrees of stakeholder influence and pressure, acknowledging the sustainability orientations of their respective boards and firms, and a spectrum of leadership models when working with management that contribute to framing sustainability issues. Moreover, the data shows that these pressures and board or firm level sustainability commitments manifest as competing objectives, values, and organizing principles, suggesting the following proposition:

Proposition 1b: When high levels of exogenous forces are present and acknowledged, more sustainability-related tensions will be rendered salient.

### **Nested Salient Tensions Across the Paradox Spectrum**

Endogenous and exogenous forces combine to provoke salient sustainability paradoxes for board members. These are the paradoxical tensions that board members acknowledge as relevant and require attention. They fall into the four types of paradox identified in previous research (Smith & Lewis, 2011). Performing tensions comprise most of the salient sustainability tensions described by board members. But they also described learning tensions (i.e., balancing the need to embrace new ideas while holding onto the old), organizing tensions (i.e., creating

stable yet adaptive structures to meet current and future objectives), and belonging tensions (i.e., navigating multiple identities and identifications). This finding suggests that beyond a mere double bottom line duality of competing objectives, sustainability represents a system of interconnected personal, social, and organizational challenges resulting in knotted or nested tensions (Sheep et al., 2017).

The prevalence of all four types of salient sustainability-related paradoxes throughout the data correlates with the previously observed high degree of endogenous and exogenous sustainability salience factors. This finding makes sense since the literature suggests that each endogenous and exogenous salience factor is likely to engender different salient types of paradoxes. For example, stakeholder pressures and role conflicts are likely to provoke performing and belonging paradoxes, respectively (Smith & Lewis, 2011). I therefore propose that the more board members experience these salience factors, they will more likely uncover a wider range of salient paradox types.

Proposition 1c: Board members acknowledging higher numbers and degrees of endogenous and exogenous factors will experience broader numbers of learning, performing, organizing, and belonging paradoxes.

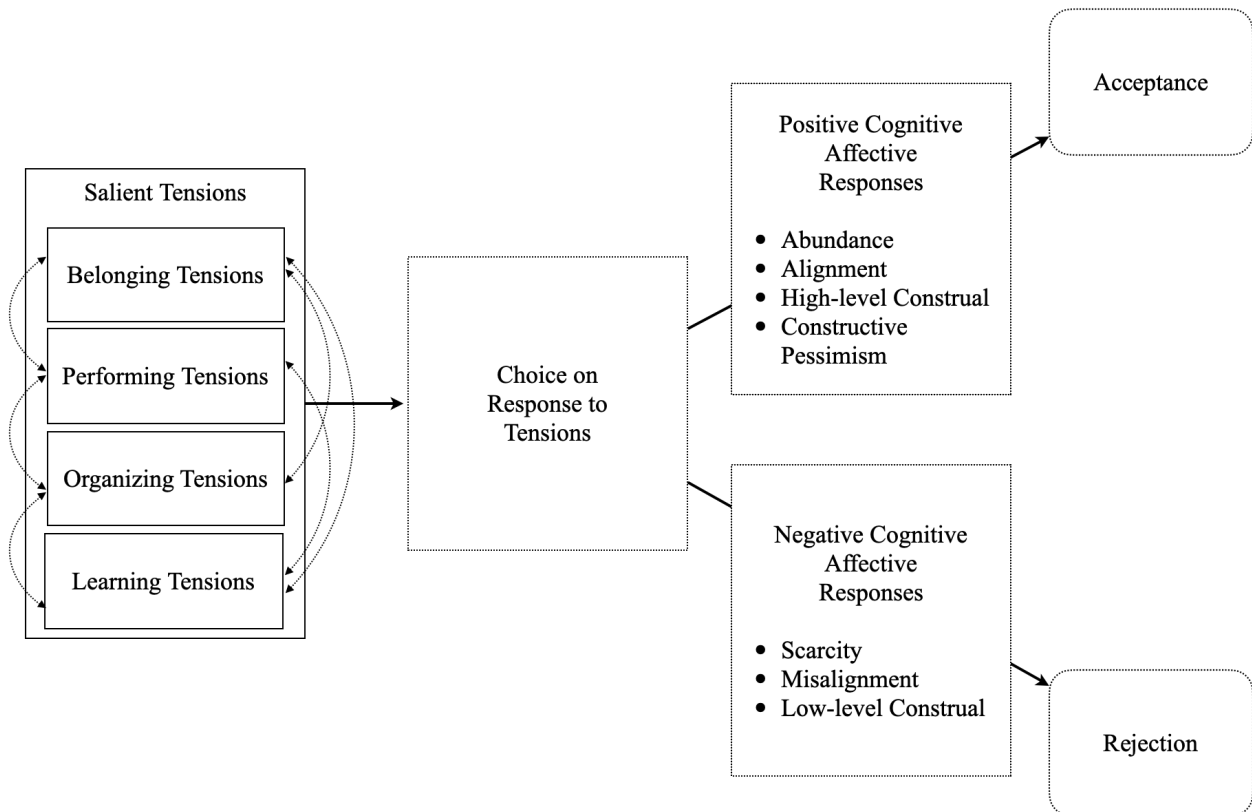
### ***Positive and Negative Cognitive and Affective Responses to Tensions***

Having acknowledged salient tensions, board members must choose to either accept and seek to manage them or reject and seek to mitigate them. Accepting or rejecting tensions hinges on how the individual responds cognitively and affectively to salient tensions. This part of the process stands out as the most complex and therefore requires somewhat careful unpacking. First, tensions provoke either a positive or negative response. Board members describe three characteristic dimensions governing their respective responses to tensions: 1) feelings of

abundance (or scarcity), 2) implicit coordination – confidence (or lack thereof) that their respective boards are aligned enough to handle the demands of paradoxical tensions, and 3) construal – the willingness to accept the vagueness and psychological distance inherent in sustainability challenges. Each of these characteristics possesses a positive or negative attribute: abundance vs. scarcity, alignment vs. misalignment, and high-level vs. low-level construal. Positive responses prompt tension acceptance and negative responses prompt rejection. Furthermore, the individual’s mindset that was instrumental in moderating salience also moderates how likely they are to accept or reject tensions. A closer look at this part of the model is illustrated in Figure 6.

**Figure 6**

*An Expanded View of Cognitive and Affective Responses to Tensions*





### ***Abundance and Scarcity Orientations***

Positive cognitive emotional responses align with feelings of abundance, confidence in a higher degree of options and resources to be used in managing tensions. Individuals approaching tensions with this perspective are expected to be better equipped to accept and manage paradoxical tensions (Lewis, 2000). This outlook stands in contrast to one based in scarcity, where resources and options are perceived to be constrained (Roux et al., 2015). The data show that directors respond to sustainability tensions by expressing alternating feelings of abundance and scarcity. For those adopting an abundance orientation, they describe general tailwinds and macro-level factors favorable to greater sustainability. In contrast, scarcity perspectives focus on the headwinds and general lack of progress made on sustainability.

### ***Implicit Coordination – Anticipating Alignment or Misalignment***

The second characteristic signifying board members' response to salient tensions is the prospect of how positively (or negatively) these tensions will be received and managed by the board as a group. Since individuals implicitly coordinate their actions based on the likely responses of the groups in which they operate (Rico et al., 2008), it makes sense that board members focused significant time on how their respective boards operate as a team and manage competing ideas. Anticipating more free flowing board environments would seem to engender a higher propensity for greater differentiation and integration within the cognitive frames than those with more regimentation or less psychological safety, stifling dialogue. Boards with these conditions are categorized as being in *alignment*, a combination of shared commitment to purpose while maintaining individual perspective (Demb & Neubauer, 1992). This desired state allows for both differentiation (i.e., maximizing diversity of perspectives through creative conflict) and integration (i.e., coalescing around the shared common purpose).

Alignment allows for higher complexity of cognitive frames by providing fewer constraints on available or discoverable options (Hahn et al., 2014; Walsh, 1995). In essence, individuals recognizing these characteristics in the group dynamics of their respective boards will be more confident in including a wider variety of objectives, including those at odds with one another.

### ***Construal – Accepting the Ambiguity and Temporal Distance of Sustainability***

Construal level represents the third characteristic of the cognitive affective tension response. Higher level construal includes comfort with temporal and psychological distance, focusing on desirability of outcomes as opposed to the feasibility of execution (Liberman & Trope, 1998; Reczek et al., 2018). The data shows some board members accepting vague notions of sustainability (ambiguity) and high FO, both indicators of high-level construal (Wiesenfeld et al., 2017).

FO increases the level of construal, allowing individuals to emphasize outcomes, and therefore desirability, over feasibility. More FO would allow for greater acceptance of ambiguity and paradoxical tensions. Similarly, by allowing for greater ambiguity, higher level construal should correlate to higher complexity cognitive framing (Hahn et al., 2014) even when board members feel lower degrees of control over the underlying objectives (Besharov & Smith, 2014). While researchers note that individuals tend to be ambiguity averse (Onay et al., 2013), paradoxical frames distinguish themselves from contingent frames by embracing ambiguous signals, rather than attempting to reduce those ambiguities (Hahn et al., 2014). The data here show that board members accepting a vague or multifaceted higher-level construal of sustainability, reinforced by maintaining a longer-term view of the strategy horizon, are more likely to embrace paradoxical tensions.

### *Constructive Pessimism*

These factors can also combine to promote positive responses to paradox. Constructive pessimism represents a paradoxical combination of high-level construal with elements of scarcity. Specifically, it leverages a strong future orientation to overcome perceived constraints or sustainability headwinds. By focusing on a desirable end state (Liberman & Trope, 1998; Trope & Liberman, 2003), board members who view progress as challenged can nonetheless generate strong motivation to persist, creating abundance out of perceived scarcity (Kaida & Kaida, 2016b).

In line with theory, the data suggest that all the above factors (i.e., abundance, perceived board alignment, and higher-level construal) link to greater comfort with sustainability tensions, higher confidence in generating options, and an overall comfort with the ambiguity of sustainability as a concept. The data also provide opposing examples where scarcity, misalignment, and low-level construal are constraining factors, limiting options, and provoking defensiveness in response to sustainability tensions. Therefore, I propose that positive responses enabling acceptance of tensions will show characteristics of abundance, alignment, high-level construal, and constructive pessimism, while negative responses prompting rejection of tensions will show characteristics of scarcity, misalignment, and low-level construal.

Proposition 2: Board members will respond positively to salient paradoxes, enabling acceptance, or negatively prompting rejection.

Proposition 2a: Positive responses will display a combination of abundance orientation, implicit coordination anticipating board alignment, high-level sustainability construal, and constructive pessimism.

Proposition 2b: Negative responses will display a combination of scarcity orientation, implicit coordination anticipating board misalignment, and low-level sustainability construal.

### **Mindsets Moderate the Salience Rendering and Tension Response Relationships**

The paradox mindset, a construct surrounding the propensity to acknowledge tensions and respond positively to them, has long been regarded as a necessary set of competencies helping individuals render paradoxical tensions as salient (Miron-Spektor et al., 2018; Smith & Lewis, 2011). Its positive correlation with managing sustainability tensions among social enterprise employees (Besharov, 2014) prompted direct questions about the board member's comfort with tensions. The literature suggested that relative comfort with tensions could serve as a proxy for the paradox mindset. Still, other responses also contributed to this measure of comfort that moderates the relationship between establishing salience and different forms of tension. As I will outline below, the mindset also plays a role in moderating the relationship between those same tensions and responses.

Linking to the learning and growth theme, it appears that board members either feel comfort with paradoxical tensions innately, have grown more comfortable with tensions over time, or in some cases, both. This finding suggests a prevalence of the paradox mindset at work at a broad level among corporate directors, reinforcing the idea that other dynamics related to sustainability tensions contribute to the level of response to those tensions. I propose that the paradox mindset moderates the paradoxical management of sustainability paradox governance.

Proposition 4: Paradox supporting mindsets will moderate the effect of endogenous and exogenous forces on sustainability tension salience. Individuals with greater degrees of paradox supporting mindsets will be more likely to acknowledge tensions.

In addition to assisting the salience process, the paradox mindset plays a role in governing the board members responses to salient paradoxes. Miron-Spektor et al. (2018) suggest that the paradox mindset contains cognitive and emotional factors. They also show that, in addition to helping individuals render paradoxes salient, the mindset promotes positive responses to those salient tensions. The comfort with tensions that board members described can also indicate a positive response, aiding the feelings of abundance and increased optionality when facing sustainability paradoxes. I conclude that the paradox mindset must play a moderating role in this response, helping foster feelings of abundance and avoiding a scarcity mindset.

Proposition 5: A paradox-supporting mindset will moderate the response to salient tensions. A more prevalent paradox-supporting mindset will engender positive responses, while a less prevalent mindset will engender negative responses.

### **Adaptive and Contingent Strategies Result from Responses to Tensions**

Individuals responding positively to paradox are more likely to develop strategies that seek to embrace rather than mitigate salient tensions (Lewis, 2000; Lewis & Smith, 2014; Lüscher & Lewis, 2008). This process is at work within this sample of board members as well. Since the abundance mindset, expected board alignment, and high-level construal operate to reduce perceived constraints on both resources and options, board members experiencing higher degrees of these positive responses are more likely to embrace paradoxical tensions and generate adaptive strategies, whereas those who feel resource constraints, resist ambiguity, and perceive poor alignment in their respective boards will seek to mitigate those tensions with contingent strategies.

Paradox research establishes an expectation that individuals embracing tensions will devise creative and innovative ways to address conflicting objectives while preserving the tensions between them as a continuing source of motivational energy (Miron-Spektor et al., 2011; Miron-Spektor et al., 2018). The data show that board members use several strategies to manage and constructively preserve paradoxical tensions, including braiding objectives, complexity seeking, avoiding trade-offs, north star focus, and leveraging constraints. Each of these strategies elevates the validity and criticality of each competing objective – its centrality (Besharov & Smith, 2014) – while reducing the conflict between objectives that can lead to paralysis in decision-making (Lüscher & Lewis, 2008). Conversely, board members' negative responses to paradoxical sustainability tensions sparked expected contingent strategies aimed at mitigating or eliminating tensions by finding contingencies (looking for win-win opportunities) or by showing preference to one objective over another (trading off) (Hahn et al., 2014). The apparent correlation between positive response and adaptive strategy making (or negative response and contingent strategy making) prompt me to propose that the former precipitates and likely instantiates the latter.

Proposition 3a: Positive responses accepting tensions will result in more adaptive strategies to manage tensions.

Proposition 3b: Negative responses rejecting tensions will result in more contingent strategies to mitigate tensions.

There was a considerable overlap between board members' paradoxical and contingent responses, showing that directors likely simultaneously engage both positively and negatively with sustainability tensions. This duality aligns with the earlier aspects of the model that showed members displaying both abundance and scarcity mindsets, likely situationally. This

inconsistency in response and framing strategy indicates that factors contributing to positive responses to tensions do not exist in a steady state but fluctuate and are themselves situationally dependent. However, this fluctuation suggests that board members are not necessarily trapped in contingent strategy mode but can course correct back into an adaptive strategy posture.

## **General Discussion**

This study represents an early empirical foray into the underexplored phenomenon of sustainability paradox at the board level. Sustainability paradox cognition among board members remains a nascent field of inquiry. As such, the theory and propositions suggest novel perspectives on the internal process by which corporate directors uncover, appreciate, and manage interlocked tensions arising from sustainability. This study expands and contributes to prior academic research into sustainability paradox at the board level and offers practical insights for investors, leadership teams, and board members themselves, potentially improving how boards integrate sustainability into long-term corporate strategy for the firms under their care.

### ***Implications for Theory***

This research expands the paradox, sustainability, and governance literature, further opening the black box of cognition at work in corporate boards (Aguilera et al., 2016; Jain & Jamali, 2016; Leblanc & Schwartz, 2007). I find support that sustainability paradoxes for corporate directors are more varied and complicated than merely satisfying multiple stakeholders or meeting competing objectives, but also entail role/identity conflicts, organizational conflicts, and learning to adapt to dynamic change. This research connects the dots between proposed latent sustainability conditions (i.e., scarcity, plurality, complexity, and change) and the full spectrum of possible paradoxes (i.e., organizing, learning, performing, and belonging) corporate directors can and do render salient.

Finally, the data support connections between paradox cognition and construal level theory and implicit coordination to expand the concept of abundance and scarcity at work in responding to sustainability tensions on corporate boards. This research anticipated the concept of the paradox mindset as described by prior research into individual-level paradox (Miron-Spektor et al., 2011; Miron-Spektor et al., 2018). That construct limits focus to directly acknowledging tensions and the level of comfort in reacting to them. A surprising finding emerging from this study was the application of construal level theory in how individuals establish paradoxical frames around sustainability. With its emphasis on grappling with ambiguity and psychological distance from outcomes (Trope et al., 2007), construal level theory is a natural and yet unexplored complement to paradox theory. Construal level theory has mostly been explored in the context of marketing research. The connections to construal level evidenced in this research were unanticipated, but in retrospect, they are not surprising and strongly suggest the potential utility of construal level theory in paradox research. For example, learning tensions focus on preserving existing knowledge structures while simultaneously establishing new ways of thinking to cope with dynamic and discontinuous change. As this research indicates, high-level construal (the ability to think abstractly) might represent a precondition to or complementary aspect of the paradox mindset in managing paradoxical tensions.

Another surprising find was the role of implicit coordination in the process of framing paradoxes. Prior research has typically segregated individual level paradox from group and organizational-level paradox (Schad et al., 2016; Schad et al., 2019). This study decidedly focused on the individual as the unit of analysis to study sustainability paradox governance, in keeping with the epistemological approach of Bikel (2021). However, all individual organizational experience occurs within a collective context, and sustainability is a topic with



micro, meso, and macro-level components and implications. So, it makes sense that the collective aspect of board service would in some way influence the individual process of framing sustainability. I did not anticipate the degree to which perceptions of board context would influence the internal process of framing sustainability paradox. Still, in retrospect it is logical that this relationship would exist. However, since implicit coordination effectively brings group-level dynamics into an individual's internal psychology, this finding has implications for bridging individual and group level inquiry into paradox.

### ***Implications for Practice***

These results also generate significant implications for those involved with structuring, managing, and working with boards. Specifically, board recruiters and leaders can look to foster and develop paradox-enabling capabilities in current board members and recruit for those competencies going forward. Board leaders and members can also acknowledge the multiple types of sustainability related paradoxes board members are likely to experience and help individuals recognize, acknowledge, and accept those tensions.

Since construal appears to play a significant role in developing adaptive strategies to respond to sustainability tensions, boards should consider measuring the propensity for current members to orient themselves to the future and accept ambiguous definitions of sustainability. Furthermore, board recruiters might benefit from adding these construal dimensions to any qualitative measures used to assess prospective candidates for board roles.

Boards have implicit reasons to seek alignment to ensure higher degrees of functioning and productivity. This research shows that increased ability to manage sustainability tensions is a further dividend of board alignment. Board chairs can keep this in mind as they recruit for a

diversity of perspectives, promote shared purpose, and structure interactions to ensure healthy discourse that allows all board members to feel safe expressing their views.

Many board members and chairs likely implicitly understand that sustainability can result in performing tensions around meeting various stakeholder needs or fulfilling social and financial objectives simultaneously. This research indicates that boards should look for connected tensions (i.e., belonging tensions resulting from competing roles, identities, and values), organizing tensions around human resources, and learning tensions from adapting to dynamic change. A balanced scorecard approach to these tensions might prove beneficial to reveal the full scope of sustainability challenges.

### ***Limitations and Avenues for Further Research***

Some limitations of this study suggest directions for future research. First, because this study used a sample of for-profit directors from a broad cross-section of industries and scale, the theory generation likely meets a sufficient threshold of generalizability. However, the relatively small sample size limits the findings because of the diffuse and complex nature of sustainability in business. This weakness was mitigated somewhat by the strong diversity (e.g., racial, gender, geographic, industry, organizational size) of the perspectives contained in this sample, focusing on broadly supported perspectives on sustainability, and finally by triangulating data.

Nevertheless, future research should expand the scope of analysis to a broader cross-section of U.S.-based directors. Quantitative analysis using scales based on the theoretical propositions could capture more nuance, variation, and generalizability for our findings concerning directors' cognitive framing of sustainability tensions. Specific scales, such as the paradox mindset and experiencing tensions scales, already have been developed and validated (Miron-Spektor et al.,

2018). Such a study could also seek to quantifiably connect paradoxical framing of sustainability tensions with firm performance, a measure outside the scope of this research.

A second limitation arises from the singular context surrounding the data collection period. The data effectively represents a snapshot in time. All interviews took place during a global pandemic, within months of social justice protests, and during a period that saw large-scale natural disasters that were linked to climate change. As such, these interviews likely captured more heightened attention to sustainability issues. The data reflects this increased awareness, where nearly all board members discussed disruptions and tensions arising from the pandemic, increased urgency to act on diversity and inclusion efforts, and recognition of the challenges facing global environmental systems. It is possible that society will experience a reversion to the mean to a calmer social and business context in the future. However, one may argue that the extraordinary circumstances under which I collected the data might prove more typical going forward as society faces increasingly urgent climate change, social disruption, and racial and economic disparity. A longitudinal study would help alleviate the single vantage point captured in the data and smooth the data over various contexts and conditions. Such a study could also track a single sustainability issue through the salience and response process and match the implicit coordination with the actual dynamics of board discourse.

Finally, aside from one group of four directors from a single board, our sample consisted of lone representatives of their respective boards. This sample helped achieve the goal of capturing a variety of perspectives that enabled cross-board comparison but limited the ability to compare experiences within a board deeply. A cross-case analysis comparing two different boards managing the same or similar sustainability issue would further enhance the understanding of how board members' cognitive processes contribute to intra-board interaction.

## **Conclusion**

This research refined and expanded on the process model suggested by Bikel (2021). That prior conceptual model provided the theoretical validity for the overall approach taken here but called for empirical research to test its resulting propositions. This empirical research finds overall support for the conceptual model for sustainability paradox governance. I find evidence supporting the participation of the paradox mindset and board member roles in provoking salient sustainability paradoxes and evidence of a spectrum of responses to those salient tensions ranging from adaptive to contingent. The findings agree with Bikel's (2021) proposition that board members with a paradox mindset showed greater capacity to acknowledge tensions and manage those tensions constructively than those without such a mindset.

Beyond supporting the basic structure proposed by Bikel (2021), this study provides four significant clarifications. First, this research noted distinctive exogenous and endogenous factors with differing contributions to establishing the salience of sustainability-related paradoxes. Second, due to those endogenous and exogenous inputs, the research provided confirmatory evidence that sustainability tensions result in a broad spectrum of salient paradoxes beyond the performing paradox suggested by prior research (Smith & Lewis, 2011). These salient paradoxes included belonging, learning, and organizing paradoxes. Third, this research supported strong construal and implicit coordination contributions in determining the degree of positive or negative response to salient sustainability tensions. Last, these findings suggested that directors employ a variety of adaptive strategies to engage and manage paradoxical sustainability tensions.

## CHAPTER 5: CONCLUSIONS AND IMPLICATIONS

### Overview and Implications for Theory

This research project consisted of two self-contained papers working in tandem to help explain how corporate directors think about and respond to sustainability paradoxes. First, synthesizing the literature surrounding sustainability, corporate governance, and paradox, I proposed a conceptual model describing the framing process that board members undergo when encountering latent sustainability tensions. That model described a looping process by which board members combine their respective roles and the presence of a paradox mindset to render sustainability tensions salient, respond defensively or adaptively, resulting in negative or positive feedback loops, respectively. Because of the various theories governing board member behavior, including agency, stewardship, stakeholder, and legitimacy theories, the conceptual model anticipated that board members would encounter and engage with multiple types of paradoxes.

The conceptual paper extended research into sustainability paradoxes into the critical yet relatively underexplored context of boards of directors. Adapting the dynamic equilibrium paradox model (Smith & Lewis, 2011) to specifically address sustainability tensions (Hahn et al., 2018) and board roles (Hung, 1998, 2011), the resulting conceptual model provides a new perspective on cognitive framing of sustainability paradoxes by corporate directors (Hahn et al., 2014). By integrating the socio-cognitive effects of board roles on the process of tension acknowledgment and response to sustainability tensions, the proposed model provided a structure that captured the likely complexity of the phenomenon while providing a structural foundation for further exploratory research.

The second paper empirically tested the propositions from that conceptual model. Using grounded theory methodology, the second paper used a series of semi-structured interviews to

examine the phenomenon operating in the experience of US-based board members. The study results showed support for the structure of the conceptual model with refinements and modifications. The study supported the suggestion that board members will experience a full spectrum of sustainability tensions, encompassing performing, organizing, belonging, and learning paradoxes. The front end of the model expanded the contribution of the board role in the salience process to include the competing elements of board members' individual social identities. These intrinsic forces appeared to operate in concert with extrinsic forces to provoke salience. Additionally, the paradox mindset appeared to operate both on how directors establish salience and how they respond to salient tensions. A higher paradox mindset promotes more salience and adaptive responses.

Significant changes to the process model include the significance of construal-level theory and implicit coordination with expected board dynamics as factors influencing how board members respond to tension and the dual moderating role of the paradox mindset. Board members exhibiting higher level construal, greater comfort with abstract, ambiguous, or vague notions of sustainability (Wiesenfeld et al., 2017) are more inclined to engage with paradoxes adaptively, while those exhibiting lower-level construal are more prone to mitigate or avoid tensions through contingent strategies like making trade-offs or win-win scenarios. Similarly, the model proposes that directors' expectations of board alignment or misalignment will also provoke positive feelings of abundance or negative feelings of scarcity, respectively influencing the degree to which tensions are framed paradoxically. Additionally, the response to tensions included the surprising element of constructive pessimism, itself a paradoxical condition where adverse long-term outcomes provoke positive immediate-term actions.

The empirical study supported the overall structure proposed by the conceptual paper, with some key refinements. The findings supported a dual role for the paradox mindset in both rendering sustainability tensions salient and in the responses to tensions – a novel extension of paradox cognition theory (Hahn & Knight, 2021; Hahn et al., 2014) and conceptual work on framing sustainability paradoxes (Hahn et al., 2014). It confirmed the range and interconnectedness of the types of sustainability paradoxes board members render salient (Jarzabkowski et al., 2013; Sheep et al., 2017). It also showed the significant influence of construal-level theory and board dynamics on how directors respond positively or negatively to salient tensions.

### **Implications for Practice**

The conceptual paper suggested several broad implications for board stakeholders to encourage more paradoxical framing of sustainability issues. Investors and senior management teams aware of the competing sustainability demands on boards might structure communication and interactions that foster expansive both-and approaches instead of either-or that force trade-offs. The conceptual paper also suggested that board members identify respective patterns of defensive and adaptive responses to tensions to foster the latter and minimize the former. Finally, board leaders could actively develop the paradox mindset in current members and recruit those predisposed to paradoxical thinking.

The empirical study's deeper exploration of the cognitive mechanics of sustainability paradox expanded on these implications for board practice. The findings support several specific improvements to board activities that can promote directors' better management of sustainability tensions. These practice improvements include recruiting new board members with an inherent aptitude for paradoxical framing and higher construal levels. Moreover, board chairs and

leadership can structure interactions to promote healthy, productive discussions that include a variety of viewpoints. Such alignment will help individuals surface and positively engage with sustainability tensions. Last, board members can expect to encounter a variety of interconnected tensions related to sustainability and therefore should resist the temptation to ignore ancillary tensions. For example, when dealing with performing paradoxes related to meeting multiple stakeholder needs, they should look for additional belonging or learning tensions as they reconcile competing values or learning systems, respectively. These actions can help promote a healthy climate where board members become more comfortable acknowledging and embracing sustainability tensions, which should, in turn, encourage more such behavior in the future.

### **Limitations**

Some limitations of this research stem from certain aspects of board members' experience, such as power and ownership interest, that lay outside the scope of the study. Other possible limitations arise from the issues surrounding generalizability inherent to grounded theory methodology and the unique circumstances in which data collection occurred.

This study was engineered to explore sustainability paradoxes broadly within the board context and thus did not capture some elements that may prove significant to the process. For example, recent conceptual research has suggested that power imbalances in the extreme can cause challenges in salience and management of paradoxes (Berti & Simpson, 2021a, 2021b). Individual's capacity to address tensions and expectation of that capacity can add a neither/nor option: if one's expectation exceeds one's capacity to achieve, then they experience tensions (salience); if not, they will not (Li, 2021a, 2021b). While the structural power imbalances described in these articles are more extreme than those likely to exist in the more level playing field of a corporate board, power disparities undoubtedly exist, especially on diverse boards



(Huse & Solberg, 2006), affecting performance (Eisenhardt & Bourgeois III, 1988).

Furthermore, director ownership interest in the firm might also affect power distribution on the board (Zahra & Pearce, 1989) and color the perception of sustainability paradoxes broadly. The empirical study was not designed to capture how these dimensions of power and ownership might influence board member sustainability paradox cognition.

The relatively small sample used for the empirical study provides a richly textured picture of the phenomenon from multiple perspectives, satisfying the credibility and validity requirements of grounded theory methodology. It is admittedly too small to allow for positivist inferences and generalizability. Furthermore, the sample includes a high degree of female and minority board member perspectives and is more diverse, and therefore less representative of the actual population of active board members. However, while the sample may not be representative, the broad spectrum of perspective provided by including a greater preponderance of underrepresented populations allows for a fuller, more representative depiction of how directors think about sustainability. Moreover, this sample is likely to be more representative of the future population of corporate directors, as efforts in the US to recruit more diverse candidates to corporate boards progress.

Questions of generalizability might also arise due to the extraordinary conditions under which data for the empirical was collected. The data was collected during the height of the COVID-19 pandemic and alongside concomitant mass protests for racial justice and growing alarms over climate change. These events likely elevated the significance of related sustainability issues to the individual board members participating in the research. A reversion to the mean might occur as global crises subside, reducing the significance of some issues that presented themselves as top of mind during the study. However, it is also possible that the recent period is

indicative of a new normal, where society cannot avoid long-simmering issues of social and environmental justice.

### **Recommendations for Further Research**

Whether or not societal conditions change, several possibilities for research present themselves to address the limitations and extend the findings of this project. First, a longitudinal study of a board would examine the phenomenon across a broader range of macro conditions, helping to control for the variability of societal context. A more prolonged engagement could explore the process in more detail, giving more texture to the interplay between individual and social aspects of paradox, power dynamics, and ownership disparities. Such a study could examine whether board members consistently apply the paradox mindset over time (Smith & Besharov, 2019) or whether that application is transitory (Hahn & Knight, 2021).

Second, a comparative case study could shed light on dynamics at work as sustainability paradoxes are internalized individually and socialized in the group context. Comparing two or more boards grappling with similar, if not identical, sustainability issues would reveal how proposed dimensions of board alignment operate in different contexts. Choosing boards whose members exhibit distinct degrees of paradox mindset and construal (high/low) would reveal how that variation affects individual and social acknowledgment and management of sustainability paradoxes. Similarly, cases could contain varying degrees of role/identity homogeneity and heterogeneity to capture the effects of composition and identity conflict on the process.

Last, a quantitative study would help expand the scope of this project. Such a study could use the paradox mindset scales (Miron-Spektor et al., 2018), construal level theory (Gutentag, 2021), and scales measuring constructs such as constructive pessimism to test causality dependencies proposed in the process model. A broad-based survey approach would complement

the transferable results of this qualitative work by offering statistically generalizable results over a representative sample.

## **Conclusion**

Taken as a whole, this research project establishes a robust, but by no means complete, picture of the complex process framing sustainability tensions that board members experience. The project addresses a gap in research into how sustainability issues are managed in the relatively underexplored context of corporate boards, using methods for generating novel theory appropriate to the nascent state of the current literature. The project provides a valuable theory base and serves as a foundation for future study into the cognitive aspects of sustainability management at the board level, giving board members and their stakeholders new perspectives by which they might better manage sustainability tensions. This research can meaningfully contribute to knowledge and lead to positive and necessary real-world improvements in corporate sustainability.

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## TABLES

**Table 15**

*Preliminary Focused Codes and Initial Categories*

Preliminary Focused Codes	Initial Categories
High individual sustainability orientation	Individual Sustainability Orientation
Low/Moderate individual sustainability orientation	
Change Agent	Individual Roles
Committee Role	
Counterweight	
Expert	
Sage	
Cultural, ethnic, and political identification	
Hierarchy of roles	
Learning	Learning and Growth
Growth	
Disliking conflict and tensions	Comfort with Tensions
Embracing conflict and tensions	
Focusing on the broader community or society as a whole	Stakeholder Focus
Focusing on the customer	
Focusing on multiple stakeholders	
Investor and Instrumental focus	
High board sustainability orientation	Board/Company Sustainability Orientation
Low/Moderate board sustainability orientation	
High company sustainability orientation	
Low/Moderate company sustainability orientation	
Leading management on sustainability	Working with Management
Following management sustainability	
Collaborating with management on sustainability	
Higher scrutiny leads to higher sustainability	Reputation Concerns
Lower Scrutiny leads to higher sustainability	
High stakeholder influence or pressure	Stakeholder Influence or Pressure
Low/moderate stakeholder influence or pressure	
Belonging tensions	Salient Tensions
Learning tensions	
Organizing tensions	
Performing tensions	
Seeing lack of progress on sustainability so far	Pessimism
Seeing challenges with meeting future goals	
Seeing disingenuous sustainability claims	
Sustainability tailwinds	Sustainability Tailwinds
Grass is greener - comparison to other firms	Sustainability Constraints
Sustainability headwinds	

Preliminary Focused Codes	Initial Categories
Longer-term risk focus	Future Orientation
Short term risk focus	
High future orientation	
Low moderate future orientation	
Vague definition of sustainability	Construal Level
Concrete definitions of sustainability	
Accepting dissent	Board Alignment
Being agile	
Being deliberate	
Mutual respect	
Creating a safe space for healthy discussions	
Diversity of perspective	
Empathy and tact	
Shared purpose	
Transforming for alignment	
Avoiding conflict	
Dysfunction	
Heated inflammatory rhetoric	
Mistrusting other perspectives	
Not having voice or stifling discourse	
Problems with groupthink	
Silos	
Having the wrong people in the room	
Braiding objectives	Adaptive Strategies
Seeking complexity	
Leveraging constraints	
Focusing on a north star	
Avoiding trade-offs	Contingent Strategies
Making the business case	
Moral imperative	
Not acknowledging tensions	
Making trade-offs	

## APPENDIX A: IRB APPROVAL LETTER



Pepperdine University  
24255 Pacific Coast Highway  
Malibu, CA 90263  
TEL: 310-506-4000

### NOTICE OF APPROVAL FOR HUMAN RESEARCH

Date: August 28, 2020

Protocol Investigator Name: Robert Bikel

Protocol #: 20-06-1385

Project Title: Sustainability Paradox Governance

School: Graziadio School of Business and Management

Dear Robert Bikel:

Thank you for submitting your application for exempt review to Pepperdine University's Institutional Review Board (IRB). We appreciate the work you have done on your proposal. The IRB has reviewed your submitted IRB application and all ancillary materials. Upon review, the IRB has determined that the above entitled project meets the requirements for exemption under the federal regulations 45 CFR 46.101 that govern the protections of human subjects.

Your research must be conducted according to the proposal that was submitted to the IRB. If changes to the approved protocol occur, a revised protocol must be reviewed and approved by the IRB before implementation. For any proposed changes in your research protocol, please submit an amendment to the IRB. Since your study falls under exemption, there is no requirement for continuing IRB review of your project. Please be aware that changes to your protocol may prevent the research from qualifying for exemption from 45 CFR 46.101 and require submission of a new IRB application or other materials to the IRB.

A goal of the IRB is to prevent negative occurrences during any research study. However, despite the best intent, unforeseen circumstances or events may arise during the research. If an unexpected situation or adverse event happens during your investigation, please notify the IRB as soon as possible. We will ask for a complete written explanation of the event and your written response. Other actions also may be required depending on the nature of the event. Details regarding the timeframe in which adverse events must be reported to the IRB and documenting the adverse event can be found in the *Pepperdine University Protection of Human Participants in Research: Policies and Procedures Manual* at [community.pepperdine.edu/irb](http://community.pepperdine.edu/irb).

Please refer to the protocol number denoted above in all communication or correspondence related to your application and this approval. Should you have additional questions or require clarification of the contents of this letter, please contact the IRB Office. On behalf of the IRB, I wish you success in this scholarly pursuit.

Sincerely,

Judy Ho, Ph.D., IRB Chair

cc: Mrs. Katy Carr, Assistant Provost for Research

## APPENDIX B: CODING PROGRESSION TABLES

Theme	Open Codes	Representative quotes
<b>Perceived Roles</b>		
Role: Sage	Seeing value in sharing wisdom and experience on board	But there's many, many compelling reasons to be on a board. And one of them is if you can share enough wisdom from your experience, because that's, that's the real value. (CD 5)
	Self-knowledge (ideating)	Yeah, yeah. So I don't know. Um, for me, one of the things I've learned about my style is I'm really good at coming up with the ideas. And I like somebody else to, like, fill it in. Like I'm very good, strategically, directionally even organizationally, but then somebody else needs to go do it. (CD 8)
Role: Change agent	Seeing role as building a new culture for the firm	I think the reason I'm on the board is, is it's not in the name of the committee, but it's a, it's all about creating a new culture for the company. It's not that they didn't have a good mission and values. And in fact, they reaffirmed them, which I, I was part of the first, when I first started the board, it was sort of taking a look, do we need to re redo this. And the conclusion of the senior leadership, which went oh I dunno there probably 50 people in the room, so it wasn't a small number was know that that still represents who and what we are and the values that we hold. So even that moment was a moment that I think was important for the company. But, you know, driving that, through, which is changing the culture is, is the hard work that we're about now, in many respects. (CD 7)
	Seeing oneself as a dreamer	Maybe I'm a bit of a non-traditional business person in that I spent most of my career on the cutting new markets innovation side. So perhaps a little bit more of a dreamer, so to speak. (CD 16)
Role: Expert	Having background in manufacturing leads to focus on sustainability	So manufacturing is where it should begin talking about companies, but it's manufacturing, I spent, I don't know if you know this, I can give you my resume, I spent 10 years in manufacturing. And that's where it really should begin as a manufacturer. (CD 15)
	Seeing things as a finance person	I generally, you know, being a finance person, I measure things that I I look at things I can measure, measure and returns ((CD 12)

Theme	Open Codes	Representative quotes
Multiple roles	Providing professional value primarily, diversity value secondarily	I'm here because I provide professional value. And if I'm a woman or minority, you know, that's a bonus for you. Right? I'm not here because I'm a woman or a minority, and I don't want you to pick me, if that's what you want. Because I don't want to be in that position. (CD 16)
	Being guided by experience as much as identity	Some people [think] my experiences as a, you know, an Asian person or a woman, or certain things really define [me]? For me, it's not that at all, for me, it's more having founded a company that defines me and being an immigrant that defines me, it's less the other things (CD 14)
<b>Sustainability Orientation</b>		
High Individual Sustainability Orientation	Seeing oneself as impact-oriented	So, I'm an impact guy. This stuff is important to me. (CD 4)
	Urgency for more sustainability	Because it's, are we doing enough? Is what it is. It's are we doing enough? And where can we play? And how can we do it? (CD 15)
	Personally driving diversity	And so therefore, board, we need to make sure management is doing all the right things to ensure that that happens. So, this is [me], driving this initiative in the boardroom. (CD 13)
Low/Moderate Individual Sustainability Orientation	Not much experience with sustainability	I'm probably most influenced [on sustainability] by what I read in the journal, Wall Street Journal. And not so much by prior experiences, because not a lot of relevant prior experience, what I read in the journal, and I get publications from governance firms that and firms that talk about governance issues, so I read them. I've influence, I'd call it some not a lot, but some. Okay, I started leave it to this this good business, this good business, I'm all for it goes back to return. Is it good for the company? (CD 12)
	Situational motivation for sustainability	So, I think that that one way of looking at sustainability is what does it mean, to your type of operation? What is it that you do that you can play a part in sustainability? You know, if I look at our business, we are in the commercial real estate business. So there's very little wiggle room for us, for really engaging with sustainability (CD 10)
<b>Stakeholder Focus</b>		

Theme	Open Codes	Representative quotes
Customer focus	Role as advocating for the customer	advocating for the customer, okay, I'm advocating for the customer...you can put that one down, I'm advocating, advocating for the customer... (CD 15)
	Seeing patients as the key stakeholder	the board that I serve on, you know, serves seniors and senior living communities, and the caregivers that support those seniors, though, and I think about social responsibility, my mind bends a little bit more towards the customer, which in this case, again, is seniors and making sure that, you know, it, the decision making that I'm doing is for their best benefit (CD 6)
Employee focus	Being focused on improving employee satisfaction	We're very focused and, well, we've been very, very focused on employee satisfaction. And employee climate, that's always been a big part. (CD 18)
	Being passionate about creating culture of engagement	Well, I say mission vision values is a pet issue, I would say that culture as it relates to that is a big part to me. I think the extent to which your organizational culture is alive and well, and throughout for thriving based on mission vision values, you have a higher performing organization, that's my theory. When people are engaged, they're higher performing. When people feel connected to the work, they're higher performing. When people see themselves as workers, they don't give a damn, I got to do their shift and left leave over time. (CD 8)
Community/ Society focus	Focusing on community	...we're thinking about the community that we serve, or the community that we want to serve. So in this case, it would be people from diverse backgrounds who don't have access to adequate health care. (CD 9)
Investor focus	Representing investors	by the way, I do think that especially ones that service, that part like, like, this bank board is, is is first and foremost, a community place, right. It's a community board, its services people, and actually, the pandemic has created. (CD 14) I am for sure, the person on the board who is the most vocal about, you know, returns to investors, and, you know, building a big scale of business and subsidizing I'm the one that's really banging the drum on it hard, because I've got to go back to my partners and my investors and saying that, you know, this may not be a 10 X, it'll be a 3X, but you know, we're happy with that, because the company is doing good. Right. So I've been the most folk one on the board about that. (CD 9)



Theme	Open Codes	Representative quotes
	Spending more time on share price	We view things we view the operational performance in the strategy. It's just much more spelled out at [the company] that its share price but that's what we spend our time on. (CD12)
Focusing on multiple stakeholders	Being effective by serving multiple stakeholders	Yes, you cannot be effective as a company, in my opinion, without having a board and a leadership team that values employees tries to ensure that employees get great return for their investment that they're making in the company. And that's true also for communities, and therefore we need to be sensitive to the environment, sensitive to all the elements that make up what goes on, relative to social issues, environmental issues, And then also provide good overall governance in order to ensure that that happens. (CD 13)
	Meeting stakeholders' interests situationally	I would actually argue it's situational... So I think there's times my experience professionally has been there are times when companies actually have to weight more on the customer, weight more on the shareholder weight more on the social responsibilities, more on the employees, it varies. (CD17)
<b>Stakeholder influence or pressure</b>		
High stakeholder pressure	Retail investors pushing for more ESG	And then you've got your more and more, you get more retail investors now looking at public companies and putting pressure in the way they vote partly because by the way, all of this is really because of like technology allowing this like flattening of access to like these shares and then also an ability to vote digitally. For certain people on the board or certain management, you know, voice their displeasure, right? (CD14)
	Employees pushing for more diversity	I think you hear it, you know, if your people resonate really quickly, with like, especially like the gender diversity, racial diversity thing. Especially given you know, my profile. You have to probably have to be a little more overt with it, right? Or you'll be assumed to be part of the problem. (CD 11)
Low/moderate stakeholder pressure	Not feeling much pressure from stakeholders on ESG	I would say that my companies are generally smaller, and don't hit the radar screen of media, and we stay out of the spotlight. So I'd say, not really, investors and employees, and customers are our focus, and we don't have any customers beating on us. Okay. And we don't have suppliers beat on us. I'd say it's, we want in our proxy, I'd say, all for the companies is we want to show we're doing things, but we're not

Theme	Open Codes	Representative quotes
		bleeding edge. Okay. No need for us to be leading edge. We don't get that much more for it. (CD 12)
	Shareholder interests serve as tiebreaker for tensions	Well, it comes up, subtly in certain ways where it can be a tiebreaker in some people's mind that we wouldn't do something that was in the best interest of a stakeholder that was believed to be negative towards long term shareholder value. (CD13)
<b>Working with management</b>		
Leading Management	Leading management on ESG	Management isn't leading, it's definitely us and one other investor, but management goes along with it. And he knew he was... who he was choosing as his investors in the first place. (CD 1)
	Playing significant role in helping company	but smaller boards do, then you can play a really significant role in helping, you know, those who are managing the company to do the right thing. (CD 5)
	Helping management frame the situation	great boards are great, because they help the management team think about things differently. So, you got to create that, that in that environment. And we take that really seriously. (CD 4)
Following Management on Sustainability	CEO sets the tone for action	...if the CEO doesn't believe in it, it's not going to happen. So, I mean, you know, so basically, I would say, on this one that [he] is set for the job, and, you know, I, he does walk the walk, that doesn't mean, there are lots of problems. (CD 7)
	Management is bringing the board along	Yeah. And it's really, because the management team are just really top notch, um, the, the board is actually being brought along somewhat.... (CD 14)
	Management is more plugged in to ESG than board	So I just think that the leadership that they have is just really kind of plugged in to that, partly because generationally, maybe background-wise, where they come from, maybe they're I mean, they're also I think generation, actually, to be honest, has a lot to do with it. Because these are people who are aware that these conversations have been had maybe even felt that through their entire career, right, as they got up to their leadership level. So, I think it was more natural for them. (CD 14)
Collaborating with Management on Sustainability	Strong reciprocity between board and CEO effectiveness	I'm a big believer in the, the board and the CEO role. I just feel like it's in tandem. Good CEO, good board. Good board. Good CEO. The converse is also true. (CD 8)

Theme	Open Codes	Representative quotes
	Working closely with management on strategic oversight	Absolutely, ... a board's responsibility is strategic oversight, financial oversight, and succession planning, succession planning of the leadership team, and the board itself. All those things that we've been talking about, all get blended together, in the way you operate, and you think about these things. So, the CEO and I and the whole board talk about these things. I the way I've structured the cadence of the board meetings, is right along those lines, there's one meeting dedicated to each of those topics. And I'm very quickly about holding people to that to that standard. (CD 17)
<b>Board/Company Sustainability Orientation</b>		
High board sustainability orientation	Board organized around mission and values	“Yeah. So um, I would say part of the reason I joined [this board] was the deep work that [the chair] led on, kind of organizing this around mission, vision and values... And I got the distinct sense when applying for the board that they were serious, this wasn't just, you know, a poster on the wall, this was really what they were aspiring to be and to run and to do and who they are, and a deep integration of kind of what they cared about and how they express their business. (CD 8)
	Universal alignment around values	So, the idea and specifically on the board [here] because we practice is, we expect everyone to be somewhat aligned around our core values: respect for the individual's pursuit of excellence and things of that nature. (CD 13)
	Very forward-thinking board	this is probably one of the more forward-thinking boards around this topic that I, that I've had the privilege of working with (CD 14)
Low/Moderate board sustainability orientation	Comfortable being followers, not leaders in ESG	But again, we're not Apple, Google, Amazon. We're off the radar screen, we get, here's what this is like, you may not like this, we get a passing grade. That's probably good enough for us. (CD 12)
	Addressing diversity but cautiously	And, you know, we haven't touched on Black Lives Matter, or the social justice movement yet. You know, I look at it and, you know, I don't think one thing is that I don't think we have to, we don't have to kind of like, broadcast it. (CD 10)
	Formerly guided by shareholder primacy but changing	It had been the model, but I actually think that there's an opportunity with the new committee to shift it a little bit and say, it is just as important as our fiduciary responsibility to our shareholders, because the earth matters, you know, diversity

Theme	Open Codes	Representative quotes
		matters, and certain things matter. And we are a company that people look up to. (CD 14)
High company sustainability orientation	Being unusual because public benefit corporation	I think. Yeah, I guess, I mean, I guess that there's a couple things but the [company is] something unusual because it is a public benefit corporation. Right. And so, we are really focused all along in this whole issue of governance and accountability has been baked in from the very, very beginning. (CD 3)
	Business model has a clear societal benefit	I, you know, I think that when it comes up, So, so far, how it has come up, and not as attention, but I think this is happening with a lot of companies... [the company] clearly has a, you know, societal benefit, right? (CD 1)
Low/moderate company sustainability orientation	Not seeing significant sustainability risks in business	[Sustainability/justice issues] haven't, they haven't. You know, and, like I said, I think for us, you know, where we're a unique organization...I feel good with what we've got going on. The other thing I feel good about is, you know, what, the big thing is that we've been around for a long time, we're a pretty big entity, we're publicly reporting company, and no sexual harassment lawsuits, you know, no discrimination lawsuits, you know, we take care of our people, you know (CD 10)
	Somewhat more sustainable because it's virtual	As a company, it's completely virtual company. So there's no office, a bunch of engineers that, you know, live all over the place and chime in, and they've mastered that, you know, building this platform. So from one standpoint, you could say, well, do you from a, is there a sustainability plus there? Well, yeah, I guess there's a certain plus there, but not creating yet another office building, sticking people in there, they could all just more efficient, right, they can all work from their own place, it's probably more sustainable, because all these people aren't buying all the servers and hardware, you know, inefficiently with as much of dead time or not being used instead, it's all drawing on, you know, Amazon Web Services in the cloud, right? So they're just allocating resources when they absolutely need it, not when they're building server farms and warehouses and stuff, right? (CD 11)

## Learning and Growth

Theme	Open Codes	Representative quotes
Learning	Opportunity to learn and grow	Just more diverse thought. I mean, we have a fairly diverse board already. You know, anything that was something where, you know, while we have a diverse board, you know, there's always opportunities to grow and have different perspectives. (CD 2)
	Learning from seasoned directors	I probably come... I have my own views. But I'm also like I said, you know, the least, you know, I've been in the business world less than all of them. So, I always find that I can learn and I ask questions, and sometimes those questions allow them to think about a problem differently. Which I think they do appreciate. (CD 14)
Growth	Getting better at holding diametrically opposed thoughts together	I mean, this is kind of not the 21st century leadership is all about posing totally, diametrically opposed thoughts in your head at the same time working with them, I think, you know, we live in this world now. ...I think in some ways, yes. In some ways, yes. I am. I think that um, that there are certain... [I am] getting better at it. (CD 3)
	Evolving to embrace more ESG	Oh, yeah, I've grown in maturity on my own personal journey tremendously. Absolutely. I would tell you as a young executive at [a former company], I didn't pay attention to it. It wasn't on my radar. Absolutely readily admitted. As I got a little older, I started to see what we were doing to the planet and reading more. And I'm like, Okay, yeah, this isn't good. But it rose. (CD 17)

#### Mindset: Comfort with Tensions

High comfort with tensions	Comfort with ideas in tension	Because I tend to be an individual that can see two sides of a conflict and help them establish common ground and understand where we're going. (CD 2)
	Valuing tension	The short answer is yes I have noticed, tension, but that's not a bad thing. Tension is good. That is, there are different points of view that we have to take into consideration before making our decisions, and that can lead itself to tension, but it does not lead itself to disruption, right? (CD13)
Low/moderate comfort with tensions	Not enjoying being wrong	I don't know, I like, you know, someone telling me something that I hadn't thought about before, or telling me why I'm wrong. You know what I mean? And not necessarily, I don't like people telling me I'm wrong. (CD 4)

Theme	Open Codes	Representative quotes
	Seeing thing as black or white	I tend to be have more stringent views, you know, I'll I'm more of a black and white, some people are, you know, it's gray. And if it's black, I'm gonna fight it. And now, you know, I might end up saying, Well, if you all want to do it, do it, but I, you know, I don't get it. (CD 12)
<b>Salient Tensions</b>		
Performing Tensions	Seeing healthy tensions between execution and profitability	So, for example, if you really want me to execute better in a nursing home, why don't you invest more money in the nursing home and modernize it, Mr. REIT guy? You know, in so yeah, there's, I think that I think that's a very good example of healthy tension amongst, you know, stakeholders in this whole deal. (CD 5)
	Tensions between social and financial objectives	So, there are tensions that we face all the time with balancing ESG with financial returns. (CD 13)
Belonging Tensions	Employee conflict between mission purists and instrumentalists	You know, I see from time to time, sometimes conflict amongst those groups that are employees, okay. You know, maybe less when we hire someone who is 100% mission oriented, we try to, you know, we we work very hard to make sure we're, you know, people want to come here for more than just the day-to-day job and the money. (CD 4)
	Existential identity tension	What does this company stand for? Who are we trying to serve? Why was this company created? Um, that was the first time I've had that experience. Um, everything else has been, you know, do you take money from a tobacco company as part of the advertising on the platform? No, probably not. Because outlay smoking is bad. (CD 9)
Learning Tensions	Friction between short term and long term interests	Yeah, I think if you look at how, yes, if you look at the, the how revenue, P&L is run, like, you need to understand the impact of an action to the bottom line, or the top line, right? And that's how, that's how public companies get measured, right? quarterly, which is worse than many private companies. But that's why sometimes you do these ESG efforts, knowing that it won't really have an impact for a while, right? And so you can manage your books that way. And others, you know, that will have an immediate impact. And so it's really it has, it does, unfortunately, have to be it's like a fight. It's like a dance. There isn't like a an outright, like, yes, we're gonna do it no matter what happens, you know, but again, I do have to say this, it's, it's a

Theme	Open Codes	Representative quotes
	Seeing future environmental issues with product	<p>strategy. You know, it really is it's a business strategy. It's become a business strategy never was, but now it is. (CD 14)</p> <p>No. Well, so one of the first things we did think about, there's always feature creep. And while we even though these devices are extraordinarily inexpensive, it would have been much easier to just say, let's pull them down and throw them out. There's feature creep, people will reinvent the chip. Right. So we did figure out some ways to make this, you know, remotely software upgradeable, so we're not having to just yank them out every single year and put new ones up. You know, we're still evaluating, you know, do we change batteries? It's probably because this is a safety and security device. You know, this is something where you do probably want to just change the whole device, right? The batteries go bad, because you're getting fresh PCV you're not gonna have any deterioration. Regardless, we'd love to think electronics don't live in on an infinitely. So I don't know. That's something I think we're still actively thinking about. (CD 2)</p>
Organizing Tensions	<p>Giving out significant employee benefits but underinvesting in tech</p> <p>Seeing union effort as not necessary</p>	<p>You could argue that we were under invested in technology. Well, like we balanced the budget, and that included some pretty significant, you know, the health and welfare, the vacation, the pension, the community service days (CD 18)</p> <p>Well, I think that that, um, you know, when you have a lot of change in the place, and when a lot of turnover, I also think there's, there's such, you know, when you have 21st century problems, as a lot of us do. It's interesting about what kinds of solutions you want to look to when I think of a union as being a 19th century solution, as opposed to a 21st century solution.</p> <p>It was a problem and it's a problem. The union didn't solve the problem. (CD 3)</p>
<b>Abundance Mindset</b>		
Sustainability tailwinds	Seeing a broad push for more social and racial justice	So, what's interesting to me right now where the whole world has gone and all the board work that I'm doing right now, it's all around diversity, inclusion and, and social justice. I mean, social justice is everywhere, everywhere. People are hiring organizations right now to help them navigate. (CD 3)

Theme	Open Codes	Representative quotes
	Seeing sustainability grow as a topic for conversation	I'm hoping that I'm going to be talking about that over time. And I'm hoping that that becomes a thing, that that is of interest to the rest of the, you know, the traditional bankers around the room, because this is a this is an opportunity with the new administration, but also lots of macro conditions that really, we need to be talking about it and thinking about it, and deciding how we want to be participating. (CD 14)
<b>Scarcity Mindset</b>		
Sustainability constraints	Grass is greener – seeing flexibility in other private boards	And so that was a little bit of a hard knocks, and there wasn't quite the flexibility that you have in private companies, because I find private companies are a little more forgiving. And not quite as strict and stringent. (CD 5)
	Having resource constraints	Yeah, so you do have, you do have a lot of, you know, sort of resource constraints and guardrails that are external. Yes, I'm not, I'm not under your control, anytime. So if we, if you know, if I could actually, I was thinking about this, as you were mentioning, the sort of the turnover at the management level, you know, the one thing it sounds like, you're not able to do is just throw a whole bunch of money at that problem. (CD 7)
Pessimism	Not solving race in our lifetimes	And so, yeah, even the long term, my point is, even the long term is coming back into the short term. But look, I mean, we're not going to solve a racial equity in my lifetime, it's not going to happen. I mean, we've had 400 years of a complete mess, maybe with reconstruction. And right after, in the 1970s, being good. And even maybe a little bit during Obama, but Okay, so 350 years. (CD 16)
	Needing generational change	They're just like, Listen, I believe what I believe, and no amount of information is gonna change my mind. [There's no proof] that they're willing to accept, which is not always the case. And so there's you, there are those places where you're like, Oh, I guess, you're in this instance, I just need a generational change, I need this person to phase out a new person come in. (CD 11)
<b>Construal: Future Orientation</b>		
High future orientation	Setting audacious goals	Yes, well I believe in setting audacious expectations. And, but having a balanced perspective on it, I'd rather set a goal that I want to grow by 10% and end up at eight, then a goal that I set for six. And end up at six. (CD 13)



Theme	Open Codes	Representative quotes
Low/Moderate future orientation	Focusing on the long term	And so I think there's some ability as a board member to step back and say, Okay, let's take a little longer view of things. And let's be a little more circumspect about the decisions we make and the long-term effects of those decisions. (CD 5)
	Focusing on near-term challenges	we haven't talked about that much explicitly, because we're still in the trenches, you're fighting fires. Um, what we have hinted at is, as the company grows and scales, um, rather than, you know, an explicit promise to help X number of people in you know, why areas of the country, it may be, we're going to donate z percent of money, right, to other charitable organizations that are serving a skew. (CD 9)
	Small increments to settle impasse	It ends with Okay, next time, we'll talk about it. Okay, so it's sort of like it ends with will do little, little bits of it. (CD 15)
<b>Implicit Coordination: Alignment</b>		
Being agile	Avoiding getting stuck on things that can't be resolved	I think all these boards are I think people develop as we go and there's never not contention nor should there ever not be. And, you know, I think thought process matures as we go along and we move on to the idea at the end of the day, we come to the realization we have to move on to things that we can make a difference on in a positive way to the resident who's paying everybody's salary around that board to begin with. (CD 5)
	Boards cannot allow a stalemate	Are there examples where there was disagreement that resulted in a stalemate, or resulted in decisions being held? The answer's no. Boards are responsible for working through what I refer to is the issue of alignment and coming to an acceptable solution to all parties so all of our disagreements, eventually end up with an outcome that is acceptable to everyone. Because if you don't, you end up in a stalemate, you cannot have a board that does not resolve issues. (CD 13)

Theme	Open Codes	Representative quotes
Being deliberate	Approaching tension management as a process	But, you know, I went through this process as being assigned the chair to oversee the exiting of this portfolio, and I got to work with an incredible team of lawyers and financial analysts and brokers across the country. And, you know, I also got to put my marketing hat on as well of like, helping to build out the narrative of why this portfolio would be great for someone to put their hands on. And, you know, it was a challenge, but like, my fellow board members, and the executive team, and everybody, were completely available to me, at every step of the process, if I had questions on anything, and it was a long, it was a lengthy process, it took nine months to go through this entire process of packaging everything up, building out the narrative, having meetings with potential suitors, and people that wanted to, you know, play with us and everything. (CD 10)
	Analyzing tensions in board meetings	So if you looked at the agenda of our board meetings, and the kind of content that we create, you know, we what we do is we look to, you know, obviously lay out the facts, what's going on, make sure that board understands where the tensions are within the opportunities and risks everything and then ensure that there's the medium for us to kind of dig into those areas here. And then a medium kind of even post board meeting to further you know, that thinking around those things. So it's kind of a process that I that I think is that that's really important. (CD 4)
Creative safe space for healthy discussions	Board is a healthy forum for debate – not shy	We are a very critical group. So there's a lot of debate when people are not shy, yeah, people are not shy about bringing up their viewpoints. And actually, I think that's one of the things that's been good about it, frankly, because like, there's nothing hidden, everyone just kind of says what they need to say. And some of it is like, Okay, and then some of it is like, Whoa, Where'd that come from? (CD 14)
	Agreement is unhealthy and disagreement is healthy	I've actually learned that disagreement is super healthy. agreement is unhealthy alignment is the sweet spot. (CD 17)
Diversity of perspectives	Having a board with diverse backgrounds helps	Going back to what I've really appreciated about this board is it is, it is a very diverse background of professionals. And I understand how they look at problems and issues differently than myself on understanding, you know, the limitations of sometimes what I would think would be the best path forward on something, and then kind of, you know, and then oftentimes that causes you to change your opinion. (CD 6)

Theme	Open Codes	Representative quotes
Empathy and tact	Having multiple perspectives on a board	You know, what you see depends on where you stand. If you're coming from, you know, a REIT perspective, you're going to see things differently. If you're a doctor taking care of patients, you're going to see things differently, if you are a nursing assistant, you know, cleaning patients and being exposed to COVID, but you're going to see things differently. And none of those are more important than the other, they're all part of the business. (CD 8)
	Needing to approach conversations with humility	[If] I always ever were gonna make a, you know, bold statement, I always tried to make like, hey, I could be totally wrong. It's a level of humility, if you will, saying, like, I'm not sure this is the right way to say it, or think about it. But this is my perspective. Hopefully, it's one that resonates. (CD 6)
Shared purpose	Needing mutual respect	Yeah, so but the boards have to be more collegial to be functional. And I think effective board members have to have a way to respectfully prove, you know, have credible challenge with management without being combative. Unless you must be combative. I've not none of the boards that I'm on, have been in a situation where you must be combative, because we've not we've not had that level of crisis on our boards. (CD16)
	Seeing mission as core to board's purpose	And I got the distinct sense when applying for the board that they were serious, this wasn't just, you know, a poster on the wall, this was really what they were aspiring to be and to run and to do and who they are, and a deep integration of kind of what they cared about and how they express their business. (CD 8)
	Constructing a board that aligns with values	People, the environment, communities and etc so that's why it's easy for me to say, well, on [my board] of course the people that I have brought to the board, being the chairman of the corporate governance and nominating committee when we started the company, have all been somewhat and quite well aligned with a collective responsibility that yes, ESG is important. Yes, corporate responsibility is important. (CD 13)

### Implicit Coordination: Misalignment

Theme	Open Codes	Representative quotes
Lack of healthy discussions	Equating consensus with one side winning	People want to have... I mean, the whole idea of agreeing disagree is really hard. Because you know, especially when you get these large personalities where they're like, okay, we agree to disagree, but let me make you agree with me if you get into these unbelievable long conversations where people are trying to convince because if they don't, they haven't won... And also almost always the groupthink is just astounding. We know it's very hard to be a voice that is a voice of dissent (CD 3)
	Seeing a reactive board	No, it becomes very mechanical. And I mean, every board meeting, it's, you know, first thing we're doing is reviewing the budget. Second thing we're doing is reviewing the sales pipeline. Third thing we're doing is reviewing all HR complaints, all HR complaints that have come up to a board level at this point. Well, you know, we have to look at product we have to drill down on supply chain deeper. Although it's typically a function of the budget as well. But yeah, if that company got in trouble for having unsavory labor practices, or, you know, whatever it is, it would not surprise me at all. Everything with that companies like, We're very reactionary. (CD 2)
Lack of diversity of perspectives	Noticing a lack of diversity	When we first came here, it was all guys, though...[and] our entire leadership team was male. And you sit in a meeting with that, you know, sit and look on the table, there's 12, guys, and it's all guys. You know, do we need 12 of you? Because frankly, probably three of you would cover. And so, when we started to think about it, maybe we need some new ideas in here. (CD 11)
	Recruiting for board is more casual and less intentional than it should be	I mean, like, so often, just the recruiting of the board is so casual. It's so much more casual than you would imagine. It's like, oh, here's somebody who would be good. Oh, I know oh they're a good guy. Oh, yeah, we should totally invite them on the board. I mean, literally, right? Or somebody you know, with, or they think you are, I mean, I've been invited on boards, and I think I shouldn't be on your board. I've nothing to bring. So the way that people think about board development is so... so much more casual and less structured than you would imagine, way less structured (CD 3)

Theme	Open Codes	Representative quotes
Lack of empathy and tact	Seeing meanness in a board	And you didn't, you didn't mess around in that board, because that board was mean. I mean, they were all PE guys. In it was line item, man, you either deliver what you said you're going to deliver on, or you know what, you won't make our next meeting. That's just how it's going to be. (CD 5)
	It's a problem when people on board fight with emotion	Or they fight and yell at the other person and get up and leave? Yeah, that's a problem. (CD 15)
Lack of shared purpose	Silos	Yeah, so we talked about it more my committee and the committee meeting, so I can't speak for the whole board, because when it comes to the board, it's usually for review, and in some cases, the boards for approval, and everybody approves it. So, most of the discussion goes on in the committee meetings. (CD 16)
	Hidden bias working against investing more into ESG	So. But in terms of attention, I mean, really, it's all personal. It's, it's not in policies, or procedures. That's, and I think, I think this is normal to say, I mean, maybe -- I'd be curious what other folks have had to say about it -- But we all do say the right things, we all have the right processes and policies. But our own hidden biases are much harder to change. And so yeah, I mean, how much funding are they going to give to the committee to do stuff with it? (CD 14)
<b>Adaptive Strategies</b>		
Trade-off avoidance	Guarding against trade-offs by building ESG into governance model	Yeah, I think you have to build it actually into your, your governance model, to say, look, it's just a framework for governance and risk management. Like that's how we have to do it. We have to, like, bake it in to be a part of the charter and not like a new thing, which is funding right now. Right. I think that that's new. I don't, I mean, I'm actually going to be joining a board where I have to put some of that stuff together, so I'd be very curious about this study after it's out. But ah, and this, by the way, that company is a solar financing software company. So it has a very different take on ESG. (CD 14)

Theme	Open Codes	Representative quotes
	Working against framing things as a trade-off	But then you need to learn more you need to learn about supply chains and about your dependencies. And so that you could actually try and find those ways I can invent or man either manage financially or invent financial instruments that would allow greed to help drive the carrier good thing and not be compromised because, you know, everyone's knee jerk reactions. One knee jerk reaction is you know Milton Friedman said don't worry about this. Right? And then number two is, you know this, if it doesn't work, you'll actually accept lower returns. There's no such thing as doing good and making more money the trade off. Yeah, I think it's totally wrong. It just it's a lazy thing. (CD 11)
Complexity seeking	Can either focus on regulators, client service, or investments. Easy to do two, hard to do three	I mean, this is like this, get to my core theory of management, right. So we'll just spend two minutes on this. So you can be service oriented to your clients, you can be focused on your regulators and maintaining control and your SOX and all those things that are important. And you have to manage your expenses. Any moron can do two of those and just watch the paper as people run from one to the other. Oh, Wells Fargo, we've got a regulatory problem. So we're going to run a million people over here. And now we're going to have an expense problem, or oh like we cut our expenses, and our client satisfaction is in the hole because we didn't have enough people on client service. (CD 18)
	Missing nuance in measuring complex issues	Or, you know, you asking these three questions, and people can just say, you know, I just had a meeting with Rob, and he was so dismissive of me and my idea, I hate him, right? And you think, Oh, well, aren't Do you want feedback on your idea or not? Like was I..., I didn't mean to be dismayed. So then you're backpedaling. Send me a whole bunch of things that are not necessarily teased out like tone? Like I have kind of a protocol for having conversations, which I think people are moving towards, like, are you in, you know, where are you give me a percentage of where you are in agreement in this conversation? Are you 50, 60, 70, we get you to 90, that's all we need. We don't need 100%. (CD 3)
Braiding objectives	Embedding need to serve sustainability and profits	No, I don't think we've had, I think we've been fortunate enough. At this point, like I said, you know, the engineering team is highly conscious. So from product design up, and this is where I go back, you know, companies that have ESG and [sustainability]

Theme	Open Codes	Representative quotes
		built into their DNA, we have a lot less issue with, you know, dramatically less issues with. (CD 2)
Leveraging constraints	Trying to straddle the line	So, right now, we're trying to do both. And we're trying to sort of straddle the line, where, you know, the way that I reconciled was, the rich tech companies are going to subsidize [serving] the homeless folks. (CD 9)
	Having no alternative but to do something new and scary	No, I mean, because there was no other alternative. So 99.99% of all of our sales are financed yet, so there's no market for to sell energy access with our products, you know, solar home systems and the like. Without a financing market. There's none. By the way, it's no different in the US, that everybody who puts solar panels on roofs and sell to that they buy a \$20,000 system and a smart battery Tesla, vast, vast majority are getting it financed by the bank or by the installer or whatever. But in our markets, nobody has disposable income to buy reliable energy upfront. Right now they can over time. So I guess the point was, there wasn't really a lot of debate, because there was no industry unless you financed it, and there was no financing. So we had to do it. So we had no choice but to do it. (CD 4)
North star focus	Being under pressure helps generate options	I did those 16 calls. And I'm like, Guys, you got a great sustainability program and nice framework. Get your baseline measurement in place, these people I talked to, they're not gonna let you get away with another year without having a clean baseline of knowing what you have for carbon footprint. (CD 17)
	Mission helps guide better decision-making	Again, I'm coming mostly from healthcare. And even in healthcare, I would say, it is not universal, that it's the real deal. I think a lot of organizations just, you know, put it on the wall because you have to, but in my experience, the organizations that really make it the water in which you swim are more successful on so many different indicators, you know, employee engagement, philanthropy, you know, high performance, top quality I because I just think it's support, it's a filter and screen for everything you say yes or no to, and you're making decisions based on kind of what you say you care about. (CD 8)

Theme	Open Codes	Representative quotes
	Not subscribing to moral relativism	You know, it's like moral relativism, right. You know, you know, oh, yeah, the lines here. Oh, I just moved it again. Whoops I moved it again. Okay, good. Okay, great. Now we can be now we can go be Enron, okay, because, right. And that's what happens. And so you got to start with some of these core fibers. And then we get into the business attributes. So I start with these personal attributes, and then we get into the business attributes secondary. And he and I share that common thread of how we look at people that we add to the team. (CD 17)
<b>Contingent Strategies</b>		
Business case	Not supporting any initiative without a clear ROI	I would, here's what I'd say. If they ROI is murky or unclear on any project. Whether it's a new product, whether it's an acquisition, I'm going to say if it's murky, I can find other things to do that aren't murky. So I'm going to vote no. (CD 12)
	Using greed as a driver for sustainability	But, you know, ideally, what you really want is you want the greed factor to drive it because greed is a much simpler, you know, emotion, right. But if you can, and that's why, you know, if you can go study somebody's supply chains and figure out okay, how do I make this so that I can allow greed to drive it? And sometimes it's, you know, it's an awareness. I think a lot of us have been come up in life and train that, you know, there is no real finite resource. I can I don't have to worry about that. (CD 11)
Moral imperative	Seeing diversity as a desired state	Sometimes it's just a different philosophy and a different point of view and I will give you an example. I believe diversity as an example as part of ESG is a desired state. That is, we want a diverse boardroom and diverse company, because that's what we want. Versus diversity is something that we have to do. (CD 13)
	Using values as a lens	What I'm trying to say with that is there's a lot of people that think about stewardship, that think about sustainability, drive it through their values, which is me. And it informs, in one sense, every decision I make, right, so it's going to inform the conversation that I have I aligned with the values that [the company] has, you know, I if I didn't I don't think I'd be on the board. (CD 7)



Theme	Open Codes	Representative quotes
Trade-offs	<p>There are always trade-offs in sustainability</p> <p>Needing to trade-off expanding mission to execute business model</p>	<p>And at the same time, there's always a tradeoff, you know. You're always making trade offs, right. So it's the end for, when I think about it, in the context of businesses, it's sort of purpose driven, you know, purpose driven, values driven, but has to be married to the idea of sustainability including the ability for an organization to maintain itself, right? Rather, the kind of conceptual model that that sustainability as a free good, is not true, right? There are always gonna be tradeoffs. (CD 7)</p> <p>So it's kind of traditional, just, again, business logic, strategic planning and competitive landscape SWOT analysis. And if you do that, if you go through that exercise, then the typically if it's done properly, the right answer falls out of that, you know what I mean? And so it ends up becoming a question of okay. You know, would we like to do this? Absolutely. But can we be successful doing it? And the answer ends up being No, not if it's not, if you're not good at it, not if it's not a core competency, not if there's others that are built for that. And that's what it came down to, you know, that we're not, you know, it's not like the world is advocating, this are just business models out there that are better for this group than ours, let's let them do it effectively, let's not go in and try to compete in an area, we're just never going to win, because that's going to impair us in winning in the areas and solving the problems where we are good. So it was just kind of that whole process that was needed. (CD 4)</p>
Non-acknowledgment	Not hearing from other board members that we should focus on ESG	You asked do most of my board members feel like I do. I think if they didn't, if they thought we should do be doing more, they would say so. But I don't hear that from our board members. (CD 12)