
World Business Council for Sustainable Development:

The Greening of Business or a Greenwash?

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Introduction

Writing as the then Chairman on the World Business Council for Sustainable Development (WBCSD), Livio DeSimone—Chairman and Chief Executive Officer of the 3M Company—argued that a paradigm shift has taken place since the 1992 Earth Summit in Rio de Janeiro. ‘Business . . . used to be depicted as a primary source of the world’s environmental problems. Today, it is increasingly viewed as a vital contributor to solving those problems.’¹ Although it is very doubtful that the change took place only—or even primarily—because of the WBCSD, all evidence suggests that this change has indeed happened, and that at some level WBCSD has both contributed to and capitalized upon it.

Evidence of the change is plentiful. Intergovernmental organizations (IGOs), particularly in the United Nations system, have launched major initiatives to woo the private sector. Speaking at the 1999 World Economic Forum at Davos, the UN Secretary General Kofi Annan called for a new ‘global compact of shared values and principles’ between business leaders and the world body, particularly on environment.² A manifestation of this new shift is the so-called Global Sustainable Development Facility—2B2M: 2 Billion People to Market by 2020 programme, for which the United Nations Development Programme (UNDP) is allegedly gathering corporate sponsorships.³ At the Rio+5 celebrations in 1997 one of the hottest tickets in town was the high-level round table, co-hosted by WBCSD with the President of the UN General Assembly and attended by a select group of business, government, and non-governmental organization (NGO) leaders.⁴ Major research universities are no less enamoured. The most prestigious of institutions, including the Massachusetts Institute of Technology (MIT) in the United States and Cambridge University in the United Kingdom seem to be actively wooing the WBCSD. Even NGOs are no longer immune to the charm of the pin stripes. Over the last few years major environmental groups such as the IUCN—The World Conservation Union, the World Resources Institute (WRI), and the International Institute for Environment and Development (IIED) have all stepped up efforts to seek corporate partnerships—including with WBCSD. Those

that are not doing so, such as Greenpeace International, are spending even more effort and time warning the world about the growing influence of big business and its attendant hazards.⁵ Ultimately, this may be the biggest testimony to the seriousness of the new clout that big business seems to be acquiring over international environmental discourse.

It is not the purpose of this paper to analyse why this change has happened.⁶ Our purpose, instead, is to see how one particular group, the WBCSD, has been able to shape and use the changing landscape to advance its own agendas and influence the international policy discourse on environment and development, and whether the rise of the organization represents a greening of business or simply a ‘greenwash’.

Organizational Profile

The World Business Council for Sustainable Development (WBCSD) was formed in January 1995 with the merger of the Business Council for Sustainable Development (BCSD) and the World Industry Council for the Environment (WICE).

The BCSD was a direct outgrowth of the 1992 Earth Summit process. It was formed when Maurice Strong—then Secretary General of the United Nations Conference on Environment and Development (UNCED)—asked the Swiss industrialist Stephan Schmidheiny to act as his special advisor on business and environment. Schmidheiny brought together an impressive international group of top business leaders interested in the environment, and produced the book *Changing Course*.⁷ Showcasing an array of case studies of best practice, the book coined the term ‘eco-efficiency’ and argued that sustainable development was not only good for business, it was ‘good business’. The ideas discussed in the book became the basis of a formalized BCSD, and soon afterwards UNCED regional and national chapters began to spring up. To its credit, the BCSD was a major breakthrough because it brought together business leaders at the highest level to express a concern for environmental protection, portray it as a common concern, and break the prevailing mould of expressing the issue only in simplistic and antagonistic ‘business *versus*

environment' terms.

The genesis of WICE, on the other hand, lies in the International Chamber of Commerce (ICC), which boasts more than 7000 member companies in over 130 countries. In 1990 an ICC Working Party for Sustainable Development, led by Peter Scupholme of British Petroleum and W. Ross Stevens III of Du Pont, produced a Business Charter for Sustainable Development. This Charter was launched in 1991 at the Second World Industry Conference on Environmental Management at Rotterdam, and was followed soon afterwards by the report *From Ideas to Action*, which also outlined cases of positive industry response to environmental issues.⁸ In 1993 the ICC reconfigured its Environmental Bureau into an expanded WICE to serve as an industry voice in the follow-up to UNCED. The Charter's 16 principles—ranging from recognizing environmental management as a corporate priority to affirming the precautionary principle—became the guiding foundation for WICE.⁹

Each of the two parents had already established itself as a credible representative of international business on issues of the environment. The BCSD had been a forceful presence at UNCED and had begun to develop links with international NGOs and governments. The ICC, which had long and deep relationships with international business federations and IGOs, ensured an equally prominent position for WICE. The high degree of similarity in goals, overlap in membership, and complementarity in conceptual principles led to their merger into a single entity, the WBCSD, which immediately became the most authorita-

Box 1: The WBCSD Story

- 1990** UNCED Secretary-General Maurice Strong asks the industrialist Stephan Schmidheiny to be his advisor on business and environment. This leads to the creation of the **Business Council for Sustainable Development (BCSD)**.
- 1991** The International Chamber of Commerce (ICC) develops a **Business Charter for Sustainable Development**, which is launched in April 1991 at the Second World Industry Conference on Environmental Management in Rotterdam.
- 1992** BCSD represents business at the **Rio Earth Summit (UNCED)** and releases its report *Changing Course: A Global Business Perspective on Development and the Environment*.
ICC releases its report *From Ideas to Action*.

1993 The **World Industry Council for Environment (WICE)** is founded as an initiative of the International Chamber of Commerce (ICC).

1994 A number of regional and national BCSDs are formed. BCSD sets up a **Sustainable Project Management** in partnership with UNDP.

1995 The **World Business Council for Sustainable Development (WBCSD)** is created through a merger of BCSD and WICE.

1996 WBCSD, UNEP, and the Ceres Initiative launch programme on **financial indicators of sustainable development**. *Financing Change* is published.

WBCSD launches its **International Business Action Plan on Climate Change (IBAPCC)**.

The **Foundation for Business and Sustainable Development (FBSD)** is established.

1997 WBCSD co-hosts a **high-level round table of government, NGO, and business leaders on business and environment** as part of the Rio+5 celebrations. WBCSD releases its report on the progress since Rio, *Signals of Change*. It also releases a new book, *Eco-Efficiency*, and a report on *Environmental Performance and Shareholder Value*.

WBCSD launches the **Sustainable Business Challenge**, an Internet-based environmental exam for students preparing for careers in business, finance, and government.

WBCSD signs a **memorandum of understanding with UNDP** to improve environmental performance of companies in developing countries.

1998 The **WBCSD Virtual University** is founded in collaboration with the University of Cambridge and the Norwegian School of Management. *The Sustainable Business Challenge* is published.

WBCSD holds a series of **Stakeholder Dialogues** on Sustainable Consumption, Corporate Social Responsibility, and Sustainable Business.

WBCSD releases its **Survey on Corporate Environmental Reports** and the results of its Global Scenarios project.

tive and pre-eminent business voice on sustainable development. Box 1 lists the key events and milestones in the organization's development.

WBCSD is a pure membership organization in that its 126 member corporations are the principal source of financing and directly participate in agenda setting and governance.¹⁰ However, with the annual membership subscription being US\$30,000 and membership offered only by invitation, it is a fairly exclusive club. For all practical purposes it remains a coalition of big businesses, predominantly from the advanced industrialized countries. Although technically there are no barriers—except hefty annual dues—to the inclusion of smaller companies, especially from developing countries, the priorities and focus of the organization is decidedly on issues of greater concern to large corporations.

According to the WBCSD leadership, 'a large membership roster is not our overriding concern.'¹¹ In fact, the number of total members has not grown substantially since 1995, with most new additions made principally to improve geographic or sectoral coverage. For the most part WBCSD tries to address the geographic imbalance through its global network of 'partner' (but non-member) associations. Efforts have been made to strengthen and activate this network, which now comprises 18 national BCSDs and an assortment of national and international business organizations.

Even in taking over many features of WICE, WBCSD closely mirrors the BCSD design. An important component is that, unlike in WICE, membership is by invitation only 'to companies committed to the concepts of sustainable development and responsible environmental management'.¹² Apart from annual dues, members are also expected to provide in-kind and personnel support, including financial backing for individual working groups, and the active participation, including secondment, of their staff in the WBCSD work programme. In return WBCSD offers them the ability to 'exert greater influence on the framework conditions under which [the member companies] operate by being represented by a credible advocate.'¹³ Living up to its claim of speaking 'the language of business', WBCSD makes an appealing case of why major multinational corporations should join its ranks: 'The collective voice of a cross-sectoral and global body like the WBCSD offers companies greater weight in the sustainable development debate than they would otherwise have singly.'¹⁴

The promise being offered is that 'WBCSD [will provide] companies with an edge on the competition by being aware, ahead of others, and thus able to anticipate the emerging environmental and social trends which might impact their business.'¹⁵ The appeal of the argument is reflected in the WBCSD membership roster, which, although short, in-

cludes some very significant corporate players, including such giants as Assurances Générales de France, Rhône-Poulenc (France), Bayer, Hoechst (Germany), Fiat Auto (Italy), Heineken, Philips Electronics, Unilever (Netherlands), Norsk Hydro (Norway), ABB Asea Brown Boveri, Nestlé, Société Générale (Switzerland), British Petroleum, Glaxo Wellcome, ICI, Shell International (United Kingdom), Ontario Hydro (Canada), AT&T, Cargill, CH2M Hill, Dow Chemicals, DuPont, Eastman Kodak, General Motors, International Paper, Johnson & Johnson, Monsanto, Proctor & Gamble, 3M Corporation, Xerox (United States), Hitachi, Mitsubishi, Nissan Motors, Seiko, Sony, Tokyo Electric, Toyota (Japan), and Samsung and LG Group (Korea). A few large corporations from developing countries and transition economies, such as Chemical Works Sokolov (Czech Republic), Aracruz Celulose (Brazil), Grupo Vitro (Mexico), China Petro-Chemical (China), and Inti Karya Persada Teknik (Indonesia), are also members.

Participation is sought at the very highest level, normally from the chief executive officer (CEO) or equivalent. This ensures an earnestness of commitment from the company and allows WBCSD greater credibility in its advocacy activities. WBCSD is governed by a Council, composed of the CEOs of member companies, which meets once a year to determine organizational priorities and direction. It is also responsible for appointing the Executive Committee, determining membership dues, and approving the budget. Council members co-chair WBCSD working groups and are called upon to speak on its behalf at relevant forums. Each Council Member appoints a 'Liaison Delegate', normally a senior member of their staff, who supports them in their WBCSD responsibilities, participates in working groups on their behalf, and interacts with the Secretariat and other member companies. Liaison delegates meet twice a year in plenary sessions and throughout the year in working group meetings. An Executive Committee of up to 14 CEOs from member companies oversees the management of WBCSD, and normally meets three times a year. It is responsible for appointing the President, approving working groups, WBCSD reports and books, and finalizing the budget. The day-to-day management is handled by a Secretariat in Geneva, headed by a full-time President (Executive Director until 1997). In 1998 the Secretariat had a staff strength of about 30.¹⁶

Surprisingly, no financial and budgetary data on the organization is publicly available. Not only are the WBCSD annual reports silent on this subject (unlike those that its members are more used to), but repeated requests to obtain this information proved unsuccessful. However, some estimates can be made. The bulk of WBCSD's direct funding comes from the annual membership fee of US\$30,000 (for 1998) that each corporate member pays.

For 1998, therefore, membership dues would have amounted to US\$3.78 million. The total resources made available by the members would, however, be significantly higher, since they would include in-kind and personnel contributions to various working groups as well as experts seconded to the WBCSD Secretariat. For example, in 1998 as many as six staff members working on various projects at the WBCSD Secretariat were on secondment from member companies. In short, it would be fair to say that, unlike even the biggest environmental NGOs, fund-raising and financial concerns have not been major worries for the WBCSD.

The Greening of Big Business . . .

Although sometimes viewed and described by others as an environmental NGO, WBCSD views itself very much as a business organization: a coalition of and advocate for big business on issues pertaining to sustainable development (see Box 2).

While the thrust of the organization's goals pertains to 'participating in policy development in order to secure a regulatory framework for business to operate profitably while preserving the environment and contributing to a sustainable future',¹⁷ it also seeks to 'encourage high standards of environmental management in business itself'.¹⁸ In essence, while much of WBCSD's focus is on projecting the green face of big business, part of its mandate is also to make business greener. This flows directly from the second half of its mission statement, which requires it to 'promote the attainment of eco-efficiency through high standards of

Box 2: WBCSD—Merchant or Citizen?

Is WBCSD an NGO? This question may first seem to be of little more than academic value, but is of significant strategic importance to the organization's ultimate influence. Like many others, this *Yearbook* classifies WBCSD as an Environmental NGO.¹ In fact, one of the biggest measures of the organization's success is that it is seen by many within the environmental community as an environmental NGO focusing on business concerns. This is very different from how the mainstream environmental community tends to view other similarly structured business coalitions—such as, for example, the Chlorine Chemistry Council (CCC)—which is seen as a mere 'lobbyist' and therefore somehow inferior. WBCSD has strategically used this perception of its identity, particularly its image as a 'non-lobby group', to forge closer ties with mainstream environmental groups on the one hand while marketing its ability to do so as a major advantage to its members on the other.²

Interestingly, within the bounds of carefully cultivated ambiguity, WBCSD tends to define itself as a business group. The standard line is that it is a 'coalition of international companies united by a shared commitment to the environment and to sustainable development'. In material directed specifically at its corporate members the thrust becomes more direct, and the organization talks with pride of its increasing recognition as 'the leading business advocate on environmental and sustainable development' and how its 'views are being sought by a growing number of stakeholders', such as governments, international organizations, and environmental NGOs.³

In the familiar tripartite map of institutional sectors—the prince, the merchant, and the citizen, signifying the institutions of state, business, and civil society respectively—WBCSD would identify itself very much as the voice of the merchant.⁴ While it is the merchant speaking, not just to the market but to the citizen, it remains nonetheless a manifestation of the merchant rather than the citizen. Technically, therefore, WBCSD is a lobbying organization for big business no different from the CCC and others. Moreover, it accepts that status without qualms or camouflage. As the WBCSD President, Björn Stigson, put it in a 1998 speech, the world since UNCED has changed in that environmental discussions are no longer bi-polar (governments and NGOs) but are now tri-polar, between 'governments, business and civil society'.⁵ Material prepared for its corporate members makes it clear what the organization views itself to be, and not to be: 'Five years ago, it is unlikely that NGOs in particular would have forged links with a business organization like ours.'⁶ In short, however else others might choose to classify it, for WBCSD itself, the goal is to make sure that, in all discussions of international environmental policy, big business gets a 'seat at the table' and then to occupy that seat on behalf of big business.⁷

References

1. See section on non-governmental organizations in this *Yearbook*.
2. Ted Button (1998), 'The Work of the World Business Council for Sustainable Development', speech by WBCSD Director External Co-operation, 16 June 1998 (available at: <<http://www.wbcd.ch/Speech/s39.htm>>).
3. WBCSD (1997), *The Value of Membership* (Geneva: WBCSD).
4. For the conceptual distinctions between the three, see Adil Najam (1996), 'Understanding the Third Sector: Revisiting the Prince, the Merchant, and the Citizen', *Nonprofit Management and Leadership*, 7: 2, 203–19.
5. Björn Stigson (1998) 'How much can be left to the Private Sector and the Market', speech by WBCSD President, 11 March 1998 (available at: <<http://www.wbcd.ch/Speech/s32.htm>>).
6. WBCSD (1997), *The Value of Membership*.
7. WBCSD (undated), *Information and Publications* (Geneva, WBCSD).

environmental and resource management in business.¹⁹

For WBCSD, like BCSD before it, eco-efficiency is a defining concept and one that the organization spends considerable time and effort in refining and promoting. More specifically, the work of the organization is guided by its four objectives:²⁰

- **business leadership:** to be the leading business advocate on issues connected with the environment and sustainable development;
- **policy development:** to participate in policy development in order to create a framework that allows business to contribute effectively to sustainable development;
- **best practice:** to demonstrate progress in environmental and resource management in business and to share leading-edge practices among its members;
- **global outreach:** to contribute through its global network to a sustainable future for developing nations and nations in transition.

The rest of this section will look at the impact WBCSD has had on international environmental policy through its activities in each of these four areas.

Although the goal of **business leadership** and advocacy is intertwined with the remaining three objectives of WBCSD and is often achieved through them, it is here that the organization has demonstrated its greatest influence on international environmental policy. There is an obvious sense of pride in how much clout and influence the organization has come to exert in its advocacy activities that is apparent in WBCSD publications directed at its corporate members:

Our business advocacy activities allow us to anticipate rather than react to the agenda of other stakeholders. By being consulted early in the process, we can influence their priorities and thinking, and so help to shape the end-result. One example of the WBCSD's high profile, government-level involvement is provided by the Rio+5 activities being organized by the UN in 1997 to mark the fifth anniversary of the Rio Earth Summit in 1992. We have been asked to lead the Business and Industry input at the Rio Forum, the UNCSD meetings and the UN General Assembly Special Session—where CEOs from member companies presented the progress achieved by industry since Rio to ministers and heads of state during a High-Level Roundtable co-hosted by the WBCSD. As another example, the OECD has invited two of our Executive Committee members to join its Advisory Board to review its work on environmental issues.²¹

To business executives who, in the past, had been more accustomed to being vilified as environmental villains, the positive attention being showered upon WBCSD by the environmental camp is an obvious source of satisfaction, even delight. Ever since UNCED, the organization has been spectacularly successful in cultivating a close relationship with key intergovernmental and non-governmental

organizations. This strategy of engagement—as opposed to one of defensive retaliation—has paid handsome dividends, and WBCSD has been able to establish partnerships not only with key UN agencies such as UNEP, UNDP, and the CSD, but also with leading environmental groups such as IUCN, WWF, and IIED. Rio+5 may not have been a historic event for most environmental observers, but for WBCSD it was a major watershed. In just five years big business had moved from a position where its views on sustainable development were reluctantly tolerated to one where they are now actively sought. Despite the dismay of some groups, WBCSD, as the most active and representative voice of big business on issues pertaining to sustainable development, is no longer seen as a gate-crasher at international environmental forums, but as an honored guest.

What makes this new-found prominence all the more sweet is the attendant influence over international environmental *policy development* that comes with it. While both BCSD and ICC had a presence at UNCED, their actual participation in policy deliberations was relatively modest.²² Today, with the ongoing climate change negotiations, for example, this is no longer the case. WBCSD has been an energetic player at every negotiating session and was particularly active at both Kyoto (1997) and Buenos Aires (1998). As the WBCSD President notes, 'business was more in the forefront at Buenos Aires, both in relative numbers and in involvement in the proceedings, and many national delegations now include business representatives.'²³ A strong advocate for 'flexible' arrangements such as emissions trading and Joint Implementation (JI), and opposed to stringent mandatory reductions, WBCSD has been holding a series of workshops around its International Business Action Plan on Climate Change (IBAPCC) to impress its case on government delegations, NGO representatives, and academics. It is safe to say that they have not been devoid of impact—especially since the emergent regime retains many elements that the WBCSD has been advocating.²⁴

Ultimately, WBCSD's most important impact on policy is likely to come from the various activities that it has undertaken to put a business stamp on the future global agenda for sustainable development. This includes its policy prescriptions on emergent issues such as trade and environment, financial markets, the paper cycle, fresh water access, and sustainable forests.²⁵ By far the most potent of such activities is the outreach component targeted at future business and management professionals. The keystone of this programme has been the 'Sustainable Business Challenge', which started as an Internet site that summarizes the main elements of the WBCSD message and offers a multiple-choice test based on this material. Those qualifying can print out a certificate of competence for successfully completing this examination. Originally launched by

WBCSD in collaboration with UNEP, it has been a roaring success, estimatedly reaching over a million students. More importantly, it has enabled the WBCSD message to go directly to a whole generation of future business leaders. In 'preparing' for the exam by reading through the site, they have been exposed to WBCSD's version of what sustainable development is and how it is most likely to be achieved; it is this version that they are most likely to accept and absorb.²⁶

The success of the initiative was largely instrumental in WBCSD deciding to form, in 1996, the Foundation for Business and Sustainable Development (FBSD), whose goal is to 'promote the business understanding of sustainable development and to encourage education and competence building, research, and demonstration projects in the field of sustainable development.' In 1998 FBSD produced a 180-page book, *The Sustainable Business Challenge: A Briefing for Tomorrow's Business Leaders*, which it hopes will be widely used as a textbook in university-level business courses. Plans are underway to produce a television series on the same theme. Other programmes of the Foundation include an Internet-based 'Eco-Efficiency Kit', a multilingual 'Global Sustainable Development Dictionary', the use of global scenarios as a management learning tool, and support for various research and demonstration projects. Capping all of these is the 'WBCSD Virtual University', which is a joint project with the University of Cambridge and the Norwegian School of Management. Its aim is to 'bring knowledge and appreciation of sustainable development, *the way WBCSD members understand it*, to a global audience through combining the latest distant learning and data technology with proven training traditions' (emphasis added). The outreach potential of such a programme is daunting, and if successful it could ultimately make WBCSD's definition of sustainable development as well known as the Brundtland Commission's.²⁷

The practice of consistently focusing on *best practice* within industry on environmental issues has been of strategic as well as substantive importance to WBCSD. Just about every report and book to have come out from WBCSD or its predecessor organizations focuses much of its attention on highlighting case-studies of how specific businesses, mostly member companies, have taken decisions that benefit the environment while maintaining or increasing their long-term profits. This is obviously a heart-warming message, but also has deeper strategic value. For big business in general, which is much more used to being depicted as an environmental rogue, this provides not just good publicity but vindication. In an era when environmental sensibilities among consumers can cause major dents in corporate profits, this alone can justify the US\$30,000 annual membership fee. In effect, WBCSD provides big

business with the exact antidote to the many environmental NGOs that have, for years, been highlighting 'worst practice'. In this regard, however, WBCSD is as guilty of focusing on only one side of the coin as those NGOs have been for focusing only on the other.

Having said the above, the reason for focusing on best practice most often cited by the WBCSD relates to the aspiration (and self-perception) of its member companies to 'be among the leaders in good environmental practice'. WBCSD offers them the ability to 'share their experience and expertise with others and keep abreast of best practice in fields to which they might not otherwise have access'. The promise, to the business executive, is of advance information; the attraction, for the environmental policy maker, is of the potential for early dissemination of win-win solutions. The most attractive of these win-win concepts is eco-efficiency, which is 'at the heart of the WBCSD's philosophy'. After having introduced the concept the organization has spent much effort in propagating it, and to its credit it is now, indeed, 'firmly entrenched in the business lexicon'.²⁸

Box 3: Eco-Efficiency

In introducing the concept in *Changing Course*, BCSO had not provided an exact definition of eco-efficiency beyond stating that 'corporations that achieve ever more efficiency while preventing pollution through good housekeeping, materials substitution, cleaner technologies, and cleaner products and that strive for more efficient use and recovery of resources can be called "eco-efficient"'.²¹ By 1993 BCSO had a formal definition: 'Eco-efficiency is reached by the delivery of competitively priced goods and services that satisfy human needs and bring quality of life, while progressively reducing ecological impacts and resource intensity throughout the life cycle, to a level at least in line with the earth's estimated carrying capacity.'²² By 1997 WBCSD was ready to publish a major book on the subject which promoted the concept as a 'marketing philosophy' that has been 'developed by business for business' and highlights the fact that 'the first word of the concept encompasses both *ecological* and *economic* resources—the second says we have to make optimal use of both.'²³ It went on to specify seven guidelines for operationalizing the concept: a) reduce the material intensity of goods and services; b) reduce the energy intensity of goods and services; c) reduce toxic dispersion; d) enhance material recyclability; e) maximize sustainable use of renewable resources; f) extend product durability; and g) increase the service intensity of products.

It also identified three areas in which more work is required for the full potential of eco-efficiency to be unleashed. This includes better ways to measure eco-efficiency, positive regulatory framework conditions through the provision of incentives and the removal of disincentives, and a deeper understanding of the link between eco-efficiency and long-term shareholder value by capital markets.⁴ On each of these fronts, WBCSD is investing significant efforts which have already led to a 'state-of-play' *Report on Eco-Efficiency Metrics and Reporting*, a study on how companies measure and report eco-efficiency, a series of conferences and collaborations designed to interest policy makers in the concept, a study on environmental performance and shareholder value, and a major book on financial markets and sustainable development.⁵

In marketing the concept of eco-efficiency, WBCSD has been careful to relate it to other emerging approaches, particularly the Cleaner Production Programme of the United Nations Environmental Programme (UNEP).⁶ However, despite the fact that WBCSD is an institutional affiliate to a journal on the subject, its reports tend not to delve too deep into the link between eco-efficiency as espoused by WBCSD and the emerging scholarly field of industrial ecology. Yet the two are deeply connected.

Both have the goals of reducing material and energy throughput, promoting the reuse and recycling of products, reducing toxic emissions, and emphasizing services. Furthermore, both concepts are proactive, designing out waste and designing in reuse and recycling. However, although the two concepts share the same goals, the systems boundaries to which they apply these goals are different. For eco-efficiency the system boundary is the individual firm, and any unused resource leaving the firm is waste. The industrial ecology approach expands the boundary to include sets of interacting firms so that the unused output from any given firm can potentially be input for other firms in the system.

Global outreach is an area on which WBCSD has been trying to focus, if only because it remains open to criticism for being an association of predominantly northern (European, North American, and Japanese) corporations. For all practical purposes, and for all the obvious reasons, it remains exactly that. Of the 123 member companies listed in its 1997 *Annual Review*, only one was from Africa, only three from Central and Eastern Europe, and only eight each from Latin America and Asia (not counting Japan). By way of making up for this imbalance, WBCSD works through a 'global network' of partner organizations with which it has formal and informal links. These range from intergov-

Industrial ecology is 'the totality or the pattern of relationships between various industrial activities, their products, and the environment',⁷ such that 'the consumption of energy and materials is optimized, waste generation is minimized and the effluents of one process . . . serve as the raw material for another process.'⁸ At the simplest level, then, eco-efficiency could be seen as a component of industrial ecology at the firm level which could lead to more effective industrial ecology.

Notes and References

1. Stephan Schmidheiny with BCSD (1992), *Changing Course* (Cambridge, MA: MIT Press), xii.
2. This definition was crafted at the First Antwerp Workshop on Eco-Efficiency organized by BCSD in November 1993 and was accepted at subsequent workshops, organized by WBCSD, at Antwerp in March 1995 and at Washington, DC, in October 1995. For more on the progression of the concept's definition, see WBCSD (1996), *Eco-Efficient Leadership* (Geneva: WBCSD).
3. Livio D. DeSimone and Frank Popoff with WBCSD (1997), *Eco-Efficiency: The Business Link to Sustainable Development* (Cambridge, MA: MIT Press), 2-3.
4. *Ibid.*, 21-2.
5. See Markus Lehni (1998), *Eco-Efficiency Reporting and Metrics: State-of-Play Report* (Geneva: WBCSD); WBCSD (1998), *The Application of Sustainable Development Concepts and Eco-Efficiency Metrics in Corporate Environmental Reporting* (Geneva: WBCSD); J. Blumberg, G. Blum, and Å. Korsvold (1997), *Environmental Performance and Shareholder Value* (Geneva: WBCSD); Schmidheiny and Zorraquin with WBCSD (1996), *Financing Change*.
6. For example, Keith Erlam and Ludolf Plass (1996), *Eco-Efficiency and Cleaner Production: Charting the Course to Sustainability* (Geneva: WBCSD and UNEP); WBCSD and UNEP (1998), *Cleaner Production and Eco-Efficiency: Complementary Approaches to Sustainable Development* (Geneva: WBCSD and UNEP).
7. C. K. N. Patel (1992), 'Industrial Ecology', *Proceedings of the National Academy of Science*, 89, 798-99.
8. Robert A. Frosch and Nicholas E. Gallopoulos (1989), 'Strategies for Manufacturing', *Scientific American*, 261: 3, 144-52.

ernmental and non-governmental organizations such as UNDP, the International Institute for Sustainable Development (IISD), and the Stockholm Environment Institute (SEI), to national business groups such as the Confederation of Indian Industry (CII), to a host of national and regional Business Councils for Sustainable Development. Due to its very nature, however, the network remains a loose confederation with only sporadic and opportunistic links to WBCSD's agendas and activities. Although the WBCSD network has a long way to go to realize its potential, the Council has an obvious interest in strengthening it. Doing so will not only make the WBCSD a more

representative global entity but could eventually move it in unintended directions.²⁹

... or Greenwash?

For all its success, and partly because of it, WBCSD has also been the target of some scathing criticism, most notably from two NGOs, Greenpeace and Corporate Watch.

Through its various publications and campaigns, Greenpeace has popularized the term 'greenwash', which it defines as 'cynical, superficial, public relations marketing' aimed at projecting a falsely benign environmental corporate image. In fact, it coined the term to describe and expose one of WBCSD's parents, BCSD, and its corporate members. According to *Green or Greenwash? A Greenpeace Detection Kit*, a corporation that fails on any of the CARE criteria—core business, advertising record, research and development funding, and environmental lobbying—is 'probably in the greenwash business'.³⁰ Like Greenpeace, Corporate Watch, which defines 'greenwashing' as 'the phenomenon of socially and environmentally destructive corporations attempting to preserve and expand their markets by posing as friends of the environment', considers WBCSD to be a 'front' group whose purpose is to greenwash the image of its 'dirty' members.³¹ In marking the fifth anniversary of UNCED in 1997, it focused unwanted attention on WBCSD by giving it the so-called Greenwash Award 'for its continuing . . . efforts to portray itself as the savior of the world's environment and the force that will eliminate poverty'.³²

Environmental fury directed at large corporations is not a particularly new or novel phenomenon. However, the greenwashing charge now being levelled against WBCSD and its cohorts is not just directed at the environmental harm being caused by certain businesses but suggests a conscious cover-up conspiracy to distract public attention and subvert the environmental agenda. To those who have long considered corporate greed as a leading cause of the environmental problematique, the ultimate insult is that big business is now being allowed to 'co-opt' and even 'define' the meaning of sustainable development.³³ What Maria Elena Hurtado of Consumer International describes as 'a new policy by corporations to engage potential critics'³⁴ is greeted with grave concern by activists. In noting that 'the WBCSD has been tremendously successful in promoting global market liberalization and self-regulation by business instead of government intervention as the recipe for sustainable development',³⁵ they are outraged that 'the world's governments have allowed corporate greenwash to thwart progress in environmental protection'.³⁶ Behind what he calls a 'masterful co-optation of ecology', the author Joshua Karliner (1997) sees a 'highly evolved rendi-

tion of corporate positioning on issues of environment and development'. His book *The Corporate Planet* elaborates:

The Earth Summit marked the coming of age of corporate environmentalism—the melding of ecological and economic globalization into a coherent ideology that has paved the way for the transnationals to reconcile, in theory and rhetoric, their ubiquitous hunger for profits and growth with the stark realities of poverty and environmental destruction. In the aftermath of Rio, global corporate environmentalism has helped institutionalize ecological concerns as agenda items in the executive suites and boardrooms of some of the world's largest businesses. It has helped build a public image of transnational corporations as the world's responsible global 'citizens'. It has also, to a certain degree, begun to set the terms of the debate along lines favorable to the transnationals . . . Indeed, by focusing a relatively small portion of their vast resources on environmental issues, the global corporations have, in many respects, reframed much of the environmental discussion.³⁷

To its critics, WBCSD is guilty of wilful duplicity. According to Greenpeace:

The public message of WBCSD and other groups has been that business now understands and supports the goals of sustainable development and environmental protection, and business will be the leaders achieving both. At the same time, they have been working to avoid regulations of their activities, and working against agreements in the very regimes that UNCED spawned, such as the Climate Convention.³⁸

Corporate Watch chimes in with a similar verdict:

The overall tone of recent WBCSD pronouncements is one of reassurance; to governments and NGOs, reassurance that business understands and is voluntarily taking action; and to their members, reassurance that things are changing but not too fast; that some action is needed but not too much. This carefully crafted tone of heartening ambiguity masks the reality that WBCSD members, along with many other large corporations, have pushed hard over the last five years for increased corporate power on the global stage . . . There is simply no evidence that increased corporate rights has led or will lead toward sustainable development or environmental protection, yet this assumption underlies the WBCSD philosophy.³⁹

To its credit, the WBCSD has engaged its critics in a dialogue, albeit at a limited level. It has essentially argued that the case laid out by its detractors is oversimplistic, conspiratorial, exaggerated, and based on an unrealistic understanding of how business works.⁴⁰ In addressing the critics, the WBCSD Director for External Co-operation, Ted Button, makes the following arguments:

It is inevitable that our proposals on sustainable development will irritate and sometimes annoy pressure groups. Maybe business is not going far enough and fast enough for some participants in the debate, but the Council is genuinely dedicated to making a difference. Also, on some issues we are taking the lead in finding solutions to the sustainable development challenges . . . This is rather more difficult than our detractors believe, not least because the international business community is as varied in its make-up, ideals, approaches and needs as the various environmental and social groups who urge us to move further and faster.⁴¹

Green or Mean?

So, is the story of the WBCSD a story about the greening of big business or one about greenwash? The correct answer, as in all such questions, is a little of both.

Indeed, WBCSD has played an important role in making major corporations embrace the concept of sustainable development. While not all are equally enthusiastic about how the concept might change as a result of this bear-hug, the fact remains that there have been lively discussions, if not any deep soul-searching, in at least a few boardrooms. That should be a cause for some satisfaction. At the same time, it is abundantly clear that at least some of what WBCSD does can legitimately be called greenwash. After all, it is part of WBCSD's mandate to put big business's 'greenest' foot forward. In singing the virtues of 'best practice' by member companies it has certainly been guilty of overlooking some of the 'worst practice' by the same corporations. Even if WBCSD itself is not consciously in the business of greenwash, some of its member companies with less than perfect environmental records have probably used their association with it as a means to greenwash their soiled public image.

In the ultimate analysis, the most important thing in this 'Green or Mean?'⁴² debate is not to determine which side is right and which is wrong. What is more important is to realize that each has been doing what its institutional form mandates it to do. WBCSD, as the environmental advocate for business that it is, has been highlighting the positive linkages that industry can, and sometimes does, have with sustainable development. Groups such as Greenpeace and Corporate Watch, as the environmental watchdogs that they are, have been focusing public attention on the negative linkages that industry can, and so often does, have with sustainable development.⁴³ Both are doing what they are supposed, and expected, to do. International efforts for global sustainable development would probably be that much weaker if either were to act significantly differently.

Assessing Impact

In assessing the impact that WBCSD has had on the international environment and development, the most important question relates not to perception, but to impact. In the case of WBCSD, it is important to evaluate its impact separately at two distinct levels: business practice in the corporations whose interests it claims to represent, and international policy at the forums that it seeks to influence.

On the first of these, *business practice related to the environment*, it is not clear what the exact impact has been or is likely to be in the future. This is partly because of self-selection in membership. Companies have found WBCSD useful for improving their public image by highlighting the environmental innovations that they might have under-

taken, or simply by associating themselves with other innovative companies. However, the innovations themselves seem to have happened separately from, and not necessarily because of, WBCSD. To be fair, not enough time has passed for the organization to trigger significant changes in business practices. Yet there are some areas where its work has the clear potential of creating positive change. One of the most significant of these relates to metrics for measuring eco-efficiency. This is one area where the Council is beginning to move from simply highlighting best practice to actually inducing good practice. An initial survey of environmental reports of member companies has been completed.⁴⁴ However, at this point their efforts remain focused on the relatively less threatening question of 'how' companies measure eco-efficiency and shy away from evaluating just how eco-efficient they really are. The link between sustainable development and the financial sector is another area where WBCSD has initiated some interesting discussions.⁴⁵ Again, however, the thrust is on documenting rationale rather than holding companies accountable to some framework of evaluation. While the potential for meaningful impact in both areas is immense, the real test will be in the earnestness with which corporations (including WBCSD members) apply these principles.

At a secondary level, there has been some diffusion of information about 'best practice' among WBCSD member companies, and beyond that through its publications programme. More important than that, however, may be the discussions that WBCSD has facilitated and initiated within business, and between business and other stakeholders, on various issues related to operationalizing sustainable development. While it is obviously difficult to gauge the direct impact of such activities, it is clear that this has the potential for eventually triggering change in corporate practice. In short, although demonstrable evidence of clear change in corporate practice because of WBCSD actions is hard to come by, the organization deserves at least a passing grade for initiating activities and programmes that have the potential for bringing about positive environmental innovation.

On the second issue, influencing *international policy and institutions for sustainable development*, the performance has been clearly impressive. What some in 1992 had considered as being no more than Stephan Schmidheiny's personal enthusiasm for the subject has, in fact, been institutionalized. In 1999 WBCSD is a bigger and more influential player than the founders of either BCSD or WICE (or their critics) might have predicted. As an advocacy organization, WBCSD has been an undeniable success. Owing to the critical constituency that it legitimately represents and the human and financial resources at its command, it has been able to attain an impressive presence and prestige in international forums in a very short period of time.

A clear indicator of this influence is its now undisputed position as the most representative and authentic voice for big business on environmental issues and its ability to use this position to reframe discussions on sustainable development around its chosen parameters. By similar token, the potential for WBCSD's most important influence in the long term lies in the planned WBCSD Virtual University being set up under the aegis of FBSD and the inroads that the organization is already making into universities and their business curricula. By its own accounts, as well as those of its critics, WBCSD has managed to gain deep penetration into the corridors of global environmental policy and will be a major player in international environmental policy for the foreseeable future. While some will question the quality of this influence, the influence itself is not in doubt.

What does all of this mean for the larger enterprise for global sustainable development? Can WBCSD ever reconcile the practical and conceptual differences between the goals of sustainable development and corporate profit? Can one wear Birkenstocks with a pin stripe suit? Maybe, but not just yet.

Notes and References

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- 1 Livio DeSimone (1996), 'Letter from the Chairman', *Annual Review 1996* (Geneva: WBCSD), 3.
- 2 Speech by UN Secretary-General Kofi Annan at the World Economic Forum in Davos, Switzerland, 31 January 1999.
- 3 A recent report alleges that the UNDP is 'selling' its sponsorship to large corporations, including ones with less than perfect environmental records. It claims that 'UNDP is considering creating a special logo to be used by participating corporations' and 'for US\$50,000 companies' tarnished images could be brightened by UN partnership.' TRAC (1999), *A Perilous Partnership: The United Nations Development Programme's Flirtation with Corporate Collaboration* (San Francisco: Transnational Resource and Action Center/Institute for Policy Studies/Council on International and Public Affairs); available at <<http://www.igc.org/trac/undp/undp.pdf>>, 3-4.
- 4 The exclusive luncheon meeting was attended by 37 invited participants, including 15 high-level representatives of government, among them three heads of state, the Secretary-General of the UN, the Administrator of UNDP, and the UN Under-Secretary-General responsible for the UN Commission on Sustainable Development. For a critical first-hand report of the luncheon round table, see David C. Korten (1997), 'The United Nations and the Corporate Agenda' (available at <<http://iisd.ca/pcdf/1997/uncorporate.htm>>).
- 5 See, for example, Jed Greer and Kenny Bruno (1996), *Greenwash: The Reality Behind Corporate Environmentalism* (New York: Apex Press); Greenpeace (1997), *Green or Greenwash?: A Greenpeace Detection Kit* (San Francisco: Greenpeace International); and Josh Karliner (1997), *The Corporate Planet: Ecology and Politics in the Age of Globalization* (San Francisco: Sierra Club Books).
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- 7 Stephan Schmidheiny with BCSD (1992), *Changing Course: A Global Perspective on Development and the Environment* (Cambridge, MA: MIT Press).
- 8 International Chamber of Commerce (1992), *From Ideas to Action* (Paris: ICC).
- 9 For a discussion on ICC and a critique of its Charter, see Gleckman (1995), 'Transnational Corporations' Strategic Responses to Sustainable Development'.
- 10 For more on management structures of global associations, see Dennis R. Young, Bonnie L. Koenig, Adil Najam, and Julie Fisher (forthcoming), 'Strategy and Structure in Managing Global Associations', *Voluntas*.
- 11 WBCSD (1995), *Annual Review 1995* (Geneva: WBCSD), 6.
- 12 WBCSD (1997), *Annual Review 1997* (Geneva: WBCSD), 18.
- 13 WBCSD (1997), *The Value of Membership* (Geneva, WBCSD).
- 14 Ibid.
- 15 WBCSD (undated), *Information and Publications* (Geneva, WBCSD).
- 16 Largely based on WBCSD (1997), *The Value of Membership*.
- 17 WBCSD (undated), *Information and Publications*.
- 18 WBCSD (1997), *Annual Review 1997*, 2.
- 19 Ibid., 1.
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- 21 WBCSD (1997), *The Value of Membership*.
- 22 The distinction is obviously relative. Some, in fact, argue that big business was able significantly to influence Agenda 21, especially in its treatment of transnational corporations. See Karliner (1997), *The Corporate Planet*.
- 23 Björn Stigson (1998), 'Governments Need to Open Up to Industry to Halt Climate Change', *Earth Times*, 20 December (available at <http://earthtimes.org/decl/business_investinggovernmentsdec20_98.htm>).
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- 25 For example, on sustainability issues related to financial markets and the paper cycle, WBCSD publications are already considered to be among the most authoritative documents to consult. See IIED (1996), *Towards a Sustainable Paper Cycle* (London: IIED & WBCSD); Jerald Blumberg, Georges Blum, and Åge Korsvold (1997), *Environmental Performance and Shareholder Value* (Geneva: WBCSD); Stephan Schmidheiny and Federico Zorraquin (1996), *Financing Change: The Financial Community, Eco-efficiency and Sustainable Development* (Cambridge, MA: MIT Press). On other issues, see David Stone, Kristina Ringwood, and Frank Vorhies (1997), *Business and Biodiversity: A Guide for the Private Sector* (Geneva: IUCN and WBCSD); WBCSD (1996), *Trade and Environment: A Business Perspective* (Geneva: WBCSD); Albert Fry (1998), *Industry, Fresh Water, and Sustainable Development* (Geneva: UNEP and WBCSD).
- 26 Visit <<http://www.wbcd.ch/foundation>> to access the Internet sustainability exam.
- 27 See Jan-Olaf Willums and WBCSD (1998), *The Sustainable Development Challenge: A Briefing for Tomorrow's Business Leaders* (Sheffield: Greenleaf Publishing); FBSD (1998), *Foundation for Business and Sustainable Development: A Status Report* (Oslo: FBSD); FBSD (1998), *The WBCSD Virtual University: Factsheet October 98* (Oslo: FBSD).
- 28 All quotes from WBCSD (1996), *Annual Review 1996*, 13–14.
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- 30 Greenpeace (1997), *Green or Greenwash?*
- 31 See <<http://www.igc.org/trac/greenwash>>.
- 32 Corporate Watch (1997), 'Greenwash Award for WBCSD' (available at <<http://www.igc.org/trac/greenwash/wbcd.html>>).
- 33 See Greenpeace (1997), 'The Decline of Corporate Accountability' (available at <<http://www.greenpeace.org/~comms/97/summit/account.html>>).
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