



CENTER FOR RETAILING

WE WILL START IN A FEW MINUTES

CFR EARLY INSIGHT #24

THE PSYCHOLOGY OF SUSTAINABILITY

Center for Retailing (CFR) at the Stockholm School of Economics has a mission to provide high-level academic education and to conduct world-class research on retailing in close collaboration with the Swedish retail industry. CFR Early Insight is a breakfast seminar series through which CFR faculty members share insights from ongoing research projects. The series provides a platform for employees at our partner companies to meet and discuss current challenges in retailing.

The Psychology of Sustainability

Wiley Wakeman

Assistant Professor, Center for Retailing & DMO

Early Insights, November 17th 2021

FT
RETHINK



The New York Times
**BlackRock C.E.O. Larry Fink:
Climate Crisis Will Reshape Finance**

In his influential annual letter to chief executives, Mr. Fink said his firm would avoid investments in companies that

H&M Group

Sustainability
Performance Report
2020



SWEDISH
SUSTAINABLE
BUSINESS

THE FUTURE OF THE EUROPEAN BUILT ENVIRONMENT

What will the European built environment look like in 2050? It is shaped by the effects of climate change, resource scarcity, changes in population, urbanisation, and focus on health and wellbeing. Buildings integrate a vast amount of technology that connect buildings to information management and sharing platforms. Buildings have evolved into temporary storage of circular materials and products and have become districts that support optimal (energy) efficiency and wellbeing.



CLIMATE RESILIENT

Buildings are entirely climate resilient: green, energy neutral buildings that are designed to withstand floods and heat stress and that are part of climate resilient cities and urban areas.



BUILDINGS FOCUS ON PERFORMANCE

The sustainability, performance, energy performance, and other performance are central drivers for comfortable living and working, and also determine the value of a building.

24/7

ENABLING WORKING AND LIVING IN A 24-HOUR ECONOMY

In our 24-hour global economy buildings will provide combined working and living space. Leisure, sports, shops and other amenities, are combined in buildings that provide 24-hour connectivity.



CIRCULAR BUILDINGS

Buildings are circular: built with reused materials and/or biobased materials, are modular and deconstructable. They have become a temporary storage of materials and products.



ENERGY POSITIVE

Buildings create energy through photovoltaic solutions and are highly energy efficient and independent of fossil fuels. Buildings are connected to a smart grid to share and store electricity and heat.



SUPPORT A HEALTHY LIFESTYLE

Buildings provide a healthy environment: healthy noise management, optimal temperature management, clean air and daylight. The design fully supports the wellbeing of its users.



Filippa K Care
How to Wash, Mend & Care





You Bet!



Ah...

Plan For This Morning

The Problem

- Past research on psychology of sustainability
- Issues arising from being (moral) human

What This Means (3 Studies)

- Outlining (and undermining) motivation (in organizations)
- Findings examining food waste (in consumption)
- Coordination issues (theoretically)

What We Can Do

- Solutions to this issue
- How to effectively shape sustainability efforts

Who are we talking about (Actors)?

Governments

- Policy
- Laws
- Socio-enviro-economic changes

Organizations

- CSR
- Internal Efforts and Tools
- Reporting Progress

Individuals

- Issue Identification
- Motivation
- Coordination



Plan For This Morning

The Problem

- Past research on psychology of sustainability
- Issues arising from being (moral) human

What This Means (3 Studies)

- Outlining (and undermining) motivation (in organizations)
- Findings examining food waste (in consumption)
- Coordination issues (theoretically)

What We Can Do

- Solutions to this issue
- How to effectively shape sustainability efforts

Psychology of Sustainability

The “Big Seven” Categories

- Limited cognition (old brains)
- Ideologies (value systems)
- Comparisons with others (influence)
- Sunk costs (influence of past behavior)
- Discredence (reactance)
- Risks (won't work)
- Limited behavior (social loafing)



Psychology of Sustainability

Limited Cognition

- Ancient brains (bounded rationality)
- Ignorance (can't know everything)
- Numbness (absence & overload)
- Uncertainty (self-interest maximizing)
- Judgemental discounting (neutralization)
- Optimism bias (I'll be ok)
- Perceived lack control (collective action problem)



Psychology of Sustainability

Bounded Rationality

- Homo economicus (perfectly rational)
- And then there is the rest of us....
- Herbert Simon (1955)
 - We're not perfect
 - We have limited information
 - We make approximate decisions (satisficing)



Moral Roots of Sustainability

Moralization leads to action (Feinberg & Willer, 2013)

There are many different moral values (Haidt, 2008)

Some goals are important (moralized)

- Shape our strategies
- Motivate us to meet them

Some goals are less important (non-moralized)

- We notice them
- But we don't act toward addressing them

Bounded ethicality (Chugh & Bazerman, 2005)





Parents: We love all
our children equally

The eldest child:



Do we value sustainability goals differently?

What are the consequences of this?

Plan For This Morning

The Problem

- Past research on psychology of sustainability
- Issues arising from being (moral) human

What This Means (3 Studies)

- Outlining (and undermining) motivation (in organizations)
- Findings examining food waste (in consumption)
- Coordination issues (theoretically)

What We Can Do

- Solutions to this issue
- How to effectively shape sustainability efforts

Study 1: Ranking Sustainability Goals

468 Retail Employees

44 Nationalities

Average age of 29 (SD=9.14)

Average work experience 9.80 years (SD=8.62)

Importance of UN's 17 Sustainability Goals

“I find this goal personally important to me” (1=Not True, 7=Extremely True)

Effort Spent on 17 Goals

“I spend time addressing this goal” (1=Not At All True, 7=Extremely True)

Study 1: Hypothetical

Randomly Assigned Employees to Four Conditions

1. Invest in Preventing Climate Change (high ranked SDG)
2. Invests in Sustainable Infrastructure (low ranked SDG)
3. Invests in Profit Growth ("Active" Control)
4. Rate your organization (Control)

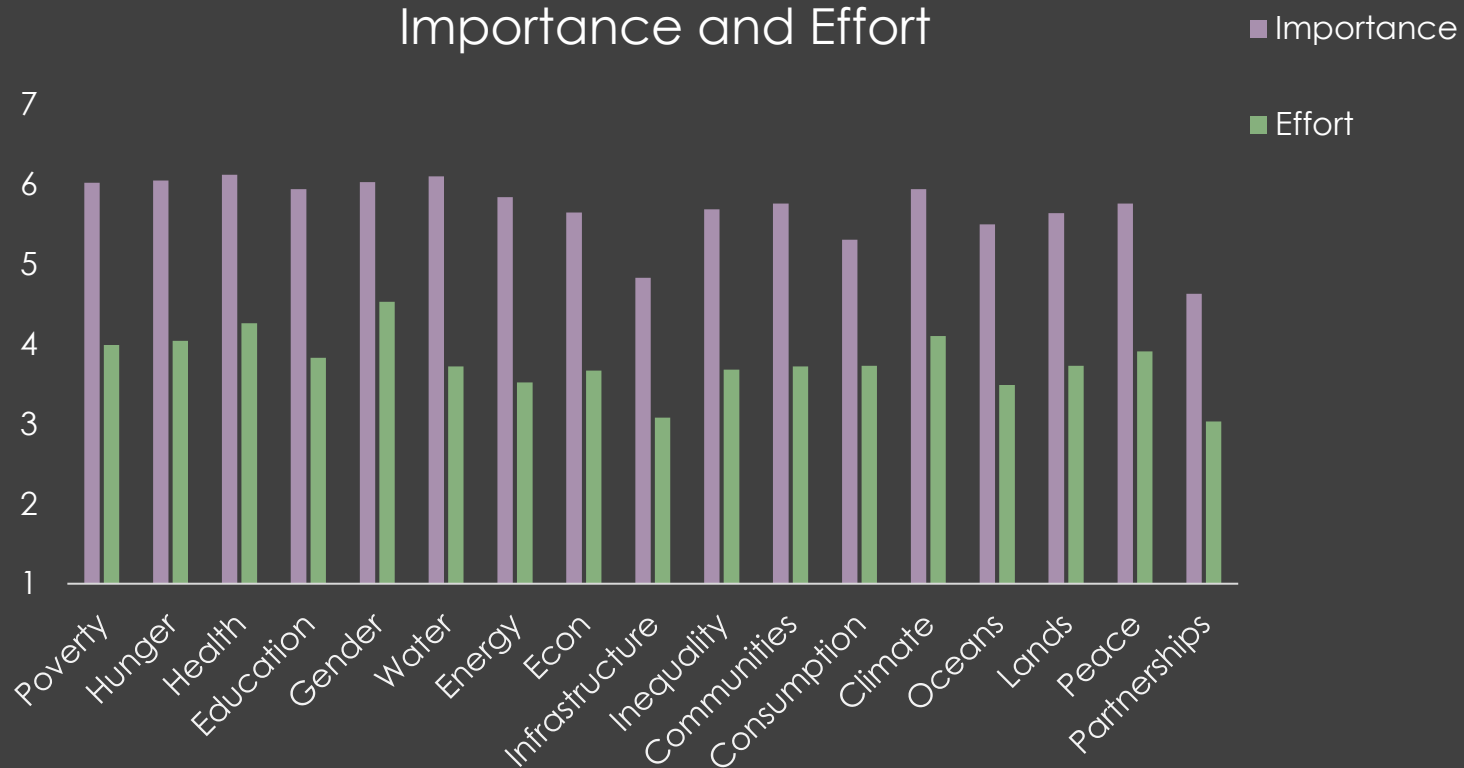
Affective Commitment (8 Items, $\alpha=.85$: Allen & Meyer, 1990)

"I would be happy to spend the rest of my career with this organization"

"I enjoy discussing my organization with people outside of it"

"I really feel as if this organization's problems are my own"

Study 1: Results (Ranking)

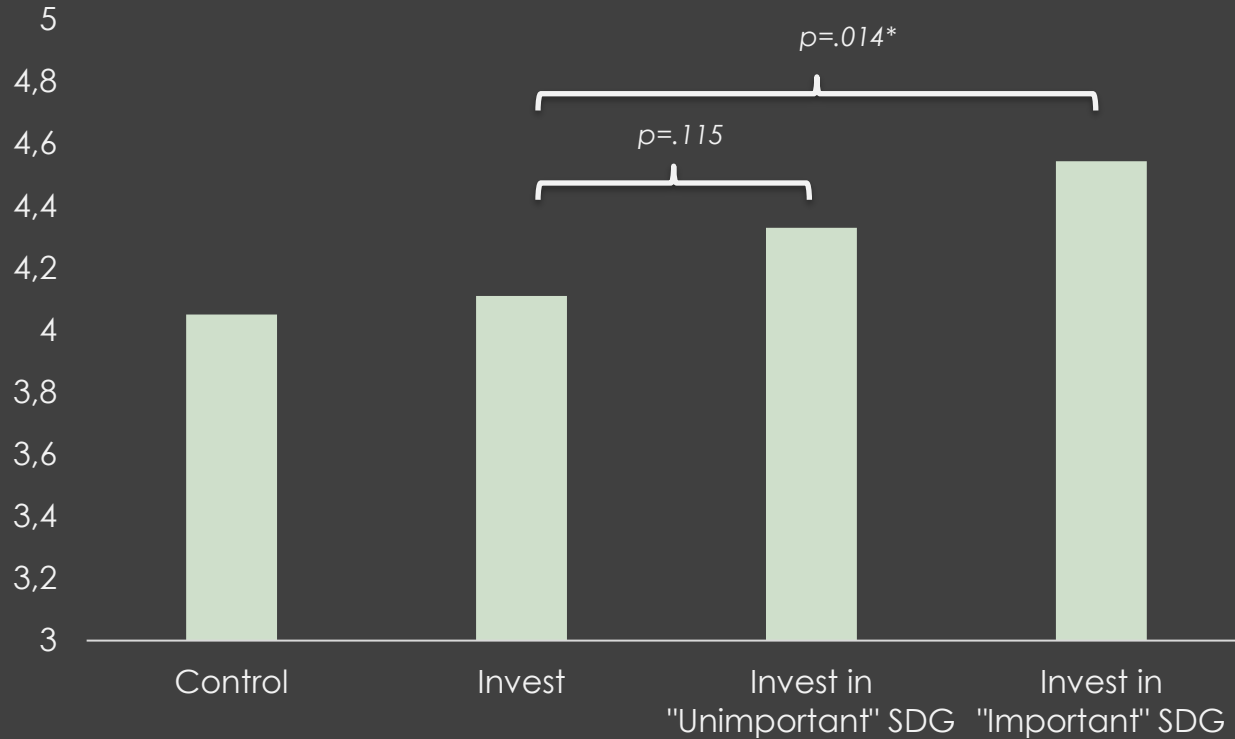


n=468, Mage=29.08, SD=9.14 68% Female, WorkExp=9.80, SD=8.62



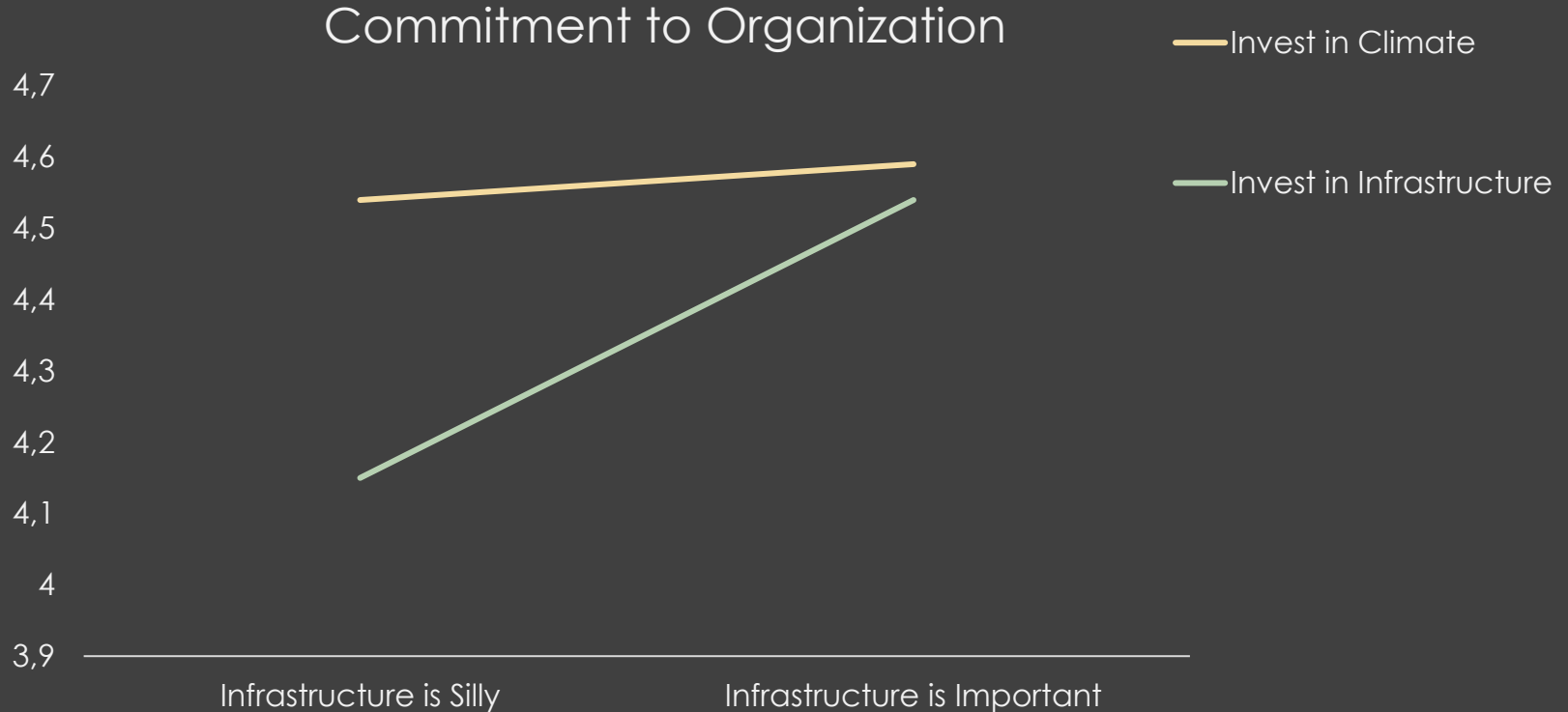
Study 1: Results (Hypothetical)

Commitment to Organization



n=468, Mage=29.08, SD=9.14 68% Female, WorkExp=9.80, SD=8.62

Study 1: Results (Personal Beliefs)



Study 1: Overview

Individuals hold different beliefs (SDGs)

Some issues are important (*climate change, gender equality, hunger*)

Others not so much (*consumption, infrastructure, partnerships*)

Our actions don't match our beliefs: *importance > effort*

What are the “real world” implications?

Study 2: Price Promotion and Food Waste

Food waste contributes to unsustainable practices

Roughly 25% of crops are lost in supply chain

33% of food is wasted

Some consumers go hungry (SDG2)

While farms overproduce (SDG12)

Price promotion as a cause (or solution)?

Low price could incentivize overconsumption

Low price could provide broader access to food



Study 2: Results

Meta-analysis of existing work on food waste (k=24)

Price promotion led to waste (n=12)

Price promotion unrelated to waste (n=4)

Price promotion decreased waste (n=8)

Personal values matter

Attitude toward food waste contributes to actual effect

Price sensitivity may lead to reduction in food waste

Moralization of the issue matters



Tasalis, G., Jensen, B. B., Wakeman, S. W., & Aschemann-Witzel, J. (2021) Promoting food for the trash bin? A review of the literature on retail price promotion and household-level food waste. *Sustainability*, 13i.

Study 2: Overview

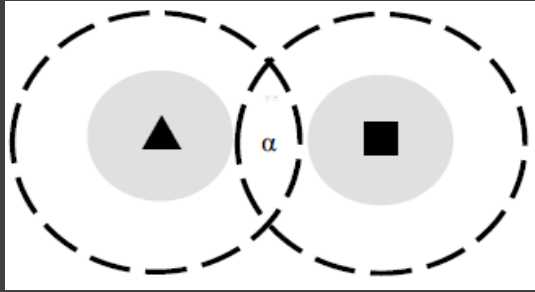
Consumers value sustainability goals differently

Efforts towards sustainability are not necessarily positive (negative)

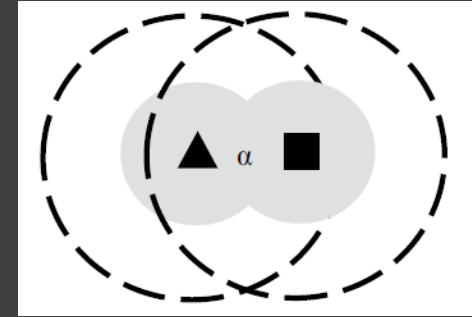
Efforts interact with our different beliefs

Can this tell us something about theory?

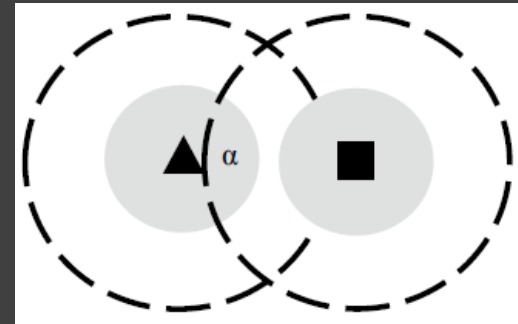
Study 3: Coordination Issue



Awareness & No Moralization



Coordinated Moralization



Asymmetric Moralization

Wakeman, S. W., Tsalis, G., Jensen, B. B., Ascherman-Witzel, J. (2021) Seeing the issue differently (or not at all): How bounded ethicality complicates coordination towards sustainability goals. *Journal of Business Ethics*.

Overview of Studies

Individuals hold different values

Some issues are important (*climate change, gender equality, hunger*)

Addressing these important beliefs leads to change

Consumers consume less, employees like their organizations more

The underlying differences in beliefs complicates coordination

What happens when only a few people “stand up”

Plan For This Morning

The Problem

- Past research on psychology of sustainability
- Issues arising from being (moral) human

What This Means (3 Studies)

- Outlining (and undermining) motivation (in organizations)
- Findings examining food waste (in consumption)
- Coordination issues (theoretically)

What We Can Do

- Solutions to this issue
- How to effectively shape sustainability efforts

What can we do?

Embrace the weirdness

Offer different ways to address sustainability goals

Signal specific goals (hunger, climate, inequality)

Celebrate and highlight “wins”

Make it clear when (and what) goals are met

Track progress towards goals

Offer easy reminders

Support multiple goals

Be careful not to exclude individuals

Point to the authenticity of different goals



Questions or Comments?

wiley.wakeman@hhs.se



FEBRUARY 16, 2022

Next CFR EARLY INSIGHT

Thoughts, comments, ideas:
karl.strelis@hhs.se

