



## A Study on Significance of Corporate Sustainability in Modern Era

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### Abstract

*The slow and gradual changes in the corporate world have given rise to the concept of corporate sustainability. In the modern era, liberalization, privatization and globalization have raised the level of competition for almost every business sector. Only performance and making money is not just enough but due importance needs to be given to social and environmental issues i.e. not only doing well but also doing good. Corporate sustainability is an attempt to create long term stakeholder value by focusing on ethical, social, environmental, cultural and economic aspect while conducting business. Corporate sustainability is an approach that brings about change to reduce the negative impact of business on the people, planet and profit. These are considered to be the three pillars of corporate sustainability i.e. Social, Environmental and Economic performance.*

**Key Words:** *Corporate sustainability, sustainable goals, sustainable initiatives*

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### Introduction:

In today's competitive world and drastically changing environment, corporate sustainability points out the impact of business firms on the society as a whole including environment. Corporate sustainability is today's necessity. Due consideration needs to be given to include sustainable business practices while planning strategies and business operations. This sustainable approach will not only improve business performance but also fulfill corporate social responsibility and lead towards overall success. Sustainable initiatives helps the environment as well as brings much more benefits to the organisations such as an improved productivity, minimized costs, increased brand image, satisfied stakeholders and so on.

Companies now-a-days are focusing on three primary pillars that are associated with corporate sustainability also called as triple bottom line. They are social performance, environment performance and economic performance. All these three performances enhance the overall business performance.

- Social pillar i.e. people which includes employees, stakeholders and community. It relates to sustainable labour, safe work environment, fair wages and respect to the community.
- Environment pillar i.e. planet. To adopt the mission of green sustainability and strongly developing company's image as an environmentally conscious organisation.
- Economic pillar i.e. profit. It includes short and long term gains, growth and reputation in an ethical way.

### Review of Literature:

- ❖ **Mel Wilson (2003):** in his article, 'Corporate Sustainability: What Is It And Where Does It Come From?' mentioned



that, ‘Corporate sustainability can be viewed as a new and evolving corporate management paradigm. The term ‘paradigm’ is used deliberately, in that corporate sustainability is an alternative to the traditional growth and profit-maximization model. While corporate sustainability recognizes that corporate growth and profitability are important, it also requires the corporation to pursue societal goals, specifically those relating to sustainable development — environmental protection, social justice and equity, and economic development.’

❖ **Mark Anthony Camilleri (2017):** in his research paper, ‘Corporate sustainability and responsibility: creating value for business, society and the environment’ published in ‘Asian Journal of Sustainability and Social Responsibility’ stated that ‘Corporate sustainability relies on six criteria: eco-efficiency, socio-efficiency, eco-effectiveness, socio-effectiveness, sufficiency and ecological equity. These corporate sustainability imperatives can be structured into value systems that could result in a better financial performance. A few researchers have developed (self)-assessment tools, that could be used to audit, analyse and interpret corporate sustainability. However, corporate sustainability may be contingent on different parameters (e.g. technology, regime and visibility) that could vary across industries, plants and countries. Corporate sustainability could reduce the downside operational risk as it comprises relevant measures that are intended to increase eco-efficiency, and health and safety performance among other issues. This means that the economic value of sustainable business strategies could be materialised in the long-term.’

❖ **Andrew Beattie (2022):** in his article, ‘The 3 Pillars of Corporate Sustainability’ stated that, ‘Corporate sustainability has become a buzzword in companies big and small. Wal-Mart Stores, Inc. ([WMT](#)), McDonald’s Corporation ([MCD](#)), and many other corporate giants have named sustainability as a key priority moving forward. Now other [corporations](#) are under pressure to commit to finding sustainable ways to deliver their goods and services.’

### Objectives:

1. To understand the concept of corporate sustainability.
2. To study the significance of corporate sustainability in current scenario.
3. To list the initiatives taken by certain companies towards corporate sustainability.
4. To study the effect of pandemic on corporate sustainability.

### Scope:

The study undertaken focuses on the significance of corporate sustainability in context to present position. It also makes an attempt to study some of the initiatives undertaken by various companies for the purpose of corporate sustainability. The research paper also emphasizes on the effect of pandemic regarding corporate sustainability.

### Rationale:

With the changing concept of business, corporate sustainability gained its importance over a period of time. Many organisations indulge in various initiatives so as to positively contribute towards corporate sustainability. This research paper makes an attempt to study the relevance and significance of corporate sustainability. This will help to understand the perspective approach towards corporate sustainability of various companies in a broader sense.

### Research Methodology:

The research study is based on secondary data. Therefore, the data is collected from secondary sources such as various reports, bulletins, journals, magazines, newspaper articles, published sources, research publications, websites, blogs and online database.



### Limitations:

The research study is completely based on secondary data thereby it fails to cover the actual aspects of corporate sustainability. In today's competitive world, almost every company contributes towards corporate sustainability but this study lacks to list each and every company's initiatives.

### Aims Of Corporate Sustainability:

Taking into consideration the severity of climate crises, many companies are taking environmentally decisions. On account of reducing the impact of business on the planet, there are certain corporate sustainability goals set by companies. They are:

- To reduce the amount of waste generated so as to reduce overall environmental impact.
- To utilize 100% renewable energy and use less water.
- To reduce food waste and eliminate antibiotics in animal production.
- To invest heavily in biofuels.
- To emphasize on sustainable buildings and developments such as energy efficient lighting and cool roofs.
- To offer more green loans.
- To make fashionable, functional, and environmentally friendly products.
- To create and support technology that protects the environment.
- To eliminate unnecessary plastic in their products and packaging and to recycle and reuse the plastic that is needed.

With the view to achieve these goals, some companies have implemented sustainable practices such as:

- Chr. Hansen Holding is a Denmark based bioscience company that develops natural ingredient solutions for the food, nutritional, pharmaceutical and agricultural industries.
- Neste Corporation is an oil refining and marketing company located in Espoo, Finland produces, refines and markets oil products, provides engineering services and license production technologies.
- Prologis is a real estate investment trust in San Francisco, California that invests in logistics facilities with a focus on the consumption side of the global supply chain. Cool roof is one of that has been designed to reflect more sunlight and absorb less heat than a standard roof.
- Banco de Brasil – Brazilian financial service company is one of the oldest bank. One-third of the BDB's loan book consists of green loans that are given to environmentally focused projects.
- Everlane in San Francisco, California, an American clothing retailer that sells primarily online, focuses on recycle – launched a clothing line. Renew – uses plastic to make fashionable, functional and environmentally friendly outdoorwear. The aim is to completely erase plastic from supply chain by 2021.
- Gerlingen Bosch – German multinational Engineering and Technology Company uses 50% of its R & D budget to create and support technology that protects the environment.
- 250 different companies across a wide variety industries have pledged to use only plastic packaging that is reusable, recyclable and compostable.

### Importance of Corporate Sustainability:

By setting corporate sustainable goals and developing strategic business plans so as to achieving them have resulted in many potential benefits. Not every company but still many of them have understood and realized the importance of sustainable practices and are fully committed towards it.



✓ **Corporate brands can increase their value:**

Growing awareness and concern amongst the people about sustainability will help the companies to increase their brand values by focusing on it.

✓ **Sustainable products gains market share:**

Now-a-days, the consumers also want to contribute towards reducing the negative impact on the environment by changing their consumption habits. This is resulting in increase in sales and market share for sustainable products.

✓ **Increasing consumer support and demand:**

There is a changing trend as consumers are now spending more for sustainable brands. It's a rising step towards being environmentally concern by supporting and demanding sustainable products. They are even willing to pay more for such products.

✓ **Protects from damaging incidents:**

Sustainable strategies will help to protect the brand, company image and employees. It will also safeguard the company from any sort of mishappenings.

✓ **Doing good in the world can be a competitive advantage:**

The company will stand apart and enjoy the fruits of competition by doing something different and good for the world.

✓ **Cost savings and improved efficiency:**

Reduction in resource consumption can majorly reduce costs, increase profits and lead to higher efficiency. The cost so saved can be further reinvested in sustainable initiatives.

✓ **Attracts young talent:**

Sustainable companies attract young, motivated and environmentally responsible workforce.

✓ **Employee engagement and retention:**

Sustainable efforts will not only attract but also engage and retain best talent.

✓ **Develops new and better opportunities:**

Being sustainable can help to explore and expand markets. Thereby, companies can tap valuable opportunities.

✓ **Builds strong relationships with stakeholders:**

Corporations practicing sustainability witness improved relations with all the stakeholders. It helps to build credibility, strengthen trust and strong relationships.

✓ **Collaborative action can bring change:**

Companies through collaborative efforts can bring about drastic change by resolving many of the world's issues instead of government alone struggling for it.

### Initiatives of Corporate Sustainability:

In the view of corporate sustainability, many companies are taking proactive and unique decisions. The various initiatives undertaken by some of the companies are listed below:

- **Havells**

- no usage of radioactive components in any of their product
- four zero water discharge facilities
- two renewable energy initiatives - biomass and solar lamps



- four resource conservation initiatives across all its plants
- **Godrej**
  - increased its renewable energy portfolio
  - reduction in specific greenhouse gas emissions
  - diverted waste from landfill and reduced specific water consumption
  - focusing on recyclable, reusable, recoverable or compostable packaging material
- **P&G**
  - Introduced Fairy Ocean Plastic bottles (10% oceanic plastic and 90% post-consumer recyclable plastic) - the 100 per cent recyclable bottles to prevent plastic waste from reaching the ocean
- **Asian Paints**
  - Launched Project NEW (N- Natural resource conservation, E- Energy and emission reduction, W- Waste reduction). It focuses on eco-friendly manufacturing facilities and activities so as to minimise the impact of operations and nurturing biodiversity
- **Maruti Suzuki**
  - awards scholarships to meritorious students from underprivileged and economically weaker communities
  - Partnered with number of states to adopt several Industrial Training Institutes (ITIs)
  - Set up the first Japan-India Institute for Manufacturing (JIM) in Gujarat
- **HUL**
  - Started Suvidha Centre which is located in Mumbai's most challenging slum to deal with issues of lack of personal hygiene, non-availability of safe drinking water and poor sanitation
- **Unilever**

British multinational consumer goods company cooperated with its competitors, government and NGOs for:

  - using palm oil from certified sustainable sources in 2008
  - an industry-wide adoption of sustainable palm oil - environmental benefits of sustainable palm oil harvesting practices
- **Apple**
  - Pledged to replant 27000 mangrove trees along the coastline in Columbia which help to remove carbon from the atmosphere and protect the coastlines from erosion.
  - Runs 100% green energy at its production facilities - wind and solar power instead of fossil fuels
- **eBay**

Initiated the idea of:

  - reusing goods instead of throwing things out to buy something new
  - the U.S. Postal Service to provide green shipping options
  - offering local places to sell goods - to reduce the environmental cost of shipping

### **Pandemic and Corporate Sustainability:**

After long time, the whole world was going through the most wide spread and severe public health crisis i.e. COVID-19. It has prominently affected every sector and every aspect of business activities. The complete focus of corporate sustainability is for business resilience. Prior to the COVID-19 crisis, those companies which strategically practiced sustainability are now emphasizing more prominently on it. The crisis and its impacts will continue to create demands



on companies to build more resilient businesses as well as to address challenges including racial and income inequality, the transition to a net-zero greenhouse gas economy, the rise of automation and AI, human rights, and overall health and well-being.

### Globescan and Bsr Survey:

Globescan and BSR conducted a survey with 102 companies in April-May 2020 to know about the impact of COVID-19 crisis on the corporate sustainability field. Their executive summary reveals the following points:

- ✓ Either enhance the need and relevancy of corporate sustainability or lead to additional expectations or challenges.
- ✓ Targeted at immediate shorter term needs around protecting the workforce and philanthropic efforts.
- ✓ Sustainability teams have been supporting efforts through stakeholder engagement and community engagement activities, as well as health and safety and philanthropic activities.
- ✓ Most corporate sustainability efforts have been significantly impacted by the crisis on their day-to-day work.
- ✓ The outlook for corporate sustainability budgets is fairly negative. Comparatively there may be a decrease in next a year or so.
- ✓ The corporate sustainability activities that will be most affected – supply chain, inclusive economy, climate action, and philanthropy
  - Environmental sustainability
  - ESG in strategy
  - New and sustainable business models
  - Risk management and business continuity planning
  - Transform supply chains

### Findings and Recommendations:

It has been observed that many companies do not only understand the significant value of corporate sustainability but also are taking appropriate measures towards implementation.

On the basis of the study on various initiatives undertaken by corporates and the survey conducted by Globescan and BSR, the following recommendations can be suggested:

- ❖ Focus on environmental sustainability
- ❖ Fix ESG (Environment, Social and Governance) in the strategy.
- ❖ Develop new and sustainable business models.
- ❖ Improvise risk management and business continuity planning.
- ❖ Transformation of supply chains for achieving sustainable goals.

### Conclusion:

Sustainable practices not only positively contribute towards community and environment but also benefit the organisation through corporate profits and good corporate image. At present, not all companies are voluntarily adopting sustainable approach but there are large numbers of companies who understand the significance of corporate sustainability. It may not be a simple or easy task but an essential one. Stakeholders support and recognition can act as a driving force for the companies to take sustainable efforts in achieving sustainable goals. Collective efforts may soon result in better world alongwith higher long term profits.



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