

# Perspectives on Sustainable Business Strategy

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**Abstract:** The article delves into the significance and intricacies of sustainability, Corporate Social Responsibility (CSR), and the Triple Bottom Line (TBL) framework in contemporary business strategies. It begins by exploring the concept of sustainability, emphasizing its three dimensions: environmental, economic, and social. The article then introduces CSR as a business obligation to pursue policies and decisions that align with social goals and values, expanding on the evolution of CSR from its initial focus on financial and legal responsibilities to include ethical and charitable considerations. The TBL framework is a holistic approach that integrates these dimensions to achieve long-term success and sustainability. The article discusses critical perspectives on CSR, highlighting people-based CSR initiatives such as corporate philanthropy and improving the working environment, planet-centered CSR focusing on environmental impacts, and the challenge of balancing CSR and profitability. Real-world examples are provided to illustrate successful implementations of CSR and sustainability practices, demonstrating their positive effects on both businesses and society. The essay concludes that successful companies cannot be separated from the CSR they undertake and should adopt sustainability as a core value.

**Keywords:** Corporate Social Responsibility (CSR), Sustainability, Triple Bottom Line (TBL).

## 1. Introduction

In recent years, the deterioration of the natural environment because of climate change has triggered a sustained focus on sustainable development by Governments, the private sector, and academics. During this period, many professionals and academics have called for the private sector to take an active role in Corporate Social Responsibility (CSR) activities to share the government's pressure [1]. Now, integrating sustainability into business strategies is no longer just a feel-good initiative; it has become a key factor in long-term success. The global status of CSR is therefore an issue that must be taken seriously. However, CSR's programme is also controversial. Some scholars have argued that the sole responsibility of business is to maximise shareholder value and that involvement in social or environmental activities may detract from business profits [2].

This essay aims to critically discuss the dynamic perspectives of sustainable business. The essay will be divided into four parts: Firstly, it will focus on key concepts related to sustainability. Secondly, the paper will critically explore what companies can do in terms of sustainability from a business strategy perspective, in conjunction with TBL and CSR. Real-world sustainability success stories will then be provided. Finally, the essay will conclude that successful businesses cannot be separated from the CSR they undertake. Therefore, businesses should adopt sustainability as a core value.

## 2. Key concepts

### 2.1. Sustainability and Sustainable Development

Sustainability is a societal goal for people's long-term coexistence on the planet. However, the exact definition of the term has been controversial and has varied with literature, context, and time. The United Nations General Assembly (1987) argues that sustainability means meeting mankind's

needs without compromising future generations' ability to meet them. Sustainability, according to Harrington (2016), is the capacity to preserve or enhance the availability and status of desired materials or circumstances throughout time. Although they have different definitions of sustainability, both focus on the environmental dimension [3, 4].

With the increasing attention on sustainability, most scholars have added both economic and social dimensions to the environmental latitude of sustainability [5]. In this case, all mean the same thing. It refers to the ability of a system including ecology, economy and society to function and prosper without depleting its resources. The most common interpretation in the literature is that sustainability has three dimensions.

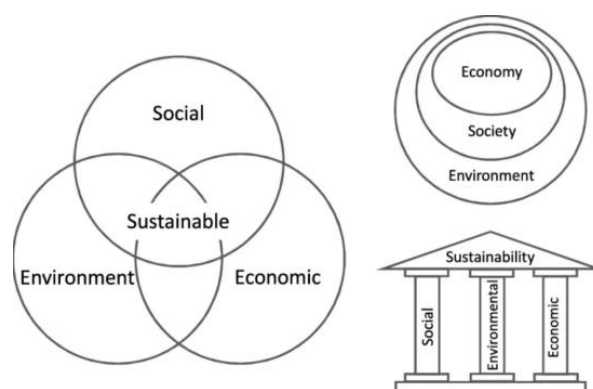


Figure 1. Visual representations of sustainability

Source: (Purvis, Mao and Robinson, 2019) [5]

As shown in Figure 1, the majority of the three criteria of sustainability are represented visually in three different ways. Three intersecting circles represent sustainability in the figure on the left. A layered method (upper right corner) highlights the dimensions' hierarchical structure by basing the other two on the environment. The bottom right corner shows the three pillars.

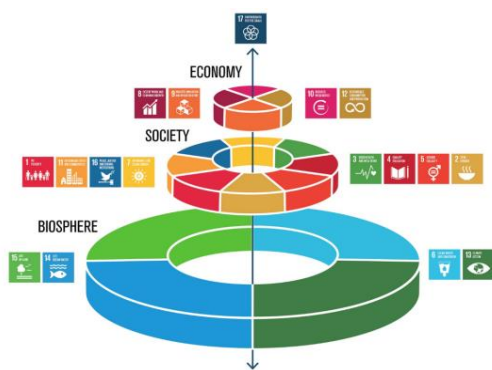
When it comes to practical application, its focus is usually on addressing significant environmental issues such as the

loss of ecosystem services, biodiversity, land degradation, and pollution of the air and water. The idea of sustainable development has nevertheless come under fire from several quarters. A very important reason is the ambiguity and ambivalence of the concept, such as the fact that many scholars consider the preservation of ecological integrity to be at the centre of sustainability [6]. However, Purvis, Mao and Robinson (2019) argue that an over-emphasis on the environmental dimension implies restricted economic and social development. Sustainability is therefore considered an impossible goal to achieve [5].

Closely related to the term sustainability is sustainable development. They frequently have the same meaning [7]. The three facets of sustainable development are linked to both concepts. Both emphasise development initiatives that consider both present and future demands, with a focus on addressing present needs without compromising the ability of future generations to meet their own. They also integrate environmental, social, and economic goals in a balanced and equitable manner.

One difference is that sustainability is a broader concept that emphasises the ability to maintain resources [4]. On the other hand, sustainable development can be a policy or organisational principle that focuses on achieving sustainability. In short, the objective is sustainability and the path to achieving it is sustainable development.

As Bosselmann (2010) argues, there is a degree of ambiguity about sustainable development [6]. As a result, the Sustainable Development Goals (SDGs) were created by the UN. These seventeen interrelated goals are meant to act as a common blueprint for peace and prosperity for people and the planet both now and in the future [8]. Earlier SDG maps, while delineating the seventeen goals, were not detailed into the three dimensions. As shown in Figure 2, in this SDG Wedding Cake model it is clearly shown that the economy is a smaller subset system of society. In turn, social systems are a smaller subset of biosphere systems [9]. This also implies the centrality of the biological environment in sustainable development.



**Figure 2.** SDG Wedding Cake Model

Source: (Obrecht et al., 2021) [9]

Both governments and businesses need to navigate different frameworks if they want to achieve the SDGs. Two prominent perspectives are the triple bottom line (TBL) and corporate social responsibility (CSR).

## 2.2. Triple Bottom Line (TBL)

Elkington and Rowlands (1999) define TBL as a framework that integrates the environmental, social, and economic dimensions of sustainable development and argue that businesses must consider people (the social component),

the planet (the sustainability component), and profit (the monetary component) to achieve long-term success as seen in Figure 3 [10].



**Figure 3.** The Triple Bottom Line

Source: (Dalibozhko and Krakovetskaya, 2018) [11]

Elkington and Rowlands (1999) strongly believe that because the triple bottom line delivers real value to stakeholders, it will become interactive and dynamic and help companies successfully navigate the marketplace [10]. However, the pursuit of the TBL often poses a challenge to for-profit companies as some of their stakeholders may not recognise CSR at the expense of the company's profits [12]. This may therefore mean that companies must find the right balance between profitability and social interest. In contrast to the sustainability goals that focus on the environment, Hart (2007) emphasises the interconnectedness of the three 'Ps' in TBL [13]. He argues that maximising value creation in all three areas is key to achieving true sustainability. Even so, strong metrics and accountability systems are needed to assess progress in all three areas.

## 2.3. Corporate Social Responsibility (CSR)

Bowen (2013) defines CSR as the obligation of businessmen to pursue policies and make decisions and behaviours that are consistent with social goals and values [14]. He argues that businesses need to be responsible to their employees, communities, and the environment in addition to maximising shareholder profits. Subsequently, Carroll (1991) expanded on Bowen's work by proposing a pyramid of corporate social responsibility [15]. She placed financial responsibility at the bottom, followed by legal, ethical, and charitable responsibilities, emphasising the need to consider ethical considerations in addition to legal compliance as seen in Figure 4.



**Figure 4.** The Pyramid of CSR

(Source: Carroll, 1991) [15]

While Bowen's definition of CSR provided a strong starting point, the concept has evolved. Today, CSR encompasses a wider range of environmental, social and governance (ESG) issues, reflecting the increasing complexity of today's business environment and the growing demand from stakeholders for responsible business behaviour. However, about business strategy, Friedman (2007) argues that the sole responsibility of business is to maximise shareholder value and that involvement in social or environmental activities can detract from this fundamental task [2]. Overall, TBL takes a holistic approach, integrating environmental, social, and economic performance to achieve a balanced and sustainable future. UW Campus (2022) argues that CSR can be seen as a subset of TBL, focusing on the social and ethical dimensions within a broader framework of environmental, social, and economic sustainability, which explains that CSR is more closely linked to the human component [16].

### 3. Critical Perspectives

In terms of business strategy, Kotler and Keller (2021) argue that the success of a brand cannot be achieved without successful marketing campaigns, but even more important is the marketer's consideration of the social impact of the firm's behaviour has become a priority for many successful firms and is ingrained in strategies for long-term growth [12]. In the 2016 PricewaterhouseCoopers Global CEO Survey, 65% of CEOs consider CSR to be at the heart of their business, not just one of an add-on programme [17]. As TBL's model suggests, fulfilling CSR in a company's business strategy requires a three-pronged approach that focuses on the people, the planet, and the profit. This section will therefore discuss what businesses can do in terms of sustainability in these three dimensions.

#### 3.1. People-based CSR

People-based CSR usually takes place in several contexts, such as enhancing the working environment, participating in corporate philanthropy, aiding low-income communities, encouraging promotions for worthy causes, and utilising social media [12]. Involvement in corporate philanthropy is often controversial compared to several others. Investment in philanthropy is at the top of Carroll's (1991) CSR pyramid, which emphasises its importance [15]. However, Friedman (2007) argues that the corporation is a vehicle for the shareholders who own it [2]. If the corporation makes donations, it prevents individual shareholders from deciding for themselves how to dispose of their funds. In terms of the three dimensions of TBL, people and profit goals are separate and distinct. Contributions imply that the company's social expenditures (people) come at the expense of its economic outcomes (profit).

However, Friedman's argument is one-sided; corporate donations can have a positive impact in at least three areas, including enhancing the company's image, increasing customer focus, and improving the actual perception of product performance [12]. For example, SC Johnson invested in coordinating water and sewerage treatment for local organisations, governments, and residents to improve the economy and environment of the location of the business [18]. On the one hand, money is saved for residents and businesses, on the other hand, pollution is reduced, jobs are restored for residents, and the commercial vacancy rate at the location is reduced from 46 per cent to 18 per cent. In the process, SC

Johnson's actions, while reducing its profits in the short term. In the long run, however, such actions not only enhance the company's image but also bring growth to the local sustainable economy and thus more support from the local government in other areas. It is here that philanthropy is truly strategic. Therefore, social, and economic goals are not inherently conflicting but are closely intertwined.

#### 3.2. Planet-centred CSR

As stated by Dalibozhko and Krakovetskaya (2018), the 'planet' (or environmental dimension) focuses primarily on the direct impacts that companies have on ecosystems, land, air, and water. Many companies have gone as far as to create a Chief Sustainability Officer (CSO) to outline in detail how they endeavour to improve the long-term impact of their actions on the environment [11]. Key business strategies focus on green products, recognising a wide range of environmental issues and more. Additionally, consumer interest in green products now extends to automobiles, energy, and technology [12].

More and more consumers are expressing their preference to buy products from environmentally responsible companies. For instance, a 2017 study by Landrum revealed that 66% of consumers worldwide are prepared to pay more for goods from sustainable brands and that millennial customers demand ethical and sustainable business practices from the brands they purchase [19]. This could therefore imply that businesses that prioritise environmental conservation are more successful. It also implies that environmental concerns are becoming more and more significant in the development and production of products.

However, a heightened focus on the environmental aspects of sustainability can also lead to greenwashing behaviours, including changing the name or labelling of products to evoke interest in the natural environment or hosting multi-million-dollar public relations campaigns to portray highly polluting energy companies as eco-friendly [20]. For example, the 2010 Volkswagen Golf displayed information with the phrase "clean diesel" at car shows and complied with US standards during regulatory testing. However, in real life, the vehicle's emissions were grossly excessive, leading the company to face scrutiny [21]. This behaviour masks unsustainable corporate agendas and policies. Not only does it deceive environmental consumers, but it also affects the reputation of the company and reduces profits. More importantly, the name of sustainability is used to do things that go against sustainability.

Greenwashing behaviour triggered by a positive consumer view of sustainably branded products may be an inevitability. Kotler and Keller (2021) argue that opportunities are reserved for companies that can reconcile their development with the protection of the environment [12]. Companies that innovate solutions and values in a way that actively takes on CSR are more likely to succeed. Timberland, on the one hand, provides outdoor enthusiasts with recycled and renewable energy footwear and apparel. On the other hand, Timberland has planted more than five million trees worldwide to support environmental sustainability [22]. These two initiatives have resulted in the brand's sales exceeding \$1 billion. Its business success proves that environmentally responsible companies can increase their profits and success.

#### 3.3. Balancing CSR and Profitability

Balancing profit and corporate social responsibility are a

complex tightrope for businesses. As Friedman (2007) puts it, on the one hand, shareholders demand financial returns, while on the other hand, stakeholders increasingly expect responsible and sustainable practices [2]. Savitz (2013) argues that sustainable profit also means that firms need to engage in a healthy sales process with a high focus on customer service [23]. This requires companies to develop ethical marketing in their business strategies. Advertising is an important sales channel for businesses to develop their commerce. Suppose a seller is promoting a laptop computer for \$199. When a consumer tries to buy the advertised computer, the firm prompts the consumer to switch to a more expensive computer by refusing to sell it, devaluing the features of its product, displaying a defective product, or promising an unreasonable delivery date. This implies that companies are seeking profits by luring consumers with false reasons for bait-and-switch adverts.

However, not all bait-and-switch advertising attracts criticism. For example, Colgate advertises its brand of toothpaste for teenagers as having special features. The initiative was to get children to brush their teeth longer and more often [24]. Thus, the issue of profit is not what kind of marketing adverts are used, but how and for what purpose they are marketed. CSR requires companies to serve not only their interests but also the interests of their target groups. Additionally, companies can invest in sustainable practices while making a profit, for example, Westport Innovations has developed a conversion technology that allows diesel engines to burn cleaner liquid natural gas thus reducing greenhouse gas emissions by a quarter [12]. On the other hand, practising sustainability also enhances the brand's image. It also reflects the fact that sustainability has motivated the company to explore solutions to the environment and thus enhance its innovative technological capabilities. However, one thing that must be denied is the fact that companies may need to invest a lot of money at this stage. The payback period for sustainable investments may be longer compared to the traditional model.

However, as the concept of sustainability spreads, 61 countries around the world have already implemented taxes or emissions trading systems [25]. This means that companies that emit more carbon than they need to will have to pay more taxes or buy emissions credits. As a result, large carbon emitters such as Westport Innovations have a steadily higher long-term return on investment than other companies investing in clean energy at this stage and are more competitive in today's global environment. This requires a shift in mindset towards long-term profitability.

#### **4. Sustainability in The Real World**

Sustainability is not just particularly important for specific industries; it is important in all industries. The success of Starbucks is often attributed to the brand's high quality and assurance of products, services, and sensory-rich experiences for its customers. However, a more important reason is the brand's relentless commitment to CSR.

From the time Starbucks opened its first shop in 1971, the brand intended to be a café with a difference [26]. This is because it does not just convey the richness of the coffee-related experience, but more than that, it conveys a sense of community. The brand has made decisions that are not only profitable for its shareholders but also positive for the community and the environment. To ensure that consumers are aware of the high priority they place on CSR, the brand

prints practical examples on their coffee cups in their annual social responsibility report, reflecting the fact that CSR is a corporate priority for the brand [27].

##### **Employees**

Starbucks gives back to the community in many ways. In terms of people-centred CSR, the first is to meet the expectations of its employees, whom the brand refers to as "partners". Providing comprehensive health insurance to eligible full- and part-time employees was one of the first things that Starbucks did. Today the company spends more money on employee health insurance than coffee each year. In addition, Starbucks was the first company in the United States to offer stock options to all employees for them to share in the company's financial success [26]. Lastly, the business has made a commitment to hire 10,000 wives of veterans and service members in the future.

##### **Philanthropy**

In the U.S., to bring hope, discovery and opportunity to communities, Starbucks established its own branded foundation in 1997, which primarily supports literacy programmes that benefit children and families in the U.S., as well as supporting charities and communities around the world [26]. Today, Starbucks' Online Degree Programme provides full tuition for students who earn a bachelor's degree through online courses.

Globally, the brand has partnered with Conservation International to prioritise the purchase of high-quality coffee beans from farmers who meet certain social, economic, and environmental criteria. In addition, Starbucks continues to work with farmers to protect forests by adopting responsible farming practices. More than \$100 million has been invested in programmes with farmers globally.

##### **Environmental protection**

In the environmental dimension, Starbucks is considered one of the leading private companies. Firstly, the company has adopted green buildings certified by the International Ecological and Environmental Design Alliance for all its chain shops. Secondly, the company believes that a small change can have a big impact on the environment and therefore encourages its employees to reduce waste and improve water usage. The company spent 10 years developing the world's first 10 per cent recyclable beverage cup [27]. This was followed by the introduction of cup sleeves with even fewer consumables, thus ensuring that all cups can be recycled or reused. Today, Starbucks' environmental innovations protect more than 100,000 trees each year [27].

The company's commitment to CSR therefore reflects its mission towards sustainability and demonstrates to consumers the brand's passion for coffee and sense of humanity, proving that Starbucks stands for more than just profitability.

#### **5. Conclusion**

CSR is undoubtedly an issue that will continue to be raised and draw public attention in business strategies around the world. Furthermore, based on the available evidence, it seems reasonable to conclude that CSR enhances corporate image, improves the environment, enhances the ability of companies to innovate, and thus leads to increased profitability in the long term. It plays a vital role in the business development journey of an organisation. Although some of the scholars may be dissatisfied with CSR, they believe that companies may reduce their profits while engaging in CSR, and most importantly the high level of attention to the environmental

aspects may also lead to greenwashing behaviour. However, this should consider aspects such as firm-specific industries, behaviours, consumer perceptions and so on. CSR should not be subjected to undue scrutiny on these factors.

While it is not possible to give a definitive answer to the profitability of all companies undertaking CSR, the adoption of sustainability can generate tangible economic benefits over time through improved brand reputation, involvement in philanthropy, appealing to consumer perceptions, and technological innovation. However, success requires a strategic approach, long-term commitment, and a willingness to innovate beyond traditional business models. By embracing sustainability as a core value, organisations can secure a competitive advantage and contribute to a healthier planet for all. Therefore, for the time being, CSR is, was and should continue to be a core component of business development.

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