
CORPORATE SOCIAL RESPONSIBILITY AND BUSINESS SUSTAINABILITY

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ABSTRACT

Numerous companies have taken steps to progress the natural maintainability of their operations, through measures such as introduction of renewable vitality sources or acquiring carbon offsets through Corporate Social Responsibility (CSR)¹. Corporates since take benefit from the society and utilize the resources from the society either in manufacturing or marketing their products, so it becomes the responsibility of the corporates to take care of the society in the form of contributing 2% of their average net profits of the preceding three financial years on CSR activities for the betterment of the society and to keep the environment clean². CSR is focused towards societal issues and thereby ensures that the companies act ethically and work towards upliftment of the society. CSR is responsible towards environment by ensuring to reduce group's environmental footprint and innovate towards circular economy. CSR is also responsible towards users by providing sustainable solutions and by playing a driving role in various sectors. Various activities can be undertaken by corporates towards CSR as stipulated under Schedule VII of the Companies Act, 2013. In short, corporates can contribute towards those activities which fall under the ambit of government or where government has not been successful in carrying out those activities. The Corporates as well as the State both are directly related with the Gross Domestic Product (GDP) of the Country. More flexible the norms of the State or availability of resources, higher would be the profits of the Corporates which in turn will also increase CSR activities and every State will be in a position to uplift people in their area through CSR activities. CSR is the ultimate marketing tool. CSR covers areas such as environmental commitments, corporate management, community programs etc. Business sustainability on the other hand means a comprehensive approach to business management aimed at maximizing long-term social, economic, and

¹ <https://www.investopedia.com/terms/c/corp-social-responsibility.asp>

² <https://cleartax.in/s/corporate-social-responsibility>

environmental values. The goal of sustainability is to leave systems that can continue to exist.

Keywords: CSR, business ethics, values, sustainability, human resource management

Introduction:

Since ancient times, CSR has been an integral part of Indian culture. The idea of CSR can be found in Mauryan philosophy, where philosophers like Kautilya emphasized ethical business practices and principles. Since ancient times, charitable activities such as giving to the less fortunate and disadvantaged has been an informal form of CSR. The Indian scriptures also lay emphasis upon the significance of giving back to the less fortunate in the society. Religion has also played a significant role in promoting the idea that businesses and individuals have a responsibility to the environment, animals, and disadvantaged groups in India³.

After independence, India's economy was so based on agriculture that the village as a whole was completely self-sufficient. Every person in the village had enough work, food, and a place to live – thanks to the traders, farmers, and artisans. No one would be left without food or a place to live in. The community was strong enough to take care of each other and the surrounding biodiversity⁴. As more established businesses came into being, this trait began to show itself. The outcome was such that businesses basically started investing in the wellbeing and happiness of the community around them. This was a way for the businessmen to give back to the community and was profitable for the company itself because employees who were happy and healthy are also productive employees. Through the establishment of foundations, educational institutions, and healthcare organizations, industrialist families like the Tata, Birla, Modis, Godrej, Bajaj, Singhanian etc. supported and spent a significant amount for public welfare as part of their CSR expenditure. Mahatma Gandhi's idea of trusteeship further ingrained CSR in the *Deoxyribonucleic Acid* (DNA) of Indian business leaders at the time. This idea holds that capitalists should behave in a socially responsible manner and act as trustees and not as the owners, of their property⁵. Later on, after the Companies Act 2013 replaced the Companies Act 1956, India became the first nation to legally mandate corporate social responsibility on April 1, 2014. Companies with a certain turnover and profitability are

³ <https://thecsrjournal.in/what-is-csr-corporate-social-responsibility/>

⁴ Ibid

⁵ <https://www.mkgandhi.org/articles/mahatmas-path-of-trusteeship.html>

required by Section 135 of the Companies Act of India to contribute 2% of their average net profit over the past three years to CSR⁶.

The World Business Council for Sustainable Development has very aptly described CSR as “*a continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large*”⁷.

Companies that successfully implement sustainability strategies reap financial benefits in addition to the social benefits of enhancing human needs and the environment. Sustainable resource use can boost a company's long-term viability and help in reducing waste and pollution and can also help a business save money⁸.

A business can save money on utility bills and enhance its public image by, for instance, installing plumbing and lighting fixtures that are more energy efficient. Companies that implement certain sustainability practices may also qualify for tax breaks from the government. A company's sustainability can also make it more appealing to investors⁹. For example, Unilever, the parent company of Dove soaps, Axe body spray, Ben & Jerry's Ice Cream, Hellmann's mayonnaise, and numerous other well-known brands, is a fascinating illustration of a successful sustainability strategy. The Unilever Sustainable Living Plan, a ten-year strategy for minimizing the environmental impact of its brands and fostering a more equitable work environment, was implemented by the company in 2010. By the end of the Unilever Sustainable Living Plan, the company was able to announce significant accomplishments in reducing its environmental impact and increasing profits. Between 2008 and 2018, the business was able to save more than one billion euros by working on conserving energy and water. In addition, Unilever became the preferred consumer goods employer for graduate students in fifty countries by expanding opportunities for women¹⁰.

Despite the fact that Mahatma Gandhi never used the word “environment protection”, he was an environmentalist because of what he said and did. He anticipated that things are headed in the wrong direction if environmental problems were not acknowledged, caused due

⁶ <https://bthechange.com/csr-in-india-is-now-a-law-2502aa6d0daa>

⁷ <https://www.social-responsibility.at/definitions/world-business-council-for-sustainable-development-2000/>

⁸ <https://www.investopedia.com/terms/s/sustainability.asp>

⁹ Ibid

¹⁰ Ibid

to industries. In his book *Hind Swaraj*, which was published in 1909, he forewarned humanity against unrestrained industrialism and materialism. He warned that if India, with its sizable population, attempted to copy the west, the earth's resources would not be sufficient. He did not want India to follow the west in this regard. Even in 1909, he stated that machinery and industrialization are bad for people's health. Though he was not against machines, but was concerned with its impact on humans¹¹.

Camilleri (2017) in the research conducted on corporate sustainability and responsibility particularly relating to creating value for society, environment and ultimately business states that as the companies seek to make a profit, today's businesses are increasingly adopting ethical practices. According to a thorough literature review, financial performance is correlated with CSR or corporate social performance (CSP). In addition, there are pertinent theoretical foundations and empirical studies that frequently employ other concepts, such as stakeholder management, corporate citizenship, and business ethics. In light of this, the said contribution discusses how CSR is constantly evolving to reflect the realities of contemporary society. It also provides a critical evaluation of some of the most recent value-based CSR concepts.

Carrera (2022) through the article states that there is a connection between businesses and their areas has become a significant and troublesome phenomenon as a result of globalization and financial processes. The rupture of the spatial connection has frequently resulted in the rupture of the social relationship and the territorial cohesion CSR can play a critical role in addressing the rising loss of social trust and solidarity between businesses and local communities.

Latapí (2019) through their research stated that the development of the idea of corporate social responsibility has a long and interesting history (CSR). However, there is a historical study that shows the development of academic understanding of the idea together with the national and international events that influenced social expectations with regard to corporate behaviour lacking from the academic literature. This paper's goal was to offer a unique historical perspective on the development of CSR as a conceptual paradigm by examining the most important elements that have influenced people's perceptions of it and how it is defined,

¹¹ <https://www.mkgandhi.org/articles/mahatmas-path-of-trusteeship.html>

including academic contributions, global regulations, and significant social and political events.

Material and Methods, Methodologies:

Literature, articles, textbooks are taken into consideration to undertake the research on the said subject. The methodology used is doctrinal and is theoretical research. Case studies are relied upon to understand the role played by the corporates in thereby maintaining business ethics and sustainability.

Corporate Social Responsibility:

CSR is the trade hone of joining social and natural arrangements with the financial operations and objectives of a business. It is based on the premise that the businesses can diminish their unfavourable natural and social effect on the world. It is at the option of the companies to carry out CSR activities as a standalone program or as a portion of a broader campaign¹².

A company that qualifies following criteria is supposed to comply with the provisions of the CSR, immediately preceding the three financial years U/s 135(1) of the Companies Act, 2013 which is read with the Companies (CSR Policy) Rules, 2014 and as amended:

- (i) The companies whose net worth is rupees five hundred crore or more, or
- (ii) The companies whose turnover is rupees one thousand crore or more, or
- (iii) The companies whose net profit is rupees five crore or more.

Businesses ongoing commitment to incorporate social and environmental concerns into their operations is known as CSR. Businesses all over the world are being forced to look beyond financial performance and incorporate social and environmental concerns into their strategic management as a result of changes in the global environment. CSR in India has traditionally been viewed as philanthropic prior to the Companies Act of 2013. In addition, the Indian culture held the belief that every business, regardless of its financial health, owed a moral obligation to actively fulfill its social responsibilities. At the beginning of the 1990s,

¹² <https://www.thebalancemoney.com/corporate-social-responsibility-csr-4772443>

Mahatma Gandhi proposed trusteeship as a strategy for fostering economic and social progress. Family values, customs, culture, and religion had an impact on CSR¹³.

The Companies Act of 1956 was repealed on August 29, 2013, by the Companies Act of 2013. The New Act includes a new section, Section 135 – a clause on corporate social responsibility (CSR) obligations thereby mandating companies listed in India complying the set threshold limit to contribute towards CSR activities as specified under Schedule VII of the Companies Act 2013 that has far-reaching changes that affect company formation, administration, and governance. The essential conditions for the successful execution, allocation of funds, and reporting of the projects are covered under this clause¹⁴.

Under the Companies Act of 2013, India became the first nation to mandate reporting of CSR initiatives and engage in CSR activities. For CSR in India, this marks the beginning of a new era¹⁵. As part of their CSR compliance, businesses can put their profits toward issues like hunger, education, gender equality, and poverty etc.¹⁶

A form of self-regulation known as corporate social responsibility, or CSR, is one that demonstrates a company's accountability and commitment to making a positive contribution to the well-being of communities and society through a variety of social and environmental measures. The perception of a company's brand is heavily influenced by CSR; appeal to investors, employees, and customers; retention of talent; and overall success in the business. There are four types of CSR initiatives that a company can carry out:

- i. charitable endeavors
- ii. environmental initiatives
- iii. ethical labor practices and
- iv. volunteer projects.

A management concept, corporate social responsibility involves incorporating social

¹³ <https://csrcfe.org/about-csr-in-india-public-policy/>

¹⁴ Ibid

¹⁵ Ibid

¹⁶ <https://www.india-briefing.com/news/corporate-social-responsibility-india-5511.html/#:~:text=India%20is%20the%20first%20country,part%20of%20any%20CSR%20compliance.>

and environmental concerns into business operations and interactions with stakeholders. Most people think that CSR is the way a company meets the needs of shareholders and other stakeholders while also meeting its own financial, environmental, and social obligations (the “Triple Bottom Line Approach”). In this way, it's important to distinguish between charity, sponsorship, or philanthropy and CSR, which can be a strategic concept in business management. The concept of CSR clearly extends beyond that, despite the fact that the latter can also contribute to the reduction of poverty and directly improve a company's reputation and brand¹⁷.

In order to encourage small and medium-sized businesses (SMEs) to participate in CSR, methods must be developed that are compatible with these businesses' specific requirements and capabilities without jeopardizing their economic viability. The Triple Bottom Line (TBL) approach, which has proven to be a successful tool for SMEs in developing nations is to assist them in meeting social and environmental standards without compromising their competitiveness, and it did serve as the foundation for United Nations Industrial Development Organization (UNIDO) CSR program. Corporate performance is measured and reported against economic, social, and environmental performance thereby providing them with a more comprehensive set of working objectives than just profit, it aims to align private businesses with the objective of sustainable global development. According to this point of view, in order for an organization to be sustainable, it must be financially stable, reduce (or, ideally, eliminate) its negative effects on the environment, and conform to societal expectations¹⁸.

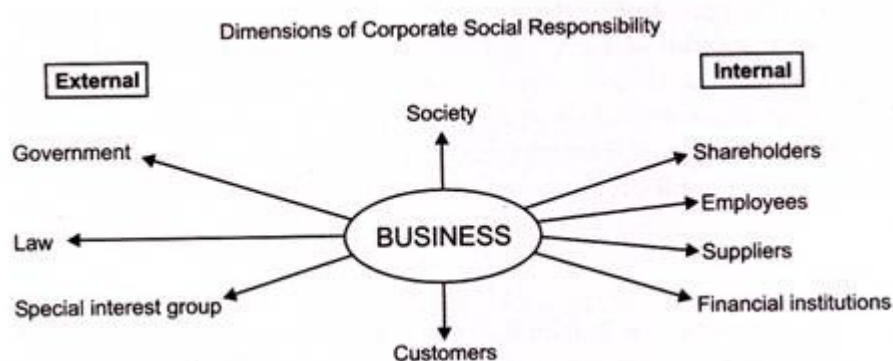


Figure 1: Dimensions of Corporate Social Responsibility

¹⁷ <https://www.unido.org/our-focus/advancing-economic-competitiveness/competitive-trade-capacities-and-corporate-responsibility/corporate-social-responsibility-market-integration/what-csr>

¹⁸ Ibid

The environment and its sustainability are one of CSR's primary focuses. Regardless of their size, businesses leave a significant carbon footprint. It is believed that a company's efforts to reduce its environmental impact are beneficial to the society as a whole. Donating money, goods, or services to nonprofits and social causes is one way that businesses can demonstrate their social responsibility. Charities and local community programs can benefit greatly from the abundance of resources that larger businesses typically possess. Fair and ethical treatment of employees is another way that businesses can demonstrate CSR, thereby maintaining business ethics¹⁹.

Now as per the amendments to the Companies (Corporate Social Responsibility) Rules, 2014 and also Section 135 under the Companies Act 2013, even COVID-19 related activities are included under the ambit of CSR. As such, the eligible activities under CSR are:

1. Eradicating Malnutrition, Hunger and Poverty
2. Healthcare related activities
3. COVID-19 related activities
4. Promoting Education
5. Women Empowerment
6. Promotion of Rural and National Sports
7. Promoting Gender Equality
8. Skills Training
9. CSR activities relating to the Environment
10. Protection of Art, National Heritage and Culture
11. Rural Development Projects

¹⁹ <https://www.businessnewsdaily.com/4679-corporate-social-responsibility.html>

12. Slum area Development Projects etc.

Even following are also part of CSR activities:

1. Clean India Mission (Swachh Bharat Abhiyan)
2. Prime Minister's National Relief Fund
3. Adopting Local Villages

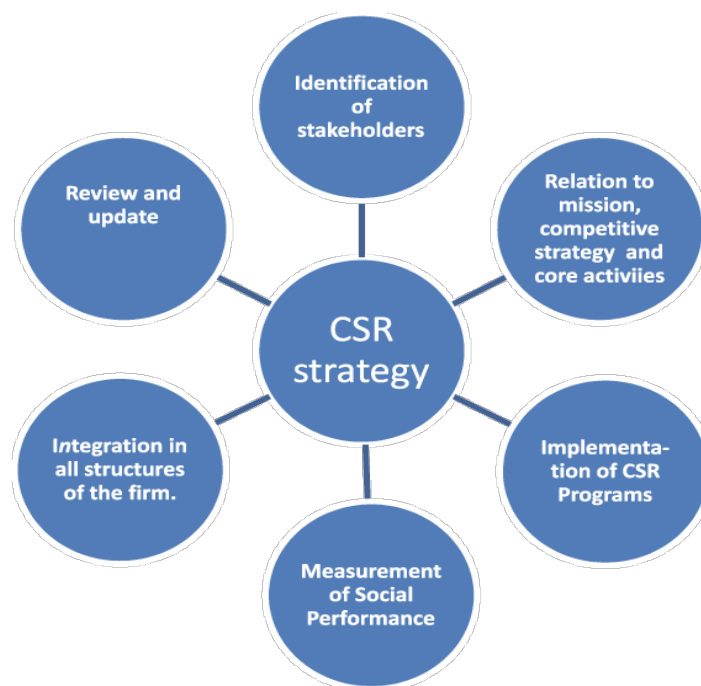


Figure 2: Components of CSR

Following activities do not form part of CSR activity:

- i. Any activity undertaken during a normal course of business
- ii. Any activity solely benefitting its own employees
- iii. Any contribution made to the political parties
- iv. Any activities towards sponsorships
- v. Any activity related to statutory obligations

Enhanced access to capital and markets, increased sales and profits, operational cost savings, improved productivity and quality, an efficient human resource base, improved brand image and reputation, enhanced customer loyalty, improved decision making, and risk management processes are just a few of the competitive advantages that can result from a well-implemented CSR concept²⁰.

CSR is necessary as it:

1. Improves customers' perception of the brand.
2. It attracts and retains the employees.
3. It increases the appeal to the investors.

In order to carry out the programs or activities that have been approved by the Committee; the eligible businesses are required to establish a CSR Committee. In case the spending on CSR is less than Rs. 50 lakhs, then establishment of CSR Committee is not mandatory. Under such circumstances, the Board of Directors (BOD) shall perform the functions of the said Committee. In India, CSR programs and activities are carried out by a registered trust, society, or business. Thus, according to the law, CSR activities that only benefit company employees and their families are not considered CSR expenditures²¹.

A company will be required to transfer the unutilized CSR funds to an escrow account and ensure their utilization within three years if it fails to spend the specified amount within a year. A business will be required to transfer the remaining amount to the National CSR Fund if it fails to do even that²².

CSR expenditures in India have continued to rise annually since its introduction in 2014. The majority of the spending is on rural development, health and sanitation, education, and the environment²³.

²⁰ Ibid

²¹ <https://thecsrjournal.in/what-is-csr-corporate-social-responsibility/>

²² Ibid

²³ Ibid

Apart from all this, it is mandatory for the companies to disclose on their website (if the company has a website) the composition of their CSR Committee, their CSR policies and also the projects that they have undertaken, as approved by the Board.

Examples of CSR in India:

Infosys: In June 2022, Infosys had a total CSR obligation of 396.70 crore for the previous three fiscal years. The corporation reported that 73 lakh people benefited from CSR initiatives. According to the company annual report, the CSR balance of Rs. 51.79 crore will be transferred to the unspent CSR account and used in accordance with the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amendments thereunder. This balance is for a number of ongoing projects, mostly relief efforts for COVID-19. The Company's CSR initiatives in fiscal 2022 included COVID-19 alleviation in numerous states. The corporation reported that 73 lakh people benefited from CSR initiatives. The company's average net profit for the year was Rs. 19,834 crores²⁴. Through Infosys Foundation, the group carries out its CSR activities in India and utilizes the CSR fund for community service through their Computers@Classrooms initiative that was launched by them in 1999 to donate computers to various institutions in India, have partnered with AIIMS to benefit underprivileged cancer patients, eliminating hunger in the classrooms, launched carbon offset programmes, lake rejuvenation in Mysuru and undertaken COVID-19 relief measures etc.

Berger Paints India Limited: The CSR strategy of Berger Paints India Limited recognizes the interdependence of an organization and the society in which it operates, as well as the relationship between industry growth and the equitable development of a country, its environment, and its people, regardless of gender, race, caste, or other racial or ethnic distinctions. During the fiscal years 2021 and 2022, Berger Paints India Limited spent more than its whole CSR duty plus its 2% obligation, totaling Rs.17.37 crore. The "iTrain" Programme, which strives to advance painters' skills, makes up the majority of the company's CSR initiatives. The "iTrain" Programme, a company-run initiative to encourage employment-enhancing vocational skill development, is included in the cost of corporate social responsibility, which as of March 31, 2021, was Rs.17.37 trillion: Rs.15.61 Crores.²⁵.

²⁴ <https://indiacr.in/csr-infosys-spends-rs-345-cr-on-social-development-projects-in-fy22/>

²⁵ <https://indiacr.in/csr-berger-paints-india-spends-over-rs-17-cr-on-social-projects-against-2-obligation-in-fy-2021-22/>

Tata Group: The Tata Group conglomerate participates in a variety of CSR projects in India, the majority of which are dedicated to activities that strengthen communities and fight poverty. Through self-help groups, it has taken part in initiatives aimed at empowering women, generating revenue, enhancing rural communities, and other social welfare programmes. The Tata Group offers endowments and scholarships to several educational institutions. The organization also works on health-related initiatives like AIDS education, vaccines, and kid-focused education. Other sectors include environmental conservation, economic empowerment through agriculture programmes, and the provision of sports scholarships. Infrastructure development includes creating hospitals, research facilities, educational institutions, sports academies, and cultural centres.²⁶.

Mahindra Group: Mahindra & Mahindra (M&M), an Indian automaker, founded the K. C. Mahindra Education Trust in 1954, and the Mahindra Foundation followed in 1969 with the goal of advancing education. The company's primary area of focus is on educational initiatives that support socially and economically underprivileged communities. Its CSR initiatives fund programmes for disaster assistance, healthcare for rural areas, water conservation, scholarships and grants, and training for livelihoods. M&M manages initiatives like Lifeline Express, which offers healthcare services to individuals living in distant locations, Mahindra Pride Schools, which offers industrial training, and "Nanhi Kali", which focuses on females' education²⁷.

Business Sustainability:

Sustainability is the ability to consistently support or maintain a process across time. Sustainability in business and policy refers to the effort to stop the depletion of natural or physical resources through time in order to maintain their availability. Sustainability is the ability to support or maintain a process throughout time. Sustainability is frequently divided into three core concepts: social, economic, and environmental. Numerous government organizations and corporations have placed a high priority on sustainable goals like reducing their negative influence on the environment and saving resources. Sustainability-focused investments are referred to as "green investments". Therefore, sustainable policies emphasize the future effects of a given policy or business practice on people, ecosystems, and the economy as a whole. The thought typically corresponds to the conviction that unless big management

²⁶ <https://www.india-briefing.com/news/corporate-social-responsibility-india-5511.html/#:~:text=India%20is%20the%20first%20country,part%20of%20any%20CSR%20compliance.>

²⁷ Ibid

changes are done, the world will sustain irreparable harm. In response to growing worries about anthropogenic climate change, biodiversity loss, and pollution, the world has changed toward embracing sustainable practices and regulations, especially through the application of sustainable corporate practices and increased investments in green technology. In the context of corporate social responsibility, sustainability can mean different things to different people. At the World Sustainable Development Summit in 2022, sustainability was defined as the integration of social, economic, and environmental factors. This is one of the best definitions of business sustainability we've seen²⁸.

The idea of sustainable development achieves a balance between traditional ideas of growth and development while incorporating environmental and social considerations into economic development. The long-term guiding principles for global development are the environmental, social, and economic pillars. The figure below shows how these three pillars lead to global, sustainable societies. Additionally, overlaps in the socio-environmental, socio-economic, and eco-economic realms present chances for sustainable development. Business sustainability includes collaborating closely with companies to help them create strategies that maximize their social and environmental responsibility while maintaining long-term profitability²⁹.

Business Sustainability has been defined by Environment Protection Agency as: *“Sustainability is based on a simple principle: Everything that we need for our survival and well-being depends, either directly or indirectly, on our natural environment. To pursue sustainability is to create and maintain the conditions under which humans and nature can exist in productive harmony to support present and future generations”*³⁰.

²⁸ <https://www.frontstream.com/blog/the-three-pillars-of-sustainability>

²⁹ Ibid

³⁰ Ibid

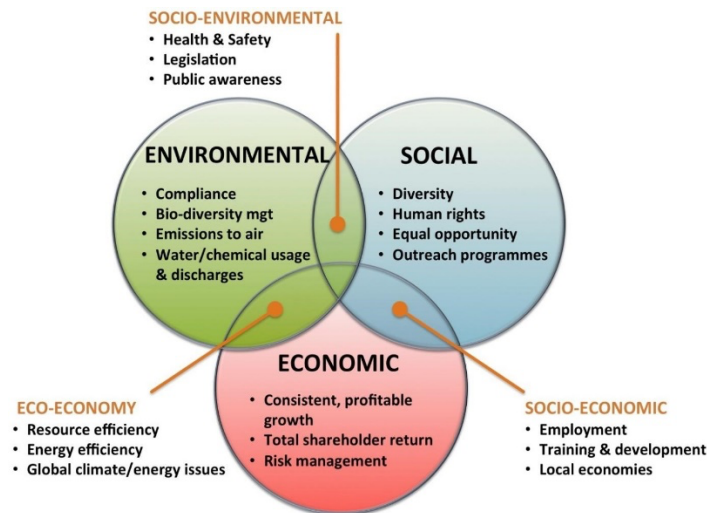


Figure 3: Corporate Sustainability Management³¹

One of the pillars of business sustainability is the “Social Pillar of Sustainability” i.e., the People. The social aspect of business sustainability focuses on finding a balance between the needs of the group and those of the individual. This is done in a variety of ways by different businesses. Some of the most effective corporate sustainability programs employ a strategy that is in line with the goals of the business. With a variety of sustainable business initiatives, the company Nestle has pledged to address the community effects of their operations. Programs that focus on water scarcity, the well-being of the communities around their factories, and land management that respects the rights of locals to use it are examples of these. Through volunteer grants, matching gifts, disaster relief and recovery programs, cause collection efforts in which employees donate time, money, and material goods, another company Verizon supports its social and community initiatives. The organization is likewise initiating the acquaintance of energy-saving advances with schools, clinical centers, and senior living offices³².

Another pillar of business sustainability is the “Environmental Pillar of Sustainability” i.e., the Planet. When an organization's facilities, products, and operations have a lower impact on the environment as a result of its processes, systems, and activities, it is said to be environmentally sustainable³³.

³¹ <https://csmathsg.com/course-content/week-4/section-4-1-balancing-the-pillars-of-sustainable-development/>

³² <https://www.frontstream.com/blog/the-three-pillars-of-sustainability>

³³ Ibid

One of the pioneers of environmental sustainability, Herman Daly, proposed that:

At Walmart, environmental initiatives include increasing imports from "green" and "yellow" factories, a goal of zero waste, plastic bag reduction, and initiatives to reduce carbon footprint by managing energy consumption. For pollution, the rates of waste generation from projects should not exceed the assimilative capacity of the environment. For nonrenewable resources, the depletion of the nonrenewable resources should require comparable development of renewable substitutes for that resource³⁴.

Nestle prioritized four areas for environmental sustainability management: water, agricultural raw materials, manufacturing, distribution, and food and beverage-specific packaging³⁵.

Reducing energy use by giving employees flexibility in where they work, lowering carbon intensity, finding more eco-friendly and efficient solutions for its fleet, greener packaging, using alternative energy sources for its cell towers, and many other initiatives to reduce the impact on the environment are just a few of Verizon's environmental sustainability initiatives³⁶.

As for the "Economic Pillar of Sustainability" i.e., the profit, strategies that encourage the optimal use of socioeconomic resources are defined by economic sustainability. A sustainable business model suggests distributing resources fairly and effectively. The goal is to encourage responsible and effective utilization of those resources in order to achieve profitability and long-term advantages. A profitable business is more likely to remain stable and operate year after year, resulting in long-term viability for the company and its employees³⁷.

The outcome of these three pillars of business sustainability is that there is a likelihood that a focus on social and environmental issues will result in profitability is the most powerful factor for modern businesses taking a comprehensive sustainability approach. Environmental initiatives like energy efficiency and pollution mitigation can have a direct impact on reducing

³⁴ Ibid

³⁵ Ibid

³⁶ Ibid

³⁷ Ibid

waste, which also improves a business's financial health, while social initiatives have a positive impact on consumer behavior and employee performance³⁸.

Economic sustainability entails not only ensuring that the company earns a profit but also ensuring that its operations do not cause social or environmental issues that threaten the company's long-term success³⁹.

Using the three Pillars of Sustainability to define business sustainability and corporate social responsibility, a company can determine its own sustainable and successful course of action. You will be able to determine the best course of action for your company if you follow these general guidelines and learn from other businesses' experiences⁴⁰.

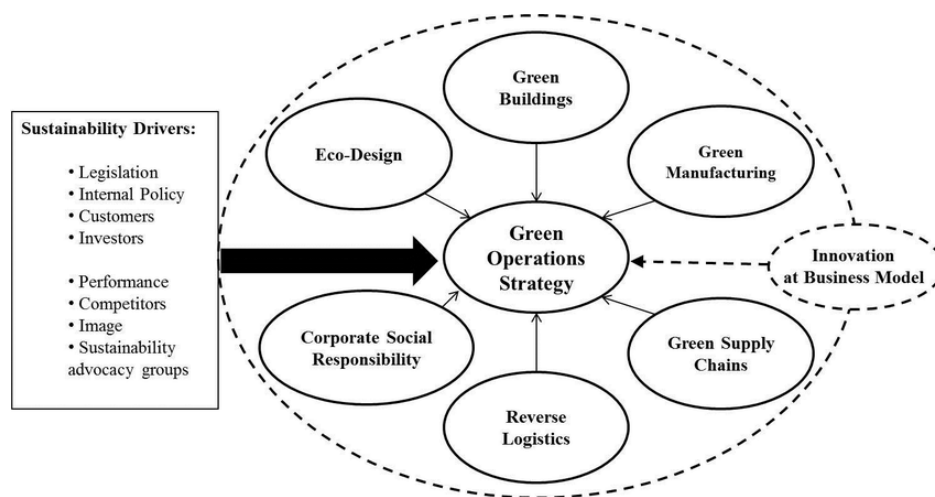


Figure 4: Main sustainability drivers

Incentives, recommendations for compliance, and domestic environmental protection statutes are examples of regulatory drivers. They are carried out through institutions of oversight, government agencies, and international trade and environmental agreements. To meet the growing demands for sustainability in a changing economy, market, and societal setting, regulatory procedures have evolved at the local and international levels. Companies may respond by taking a strategic approach to address sustainability, achieve market growth, and maintain competitiveness in a global market if regulation is developed appropriately. Standards, on the other hand, are an industry-approved "agreed way of doing things".

³⁸ Ibid

³⁹ Ibid

⁴⁰ Ibid

Standards are used by businesses to support brand reputations, reduce risk, and enhance product quality and performance⁴¹.

Uniform industry standards reduce risks to the economy, the environment, and society at large while simultaneously improving operational effectiveness. One voluntary international standard that helps incorporate environmental responsibility into corporate management practices is the ISO 14001 standard. Companies can achieve ISO certifications and trade in environmentally conscious multinational markets like the European Union thanks to their active commitment to adopting these standards⁴².

In a similar vein, codes of conduct serve as the foundation for how products and materials are tested, labeled, packaged, stored, distributed, and disposed of so that businesses can participate in international trade and enter new markets. Ventures and firms progressively perceive the significance of the social and regular habitat to support their business. To stay ahead of changing regulations and changing consumer beliefs, businesses voluntarily pursue initiatives to improve their environmental and social footprints⁴³.

Through voluntary industry initiatives and corporate commitments, businesses have moved away from treating end-of-pipe disposal (in a linear economy) and toward more pollution prevention models (in a circular economy). Companies are able to seek strategic and competitive advantages that are tailored to their own corporate structures and supply chains by voluntarily doing so. They also avoid regulatory changes⁴⁴.

In the context of social and environmental sustainability, social constituents have the power to mobilize public sentiment, alter traditional norms, influence public concerns, and alter the roles of corporations. Companies' competitiveness may suffer severely if they fail to address these social factors⁴⁵.

Environmental and social activism highlight the shifts in community values and bring the company to the attention of the public and the media. In a similar vein, businesses are impacted by indigenous and community rights because their values are scrutinized in those

⁴¹ <https://csmathsg.com/course-content/week-4/section-4-1-balancing-the-pillars-of-sustainable-development/>

⁴² Ibid

⁴³ Ibid

⁴⁴ Ibid

⁴⁵ Ibid

communities. A company's local economic market and labor supply are provided by local communities. A company's ability to continue doing business in the area could be jeopardized if it violates the principles these communities uphold or fails to address their concerns⁴⁶.

The functions of the media support these social drivers. Environmental and sustainability issues are brought to the forefront of public and business concern thanks to the press and social media. They illuminate and urge banter which effectively impacts public and partner assessments and perspectives⁴⁷.

Each partner in the value chain faces similar challenges and pressures as a company addresses its own sustainability issues. These pressures are interpreted and responded to differently by each stakeholder. In order to support the business's viability, the company must collaborate with its stakeholders and address both their and its own concerns when responding to institutional pressures. Additionally, insurance companies are increasingly equating financial risk with environmental concerns of businesses. Insurance companies can put pressure on businesses to adopt sound sustainability practices if they want to be insured. Companies that face environmental risk and liability also face higher insurance premiums⁴⁸.

Investors also put pressure on businesses to adopt sustainability practices. Because investors control the capital markets, they are in a unique position to influence the strategic decisions that businesses make, especially when it comes to sustainability. By adding an economic cost to such activities, other market mechanisms discourage businesses from engaging in unsustainable business practices. In carbon cap-and-trade systems like the EU Emissions Trading System, for instance, tradable carbon permits encourage businesses to exceed environmental performance standards and receive credits for each unit of pollution reduction⁴⁹.

Corporate sustainability factors also exist at the firm and individual levels. Companies' sustainability strategies can be influenced by factors like competitive advantage, access to skilled labor pools, and even the personal preferences of corporate leaders. From a business point of view, these drivers present opportunities to enhance the company's economic competitive advantage, decrease strategic and operational risks by optimizing externalities,

⁴⁶ <https://csmathsg.com/course-content/week-4/section-4-1-balancing-the-pillars-of-sustainable-development/>

⁴⁷ Ibid

⁴⁸ Ibid

⁴⁹ Ibid

increase employee commitment and productivity, and boost profitability by reducing inputs and resources⁵⁰.

Results and Discussion:

The three fundamental concepts of environmental, social, and economic sustainability, sometimes referred to as “people, planet, and profits” and are referred to as the principles of sustainability. This means that a company must be able to support a healthy community and workforce, conserve natural resources, and generate sufficient revenue to maintain long-term financial viability in order to be considered sustainable. Products that are not sustainable make use of resources that can't be replaced or replenished as quickly as they are used up. Because the resources used to make them can never be replaced, products that are based on fossil fuels cannot be sustainable⁵¹.

Other resources, like fishery stocks, sea corals, rainforest timber, and wildlife, can be sustainable if they are only harvested within limits that allow for the replenishment of existing stocks. By using renewable energy or reducing waste, many sustainable businesses seek to reduce their environmental impact. Promoting diversity and fairness in the workforce or enacting policies that benefit the local community may also help businesses become more sustainable. As a result, more companies and businesses are looking for ways to minimize their effects on the environment and their community as consumers become more environmentally conscious. Companies can continue to attract customers while highlighting their social benefits through sustainability practices⁵².

Conclusion:

It is difficult to address sustainable development by focusing solely on one sector of society. For it to work well, people, communities, societies, governments, and global institutions must work together. To achieve the three pillars of sustainable development that so many businesses now incorporate into their central vision and values, businesses frequently need to collaborate with other parties⁵³.

⁵⁰ Ibid

⁵¹ <https://www.investopedia.com/terms/s/sustainability.asp>

⁵² Ibid

⁵³ <https://csmathsg.com/course-content/week-4/section-4-1-balancing-the-pillars-of-sustainable-development/>

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