

# **BUSINESS STRATEGY AND SDGs ALIGNMENT: PRACTITIONER'S INSIGHTS**

**Neeraj Singhal, Management Development Institute, Murshidabad**

## **ABSTRACT**

*Sustainable Development Goals (SDGs) are the seventeen goals introduced by United Nations in 2015 with commitment by 193 countries, to end poverty, protect the planet, and ensure the same by 2030 so that all people enjoy peace and prosperity. The signatory governments are expected to balance between social, economic and environmental sustainability in context of society and business. Government, corporates, societies and individuals are putting their efforts to integrated the SDGs in their ecosystems. This study is conceptualized to explore the practitioner's insights for understanding business strategy and SDGs alignment in organizations. The semi structured interviews were conducted with twenty practitioners, equal representation from service and manufacturing industry. The practitioner's shared; role of managers towards SDGs, linkage between business strategy and SDGs knowledge, functional manager's role in SDGs, SDGs and business strategy relationship in organization, and SDGs and business strategy impact on business performance.*

**Keywords:** Sdgs, Business Strategy, Sdgs Strategy, Business Performance.

## **INTRODUCTION**

Sustainability and Sustainable Development (SD) as a concept had emerged over the period of time, but more attention, concerns and actions highlighted during 20<sup>th</sup> and 21<sup>st</sup> century. The resources constraints, environmental, social and governance challenges bothered the government, corporate and other stakeholders for necessary actions (Fonseca et al., 2020). For addressing the concerns of various stakeholders, United Nations (UN, 2015) organized various conferences, discussion forums and introduced the Millennium Development Goals (MDGs) in the year 2000 for addressing the environmental, social and economic challenges in a structured manner. According to United Nations Global Compact (UNGC, 2010) report, businesses including private sector had shown interest and agreed for the adaptation of UNGC guidelines. Langer & Schon (2003) mentioned about strategic challenges of incorporating sustainability and UNGC principles in business.

UN replaced MDGs with the sustainable development goals in the year 2015 to further streamlined the path of sustainable development. Fundamentally the SDGs implementation had to be initiated at the country level but an equal action required at the level of government, corporate, society and other stakeholders. According to Visser (2017), the effective integration of sustainability at firm and corporate level required transformational initiatives across the organizational activities. Several studies and researchers covered the various perspectives of SDGs integration and implementation across the organization, still a gap exist for further course of action (Agarwal et al., 2017; PwC, 2018).

The integration from strategic perspective covers the economic, social and environmental dimension of the SDGs (Lassala et al., 2021). The SDGs integration with business strategies requires stakeholders action and multifunctional integration. According to Mio et al. (2020) some businesses linked their activities with SDGs. Beyne (2020) mentioned the need for SDGs implementation framework in businesses incorporating practitioner and academician view point. Our study captured the practitioner's view point to address the gap

exist between business strategy and SDGs integration, and suggest the future course of action to minimize the gap.

### **Sustainability, Sustainable Development (SD) & Sdgs**

Researchers and thinkers explored Sustainability through different lances since 500 BC, ancient thinkers build their discussions around human role in environmental degradation (Pliny the Elder 1938; Columella 1948; Strabo 1949; Van Zon 2002). Over the centuries human and businesses had exploited the natural resources, environment and nature to fulfill their basic needs due to population explosion. Sustainability term was first coined in 1713 by Hans Carl von Carlowitz, from Germany. Eighteenth century witnessed the industrial revolution and increased consumption of water, energy, wood and other natural resources. According to Van Zon (2002), the increased consumption of resources bothered the regulatory bodies, governments, society, businesses and individual for the corrective measures to ensure the availability of the same for the future generations through responsible consumption.

According to Ward & Dubos (1972), Sustainable Development (SD) was first introduced in 1970 by Barbara Ward founder of international institute for environment and development. United Nations further explored the term SD, the Brundtland Commission report in 1987 incorporated the triple bottom line concept and focus on social, environmental and economic perspective. The new definition of SD emerged as “meeting the needs of the present without compromising the ability of future generations to meet their own needs” (WCED 1987). United Nations introduced the millennium development goals (MDGs) in the year 2000 to streamline the SD path and further extended the goals as sustainable development goals (SDGs) in 2015 for ensuring the effective execution by all stakeholders.

### **Business Strategy; Corporate Sustainability (CS), Corporate Social Responsibility (CSR) & Sdgs**

Bowen (1953), mentioned the role of businesses and businessman towards their actions and self-responsibility. Wartick & Cochran, (1985), quoted various definitions, theories and literature in context of corporate sustainability, corporate social responsibility and how it had reshaped over the period of time to bridge the gap between corporate and sustainability. Carroll (1999), track the CSR perspective over 1950s and onwards, and mentioned how it was referred and quoted as social responsibility. The same study also mapped the 1980s time frame and emergency of corporate social performance, stakeholder's theory, business ethics theory and its necessity to align SD definition given by Brundtland Commission.

Sustainability and responsibility were the two important concepts studied by researchers and authors in corporate context. Visser & Kymal, (2015), Elkington (1997), introduced the term triple bottom line to address social, environmental and economic concerns and explained how it can create value for the corporates. Lozano (2012), introduced the new definition of CS by integrating corporate activities, sustainability, and stakeholder's concerns. The Lozano (2012) suggested the holistic and system based approach for the companies to integrate the sustainability in the organization. The researchers explored the relationship among CSR and firm financial performance, companies innovative approach to address the CSR and sustainability, business models reshaping and adaptation in businesses. Visser (2015) suggested the seven step process to incorporate social, environmental and economic perspective in an organization and integrated value creation for stakeholders.

Dwason (2003) mentioned about sustainable transformation and considered the same as new way of organising the strategy and operations in an organization. According to Van

de Ven, & Poole (1995), if businesses has to incorporate sustainability, corporate strategies should evolve through structural transformation. Lozano (2011) mentioned if business has to incorporate sustainability, has to develop knowledge among stakeholders.

According to Mori, et al., (2019), SDGs emerged as an important tool for integrating sustainability in the organizations operations and addressing the stakeholder's concerns. The CS in the organizations also aligned with SDGs framework. Van Tulder & Van Zanten, (2018), introduced the business strategy perspective of SDGs, and mentioned the business challenges for adaptation and implementation of SDGs in the organizations. The available studies not captured the practitioner's perspective to integrate SDGs with business strategies, so this study conceptualized to fill this gap with following objectives;

1. Role of managers towards SDGs
2. Linkage between business strategy and SDGs knowledge
3. Functional manager's role in SDGs
4. SDGs and business strategy relationship in organization
5. SDGs and business strategy impact on business performance

## **METHODOLOGY**

This study divided into following four sections; introduction and framing objectives, methodology, findings and discussion, conclusion. The exploratory research approach is used to collect the primary data through semi-structured interview of corporate practitioner's (Dawson, 2002). The twenty practitioners were chosen from manufacturing and services sectors representing equal numbers from both the sectors based on authors judgmental criteria and corporate connects. The service sector practitioners represented information technology (IT), defence, infrastructure, financial services and government of India services. The manufacturing sector representation from oil, petroleum and gas, steel, power, automobile, consumer durables.

According to Ike et al., (2018); Jasinski et al., (2016), semi structured interviews is the good tool for the problems where further deeper exploration is required. The business strategy and SDGs integration in the organizations is at the nascent stage. The practitioner's perspective may further help the organizations to streamline the initiatives and action to integrate strategies and SDGs.

## **FINDINGS AND DISCUSSION**

### **Who Is Responsible For Sdgs Action In Organization?**

According to GRI, UNGC & WBCSD, (2015), business leaders has to understand the need of aligning SDGs with CS. Unilever (2017) report mentioned the role of CEOs in creating SDGs awareness among stakeholders and building environmentally and socially responsible businesses. Freeman (1984), mentioned role of key stakeholders and their interaction with management and others for addressing sustainability issues. In our study the practitioner mentioned about initiating and conceptualising SDGs in organization, designing and creating support required for SDGs, and implementing SDGs.

Board of governors, CEO were mentioned important functionaries for policy matters related to initiative and conceptualisation of SDGs in both the service and manufacturing organizations. The role of board of governors, chief operating officers (COO), chief sustainability officers (CSO) is equally important for support required for SDGs from action

point of view. Functional managers and staff role is also mentioned by the practitioner. SDGs implementation required more action on the part of functional managers and staff members. SDGs monitoring also initiated at the level of functional managers and then reported to CSO or COO and then informed to board of governors.

### **Role of Managers towards Sdgs**

According to Beyne J. (2020), company can only successful in creating value in long term for shareholders and society. These days' companies identified key materiality issues and decide their action plan to link them with SDGs. GRI, UNGC & WBCSD, (2015) mentioned setting the benchmarks for future direction and overcome with the resistance to minimise the gap between actual and desired performance of the company towards materiality issues. The SDG goals are interlinked to each other.

Practitioner's mentioned the role of direction for SDGs, implementation of the same and overcoming the resistance strategy for better outcome in the category of extreme important and very important on the five-point importance scale. Managers role in measuring and creating the SDGs value and practice is also important both in service and manufacturing sector. The analysis of strength, weaknesses, opportunity and threats (SWOT) also identify by the practitioner as an important activity for SDGs resources allocation and manager's role is also important in that allocation.

Another important observation shared by practitioners was difference between what the organization knows and what it wants to achieve in terms of SDGs, and phrased as SDGs gap. The role of managers mentioned as extremely important and very important for identifying and minimizing SDGs gap in the organization. The strategic gap is also identified as another important driver for SDGs execution, means what organization can do and what it wants to do. The managers can play a very important role in reducing the strategic gap both in service and manufacturing organizations.

### **Linkage between Business Strategy and Sdgs Knowledge**

Tulder (2018), quoted the PwC study and mentioned that simply quoting the SDGs is not enough, a long term planning and SDGs integration in corporate strategies is required for developing the competitive advantage. An effective alignment of skills, resources and competencies also required for achieving the competitive advantage and further converting into sustainable competitive advantage. The SDGs integration with business strategies will enhance operational effectiveness of the organization and may also optimize planning process.

Most of the practitioners suggested the integration of SDGs knowledge, resources, capabilities and skills for developing the scenario for SDGs integration and business strategies. The practitioners also mentioned the need for creating strong linkage between SDGs knowledge and business strategies for developing competitive advantage. Eighteen practitioners out of twenty agreed that SDGs knowledge and business strategies integration will enhance operational effectiveness and organizational planning.

### **Functional manager's role in SDGs**

According to Tulder (2018), strategies are generic which generally crafted at corporate level, and further linked with vision, mission of the organization. The real challenges are at functional levels where strategies implemented and cross functionally aligned with other functions. So exploring the role of functional managers is very important for SDGs and business strategies alignment. The practitioners suggested six key points based out of their own organization; a mix

response was captured for a question does functional managers have a good understanding of SDGs, the question was on five-point scale, strongly agree to strongly disagree. Not even a single response for strongly agree, six responses for agree, seven responses were neutral and seven for disagree. Which shows functional managers SDGs understating in represented organizations is moderate?

The second question was about functional managers understanding of business strategy; thirteen practitioner's response was strongly agreeing and agrees, seven responses was for neutral and disagree. Means the functional managers have better business strategy understanding in comparison to SDGs understanding. The third question was, does functional managers involved in formulating SDGs strategy at department level; an equally mixed response received for this statement, an equal number of practitioners agreed and disagreed, i.e. ten in agreement, ten in disagreement to the statement. The fourth question was, does functional managers involved in business strategy at department level; sixty percent of practitioners were agreed and mentioned same in context of own organization.

The fifth question was, does functional manager share a vision how SDGs will support the business strategy, the response for this question more towards disagreement, only 35% practitioners agreed with the statement. This means only few organizations have system where functional managers contribute in sharing the vision towards SDGs integration with business strategies. The six question was another interesting question, does organization places responsibility of business strategy and SDGs strategy within the same managers. The sixty-five percent practitioner's response was, no the business strategy and SDGs strategy were given to different managers.

### **Sdgs and Business Strategy Relationship In Organization**

Kramer & Porter, (2006), mentioned about shared value creation in the organization, and the role of sustainability for competitive positioning and long term survival strategies. This helps the organization for achieving higher profit returns and growth. The set of six questions were asked to practitioners for relationship between SDGs strategy and business strategies in their respective organizations. The first question was, does business strategy and SDGs strategy aligned in your organization; the fifty percent response was yes, remaining fifty percent was no, not aligned. The second question was, does business strategy and SDG strategy are equally important; sixty-five percent practitioners mentioned yes, equally important in their organization, the remaining thirty-five percent say no.

The fourth question was, does business strategy and organization context are critical factors for success of SDGs initiative; the 15 practitioners out of 20 mentioned yes its critical factor for developing SDGs initiatives. The fifth question was, does business strategy of organization outlines the processes, tools and infrastructure required for SDGs integration; 13 practitioners mentioned yes in response to the questions. Means their organizations fulfils the basic requirement for the SDGs integration. The sixth and last question was, does alignment of business strategy and SDGs is vital for survival and competitive advantage of organization; eighty percent of the practitioners were agreed or strongly agreed with the statement. So as per practitioners both in service and manufacturing organizations, business strategy and SDGs alignment will help the organization to achieve competitive advantage and also address the concern for survival and growth.

### **Sdgs and Business Strategy Impact On Business Performance**

According to Kramer & Porter, (2006), integration of sustainability in an organization, will help in achieving higher profit returns, revenue growth,

innovation in business operations and will also enhance shared value creation at global and local level. In our study practitioners mentioned eight statements to access the SDGs and business strategy impact on their organization. According to seventeen practitioners, SDGs and business strategy enhanced reputation among major customer segments, and twelve practitioners quoted the increase in frequency of new product or services.

Eighty percent practitioners mentioned increase in return on investment, seventy percent mentioned increase in profit in comparison to previous year due to SDGs and business strategy integration. Seventy to seventy-five percent practitioners noticed the technological development or innovation enhancement and also improvement in product quality. Fourteen practitioners observed increase in market share and revenue growth in comparison to previous year.

## CONCLUSION

This study is conducted to capture the practitioner's perspective on business strategy and SDGs integration in manufacturing and service industry. The important statements were phrased for capturing the responses; who is responsible for SDGs action in organization, role of managers towards SDGs, linkage between business strategy and SDGs knowledge, functional manager's role in SDGs, SDGs and business strategy relationship, SDGs and business strategy impact on business performance. Board of governors, CEOs are the most important functionaries for developing a strong policy base for formulation and initiation of SDGs in service and manufacturing organizations. Chief operating officer, chief sustainability officers are the second layer in the organization to provide support to SDGs driven system in the organization. Functional managers and staff's role is more important in third layer that is action or implementation stage. The overall integration is required at the fourth layer that is monitoring and corrective action, the staff and functional managers' report progress to CSO, COO, the further progress goes to CEO and Board of governors.

The managers can play an important role in reducing the strategic gap in both service and manufacturing organization; by minimising resistance towards SDGs adaptation through SDGs awareness, measuring SDGs value, SWOT analysis in terms of SDGs resources, measuring SDGs knowledge gap, and minimising SDGs strategic gap.

The SDGs knowledge, resources, capabilities and skills were identified as important factors for SDGs and business strategy integration, that can further help the organization to develop the competitive and sustainable competitive advantage. The functional manager's role was also identified as an important driver for SDGs and business strategy integration. Functional managers understanding of SDGs and business level strategy, can further integrated the same with business level strategies and can provide support in strengthening business strategy as well as SDGs strategy. If the responsibility of business strategy and SDGs strategy will be given to same manager, can provide better facilitation and integration at functional level.

The business strategy and SDGs strategy; alignment, equal importance, and crafting of both at the same time in the organization can create better organizational performance. This integration can facilitate for developing strong organizational processes, tools and infrastructure required for SDGs integration with business strategy. The same may lead the organization towards long term survival, growth and developing competitive advantage. The practitioners mentioned the positive impact of SDGs and business level strategy on reputation among major customer segments, frequency of developing new product or launching new services. The practitioners also observed positive impact on following performance indicators comparing to previous year; return on investment, net profit, technology development and innovation, product quality, market share, revenue growth.

## REFERENCES

- Agarwal, N., Gneiting, U., & Mhlanga, G. (2017). Raising the bar: rethinking the role of business in the Sustainable Development Goals.
- Beyne, J. (2020). Designing and implementing sustainability: An integrative framework for implementing the sustainable development goals. *European Journal of Sustainable Development*, 9(3), 1-1.
- Bowen, H. R. (2013). *Social responsibilities of the businessman*. University of Iowa Press.
- Columella LJM. 1948. *Res rustica*. Lucius Junius Moderatus Columella on agriculture, vol. 1 (Books I-IV). English translation by Harrison Boyd Ash. 1948 reprint. Cambridge, MA: Harvard University Press.
- Dawson, P. (2002). *Understanding Organizational Change: The Contemporary Experience of People at Work*. SAGE, 208 pages.
- Elkington, J. (1997). *Cannibals with Forks: The Triple Bottom Line of 21st Century Business*. Capstone, Oxford.
- Fonseca, L. M., Domingues, J. P., & Dima, A. M. (2020). Mapping the Sustainable Development Goals relationships. *Sustainability*, 12(8), 3359.
- Freeman R.E. 1984. *Strategic Management: A Stakeholder Approach*. Boston: Pitman.
- GRI, UNGC & WBCSD. (2015). *SDG Compass: the guide for business action on the SDGs*.
- Ike, M., Donovan, J., Topple, C., Masli, E.K., (2018). Consideration of host nation laws and regulations by Japanese MNEs. In: Gervasi, O., Murgante, B., Misra, S., Stankova, E., Torre, C.M.,
- Jasinski, D., Meredith, J., Kirwan, K., (2016). A comprehensive framework for automotive sustainability assessment. *Journal of Cleaner Production*, 135, 1034e1044.
- Kramer, M. R. and Porter, M. E. (2006). Strategy and society: The link between competitive advantage and corporate social responsibility. *Harvard Business Review*, 84(12), pp.78-92.
- Langer, M. E., & Schön, A. (2003). Enhancing corporate sustainability. A framework based evaluation tool for sustainable development. *Forschungsschwerpunkt Nachhaltigkeit und Umweltmanagement*, WU Vienna University of Economics and Business. Research Paper Series of the Research Focus Managing Sustainability.
- Lassala, C., Orero-Blat, M., & Ribeiro-Navarrete, S. (2021). The financial performance of listed companies in pursuit of the Sustainable Development Goals (SDG). *Economic Research-Ekonomska Istraživanja*, 34(1), 427-449.
- Lozano, R. (2011). Creativity and Organizational Learning as Means to Foster Sustainability. *Sustainability: The Journal of Record*, Vol. 12, No. 2 Case Reports.
- Lozano, R. (2012). Towards better embedding sustainability into companies' systems: an analysis of voluntary corporate initiatives. *Journal of Cleaner Production*, 25(0), 14-26.
- Mori, R. J., Fien, J. & Horne, R. (2019). Implementing the UN SDGs in Universities: Challenges, Opportunities, and Lessons Learned. *Sustainability: The Journal of Record*, Vol. 12, No. 2.
- Pliny the Elder. (1938). *Natural history (Naturalis historia) in ten volumes*, vol. 1 (praefatio, libri I&II). English translation by H. Rackham. Cambridge, MA: Harvard University Press.
- Strabo. (1949) *The geography*, vol. II, Book V. English translation by Horace Leonard Jones. 1949 printing. London: Heinemann.
- Tulder, R. van (2018). *Business & The Sustainable Development Goals: A Framework for Effective Corporate Involvement*. *Rotterdam School of Management, Erasmus University, Rotterdam*.
- UNGC. 2010. *United Nations Global Compact Leaders Summit 2010 – Summary Report*.
- United Nations (UN) (2015). *Transforming our world: The 2030 agenda for sustainable development*. Resolution adopted by the General Assembly on 25 September 2015.
- Van de Ven, A. & Poole, M. S. (1995). Explaining Development and Change in Organizations. *The Academy of Management Review*. 20(3), 510-540.
- Van Tulder, R. & Van Zanten J. A. (2018). Multinational enterprises and the Sustainable Development Goals: An institutional approach to corporate engagement. *Journal of International Business Policy*. 1, 208-233.
- Van Zon H. (2002) *Geschiedenis & duurzame ontwikkeling*. *Duurzame ontwikkeling in historisch perspectief: enkele verkenningen*. Nijmegen/Groningen: Werkgroep Disciplinaire Verdieping Duurzame Ontwikkeling.
- Visser, W. & Kymal, C. (2015). Integrated Value Creation (IVC): Beyond Corporate Social Responsibility (CSR) and Creating Shared Value (CSV). *Journal of International Business Ethics*. 8(1).
- Visser, W. (2017). *Sustainable Transformation: The Journey of a Thousand Miles*.
- Ward, B., & Dubos, R. J. (1977). *Only one earth: the care and maintenance of a small planet*.

Wartick, S. & Cochran, Ph. (1985). The Evolution of the Corporate Social Performance Model. *The Academy of Management Review*. 10(4), 758-769.  
World Commission on Environment and Development. (1987). Our Common Future Oxford. UK: *Oxford University Press*.

**Received:** 26-Sep-2024, Manuscript No. AMSJ-24-15303; **Editor assigned:** 27-Sep-2024, PreQC No. AMSJ-24-15303(PQ); **Reviewed:** 16-Oct-2024, QC No. AMSJ-24-15303; **Revised:** 26-Oct-2024, Manuscript No. AMSJ-24-15303(R); **Published:** 30-Nov-2024