

CRITICAL CONSIDERATIONS ON THE INTEGRATION OF SUSTAINABILITY INTO BUSINESS STRATEGIES IN THE HEALTHCARE SECTOR

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ABSTRACT

This article explores the integration of sustainability into corporate strategies in the healthcare sector, focusing on Chiesi Farmaceutici as a case study. It highlights the influence of Corporate Social Responsibility (CSR) and Environmental, Social, and Governance (ESG) factors on decision-making and strategic planning. Addressing the sector's unique challenges, the study emphasizes the role of frameworks like the Sustainability Balanced Scorecard and the National Strategy for Sustainable Development in aligning goals with sustainable practices. The National Health System (NHS) provides context by illustrating structural challenges and social impacts. Using qualitative analysis of reports and literature, the study examines Chiesi's environmental initiatives, governance, and employee well-being efforts. It also explores how innovation and technology support ESG compliance. Findings underscore the growing importance of sustainability in corporate strategies, with Chiesi showcasing the value of aligning sustainability with innovation and compliance. The study offers practical insights for healthcare organizations aiming to enhance their social and environmental impact while achieving operational success.

Keywords: Environmental, Social, and Governance, Corporate Social Responsibility, Sustainability, Corporate Strategies, Healthcare Industry.

INTRODUCTION

This study investigates the increasingly significant relationship between corporate sustainability and the healthcare sector, focusing on how sustainable practices and strategies are integrated within healthcare organizations. It centers on the case of Chiesi Farmaceutici, a leading Italian pharmaceutical company that has successfully embedded sustainability into its business model. The research is framed by the need to address the challenges associated with integrating sustainability in healthcare, a sector characterized by its critical social role and resource-intensive operations. Despite its substantial impact on society and the environment, many healthcare organizations face difficulties in adopting comprehensive sustainability frameworks, dealing with issues such as financial constraints, resource allocation, and the alignment of environmental goals with patient care.

The primary aim of the study is to analyze the influence of Corporate Social Responsibility (CSR) and Environmental, Social, and Governance (ESG) factors on strategic decision-making within the healthcare industry. By investigating how these factors shape corporate strategies, the research seeks to demonstrate their role in fostering more sustainable and socially responsible business models. The study also examines the effectiveness of sustainability frameworks, such as the Sustainability Balanced Scorecard, in measuring corporate performance beyond traditional financial metrics. In addition, it considers the importance of sustainability reporting, such as the

Sustainability Report, as a tool for enhancing organizational transparency and fostering trust among stakeholders.

In exploring the intersection of sustainability and healthcare, the article provides a detailed analysis of the sector's social and environmental impacts, contextualized within national policy frameworks such as the National Strategy for Sustainable Development. It also addresses the evolution, structure, and challenges of the National Health System (NHS), focusing on financial constraints, resource allocation issues, and opportunities for integrating sustainable practices into healthcare delivery. These discussions underscore the potential for healthcare systems to improve sustainability through operational efficiencies and the promotion of sustainable health practices.

The article further examines corporate-level sustainability strategies in healthcare, particularly the adoption of green technologies and sustainable operational practices. The study explores the role of innovation and technological advancements in achieving ESG compliance, demonstrating how these developments contribute to environmental goals while enhancing patient care and operational efficiency. It also investigates management and control systems that support sustainable growth, highlighting how healthcare providers and hospitals are aligning their practices with ESG criteria.

A central component of this research is the case study of Chiesi Farmaceutici, which provides a detailed analysis of the company's sustainability initiatives. The study traces the company's history and evolution, focusing on its efforts to measure and mitigate the environmental impact of its operations. It also examines Chiesi's governance structure, its commitment to employee well-being, and its broader role in promoting sustainability across its value chain. By highlighting Chiesi's achievements, the research illustrates how sustainability can be embedded into core business strategies, offering valuable insights for other healthcare organizations seeking to follow a similar path.

This research contributes to the growing body of literature on corporate sustainability by emphasizing its increasing relevance in the healthcare sector. It demonstrates how companies like Chiesi Farmaceutici serve as exemplars of integrating sustainability into business practices, showing that sustainability and profitability can coexist and support one another. The findings underline the importance of sustainability frameworks, reporting mechanisms, and innovative practices in driving industry-wide transformation. Ultimately, the study provides a framework for understanding the evolving role of sustainability in shaping corporate strategies, with implications for achieving both social responsibility and environmental stewardship in healthcare.

LITERATURE REVIEW

The traditional focus of corporate value creation, grounded in Milton Friedman's shareholder theory, emphasized maximizing shareholder wealth as the primary responsibility of businesses, with societal benefits presumed to emerge indirectly (Friedman, 1970). However, this framework has faced substantial criticism due to its reliance on assumptions such as market transparency, rational agent behavior, and minimal information asymmetries—assumptions frequently contradicted by contemporary market conditions (Cottelli, 2020). In response, stakeholder theory, introduced by Freeman (1984), has gained prominence as a more inclusive framework, arguing that businesses must consider the interests of all stakeholders, including employees, customers, suppliers, and communities, alongside shareholders. Stakeholder theory posits that value creation is contingent on balancing these diverse interests to ensure sustainable corporate success and societal welfare. This theoretical shift has influenced corporate practices, leading to the adoption of Corporate Social Responsibility (CSR) as a key strategic framework. CSR emphasizes the voluntary integration of environmental and social considerations into business operations, aligning corporate objectives with stakeholder priorities (European Commission, 2011). Building on CSR, Environmental, Social, and Governance (ESG) criteria have emerged as

standardized benchmarks to evaluate corporate sustainability, providing measurable metrics for assessing environmental performance, social equity, and governance practices (Eccles & Klimenko, 2019). The integration of ESG into corporate strategies has been further reinforced by global initiatives such as the UN's 2030 Agenda for Sustainable Development and the Principles for Responsible Investment (PRI), which emphasize the role of sustainability in fostering long-term corporate resilience and societal progress (UN, 2015; PRI, 2006). Tools like the Sustainability Balanced Scorecard (SBSC) operationalize these principles, enabling organizations to align financial performance with social and environmental objectives through structured performance metrics (Figge et al., 2002; Schaltegger & Burritt, 2010). The SBSC, alongside sustainability reporting practices, enhances transparency and accountability, fostering trust among stakeholders and supporting continuous improvement in sustainability practices (Brown & Dillard, 2014; Gray et al., 1995).

METHODOLOGY

The implementation of sustainability strategies in the pharmaceutical industry has become a critical factor for long-term growth and resilience, with companies like Chiesi Farmaceutici leading the way in integrating sustainable practices into their business model. Chiesi, an international pharmaceutical company with a strong focus on innovation and healthcare, has committed to addressing sustainability's environmental, social, and governance (ESG) dimensions, aligning with global trends towards a greener and more inclusive future. A key aspect of Chiesi's sustainability strategy involves reducing its environmental footprint through measures such as carbon neutrality. In 2021, Chiesi announced its achievement of carbon neutrality for its global operations, setting a significant benchmark for the pharmaceutical sector (Chiesi, 2021). This was achieved through a combination of energy efficiency initiatives, renewable energy sourcing, and carbon offsetting, demonstrating the company's proactive approach in mitigating its environmental impact.

Chiesi's commitment to sustainability is not limited to environmental concerns but extends to its social responsibility practices. The company has incorporated the principles of the United Nations' Sustainable Development Goals (SDGs) into its corporate strategies, focusing particularly on good health and well-being (SDG 3) and affordable and clean energy (SDG 7). Through various initiatives, such as increasing access to essential medicines and ensuring responsible supply chain management, Chiesi aims to contribute to global health improvements while maintaining ethical business practices. The company's emphasis on patient-centered innovation and accessibility has also been a key component of its social sustainability efforts, ensuring that its products benefit the broadest possible segment of the population, including underserved communities (Chiesi, 2022).

In terms of governance, Chiesi has implemented robust frameworks for transparency and accountability, including integrating ESG metrics into their financial and operational reporting. This approach allows the company to monitor and evaluate the effectiveness of its sustainability efforts, ensuring that it not only meets regulatory requirements but also fulfills its commitment to responsible corporate citizenship. Chiesi's case is an exemplary model of how a pharmaceutical company can successfully implement sustainability strategies that address environmental, social, and governance challenges while maintaining economic performance and fostering long-term value creation for stakeholders.

Sustainability strategies in healthcare industry

The healthcare sector is increasingly focusing on sustainability as part of broader policy initiatives aimed at addressing both immediate challenges and long-term transformations. In Europe, significant political and economic investments are being channeled into sustainable recovery and development through programs like the European Union's Next Generation EU

(NGEU) and Italy's National Recovery and Resilience Plan (PNRR). With a total of over 260 billion euros allocated to support economic recovery and structural reforms, a significant portion is dedicated to sustainability goals. Among the PNRR's six key areas, healthcare (Mission 6) is pivotal, with over 20 billion euros earmarked for improving the Italian healthcare system (Governo Italiano, 2021).

This focus on sustainability in healthcare is multifaceted. The PNRR emphasizes proximity, innovation, and equality within the healthcare system, aiming to modernize services and reduce geographical disparities between regions, particularly between the North and South of Italy. Notably, the plan seeks to strengthen primary healthcare services and enhance access to healthcare for underserved areas. It also promotes technological innovation, with substantial investments in digitalization, research, and training for healthcare personnel. These reforms aim to make the healthcare system more efficient, equitable, and sustainable, focusing on improving public health outcomes while adapting to changing demographic and epidemiological trends (Agenas, 2022).

In particular, the PNRR outlines two broad areas for action: the restructuring of territorial healthcare networks and the modernization of hospital infrastructure through digitalization. These efforts are designed to make healthcare services more accessible and integrated, promoting community health centers, home care, and telemedicine. The goal is not only to improve service delivery but also to foster a more sustainable and resilient healthcare infrastructure. Additionally, the expansion of the Electronic Health Record (EHR) system and the enhancement of monitoring capabilities for essential health services are key components of this initiative (Ministero della Salute, 2022).

These healthcare sustainability efforts are crucial in addressing current healthcare challenges while ensuring that the system remains adaptive and capable of responding to future needs. By integrating sustainability into the healthcare system, the PNRR contributes to a broader vision of resilience and inclusivity, ensuring that the system serves the needs of all citizens, especially in times of crisis. Through this strategic investment in healthcare infrastructure, technology, and human capital, Italy is positioning itself for a more sustainable, equitable, and innovative future in healthcare.

Case study

The implementation of sustainability strategies in the pharmaceutical industry has become a critical factor for long-term growth and resilience, with companies like Chiesi Farmaceutici leading the way in integrating sustainable practices into their business model. Chiesi, an international pharmaceutical company with a strong focus on innovation and healthcare, has committed to addressing the environmental, social, and governance (ESG) dimensions of sustainability, aligning with global trends towards a greener and more inclusive future. A key aspect of Chiesi's sustainability strategy involves reducing its environmental footprint through measures such as carbon neutrality. In 2021, Chiesi announced its achievement of carbon neutrality for its global operations, setting a significant benchmark for the pharmaceutical sector (Chiesi, 2021). This was achieved through a combination of energy efficiency initiatives, renewable energy sourcing, and carbon offsetting, demonstrating the company's proactive approach in mitigating its environmental impact.

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Results

The case of Chiesi Farmaceutici highlights the integration of sustainability into its corporate strategy, aligned with broader societal goals and national policy frameworks, including Italy's National Recovery and Resilience Plan (PNRR). This alignment underscores the pharmaceutical sector's increasing commitment to addressing environmental, social, and governance (ESG) issues. Within the PNRR, over €20 billion is allocated to healthcare sustainability initiatives such as modernising infrastructure, digitalising services, and enhancing accessibility (Governo Italiano, 2021). Chiesi mirrors these objectives through its targeted investments in technology, governance, and sustainability-focused research, exemplified by its establishment of the Biotech Center of Excellence in 2022 (Chiesi, 2022). These initiatives align with the PNRR's emphasis on equity, innovation, and resilience in healthcare (Ministero della Salute, 2022).

Chiesi's commitment to ESG principles is evident in its long-standing certification as a B Corporation, which reflects its improvements in governance, environmental impact, and transparency. In 2022, Chiesi achieved a B Impact Assessment (BIA) score of 103.8, a substantial increase from its initial certification, showcasing its progress in reducing its carbon footprint and advancing responsible business practices (Chiesi, 2022). These achievements are supported by a robust governance framework, including the integration of sustainability-focused KPIs into executive performance metrics, ensuring accountability across all levels of the organisation. Chiesi's governance model also incorporates innovative tools such as the Impact Profile, which evaluates and monitors key sustainability metrics, guiding strategic decisions in budgeting, planning, and reporting.

Chiesi's sustainability efforts are further demonstrated by its prioritisation of the United Nations Sustainable Development Goals (SDGs), particularly nine key areas such as Health and Well-being (SDG 3), Gender Equality (SDG 5), and Climate Action (SDG 13). By leveraging tools like the SDG Action Manager, Chiesi actively measures and improves its contributions to these global objectives, often exceeding sectoral and national benchmarks (Chiesi, 2022). Additionally, Chiesi has advanced its materiality analysis processes, aligning them with updated GRI Standards and adopting the "double materiality" approach. This approach evaluates both the impacts of the company on stakeholders ("inside-out") and the influence of ESG-related risks and opportunities on Chiesi's financial and operational performance ("outside-in"). These comprehensive analyses have enhanced Chiesi's ability to align its sustainability strategy with evolving regulatory requirements and stakeholder expectations.

Through strategic investments in sustainable practices and a commitment to global ESG standards, Chiesi has established itself as a leader in integrating sustainability within the pharmaceutical industry. Its efforts not only address immediate healthcare challenges but also position the company as a driver of long-term systemic change, contributing to a more equitable, innovative, and resilient healthcare ecosystem.

CONCLUSION

In conclusion, the analysis of sustainability approaches within the healthcare sector reveals significant progress in aligning business operations with environmental and societal demands, though several challenges remain. The findings demonstrate the ongoing evolution of sustainability reporting tools, including adaptations to meet regulatory requirements by 2024. These developments underline the sector's commitment to fostering change, with innovations such as the Sustainability Balanced Scorecard enabling companies to integrate sustainability metrics into long-term value creation strategies. This dual focus on corporate performance and societal well-being underscores the practical importance of embedding sustainability within business models to address pressing environmental and social challenges effectively.

The study also highlights the influence of Corporate Social Responsibility (CSR) and Environmental, Social, and Governance (ESG) criteria in shaping corporate decision-making, aligning with national and European strategies such as the National Strategy for Sustainable Development. By assessing Italy's progress toward the 17 Sustainable Development Goals (SDGs) of the 2030 Agenda, the strategy identifies critical areas for improvement, framed around the 5 Ps (People, Planet, Prosperity, Peace, and Partnerships). This reflects a global consensus on the urgency of sustainable transformation, particularly in healthcare, where pollution and climate change are estimated to cause 250,000 deaths annually by mid-century (WHO, 2022). Targeted interventions, including energy-saving measures, carbon emission reductions, and Net Zero energy balance practices, demonstrate the practical application of sustainability principles to mitigate these impacts and enhance public health outcomes.

However, the transition to sustainable healthcare practices is not without limitations. While tools like Life Cycle Assessment (LCA) offer valuable insights into the environmental impact of healthcare processes, the high initial costs of sustainable innovations, such as energy-efficient medical equipment, have been a point of contention. Despite these financial concerns, evidence suggests that the long-term benefits of transitioning to sustainable models outweigh the costs of maintaining outdated practices. The COVID-19 pandemic has further reinforced the interconnectedness of sustainability and health, with the "One Health" approach emphasizing the intersection of human, animal, and environmental health as a critical area for future development.

The National Recovery and Resilience Plan (PNRR), specifically Mission 6, has provided a robust framework for advancing sustainability in Italy's healthcare system. By prioritizing proximity, innovation, and equality, the plan seeks to restructure territorial healthcare networks and fully implement technological advancements by 2026. Nevertheless, the study acknowledges that the integration of ESG criteria across the sector remains incomplete, signaling a need for further efforts to achieve comprehensive sustainability.

Despite these challenges, the example of Chiesi Farmaceutici emerges as a notable model of success. The company's comprehensive approach to sustainability demonstrates the feasibility and benefits of integrating eco-friendly practices across all operational aspects. By adopting innovative tools and promoting sector-wide best practices, Chiesi has catalyzed progress not only within its operations but also as a leader in advancing sustainability throughout the pharmaceutical and healthcare sectors. These findings confirm the achievement of the study's objectives, highlighting both the practical implications and the transformative potential of sustainability in healthcare. However, the limitations of this analysis include the need for more granular data on the economic impacts of sustainable transitions and further longitudinal studies to evaluate long-term outcomes. Future research should explore these dimensions to provide a more holistic understanding of sustainability's role in healthcare systems.

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