

An investigation into the corporate sustainability strategies and practices in India

Abstract

In the face of environmental degradation, over-exploitation of natural resources, global warming, social inequality, loss of biodiversity, energy scarcity, the societies have become more and more apprehensive on the long-term effect of the industrial growth in the life of the ordinary people, other living creatures, and the ecology. The idea of sustained economic growth amalgamated within the principles of ecological and social responsibility, extended to the level of individual firms, highlights corporate sustainability (Bansal, 2005).

In India, the recent participation and ratification of Government in Paris Agreement in December 2015 to balance its carbon emissions with its economic growth objectives by reducing its carbon footprint by 33-35% from its 2005 levels within 2030 has hightened the importance of environmental sustainability practices in the context of the Indian businesses. Furthermore, the notification of Indian Ministry of Corporate Affairs on Section 135 and Schedule VII of the Companies Act 2013 has made a minimum 2% of the net profit investment on corporate social responsibility practices for specific Indian listed firms mandatory, which is expected to change the dynamics of the scenario substantially.

In this situation, an increasing number of firms, globally as well as in India, have shown their interest to enhance the deployment of resources towards executing corporate sustainability practices in environmental, social, and economic causes.

Notwithstanding, the scholarly research on corporate sustainability strategies is still in a bit of puzzled state due to “the difficulty of defining sustainable development in a business context and the degree to which the concept has resulted in a proliferation of terminology. This proliferation may make scholars wary of attempting to create constructs to test elements of firms’ sustainable development strategies. The result, however, is that academic research is failing to inform management practice in this increasingly important arena” (Hart and Dowell, 2011: 1470). The dominant research outputs from the management scholars on the subject are, subsequently, primarily anecdotal, descriptive and normative. These researchers, in general, do not provide the clarity to understand the motivations of corporate sustainability strategies except few notable exceptions where the researchers have endeavored to develop hypotheses and validate with the help of large-scale data from industries (e.g., Russo and Fouts, 1997; Sharma and Vredenburg, 1998; Klassen and Whybark, 1999; Sharma, 2000), either related to corporate environmental sustainability strategy or corporate social sustainability strategy.

Therefore, the research on corporate sustainability strategies needs the theoretical clarity as well as the empirical support to understand the variation of the firms in adopting corporate sustainability strategies and practices. In pursuit of partly addressing the gap, my thesis asks the following research questions:

1. How do firms vary in adopting sustainability strategies and practices?
2. Why do firms exhibit variations in adopting sustainability strategies and practices?

In this thesis, I conceptualize the domain of corporate sustainability strategies as the *pattern of resource deployment towards executing corporate sustainability practices in environmental, social, and economic domains*. I set the boundaries of corporate sustainability strategies that encompass the stable pattern of resource deployment in corporate sustainability initiatives as per the sustainability objectives of the firm. Subsequently, I develop an instrument to quantitatively measure corporate sustainability strategies following the processes suggested in the literature (Hinkin, 1998).

I obtain the proprietary data from 163 responses from a survey I conducted among the business leaders of Indian listed firms using the instrument developed. The responses univocally highlight that the resourceful firms are more inclined to practicing corporate sustainability. At the same time, having the relevant capabilities to implement the specific practices in corporate sustainability strategies are essential for the execution. Further, affiliation to the business group is an important motivator for the firms to adopt sustainability related-practices compared to non-business group firms.

The principal contribution of my thesis is to develop a measurable and robust construct of corporate sustainability strategies. Such development with appropriate methodological rigor would help the advancement of related research. It would help to reduce the severe reservations on methodological adequacy in this area as indicated by Hart and Dowell (2011). While many researchers in this field have argued anecdotally and normatively on the importance of resources and capabilities, my thesis joins the prevailing conversations in this aspect by providing the precise mechanism as well as the empirical support, using a large-scale data from Indian firms. Also, the thesis contributes to the business group literature by explaining the precise nature and importance of business groups beyond its economic value creation for the economies and societies through the understanding of the complex internal mechanism of the specific organizational form.

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