

# Implementation of Sustainability into Business Strategy

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**Abstract** Businesses play a key role in the ecosystem in terms of their impact on economic, social, and environmental aspects. Businesses should perceive these aspects equally and thus support the achievement of sustainable development goals. The paper aims to characterize and compare sustainable strategies in selected companies in terms of implementation of sustainable development goals and the concept of a triple bottom line.

**Keywords** sustainable strategy, corporate sustainability, triple bottom line, SDGs

**JEL** Q01, Q56

## 1. Introduction

Sustainability is attracting increasing interest and importance in business circles thanks to the promise that it will act as a source of competitive advantage. Gaining new sources of competitive advantage is important because of the intense competition in today's market, where companies are required to constantly innovate to create and meet the requirements and expectations of customers and society as a whole. With growing expectations for sustainability and business transparency, businesses are realizing the need to act on sustainability. [1][2]

As early as 1994, Stead and Stead argued that businesses in the 21st century would have to change the basic assumptions and values that underpin their relationships with stakeholders and have an impact on the environment. Environmental and social performance should be integrated into business processes and regular market research to capture changing consumer attitudes towards environmental issues, and business principles should be adapted. Kofi Annan unveiled the world's largest corporate sustainability initiative, known as the UN Global Compact, to encourage businesses around the world to align their strategies and operations with universal principles in human rights, labor, the environment and the fight against corruption. steps that support societal goals. The sustainability of the company received considerable attention after the global crisis of 2007-2009, and was seen as a means of ensuring the long-term sustainability of companies and their accountability to various stakeholders. [1][3][4]

The global crisis was followed by a period of economic growth, which, however, had a negative impact on certain aspects, such as the deepening of social inequality, the deterioration of the environment, the reduction of diversity and

inclusion, or unfair remuneration. It follows that the progress made is not the desired progress and there may be shortcomings in the development process that need to be eliminated through sustainable development. Sustainable development should involve all stakeholders in the ecosystem, with businesses being considered key stakeholder with the potential to make a significant contribution to sustainable development. In this context, this article focuses on the concept of business sustainability and the challenges of implementing a sustainability business case. [2][3][4]

## 2. Theoretical background

Business sustainability is a multidisciplinary function of accounting, economics, ethics, finance, management, marketing, law and supply chain management, among other things, with a strong focus on improving economic viability, ethical behavior, environmental health, management measures. and social justice. It can bring benefits in terms of risk management, cost savings, access to capital, customer relations, human resources management and innovation capacity. It also facilitates stakeholder involvement in sustainable growth and risk management in building trust in the company and achieving long-term investment goals with shareholders by increasing the effective allocation of capital. Business sustainability is also considered an ethical conduct of business activities with effective corporate governance to ensure business continuity and continuity. Business sustainability is a business approach to creating long-term value and is based on the premise that the development of such strategies supports the long-term prosperity of businesses and society. [4][5]

The sustainability of a company is, like sustainability in general, based on the so-called Triple Bottom Line (TBL).

The term Triple Bottom Line was coined in 1994 by John Elkington. The TBL consists of three basic lines, which are also the basic pillars of sustainability and sustainable development - the environmental, economic and social pillars. Sometimes the name 3P is used instead of TBL, which consists of parts - People, Planet, Profit. The TBL represents the idea that companies and other entities should not only be assessed from an economic point of view, but based on three dimensions or pillars. [6]

Agenda 2030 is part of supporting the implementation of sustainability. Agenda 2030 is an action plan focused on people, the planet and prosperity. The agenda also includes the eradication of poverty in all its forms and dimensions, including extreme poverty, and is considered to be the greatest global challenge and a requirement for sustainable development. The scope and ambition of the Universal Agenda is demonstrated by 17 Sustainable Development Goals (SDGs) and 169 sub-goals. Some companies refer directly to SDGs in their sustainable strategies and link the individual sustainable goals of the company with the fulfillment of SDGs. According to Moriok, the sustainable development of the world and the future of future generations depends on current decisions and business activities. Business sustainability is a concept that drives organizations to improve their performance in all three pillars of TBL. Creating links between the three pillars of TBL and 17 SDGs can be useful for businesses. The TBL-SDGs framework can inspire businesses to actively participate in and contribute to SDGs. The integration of TBLs and SDGs can provide companies with internal and external incentives to contribute to the sustainable development of the world. [7][8][9][10]

### 3. Methodology

The main goal of the paper is the analysis of sustainability strategies in selected companies and their mutual comparison. The purpose of the paper is to identify how selected companies approach the implementation of sustainability and what aspects they focus on. Selected companies include PepsiCo, Ford, Continental Matador, Tesco and Patagonia. The companies were deliberately selected to be different in terms of focus and industry, for the potential identification of differences between the perceptions of sustainability of selected companies.

The analysis also includes identification of the implementation of sustainable development goals, all three pillars of sustainable development into business strategies, identification of key areas, specific goals, time frame of implementation, tools for meeting goals, ongoing evaluation of results and identification of sustainable strategy integration into the supply chain, resp. identification of the requirements or code that suppliers must meet. The secondary analysis was performed mainly by extracting data available on the websites of selected companies. Subsequently, the method of analysis was used to analyze the data obtained. In addition, the

method of synthesis was used, which was used to unify the data obtained and the formulation of individual conclusions.

## 4. Results

The content of the following paragraphs is a description of the approaches of selected companies to building sustainable strategies with a focus on key elements and principles of strategy and goals of individual companies.

### 4.1 PepsiCo

PepsiCo is a multinational company engaged in the production of beverages and food. The company has created a strategic comprehensive transformation of pep +, in which sustainability is at the heart of how the company will develop and create value by acting responsibly and inspiring the company and other actors to make positive changes. Pep + aims to transform business operations, from sourcing ingredients, through production and sales in a sustainable way, to influencing more than a billion of its customers so that sustainability becomes part of the daily lives of all stakeholders. PepsiCo has been presenting its sustainability goals and annual reports since 2005. They cover three aspects - sustainability of people, talent and the environment. By 2025, PepsiCo plans to reduce the added sugar and fat in products, design packaging that is 100% recycled and can be further recycled, and reduce the amount of waste they produce by up to 50%. PepsiCo also continues to develop a diverse workforce and promote respect for human rights. The strategy includes activities aimed at regenerating utilized agricultural land, sustainable acquisition of key crops needed for production, improving the quality of life of more than 250,000 people working in the agricultural chain or achieving zero emissions by 2040. The company also aims to reduce plastic production via the SodaStream platform. Objectives also include the inclusion and replacement of existing ingredients, ingredients that are more sustainable and nutritionally effective. Elimination of the use of sugar and sodium is also part of product development. By the end of 2022, all products should be available in EU markets in only 100% recycled bottles, with the company reducing greenhouse gas emissions by around 30% per bottle. The paradox is that in the US, the company plans to fully implement this transition by 2030. [11][12]

### 4.2 Ford

Ford is the first automotive company to publish a sustainability report, specifically in 1999. The company invests millions in electrified vehicles, promotes volunteering, and supports minority, women and veterans. It promotes diversity and increases the positive impact on communities in the areas where society operates. One of the company's projects is SHE-MOVES, which aims to empower women in the field of mobility. In addition, the company has created several projects to support education or improve the quality of life of people in Africa and South America. The company's goals include the promotion of human progress, becoming the

world's most inclusive and diverse enterprise, obtaining all the raw materials needed for production responsibly, and using such raw materials and materials that support sustainable production. It also includes the replacement of all plastics used in the manufacture of vehicles with recycled and renewable plastics. One of the goals is to use only renewable energy sources and reduce water consumption by 50% in all production plants by 2035, stop using disposable plastics in production by 2030, or to produce only emission-free vehicles by 2040. Examples of social pillar activities include supporting communities in Detroit, developing Corktown, or renovating historic buildings in and around Michigan. [13][14]

### 4.3 Patagonia

According to Rank and Brand, Patagonia is one of the most sustainable clothing brands in the sports and outdoor sector. Patagonia has been striving to be an environmentally friendly company for more than twenty years. The company's sustainable development strategy consists of three basic areas - product, activism, and giving. The company's mission is to create the best products with a minimal negative impact on the environment and the company's environment and use the business to inspire and support the implementation of environmental crisis solutions. The company has created the so-called Footprint Council, which deals with strategies in the field of sustainability and control and measurement of implemented activities. The company's programs include, for example, the Worn Wear E-shop program, where customers can purchase used products, the 1% For Planet program, within which the company dedicates 1% of its revenues to non-profit organizations or an environmental stakeholder network. [15]

The company plans to be carbon neutral by 2025, obtaining 100% of the required energy from renewable sources and increasing the share of recycled materials so that all products are made from 100% recycled materials. The aim is also to achieve a fully sustainable production cycle. The company supports the construction of modern resources for obtaining renewable energy, not only for use by the company itself but also within communities. The company has developed a code of ethics, a fair trade program, a fair remuneration system, social and health bonuses and programs that must be implemented, and adhered to by all Patagonia stakeholders. In addition, society is proactive in promoting environmental activism, promoting inclusion and equal opportunities for all, with an equal share of men and women in society. [15]

### 4.4 Tesco

Like previous companies, Tesco has implemented the concept of sustainability into its strategy, focusing on four core areas - people, product, planet and places. The company has so far managed to implement 8 sustainable development goals in its strategy. The strategy includes the promotion of good working conditions and a suitable work environment, tools for personal growth or programs aimed at the

employment of high school and university graduates. In addition, the company provides all employees with courses, training and lectures that focus on mental health, digital skills acquisition, lifelong learning or other personal development of employees. The company seeks to positively influence all stakeholders in the supply chain, such as promoting gender equality, ethical audits, overseeing the quality of life of people involved in the supply chain, promoting the prosperity of people, farmers and communities, with the main goal of eliminating modern slavery or unfair pay. The company has developed a code of ethics that is valid for all suppliers. [16]

By 2025, the company plans to use only recycled plastics or other alternatives as packaging, to sell only those eggs that come from free range and 50% of suppliers should have implemented projects to support biodiversity. The goal by 2035 is to become a carbon-neutral company. The company has created programs to prevent deforestation in the supply chain, to use only renewable energy sources, to offer, for example, damaged but safe fruit or vegetables, and to distribute excessive unused stocks to communities and non-profit organizations. In the Slovak Republic alone, the company has distributed 15 million portions of food, redistributed 90% of unsold products, supported more than 1,600 projects, 800 tons of products or donated more than two million euros to implement local projects. [16]

### 4.5 Continental Matador

The company operates the largest tire plant in Europe in Púchov. The company has developed a sustainability strategy that focuses on four key areas - carbon neutrality by 2050, zero-mobility and industry by 2040, closed resource and product cycles, and responsible sourcing and business partnerships. The company has so far managed to reduce water consumption by 55% and energy by 17% per metric ton of tires produced. The company is also trying to use recycled plastic bottles in the production of tires and thus reduce rubber consumption. Within the environmental field, the company is committed to meeting the four goals of sustainable development. The company is working to transform the production cycle so ensure maximum use of materials and products without zero waste. The company has developed a code of ethics for suppliers, which contains specific requirements related to achieving the goals of sustainable development. It covers human rights, working conditions, environmental protection and the fight against corruption. The company also set up a department to monitor compliance and report violations. Business partners are evaluated based on generally accepted platforms EcoVadis and NQC, while 59% of suppliers have so far completed this evaluation. The company also provides dual education programs, internships, foreign language courses, motivational lectures and personal development programs. The goal is to reach a 25% share of women in management positions by 2025. The following table 1 compares the strategies in selected companies. [17]

A comparison of the strategies of the selected companies shows that the set elements are mostly met by Continental,

whose strategy contains all the elements, but the time frame for achieving the goals is not specified for all goals. PepsiCo's strategy, which implemented all of the above elements, came in the imaginary second place, but has not yet implemented any code or other requirements for its suppliers and their sustainable strategies in the area of the supply chain. The remaining companies have implemented most of the elements, but Patagonia and Tesco do not focus on the economic pillar of sustainability in their strategies, and Tesco does not publicly share the ongoing assessment of achieving sustainable goals and meeting the set strategy.

**Table 1.** Comparison of the strategies in selected companies

Elements	Businesses				
	PepsiCo	Ford	Patagonia	Tesco	Continental
Social	Y	Y	Y	Y	Y
Environmental	Y	Y	Y	Y	Y
Economic	Y	Y	N	N	Y
SDGs	Y	Y	Y	Y	Y
Key areas	Y	Y	Y	Y	Y
Objectives	Y	Y	/	/	Y
Time frame	Y	/	/	/	/
Tools	Y	/	/	/	Y
Ongoing evaluation	Y	/	/	N	Y
Suppliers	N	Y	Y	Y	Y
Y - contains    N - do not contain    / - partially					

Source: [12][13][15][16][17]

Insufficient elements include clear goal setting, except PepsiCo, all companies have indicated a timeframe for only some goals, companies only partially list the tools through which they want to meet the set goals, and Ford and Patagonia only provide a partial assessment of goal achievement and strategy. On the positive side, however, in all selected companies, the positive aspects significantly predominate over the negative ones, and the companies implement almost all of the set elements.

## 5. Conclusions

The sustainability of a company can be characterized as a strategy where the company delivers its goods and services in a way that is environmentally sustainable and at the same time supports its economic growth. While the sustainability of the company recognizes that the growth and profitability

of the company are important, it also requires the need to meet social goals, respectively. pillars of sustainability - economic, social and environmental. These sustainability pillars are referred to as the Triple Bottom Line. The pillars of sustainability, which support companies' efforts to implement sustainable elements, must be seen equally, and none of the pillars must take precedence over the other. The implementation of a sustainable strategy has a positive impact not only on the environment but can also lead to improved brand image, reduced costs, more satisfied shareholders, increased productivity and the like. An analysis of publicly available data on the strategy of the selected companies shows that TBL is not only implemented by Tesco and Patagonia.

All selected companies implemented SDGs in their strategy and identified key areas of their strategies. All companies have clearly defined goals, but Tesco and Patagonia in some areas have only described what they would like to do, without a clear goal setting. The biggest problem is that four out of five companies do not state the time frame publicly, ie. as long as or in what time horizon they plan to meet the set goals. Only PepsiCo and Continental report on the interim evaluation for all the objectives set. Apart from PepsiCo, all companies ensure that the code is complied with by all suppliers, resp. require their suppliers to implement sustainability into their strategy. The sustainability of a company can be seen as a new and evolving paradigm of corporate governance, as it is an alternative to the traditional model of growth and profit maximization.

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