

Factors and Principles of Corporate Sustainable Development

Filip Bajza¹

¹Faculty of Operation and Economics of Transport and Communications, University of Žilina, Žilina, 01026, Slovakia

Abstract The article aims to the identification of internal and external factors that have an impact on the integration of sustainable development into the company's strategy and the identification of the principles of sustainable development. Part of the contribution is primary marketing research, which is focused on the perception of sustainable business development by consumers, the identification of the most important pillar of sustainability and the impact of sustainable business development on the perception of corporate identity by consumers.

Keywords sustainable development, corporate strategy, principles of sustainable development, customers

JEL Q01, Q56

1. Introduction

Sustainable development represents the concept of social development respecting the balance of three pillars - economic, social, and environmental. His model was created in response to scientific findings that the current development of society is not realistically sustainable in the future. However, the transition from old forms of development, based on extensive economic growth, to sustainable development entails a whole series of changes and measures, the implementation of which seems to be a very difficult task. It is a problem requiring long-term and worldwide attention, which, precisely because of its global dimension, required the discussion of related issues at the transnational level. As a result of international discussions, it has become a ubiquitous term since the beginning of the nineties. [1]

The concepts of sustainability and sustainable development are becoming more and more important. As environmental and resource scarcity issues continue to come to the fore, there is growing pressure to integrate sustainability into all aspects of our lives and achieve sustainable development. Integration is supported not only by the voluntary behavior of companies, but also by pressure from regulators, states, and other interested parties. Businesses themselves and other organizations also contribute to the promotion of sustainability, which are trying to use the growing popularity of this concept to their advantage and thereby gain a competitive advantage, even if in some cases it is just the use of a popular word without real activities in this area. Although the original idea of sustainability, or of sustainable development used almost exclusively in connection with the environment and natural resources, nowadays the word sustainability is used in a wide range of fields and activities. The implementation

of sustainable development is becoming an increasingly solid part of corporate strategies. Businesses should not focus only on profit, their strategy should include economic, environmental, and social aspects, so that the ethical, rational and sustainable execution of all processes and activities of the business is ensured. In their development, the concepts were adapted to the current requirements of a complex global environment, but the basic principles and goals, as well as the problems of their implementation, remained almost unchanged. [2][3]

2. Theoretical background

Sustainable development is built on three basic pillars. It is important that companies do not focus only on selected pillars, but that they perceive all three pillars as equal. The implementation of the pillars at the core of the corporate strategy is important not only from the point of view of the integrity of the business, but it can also lead to a strengthening of the relationship with customers, an increase in performance, a strengthening of the supply chain or an increase in the value of the enterprise. Business sustainability can be explained as the process of managing an organization concerning to various aspects, e.g. economic, social, and environmental. [4] In 1999, United Nations Secretary-General Kofi Annan launched the world's largest corporate sustainability initiative, known as the UN Global Compact, to encourage businesses worldwide to align their strategies and operations with universal human rights principles, work, the environment, and the fight against corruption and have taken steps that support social goals. Business sustainability gained considerable attention after the global crisis of 2007–2009, being seen to

ensure the long-term sustainability of public companies and their accountability to various stakeholders. [4][5]

The most widely used definition of business sustainability is essentially an adaptation of the definition of sustainable development to business. The International Institute for Sustainable Development (IISD) defines business sustainability "as the adoption of business strategies and activities that meet the needs of the business and its stakeholders today while protecting the maintenance and enhancement of human and natural resources that will be needed in the future." Dyllick and Hockerts argue that the needs to be met relate to direct and indirect stakeholders and express the principle of the future in terms of the needs of future stakeholders rather than only in terms of natural resources. Nita and Stefea describe business sustainability "as a business strategy that drives the long-term growth and profitability of a business by mandating the inclusion of environmental and social issues in the business model." A sustainable business can be defined as "an ethical and authentic entity that develops appropriate structures and plans, so that it can achieve its goals defined on the economic, environmental and social level and thus ensure its rationally growth." [6]

Business sustainability is a multidisciplinary function of accounting, economics, ethics, finance, management, marketing, law, and supply chain management, among others, with a strong focus on improving economic viability, ethical behavior, ecological health, management measures, and social justice. It can bring benefits in terms of risk management, cost savings, access to capital, customer relations, human resource management and innovation capacity. It also facilitates the involvement of stakeholders in the field of sustainable growth and risk management in building trust in the company and together with shareholders by increasing the efficient allocation of capital to achieve long-term investment goals. Business sustainability is also considered the ethical conduct of business activities with effective corporate governance to ensure the continuous operation and continuity of the business. [5][7]

Implementation of the concept of sustainable development into the company's strategy should be a complex process. Enterprises can draw inspiration from existing approaches of enterprises that have achieved sustainable development or theoretical approaches of various authors. However, the problem may be the insufficient complexity of these approaches or the indisposition of generally recognized principles of sustainable development. Agenda 2030 was created to promote sustainable development and integrate economic, social, and environmental aspects. The agenda contains seventeen sustainable development goals and 169 sub-goals. The agenda was created under the auspices of the United Nations, which also created the UN Global Compact initiative, which unites more than 13,000 businesses in supporting the integration of sustainable development and the concept of socially responsible business into corporate strategies. The goals of sustainable development and its pillars are closely related. When fulfilling the 2030 Agenda, it is important that not only states, but also all interested parties, including businesses, are involved. [8][9]

In connection with the implementation of new concepts and changing the goals of companies, it is also necessary to focus on the creation of new business models. One of the most popular tools for creating and designing business models is the Business model canvas. The problem is that this instrument is originally focused mainly on economic aspects, thus the condition that the economic, environmental, and social pillars are perceived equally is not met. The Canvas model extends the so-called Triple Layer Business Model Canvas that includes social and environmental layers. The extended model has a clearly defined structure, with all three layers of the extended model consisting of nine parts. Some companies have already implemented sustainable development goals in their strategy or have created their own sustainable development strategy. For example, PepsiCo created the Pep+ strategy, Banco de Brasil created Agenda 2030 BB. Businesses focus, for example, on reducing emissions and resource consumption, increasing the use of renewable energy sources, promoting diversity and inclusion, protecting biodiversity, promoting fair remuneration or supporting affected communities. [10][11][12]

3. Methodology

The paper aims to identify the principles of sustainable development and internal and external factors that influence the integration of sustainable development into the company's strategy. Part of the contribution is the evaluation of primary marketing research aimed at the sustainable development of the company from the point of view of consumers. The implementation of primary marketing research was aimed at finding out Slovak consumers' awareness of sustainable development and the impact of sustainable development on consumers' perception of the company's identity. Primary marketing research was carried out on a sample of adult respondents, that is, aged 18 and over. The questionnaire was shared via the social network Facebook. The calculated sample size was 385 respondents.

The following formula was used to calculate the sample of respondents:

$$n \geq \frac{N * t_{1-\frac{\alpha}{2}}^2 * \sigma^2}{(N - 1) * \Delta^2 + t_{1-\frac{\alpha}{2}}^2 * \sigma^2}$$

where n = minimum sample size; $t_{1-\alpha/2}$ = critical value determined from tables; σ^2 = variance; Δ = maximum permissible margin of error; N = size of base file.

The questionnaire was successfully completed by 388 respondents. The research problem, objectives, assumptions, and questions are shown in the following table. Research problem – Perception of sustainable development by Slovak consumers.

Table 1. Research objectives

Research objectives	Research assumptions	Research questions
RO1: To find out the perception of sustainable activities of companies by consumers.	RA1: Respondents perceived the implementation of electric cars the most.	RQ1: If you know a business that has implemented any of the trends listed, please mark the trend:
RO2: To find out whether the sustainable development of the company affects the perception of the company's identity.	RA2: The perception of the company's identity would be positively influenced by no more than 30% of respondents.	RQ2: Would the perception of the business identity be affected if you knew the business was sustainable?
RO3: Find out which pillar of sustainable development is most important to consumers.	RA3: For consumers, the environmental pillar of sustainable development is the most important.	RQ3: The implementation of sustainable activities is the most important for you in:

4. Results

The basic pillars of sustainable development consist of the concept of TBL. In addition to the pillars, it would be appropriate to assign its basic principles to sustainable development. However, the problem is that the basic principles of sustainable development have not yet been officially formulated, or there is no universally valid description of them. Therefore, part of the contribution is an effort to formulate the basic principles of sustainable business development. Twenty principles of sustainable development were identified based on the information obtained, the analysis carried out and the information sources used. The principles of sustainable business development below should be a guide for the business community to adapt their business models by more systematically incorporating the challenges of sustainable development into the core of their strategy.

- Equal focus on the economic, social, and environmental pillars of sustainable development. [1][6][13][14][15][16]
- KPI implementations for the measurability of implemented activities. [4][8][14][15]
- Reporting on the company's activities and transparency in sharing implemented steps, activities, and plans. [4][6][17][18]
- Placing sustainable development at the core of the company's strategy. [8][16][18][19][20]
- Involvement of interested parties. [20][22][23]

- Perception of prosperity in the long term. [4][6][22]
- Responsible handling of all resources. [6][22][23]
- Minimizing the negative impacts of the company's activities on its surroundings. [7][22]
- Implementation of activities with a positive impact on stakeholders and the company's surroundings beyond the scope of applicable legislation. [4][6][24]
- Compliance with ethical standards. [19][25]
- Fair-trade business practices. [26][27][28]
- Striving for the highest possible level of provided services or products. [29]
- Fostering mutually beneficial relationships with stakeholders. [4][19][21]
- Strive for return on investment and protection of company assets. [20][24][25]
- Increasing efficiency. [7][20][21]
- Integration of innovations. [20][22]
- The principle of equal opportunities. [16][18][19][23]
- Implementation of circular economy principles. [18][23][26][28]
- Integration of ESG criteria. [26]
- Precautionary principle. [28]

The principles of sustainable development can be considered as principles that companies should meet in the comprehensive integration of sustainable development in the company. Among the most frequently occurring principles are the equal integration of the pillars of sustainable development, placing sustainable development at the core of the company's strategy, cooperation with interested parties and KPI integration. These principles should form a compass that determines the direction of each company in its transformation in accordance with the principles of sustainable development.

Like the area of principles of sustainable development, no generally applied factors are available from the point of view of factors influencing the sustainable development of a company. Paradoxically, publications and authors dealing with the sustainable development of the company hardly discuss the factors influencing the sustainable development of the company. The available sources mention as factors of the sustainable development of the company mostly only factors that can be considered only as general factors that somehow affect the company and not as factors that have an impact on the sustainable development of the company. Based on the analysis of the available literature and the terminological base, the following internal and external factors influencing the sustainable development of the company were identified.

Internal factors identified include:

- Size of the company. [29]
- Focus of the company. [29]
- Will of management or owners. [28]
- Company strategy. [18]
- Company structure. [21]
- Knowledge of sustainable development. [7]
- Financial difficulty of implementation. [25]
- Financial condition of the company. [22]
- Short term/long term profit generation plan. [6]
- Innovation capacity. [29]

- Internal company culture. [8]
- Human resource. [29]
- Interest in gaining a competitive advantage. [29]
- Interest in improving the perception of the company's identity. [22]

- Openness to new possibilities. [23]
- Efficiency of internal company processes. [20]

The identified external factors that have an impact on the integration of sustainable development into the company's strategy include:

- Size of the company. [29]
- Legislation, national and transnational strategies, regulation. [18]
- Political situation and stability of the external environment. [22]
- Market trends. [21]
- Stakeholder pressure. [22]
- State support. [19]
- Economic factors. [21]
- Social factors. [21]
- Environmental factors [21]
- Attractiveness of sustainable development. [24]
- Existing approaches and models of implementation of sustainable development. [16]
- Price and availability of necessary resources. [23]

Sixteen internal and eleven external factors that affect the sustainable development of the company were identified. It would be appropriate to test the mentioned factors in practice, or to verify with primary marketing research whether and how the representatives of Slovak companies perceive the factors affecting sustainable development. It is not easy to determine the general factors affecting sustainable development, unless we know more specific information about the company, the area in which it operates, the sustainable strategy and goals of the company. Each business can approach sustainable development differently, focusing on different areas or solutions.

Most respondents said they know a business that has implemented renewable energy sources. The second most common answer was using or selling sustainable products. None of the respondents identified a company that would implement ESG criteria. Of the respondents who identified a company that implements one of the mentioned trends, 56% were women and 44% were men. VP1 has not been confirmed. The evaluation of the question, which was aimed at finding out the impact of sustainable development on the perception of the company's identity, is shown in the following table.

Table 2. The impact of sustainable development on the company's identity

Answer	Quantity
Positive	183
Negative	12
Neutral	195

The sustainable development of the company would have a positive effect on the perception of the company's identity in 38% of respondents, a neutral effect in 50% of respondents and 12% of respondents would be negatively affected. VP2 was not confirmed because sustainable development had an 8% greater positive impact compared to the established value. Interestingly, positive influence prevailed in all age categories except for the 45-54 and 65 and over categories, in which neutral influence prevailed. From the point of view of gender, no significant differences were observed.

If the company implemented one sustainable solution, up to 33% of the total sample of respondents would perceive the identity of the company positively, 4% negatively and 63% of the respondents answered - neutral. If the company were to implement additional solutions in the field of sustainable development of the company, it would positively affect the perception of the company's identity in only 22% of the total sample of respondents, 65% of respondents would not be affected, and 3% of respondents answered negatively. 57% of respondents would prefer sustainable products when purchasing, 30% of respondents said they don't know, and 13% of respondents would not prefer sustainable products when purchasing. 36% of respondents would prefer producers who were labeled as sustainable when purchasing, 27% of respondents would not prefer such producers, and 37% of respondents could not say. The following table shows the evaluation of the question aimed at identifying the most important pillar of sustainable development from the point of view of customers.

Table 3. Selection of the most important pillar of sustainable development

Answer	Quantity
Economic	32
Social	78
Environmental	278

VP3 was confirmed, among the pillars of sustainable development, the environmental pillar is the most important for the respondents. Interestingly, this answer was the most popular across all age groups and genders.

5. Conclusions

Business sustainability represents the behavior of the business, its activities and strategies that meet the current needs

of the business and all stakeholders about concerning the economic, human, and environmental resources that will be needed in the future. When integrating sustainable development, the company should focus on the principles of sustainable development. The most frequently stated principles include the equal fulfillment of the economic, social and environmental pillars of sustainable development; KPI implementation; reporting of non-financial data; transparency; integration of sustainable development into the core of corporate strategy; stakeholder engagement; or responsible handling of all resources. When implementing sustainable development, the company must also consider internal and external factors that may affect the implementation. Internal factors include, for example, the will of the company's management; financial difficulty of implementation; internal company culture; knowledge of sustainable development or business focus. External factors that influence the integration of sustainable development include, for example, pressure from stakeholders; attractiveness of sustainable development; the price and availability of the necessary resources or the existence and applicability of existing approaches and models for the implementation of sustainable development.

Through primary marketing research, it was found that most respondents encountered the terms sustainability, respectively sustainable development, and more than a third of respondents know a company that has implemented one of the sustainable trends. The identity of the company would be positively affected by the implementation of sustainable development for more than one third of respondents, 57% of respondents would prefer sustainable products when purchasing, respectively 30% of respondents would prefer sustainable producers, and from the respondents' point of view, the most important pillar of sustainable development is the environmental pillar. The implemented marketing research will need to be expanded to obtain the perception of sustainable development by businesses, to obtain a comprehensive view of sustainable development, whether from the perspective of theory, businesses, or consumers.

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