Successful Implementation of Sustainable Business Practices: Aligning Sustainable Strategies, Radical Innovation and Strategic Corporate Social Responsibility (CSR)

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Abstract

This research paper determines the relation between sustainability, innovation and Corporate Social Responsibility (CSR) within established firms through comprehensive analysis of literature review. A conceptual framework is framed manifesting barriers of sustainable innovation addressing uncertainty and risk associated with the sustainable approaches. Further, a meta-analysis is generated exhibiting growth and value chain through data collection of companies preferring sustainable innovation and embracing change by promoting an organizational culture. Additionally, firms Corporate Social Responsibility (CSR) activities are assessed as an attempt to reach sustainable business goals to construct a promising impact on society and raise firms positioning. Findings suggest that to manage key uncertainties in sustainable practices, it is pivotal to understand sustainable innovation ‘regime’. At last, the Sustainable Business Model (SBM) is considered as inventive inputs to the value chain creation and socio-economic outcomes, to take sustainable innovation to markets.

Keywords: Sustainable strategy, Radical innovation, Corporate Social Responsibility, Sustainability (CSR), Value chain

1. Introduction

Taking the advantage of sustainable revenue opportunities, positive correlation between environmental and economic performance is achievable using current business models. Integration of strategic goals relevant to environment, social and ethics aspects into managerial system and its overall performance can exhibit good response making sustainability; a core part of everyday business. Tremendous transformation can be brought in terms of technological advancements of sustainable innovation. Investing in sustainable operations rather than in shares could prove beneficial for organizations. Actions to make sustainable practices successful can help assess social dimensions of sustainable competitive advantage for company in terms of executing strategy and productivity. This paper outlines stepwise procedure to implement strategies of sustainability by defining association between sustainability, innovation and strategic CSR within disparate scenarios. In addition, it synthesize empirical observations of sustainable strategies and innovations delivering value chain and manifesting it's need to corroborate claim of sustainability contributing to firms success and development. Besides, a conceptual framework is designed to present a standard process to be followed as an generic approach to overcome challenges in value chain of CSR and innovation.

1.2 Literature Review

Sustainability through Innovation and Strategic Corporate Social Responsibility (CSR) "Encourage inclusiveness, Industrial sustainability, Supports innovation and resilience in building infrastructure" (Sustainability Development Goal-9 of United Nations 2030 Agenda). How to achieve corporate sustainability along with the innovation is addressed by this goal. Narration of sustainable practices, features description, characteristics, a list of required conditions, a systems-level or firms-level description or combination of any of these terms can be conceptualized and thought in different ways for a Sustainability Business Model (SBM) (Wicks, 1996). When it comes to sustainability, it has dimensions like the above said corporate, ecosystem, environmental, human as well as social sustainability. Over the years, we find these aligned into CSR and corporate citizenship, economic, human, ecological features of sustainable progress such as the theory of limiting resources (property, waste, energy and raw materials), limited resources...
equitable access, inter and inter generational fairness and a rapid transformation of society and whole economy (WCED) report (1987). In recent times, this can be seen through strong processes of leading companies which help them in tapping new business opportunities, identifying social and environmental issues and needs of current and potential customers’.

**Examples of best practices are:**
- Customers involvement in planning and converting risks related to customers into opportunities of new business
- Develop better understanding of social and environmental challenges through initiatives
- Use of tech advances, updated business models, new collaborations and methods of work processes

In short, sustainability can be obtained in two ways either by exploring breakthrough opportunities or by creating real business value through stakeholders’ engagement. The former can be seen as sustainability-driven innovation. Innovation driven by sustainability means to create extended market space, processes, services and items driven by ecological, social or issues of sustainability (J Keeble, 2005). Sustainability-driven Innovation creates a greater focus on emerging needs of customers leading into untapped business opportunities by providing longevity placing both business and society at win-win. Being sustainability embedded into businesses gain major intangible benefits like reputation and brand value.

**Other drivers of Innovation:**
- To Satisfy consumer/customer preference, meet legislative requirements
- Response to resource constraints
- Reduce environmental impact

Thus, the number of companies integrated footprint reduction operations in life-cycle from incremental to radical are moderate and some have to the full extent. For instance, Sony reduced environmental effects of its products during full life-cycle by decreasing the consumption power of handy products with upgraded battery performance. These miniature products has made them less bulky where less resources are utilized to raise the level of performance.

Following is the list of key barriers into the sustainable innovation (J Keeble, 2005):
- Strategic business developers with the lack of understanding and significance of sustainability trends and potential opportunities created by the major drivers
- Perception of uncertainty and high risk
- Lack of better response to key drivers
- Pursuance of same business by expanding markets
- Lack of developing better business models

To be responsive to the future as well as current customer needs, creation and development of new processes, expansion of markets and services is really making sense through innovation that is sustainability-driven. Acquiring sustainability through invention requires creative thinking, innovative processes and strategic decision making.

Strategic CSR concept is about the exchange of economy and human behavior to elucidate how markets functions and how value can be transferred. Understanding complex processes helps managers to develop a plan for strategic goals and competitive advantage of a company. Consequently, in the 21st century, strategic CSR has become core to successful business and paramount for growth. To improve firm performance or to bring in efficiency, investments should go for CSR practices and solutions instead of covering other operations fully. Two concepts sustainability and social responsibility may seem different but the changing dynamism in corporate relationships seen it as converging together (Marcel, 2003; Montiel, 2008). Firms can develop such innovative capabilities through effective stakeholder engagement and such a symbiosis of CSR into organisational culture helps them in recognizing opportunities and chances for developing new ideas of services and products. Such approach is more successful as it has broader knowledge base and wider competences, system and man power involved into it (Contri, 2011). Firms which innovate across value chain receive greater profits than the ones who do not (Kiron et al., 2013). As far volatility in business world is concerned, it becomes complicated to forecast changes beforehand in the surrounding fostering organizations to apply CSR in tactical way (Husted, 2007). To summarize, strategic CSR allows
firms to maintain competitive advantage being interpreted as responsible and careful behavior (Barney, 2011) and also serves as effective at the communication of stakeholders (Jones, 1995), within all gambits of operations levels (Galbreath, 2010b).

1.3 Conceptual Framework

With reference to literature review, dependent and independent variables are identified which help in developing conceptual model shown in Figure 1. The model presents the integration of various concepts discussed in analysis of literature and helps in formulating new business models by establishing new market operations eventually. Initially, it mentions the causes of failure and challenges in building sustainable innovation and strategies. After that, it recommends solutions in the form of tools and techniques to regulate problems occurring, which gives rise to drivers of innovation.

![Conceptual Framework](image)

2. Methodology

**Meta-analysis**

Empirical evidences are gathered with a desire to search for companies and organizations which have made key innovation possible using sustainable strategies. This in turn has created value chain within society with a linkage inside-out and vice-a-versa. It aimed at searching peer-reviewed sustainability reports of businesses for different industries. It started with online search including sustainability reports readings published on websites of companies stated below in the Table 1. Key words chosen in process were: "sustainable vision", "corporate responsibility", "sustainable strategy" and "social consequences". Total 16 outcomes were extracted excluding review paper, short communications and dissertations. Finally, 10 companies’ data was found relevant and appropriate between years 2014 to 2018. Table 1 manifest a detailed overview of information gathered.

**Table 1. Meta-analysis of different companies exhibiting sustainable strategies and CSR, delivering value chain**

<table>
<thead>
<tr>
<th>Sr. No</th>
<th>Organization</th>
<th>Industrial Sector</th>
<th>Sustainable strategies</th>
<th>Strategic CSR (Value Chain)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Toyota (2017), Japan</td>
<td>Automobile</td>
<td>Fuel-efficient development of car called as 'Pirus', emitting clean, and pollutants free exhaust</td>
<td>Depicts progressive, positive image and forward-thinking strategy, which helped Toyota grow sales</td>
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<td>2.</td>
<td>Subaru (2015), Japan</td>
<td>Car Maker</td>
<td>Manufacturing process with no wastage and growth in landfills</td>
<td>Helping firm to position themselves uniquely in market by going &quot;Green&quot; and strengthen competitive advantage, exhibiting social responsibility</td>
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<td>3.</td>
<td>Mackie's (2014), Scotland</td>
<td>Ice Cream maker</td>
<td>To prepare Ice-Cream with renewable energy source of</td>
<td>Initiative in environmental project of reducing considerable</td>
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<td>4.</td>
<td>Timberland (2018), USA</td>
<td>Footwear manufacturer</td>
<td>wind turbines and cutting-down energy consumption</td>
<td>power levels as a &quot;rural business&quot;</td>
</tr>
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<td></td>
<td>McDonald's (2018), USA</td>
<td>Fast Food giant</td>
<td>Reducing electricity dependency and emission of greenhouse gases by enhancing manufacturing process of outdoor garments and footwear</td>
<td>Electricity generated by solar panels as a primary source, lowering environmental footprint and creating significant environmental impact</td>
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<td>5.</td>
<td>Nestle (2018), Switzerland</td>
<td>Food and drink</td>
<td>Faced issues in local value chain particularly in India at start. Therefore, started producing local food resources to fulfill the standards of taste and wholesomeness</td>
<td>Critical knowledge transfer and development of local business and jobs giving rise to multiplier impact</td>
</tr>
<tr>
<td>6.</td>
<td>Amul (2016), India</td>
<td>Dairy</td>
<td>Created direct buying centers of coffee for farmers as producer and other locals offering them opportunity to sell at better price</td>
<td>Contribute in gaining and earning more for local farmers. Even helps create jobs at buying centers</td>
</tr>
<tr>
<td>7.</td>
<td>Hewlett-Packard (HP) (2018), USA</td>
<td>Computer</td>
<td>Provides recycling envelopes to customer for print-cartridge through recycling operations</td>
<td>Expansion of service and business assist in protecting environment by processing raw materials into products. New consumers can reuse it again</td>
</tr>
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<td>8.</td>
<td>IKEA(2018), Netherlands</td>
<td>Accessories</td>
<td>Strengthening sustainable business practices through programs such as &quot;People &amp; Planet Positive for 2020&quot; for enabling change commitments in terms of energy independence and sustainable life for communities</td>
<td>Sustainable innovation of home solar panels, urban organic farming is providing better and safe life to people. Recycling huge amount of plastic for producing furniture</td>
</tr>
<tr>
<td>9.</td>
<td>Nike (2018), USA</td>
<td>Customer service</td>
<td>Recycled polyester is used as sustainable material and Cleantech approach is followed as a form sustainable technology. Green manufacturing and Green supply chain programs</td>
<td>Sustainable and natural products were designed and promoted to increase awareness among community. Nike’s long-term growth has pushed limits of technology</td>
</tr>
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</table>

3. Discussion and Conclusion

Literature survey covered publications from the year 1995-2013, describes relation between sustainability through innovation and strategic CSR. Even it recognized examples of good practices to interpret beneficial frameworks. Sustainability-driven innovation contribution in establishing new market and operation is discussed. Although it is explaining driving forces of innovation, obstacles of innovation are also digged. At last, linkage between strategic CSR and sustainability process is explored along with their functioning. This paper suggest to identify points of congruence between community and company to understand social impact of its activities based on value-chain, forces and parameters in the outside environment. This could
provide huge advantages to both a competitive advantage of company and society as well. The ultimate objective of strategic CSR is to conduct processes and policies influencing competitive factors and positioning of societal initiatives, mitigating negative impact. The conceptual framework builds "the standard model" to discover the pattern of invention and exploration for the amalgamation of social responsibility within business activities and operations. The incorporation recommends decision-making model developed to bridge the gap between investing decisions and sustainable practices of long-term strategic planning. The study of previous strategies of sustainability and their value chain in meta-analysis of several companies in last five years from 2014-2018 generated terrific results of proactive impact between businesses and societies social environment. Few companies followed Inside-Out approach such as Toyota, Subaru, Mackie's and Timberland which helped in managing overarching objective of companies taking inbound and outbound operations into consideration. On the other hand, McDonald's, Nike, IKEA, Hewlett- Packard (HP) chose Outside-In way to implement changes in a single or multiple dimensions of firm and external environment. This led and allowed them to do things differently for serving better customer needs. For the alignment between the trio of sustainability, innovation and CSR, wide range of sources for stakeholder engagement and their interest is required. To balance positive and negative duty approaches, a communication of strategic intention is vital to pursue opportunities for companies outgrowth.

References
https://www.realagriculture.com/2014/09/mackies/

