Corporate sustainability and inclusive development: highlights from international business and management research

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Corporate sustainability and inclusive development: highlights from international business and management research
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Sustainability has attracted increasing attention from business scholars as corporations have started to take more responsibility for their environmental, social, and development impacts. In this review, we focus on the latest sustainability-related research published in the international business and management (IM) field and explore the links with inclusive development in three ways. First, we introduce the concept of sustainability as perceived in the corporate realm. Second, we review key features of the most recent sustainability studies published in IM journals and analyze the degree to which these works have combined and elaborated upon the different components of inclusive development. Third, we discuss the role of IM research in sustainability science and the potential for interdisciplinary work with other academic fields.

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Corporate sustainability is also linked to inclusive development, which encompasses ‘marginalized people, sectors and countries in social, political and economic processes for increased human well-being, social and environmental sustainability, and empowerment’ [17–19]. Traditionally corporations have not been seen as most welcome actors in development matters, and many studies highlight exploitative practices and cases of non-compliance with local or international (or home-country) laws. While there has recently been more attention to business and development in corporate sustainability research, the role of firms in inclusive development is still emerging [20,21,22]. We argue that corporate sustainability and inclusive development scholarship have much to contribute to each other as they share the interest in economic, environmental, and social impacts, but with different scopes and foci. Comparatively speaking, (in-depth) organizational analyses predominate in corporate sustainability studies, with less focus on the broader (planetary) context, including marginalization.

Next, we review key features of the most recent corporate sustainability studies and analyze the degree to which they have elaborated upon the different components of inclusive development. Finally, we discuss the potential for interdisciplinary collaborative work.

The concept of sustainability in the corporate realm
Over the past decade, sustainability has become a central topic in international business and management (IM) research as corporations have been increasingly interested in assessing their environmental, social, and development impacts. Recent years have seen a tremendous rise in research on corporate sustainability [1,2,3], that is activities, usually seen as voluntary, ‘demonstrating the inclusion of social and environmental concerns in business operations and in interaction with stakeholders’ [4]. Some authors separately discuss corporate (social) responsibility, considering a normative stance on business morality [5]. We use corporate sustainability as a broad umbrella term here because the fine-grained nature of these distinct research origins is less relevant for this review, as reflected in comparable definitions [6]. Several academic reviews assess the state-of-the-art of corporate sustainability. Over the years, they have explored its history [7], theories [2,8], terminology [9], financial performance [10], business case [11], levels of analysis [1], international dimensions [3,12,13], political dimensions [14,15], and environmental dimensions [16].

Recent developments in corporate sustainability research
In this section, we selectively review recent studies on corporate sustainability. Specific attention is given to the international dimension of business, especially business activities or organizations operating across national
borders as these are particularly relevant for global sustainability challenges. We emphasize the research published in journals from the fields of international business, general management, and more specifically business ethics and corporate responsibility, and refer to these together as IM. To identify relevant studies, we conducted a search combining a range of corporate sustainability and international-related key words (e.g., ‘corporate responsibility’ and ‘environmental sustainability’; ‘multinational’ and ‘international’) for articles published in 2014 and 2015 in 16 leading journals that include specialized journals focused on international or corporate sustainability topics and management research in general. To make the link to inclusive development, we discuss studies by categorizing them by the specific United Nations Sustainable Development Goal (SDG) at the core of the article. The SDGs are 17 aspirational global goals – on issues ranging from poverty to energy, and peace to water – recently spearheaded by the United Nations.

The first two SDGs focus on poverty and hunger. Although corporate sustainability research has explored these themes since the 1960s, more recent studies have tackled these challenges specifically through the exploration of business at the bottom/base of the pyramid (BOP) [3**]. BOP refers to the poorest segment of the global income pyramid and the underlying idea of this notion is that the pursuit of profits by corporations entering low income markets can also reduce poverty. BOP studies have examined various contexts, initiatives, and impacts of these types of business models, often including a component of microfinance [19]. Over time, this field has moved from seeing the poor as mere consumers to co-inventors and entrepreneurs, and from studying multinational firms to a more complex BOP environment [3**,19,23]. Nonetheless, this field still interacts with development studies to a limited extent.

The IM field has given limited attention to health and education related SDGs (Goals 3 and 4) [24*], but scholars have recently called for further scholarship from the gender perspective (Goal 5) [25]. Furthermore, we have seen recent interest in water-related issues (Goal 6) at dedicated management conferences, but this has translated into limited published works about water and sanitation as a corporate sustainability issue thus far [26]. Goal 7 and the theme of energy on the other hand has been an important topic of inquiry within corporate sustainability research, both recently and historically [27,28].

As expected, IM studies have addressed the theme of employment and work (Goal 8). Recent research has looked into the role of emerging-economy firms [29] and business more broadly in emerging and developing economies [30,31]. Similarly, management scholars have called for conducting very local-level analyses of corporate sustainability [32] and analyzed the role of employees and communities [33]. However, much work remains to be done to fully understand the effects, potential, and limitations of corporate engagement in developing economies.

Goal 9 refers to industrialization, innovation, and infrastructure. While industrialization and infrastructure have seldom been researched from a corporate sustainability lens, innovation is an important and cross-cutting theme within the field. Corporate sustainability studies have focused on the innovative role that multinational companies’ subsidiaries can play in learning about local social issues [34,35,36*,37]. Conversely, inequality and sustainable cities (Goals 10 and 11) have received very limited attention in IM corporate sustainability research.

Goal 12 refers broadly to sustainable consumption and production patterns, which are a core consideration in corporate sustainability. On the one hand, recent studies have looked at sustainability from the perspective of marketing and consumers in both developed and developing economies [38–40]. On the other hand, sustainability considerations in production (ranging from working conditions to environmental impacts) have been a focal area since the early 1990s [41*,42*]. Nonetheless, deeper criticisms of the rise of global consumerism are practically non-existent.

Climate change is a major concern for multinational firms (Goal 13), and has been amply investigated. Recent studies have examined corporate actions, networks, and limitations [43–46]. Oceans and terrestrial ecosystems (Goals 14 and 15) have not been a focus area in management studies broadly [47*,48]. However, there are signs that relevant new frameworks, such as the notion of planetary boundaries, are at the early stages of being applied to business [49]. The role of companies in supporting peace (Goal 16) has received little empirical attention, but recent studies call for more research on the topic sketching a whole new emerging area for research [50*].

The last SDG, Goal 17, examines the implementation of the goals with a strong emphasis on partnerships. Partnerships across public, corporate, and civil society sectors and multi-stakeholder initiatives are also a large and still growing body of literature within international corporate sustainability [47*,51–54], sometimes also in relation to development and peace [55]. While partnerships are an important tool for implementation, recent research also emphasizes more binding means such as environmental regulation [56*], mandatory reporting [57], and more stringent tax collection [58].

Corporate sustainability research and inclusive development

Based on our assessment, we see a new inclusive development related agenda emerging within this field.
Corporate sustainability studies have explored the theme from several perspectives. However, thus far, we can note that this scholarship has approached the broader more comprehensive notion of inclusive development in a rather narrow way. Out of the three pillars of inclusive development [59], IM studies have concentrated on social and environmental sustainability with a relatively minimal focus on human wellbeing for all and on empowerment of the marginalized. By definition, IM explores social and environmental sustainability from the organizational perspective, and thus requires more innovative approaches to properly link these programs and activities to the broader societal and ecological context.

As of yet, corporate sustainability research has remained almost entirely silent on corporate impacts on macro-level developments such as economic growth (including discussions such as inclusive economic growth, steady state economics, and degrowth), societal welfare, and human well-being. Typically this is seen as the territory of economists. Conversely, IM scholarship has given fairly significant attention to the impacts of institutional environments and other societal actors on firms as well as the adoption of firms to different institutional contexts [3**,60,61]. Similarly, the emergence of private regulation developed by companies and nongovernmental organizations has extensively been studied in recent years [34,62–67].

Inequality has recently attracted the attention of corporate sustainability scholars, indicated by recent forthcoming special issues in journals such as Organization Studies, Business & Society, and Human Relations (the latter issue 68(7) appeared in July 2015). The lack of power of marginalized individuals or communities has been explored mostly in critical management studies [68]. For instance, a study of the production of soccer balls in Pakistan criticizes the potential of nongovernmental organizations to represent marginalized communities or employees [69]. This area can be seen as one where especially IM can potentially contribute much.

A key remaining challenge within corporate sustainability research is its tendency to focus on developed-country actors [3**]. BOP studies are the exception in that they tend to take a developing-country and local perspective [19]. Nonetheless, this field of research has a strong emphasis on a few ‘best cases’ in terms of firms and countries. The same concentration on successful cases applies to other empirical contexts such as sustainable cities. By and large, the framing of corporate sustainability is through developed-country actors, even when speaking of issues such as inequality. To address this challenge, corporate sustainability research needs to overcome several hurdles, such as access and availability of good data from developing-country contexts and specifically firms.

**Future directions for interdisciplinary work**

Corporate sustainability research offers fruitful areas for interdisciplinary collaboration with other academic fields. The key insights from IM studies come from a rigorous examination of the role of corporations and the range of dilemmas that they face in the international context, the focus on the organizational level of analysis, and the set of theoretical and practical tools that support implementation [3**]. Focusing on the firm level offers new insights into global developmental challenges as corporations are increasingly dominant players [70*] and ‘traditional’ (non-) governmental approaches to development have not been sufficient in addressing the world’s major issues in this realm. Additionally, increasing scholarly attention should be paid to the political roles that firms play as well as patterns and foundations of corporate irresponsibility [30,71–73].

The most important contributions that IM can offer to inclusive development are threefold [3**]. Firstly, IM systematically explores and disseminates knowledge about various relationships, specifically between foreign and domestic firms, and between firms and a range of stakeholders. Secondly, IM analyzes the ways in which companies interact in developing settings through foreign direct investment, trade, and sustainability/corporate responsibility activities. Thirdly, through these processes IM research is able to examine the broad themes of planet, people, prosperity, justice, and dignity. With this unique perspective on firms and their peculiarities, IM is in an excellent position to provide in-depth knowledge to inclusive development.

However, concerted efforts need to be made to fulfill this ‘promise’. Thus far, the role of business has received relatively little research attention in the areas of health (Goal 3), education (Goal 4), gender equality (Goal 5), water (Goal 6), sustainable cities (Goal 11), oceans (Goal 14), terrestrial ecosystems (Goal 15), and peace (Goal 16). Corporate sustainability research should also attempt to analyze corporate impacts on multiple goals simultaneously, as the SDGs are deeply intertwined. Companies are not addressing these goals alone and there has thus been a focus on developing partnerships and collaborative networks with governments, intergovernmental organizations, nongovernmental organizations, and communities. In line with Goal 17, cross-sector partnerships are an especially promising area of study.

A similar, collaborative approach will also be beneficial in academic research, when the business lens can be effectively coupled with those taken in other fields such as environmental studies, development studies, and political science. In this way, corporate sustainability scholarship can support an interdisciplinary and more comprehensive understanding of inclusive development.
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References and recommended reading

Papers of particular interest, published within the period of review, have been highlighted as:

- of special interest
- of outstanding interest


Description: a historical review of how international business literature has addressed social responsibility and sustainability issues in the past 50 years, accompanied by a research agenda.


Description: a review of 146 academic articles over a period of 2000-2013 focusing on the applications of general theories within the political CSR literature.


Description: a review of corporate social responsibility in developing countries including 452 articles from a period of two decades.


Description: a review of existing research on Africa focusing on business and management journals.


Description: a systematic review of 104 articles dealing with the base/bottom of the pyramid covering a decade of research.


Description: a case study using multiple ethical theories to analyze dilemmas faced by a company operating in Sub-Saharan Africa.


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Description: the study uses secondary data to examine motivations of regional headquarters to pursue specific corporate social responsibility initiatives.


Description: drawing on longitudinal studies of supplier compliance with corporate codes of conduct, this study finds that private regulation can improve working conditions on the factory floor.


Description: this in-depth case study develops a framework explaining the political dynamics of corporate engagement with nongovernmental organizations.


Description: the paper develops a framework of political dynamics based on a case study of the Forest Stewardship Council.


Description: this study develops an agenda for researching corporate diplomacy by linking to other relevant research streams.


Description: this study examining German, US, Indian, and Chinese firms looks at the antecedents and outcomes of corporate environmental responsibility (CER) practices.


Description: in this introductory essay to a special issue, the guest editors examine the new political role of global business firms.

