



Corporate sustainability- The journey

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Abstract

This review article is change for the better for studies conducted by previous researchers in the discipline of corporate sustainability. Even though the above concept is new in Indian perspective, as a consequence literature is limited now. This literature review has several meanings correlated to corporate sustainable development, components, provides a summary of measures and applicable principles. To conclude it is highlighted that the field of corporate sustainability is still evolving. Measuring and defining corporate sustainability and various approaches have been used for the theory. Overall, the review of facts consequently, the reality comes out that the general consensus regarding corporate sustainable development definition is lacking. When analyzed, it also appears that many contemporary studies concepts of corporate sustainable development and corporate social responsibility together in the same sense have been used that is not justified. To provide anecdotal evidence, it has been highlighted that researchers what is the meaning of corporate sustainable development according to the mentality, because clarity is still not present and the result corporate sustainable development is the current ambiguity of the region. Development of related fields in previous literature review it has also been considered, but even today a new concept on the development of appropriate literature is required after due consideration, such a review article of corporate sustainable development sector can help progress. This article contributes to the above forms on literature corporate sustainable development in relation to the formulation, definitions, and purposes of, as it relates to corporate sustainable development studies proved to be the main theme.

Keywords: sustainable development, corporate sustainability, corporate social responsibility, companies act, equity, economic development

Introduction

In the current perspective, the Indian economy is capable of contributing globally, so as a developing economy, it is our duty to prove our contribution to the ongoing efforts at the global level for sustainable development. For the said contribution, it is required to ensure the participation of each person, whether at the individual level or through corporate efforts, both of which plays an important role. As the scope of efforts in corporate perspective becomes unlimited, it seems appropriate to divide the above efforts into social, economic and environmental components. The existence of corporation is from social system is the basis of their production and development. Therefore, it is the duty of each corporation to strive for the upliftment of the society by staying in the society and while fulfilling its duties, it should not only benefit from the concept of profit optimization but also property empowerment. On the other hand, society also wants the corporation to achieve economic strength by contributing to social justice, social upliftment and social empowerment while fulfilling moral, economic and legal duties. In the present perspective, the corporation nature has become global which has resulted in increased government intervention as well as advanced technologies of communication on the one side has increased opportunities and on the other side society has not met their expectations. Dread of being detested in the event of landing has also arisen. Therefore, in the above circumstances, it is necessary to keep in mind the theory of corporate sustainable development for the corporation to bear the quality of sustainability and proper efforts should be made not only for economic statement but also for social and environmental protection. That is, no corporation can escape its duties.

If we consider the theory of corporate sustainable development, we find that it is a new philosophy of traditional development and profit optimization in which the following three concepts must be included as compulsory –

1. Concept of Environmental Protection
2. The Concept of Social Justice
3. The Concept of Equity and Economic Development

The above concept, rather than aimless, builds long term shareholder values to implement it is implemented. Under this, necessary efforts are made by the corporates to reduce the risks being generated in relation to the earth eco system and earth environment etc. On the other hand, efforts are made to address the personnel interests so that the concept of equality and social justice can be made tangible. The basic meaning of sustainable development is to make it possible for the present generation to develop without violating the interests of future generations. For this reason, there is a need for new fundamental thinking on the above concept.

Objective of the Study

The key intention of the above study is to establish cohesion between the concept of corporate sustainable development and its components by clarifying the inter-relationship between business law, environmental law and constitutional framework. At the same time, the socio-environmental impacts of economic activities being carried out by the corporation have to be ascertained. And to provide an apprehension of the various initiatives taken by the corporation to the common man and to explore the role played by the government in the above sector. Therefore, the main objective is to provide adequate guidance to ensure sustainable development for the corporation in future and to pave the way for corporate economic development by strengthening the concept of social justice while preventing environmental degradation.

History of Corporate Sustainability

There has been a stable increase in the concept of corporate sustainable development in recent years. An innovative awareness has developed among investors about corporate sustainability as a viable business strategy. Similar to this manner, academics have progressively focused on sustainable development dilemmas in their intellectual work.

The derivation of the corporate sustainability hypothesis primarily initiated on the Brundtland Report issued in 1987. The steps to be taken in the direction of economic development can also be implemented without depletion of natural resources or damaging the environment. The above report sheds light on three essential dimensions for sustainable development, the main ones being environmental protection, equity and economic development & social justice.

In a historical perspective, the enhancement of corporate sustainability and related reporting can be explained by several changes –

1. In the year of 1970s & 1980s, researches generally referred to the social reporting.
2. Although in the year of 1990s, environmental reporting was the central point of attention.
3. Subsequently the turn of the era, the focus then mainly moved to the probe of CSR or sustainability reporting.

As per Aras & Crowther (2008) ^[1], there are various stages of maturity of progress for Corporate Sustainable Development and Corporate Social Responsibility –

1. In the initial phase, firms started engaging in window dressing activities by altering the phrasing to replicate CSR language deprived of understanding the meaning.
2. The second phase, called cost containment, whereby firms reengineer business process to reduce consumptions of water and energy that reduce costs and improve financial performance.
3. The stakeholder engagement is the third phase, whereby firms start being worried by member of staff and customer satisfaction.
4. The fourth phase contains in interactive about these enterprises by developing CSR reports.
5. The fifth phase is the sustainability that would signify revolutionary alterations to trade practice and a substantial amount of procedure re-engineering.

In these surroundings, it seems that the concept of corporate sustainable development has a bright future because, at its core, it addresses and holds public's most important concerns regarding business and social relations ^[2].

Meaning of Sustainability

Sustainability is formed on an elementary concept: The whole thing that we desire for our subsistence and happiness is contingent, either ambiguously or incidentally, on our usual surrounding. Sustainability generates and retains the circumstances under which persons and natural surroundings can survive in fruitful accord, that permit satisfying the social, economic and other necessities of current and future generations.

Sustainability is an evolving concept that meeting our own desires deprived of also compromising the capability of upcoming generations to meet their own desires. Over and above natural resources, we similarly require social and economic resources. Sustainability is not only conservationism. Rooted in maximum delineations of sustainability we as well find apprehensions for social equality and economic growth.

What is Corporate Sustainability?

Corporate Sustainability can be considered as a novel and emerging corporate embracing management paradigm. The word 'paradigm' is utilized intentionally, provided that corporate sustainability is a substitute to the traditional growth & profit-maximization model. Although corporate sustainability identifies that business expansion & profitability are significant, it correspondingly necessitates the corporation to follow social objectives, especially those concerning to sustainable development, environmental protection, social justice, equity and economical development.

It is an industrial methodology that generates long-lasting shareholder value by taking up opportunities and handling risks originating from economic, environmental and social developments. Corporate sustainability defines commercial practices constructed around social and environmental considerations.

An analysis of the literature recommends that the principle of corporate sustainability derives essentials from four further recognized theories: 1) Sustainable Development, 2) Corporate Social Responsibility, 3) Stakeholder Theory, and 4) Corporate Accountability Theory^[3].

Components of the Concept of Corporate Sustainability

The concept of business sustainable development has a new ideology, in which the importance of sustainability is given importance instead of profit optimization. It emphasizes on working by giving force to the following elements –

1. Social Component
2. Economical Component
3. Environmental Component

Social Component

In the present perspective, every company carries the goal of profit optimization, even if it is achieved by exploiting the society. But in the Indian perspective, we want to empower not only corporate but also society.

The theory of corporate sustainable development emphasizes social upliftment and social justice. This can be evaluated from the fact that India is the leading nation in the globe which has made a provision for Corporate Social Responsibility in the 7th Schedule, Section 135 of the Indian Companies Act, 2013 for corporates. The concept of CSR has come into effect from 1st April, 2014 as a rule 2014. "According to the above provision, every company with a net worth of more than 500 crore or a turnover of 1000 crore or more or net profit of five crore or more, has a rule to spend 2% on CSR of 3 years average profit^[4].

According to CSR Box, an institution assessing CSR, the expenditure on CSR is likely to reach Rs 50,000 crore in 5 years by March 2019 for the top 500 companies.

The Ministry of Corporate Affairs has released a list of 5,097 companies for 2015-16, of which 2,691 companies have spent 9,822 crore on CSR. At the same time, top-10 companies have spent 33%. At the same time, 2,406 companies have not spent on this item.

In constitutional terms, efforts have been made for personnel and social upliftment under the following provisions:-

- Article 23 - Prohibition of Forced Labor
- Article 24 - Prohibition of Children Employment in Factories Below 14 years
- Article 38 - Social Justice
- Article 39 - Certain Welfare Provisions
- Article 41 - Right to Work, Education & Public Assistance
- Article 42 - Equality of Work, Humane Conditions and Maternity Benefits
- Article 43 - Living Wages for Workers
- Article 43(A) - Freedom of Personnel to Participate in Management

Therefore, it is necessary to make efforts in respect of personnel satisfaction, safety and health, education, protection of human rights, equal opportunity, social upliftment and social justice in order for any corporation to bear the virtue of perpetuity.

Economical Component

The main objective behind the establishment of any commercial corporation is profit making, so it is necessary to move ahead with the objective of wealth maximization as well as profitability for the practice of sustainability. Since the shareholder's capital is invested in the construction of the corporation, it executes the business activities to increase the shareholder's capital and its main objective is to create wealth for the shareholders by earning profit.

Since the shareholders are the actual owners of the business corporation, it is extremely important to ensure proper appropriation of the shareholder's capital and proper corporate governance in each corporation for proper recognition and protection of the shareholder's property. For proper implementation of the above, the following facts need to be kept in mind -

- Proper transparency should be established to prevent fraud in business activities.
- Emphasis should be given to obedience with strategies and code of conduct in business processes.
- In order to encourage proper corporate governance and prevent fraud, such persons should be encouraged to complain about the illegal or unethical activities of the persons belonging to the corporation as informants.

Environmental Component

Corporations are exploiting nature day by day, whether resources are available or construction seems impossible without natural exploitation. As a result, the ecological imbalance has emerged in a macular condition, the diagnosis of which seems to be extremely important in the current perspective.

Whether it is the Bhopal gas leak case^[5] or the case of Shriram Food and Fertilizer indices^[6], both on legal and moral level, questions of liability arise. Consequently, taking cognizance by the Supreme Court, he presented the principle of absolute liability^[7].

The Indian constitution represents such a small part of the constitutions of the world, in which specific provisions have been provided for the safety and enhancement of the environment. Articles 14, 21, 24(A), 48(A), 51(A) (g) etc. of the Indian constitution are notable.

At the international level, the international conferences in Stockholm, Brundtland, Rio, and Johannesburg have stressed the need for efforts to prevent environmental exploitation and take steps on a global scale.

Since 1972, India has been taking concrete steps related to the protection of the environment, which has resulted in the development of a set of environmental laws. Some important laws are mentioned below -

- Environmental Protection Act, 1986
- The Water (Prevention & Control of Pollution) Act, 1974
- The Air (Prevention & Control of Pollution) Act, 1981
- The Wildlife Protection Act, 1972
- The Hazardous Wastes (Management, Handling & Trans boundary Movement) Rules, 2008
- The Public Liability Insurance Act, 1991
- Indian Forest Act, 1927
- National Green Tribunal Act, 2010

Former Chief Justice Bhagwati has stated clearly in *MC Mehta vs. Union of India* ^[8] that now we have to develop our own innovative principles instead of relying on Anglo principles, because our problems and our standards are different.

Following are the principles proposed by the Indian judiciary -

- The Public Trust Doctrine
- The Polluter Pays Principle
- The Precautionary Principle
- Principle of Absolute Liability
- Concept of Sustainable Development
- Principle of Inter Generational Equity
- Principles of Compensation Management

In the *Vellore Citizen Welfare Forum vs. Union of India* ^[9], it was held that "The Principle of Precaution" and "The Polluter Pays Principle", require sustainable development.

According to the World Bank, 13% of the waste in the world is used again, which will result in 3.4 billion tones of waste worldwide in the coming 30 years, it will not only have a bad effect on public health, but also affect the economies of developed and developing countries. Rich, poor and developing countries are facing different types of problems regarding the disposal of waste. Poor and developing countries are incurring a loss of Rs. 26,000 from a ton of waste. The problems may be different, but the solution is the same - 'Reduce, Reuse and Recycle'. Now various countries have started efforts in this direction.

On the other hand, Greenpeace, a London-based organization that works for the environment, has claimed in a report released on October 9, 2018, that it has launched 239 seaside cleanliness operations in 42 countries by joining with the Break Free from Plastic Movement and during this period 1.87 Lakh pieces of plastic waste were appraised. The purpose of which was to find out to what extent large companies are contributing to pollution. The study found that the world's largest soft drink companies Coca-Cola, Pepsi and Nestlé are also at the forefront of generating waste. The report also names Danone, Mondelez, Procter and Gamble on Unilever. Brake Free from Plastic Coordinator Van Hernandez said, "The brand audit is a big proof. After this, companies cannot deny that they are responsible for spreading plastic waste." The highest polystyrene type of plastic was found in the waste. It is used in packaging and making coffee cups. The second number was PET bottle and container. All three companies have pledged to decrease plastic waste by 2025. Coca-Cola said in a statement that any plastic bottles the company would sell would be collected and recycled. Nestle, the world's largest food and drink company, has also said about recycling. Pepsico declares it will use recyclable or biodegradable plastic by 2025.

Conclusion and Suggestions

Development is a continuous process that humans have been doing since the early period of their emergence and as a result, today they are at the height of progress. While this development process has provided many amenities to the human being, by continuously exploiting the environment, he caused great harm to him. By sustainable development we mean development that fulfills the desires of the current time without affecting the ability of our future generations to fulfill their needs. The Sustainable Development Goals aim to create an equitable, equitable, safe, peaceful, prosperous and livable world for all, and broadly encompass all three aspects of development, namely social inclusion, economic development and environmental protection. Sustainable development is a process of change, which has expanded in it, which includes economy, social justice, environmental science, business management, ethics, politics and legal elements. If we consider the theory of Corporate Sustainable Development, we find that it is a new philosophy of traditional development and profit optimization in which the following three concepts must be compulsorily included: 1) Concept of Environmental Protection, 2) Social Concept of justice, and 3) Concept of equity and economic development. The above concept is implemented to create long-term shareholder values rather than aimlessly. Under this, necessary

efforts are made to reduce the risks being generated by the corporate in relation to the Earth Eco System and Earth Environment etc. On the other hand, an effort is made to address personnel interests so that the concept of equity and social justice can be embodied. For this, new fundamental thinking is needed on the above mentioned concept.

References

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