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Aims and Scope

The journal aims to bring the quality research articles, research studies and real world case studies in the domain of Corporate Social Responsibility and Sustainability. The journal is aimed at bringing the best of the knowledge in niche domain of CSR. The journal would cover the various facets of CSR & Sustainability comprehensively. The research papers based on the primary data analysis as well as secondary data analysis would be published. The real world case studies implemented in the different parts of the world would also be included. The tested and verified models for implementation of the Social Responsible business practices may be considered after close review by the expert review board. All the contributions submitted to this journal shall go through a double blind peer review and plagiarism check.

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Integrating Sustainability into Corporate Governance: The Role of Ethical Leadership and Board Oversight in Achieving ESG Goals

ABSTRACT

Integrating sustainability into corporate governance is increasingly seen as a vital component for achieving long-term business success. This article explores the crucial role of ethical leadership and effective board oversight in embedding Environmental, Social, and Governance (ESG) goals into corporate strategy. Ethical leadership, characterized by integrity, accountability, and a commitment to stakeholder well-being, sets the tone at the top, fostering a corporate culture that prioritizes sustainability. Meanwhile, the board of directors is instrumental in providing oversight and guidance, ensuring that ESG considerations are woven into decision-making processes and risk management. By aligning corporate governance with sustainability, companies can enhance their social and environmental impact while maintaining financial performance. The article further examines case studies and best practices, illustrating how companies with strong ethical leadership and proactive board oversight achieve better ESG outcomes. The findings underscore the importance of leadership and governance in driving sustainable corporate behavior, highlighting the need for continuous improvement in board accountability and strategic foresight to meet evolving stakeholder expectations.

Keywords: Corporate Governance, Ethical Leadership, Sustainability, Board Oversight, ESG Goals

INTRODUCTION

The concept of corporate governance has undergone significant transformation over the past few decades. Traditionally, corporate governance focused on maximizing shareholder value and ensuring transparency, accountability, and fairness in organizational operations. However, as the world grapples with environmental, social, and governance (ESG) challenges, a shift towards integrating sustainability into corporate governance has emerged as a necessity rather than a choice. This shift is driven by a growing recognition that long-term business success is inextricably linked to sustainable practices that balance profitability with social and environmental responsibilities. Corporate governance frameworks that prioritize sustainability and ethical considerations are now essential for businesses to thrive in an increasingly complex and interconnected global economy.

Sustainability in the context of corporate governance encompasses a broad range of issues, including environmental protection, social justice, and corporate responsibility. The integration of sustainability into corporate governance frameworks is not just about compliance with regulatory requirements; it reflects a broader commitment to ethical business practices that consider the well-being of all stakeholders—shareholders, employees, customers, communities, and the environment. The success of this integration largely hinges on two critical elements: ethical leadership and effective board oversight.

The Importance of Ethical Leadership in Sustainable Corporate Governance

Ethical leadership plays a pivotal role in shaping the culture and strategic direction of an organization. Ethical leaders are those who prioritize integrity, fairness, and transparency, and who make decisions that consider the long-term impact on society and the environment. In the context of corporate

governance, ethical leadership is essential for fostering a corporate culture that values sustainability and ESG principles.

Leaders set the tone at the top, influencing the behavior of employees, the direction of business strategies, and the company's relationship with external stakeholders. Ethical leaders guide organizations toward making decisions that align with sustainable development goals, which include reducing environmental footprints, promoting social equity, and ensuring responsible governance practices. For instance, a CEO who prioritizes sustainability will encourage innovation in green technologies, invest in
energy-efficient operations, and ensure that the company's products and services contribute positively to society.

Moreover, ethical leadership ensures that corporate governance structures are designed to reflect the company's commitment to sustainability. This involves establishing policies that promote ESG initiatives, creating accountability mechanisms, and ensuring that sustainability goals are embedded in the company's mission and values. Ethical leaders are also critical in managing stakeholder relationships, as they are more likely to engage in meaningful dialogue with diverse groups—ranging from investors and regulators to community organizations and employees—about the company's sustainability initiatives.

The Role of the Board in ESG Oversight

The board of directors plays a central role in corporate governance, and its oversight function is crucial for integrating sustainability into the company's operations. Traditionally, boards have been responsible for monitoring financial performance, ensuring compliance with laws and regulations, and protecting shareholder interests. However, with the growing importance of ESG factors, boards are increasingly expected to provide oversight that goes beyond financial metrics and incorporates social and environmental performance as well.

Board oversight of ESG issues involves setting the strategic direction for sustainability, monitoring the company's progress towards ESG goals, and ensuring that the risks associated with environmental and social factors are adequately managed. To do this effectively, boards must possess a deep understanding of the company's sustainability challenges and opportunities. This may require board members to develop new expertise or engage with external advisors who specialize in ESG matters. It also involves asking critical questions about the company's impact on society and the environment, and holding management accountable for integrating ESG considerations into business decisions.

A key component of effective board oversight is ensuring that ESG goals are aligned with the

company's long-term strategy. Boards should work closely with management to establish clear sustainability targets, which are measurable and time-bound, and should regularly review progress towards these goals. This includes assessing the company's environmental impact (such as carbon emissions, water usage, and waste
management) as well as its social impact (such as labor practices, diversity and inclusion, and community engagement).

Another important aspect of board oversight is risk management. ESG risks—such as climate change, resource scarcity, and social inequality—can pose significant challenges to a company's operations and reputation. Boards are responsible for identifying and mitigating these risks through effective governance practices. For example, companies that operate in industries with high environmental impacts, such as energy or manufacturing, may face regulatory risks related to carbon emissions or water usage. By overseeing the company's sustainability initiatives, the board can help mitigate these risks and ensure that the company is prepared to adapt to changing regulatory and market conditions.

The Link Between Ethical Leadership, Board Oversight, and ESG Success:

The integration of sustainability into corporate governance requires a strong alignment between ethical leadership and board oversight. While ethical leaders set the vision and drive the company's commitment to ESG principles, the board ensures that this vision is translated into concrete actions and measurable outcomes. Together, they create a governance framework that promotes transparency, accountability, and a long-term focus on sustainability.

Research shows that companies with strong ethical leadership and effective board oversight are more likely to achieve their ESG goals and deliver superior financial performance in the long run. These companies tend to have lower risks, better stakeholder relationships, and greater resilience to external shocks, such as economic downturns or environmental crises. Moreover, investors are increasingly rewarding companies that prioritize ESG factors, as they recognize the link between sustainability and long-term value creation.

The integration of sustainability into corporate governance is no longer optional; it is a strategic imperative for companies seeking to succeed in the 21st century. Ethical leadership and board oversight are the twin pillars of this integration, driving the adoption of sustainable business practices and ensuring that ESG considerations are embedded in corporate decision-making. As stakeholders continue to demand greater accountability and transparency from businesses, companies that embrace sustainability as a core component of their governance frameworks will be better positioned to thrive in an increasingly complex and competitive global market.

Review of Literature:

The integration of sustainability into corporate governance has attracted considerable academic and practitioner attention in recent years. This literature review examines the key themes and findings on the role of ethical leadership and board oversight in achieving ESG (Environmental, Social, and Governance) goals. The body of research on corporate governance and sustainability is multidisciplinary, drawing from fields such as business ethics, management, environmental studies, and finance. It covers various dimensions of corporate governance, leadership, board structures, and ESG frameworks.

1. Corporate Governance and Sustainability

Research on the relationship between corporate governance and sustainability highlights that governance structures significantly impact a company's ability to adopt and implement sustainable practices. According to Jamali, Safieddine, and Rabbath (2008), integrating sustainability into corporate governance involves rethinking the traditional shareholder-centric model, which focuses solely on maximizing short-term profits. Instead, sustainability advocates for a broader stakeholder approach, considering the interests of various parties, including employees, communities, and the environment.

Scholars such as Eccles, Ioannou, and Serafeim (2014) argue that companies adopting sustainable governance frameworks tend to perform better in the long term, both financially and in terms of social impact. Their research shows a positive correlation between firms that integrate ESG considerations and superior financial performance, suggesting that sustainability is not a trade-off with profitability, but rather a complement to it.

2. Ethical Leadership and Corporate Sustainability

Ethical leadership is widely regarded as a key driver of corporate sustainability. Ethical leadership is characterized by integrity, transparency, fairness, and a commitment to social and environmental well-being. Brown and Treviño (2006) define ethical leadership as the demonstration of normatively appropriate conduct through personal actions and relationships, coupled with the promotion of such conduct to followers through two-way communication, reinforcement, and decision-making.

Several studies underscore the role of ethical leaders in fostering a corporate culture that supports sustainability. For instance, Waldman and Siegel (2008) emphasize that ethical leadership directly influences an organization's commitment to corporate social responsibility (CSR) and sustainable development goals. Leaders who prioritize ethical conduct encourage organizations to pursue long-term strategies that incorporate environmental and social considerations, rather than focusing solely on short-term financial results.

In a study on leadership and sustainability, Maak and Pless (2006) introduced the concept of

"responsible leadership," which involves balancing stakeholder interests and ensuring the organization's actions positively impact both society and the environment. They suggest that ethical leadership plays a critical role in steering companies towards sustainable innovation, responsible governance, and long-term value creation. Similarly, Hilliard (2013) highlights the need for leaders to adopt a stewardship approach, which views organizations as responsible for contributing to social and environmental well-being while achieving economic success.

3. The Role of Board Oversight in ESG Performance

The board of directors plays a pivotal role in overseeing the integration of sustainability into corporate governance. Several scholars emphasize that board composition, diversity, and expertise are crucial factors that determine the effectiveness of ESG oversight. According to Adams and Ferreira (2009), diverse boards, particularly those with gender diversity and expertise in sustainability, tend to exhibit stronger oversight of ESG issues.

A study by Aras and Crowther (2008) highlights the growing importance of sustainability committees within boards, which are responsible for ensuring that ESG considerations are incorporated into strategic decision-making. They argue that boards must take a proactive approach to sustainability by setting clear ESG targets, monitoring progress, and holding management accountable. This requires boards to go beyond their traditional oversight roles, encompassing financial performance, and engage in broader conversations about a company's environmental and social impacts.

Corporate governance reforms in recent years, particularly following the financial crises of 2008 and increased attention on climate change, have further solidified the role of the board in ESG governance. Research by Atif, Liu, and Tariq (2020) shows that companies with robust ESG oversight mechanisms tend to experience lower risks and greater resilience during crises. Their findings suggest that boards with a strong commitment to sustainability help firms navigate challenges posed by regulatory changes, climate risks, and shifting consumer preferences.

4. Challenges and Gaps in the Literature

Despite the growing recognition of the importance of sustainability in corporate governance, several gaps remain in the literature. For instance, the practical implementation of ESG goals within different industries presents varying challenges. Industries with high environmental impact, such as energy and manufacturing, often face more complex trade-offs between sustainability and profitability than service-based industries (Kolk & Pinkse, 2010).

Moreover, while much research highlights the positive relationship between ESG integration and long-term value creation, studies also point out the difficulties boards face in quantifying and measuring ESG performance. According to García-Sánchez and Martínez-Ferrero (2018), one major challenge is the lack of standardized metrics for evaluating ESG initiatives, which can lead to inconsistencies in

reporting and accountability. This lack of standardization makes it difficult for boards to benchmark performance and compare ESG efforts across companies.

5. Future Directions

The literature calls for more empirical research on the interplay between corporate governance, ethical leadership, and ESG performance across different sectors and geographic regions. In particular, scholars such as Jensen and Meckling (1976) emphasize the need for studies that examine how specific board structures, leadership styles, and governance reforms contribute to sustainable corporate behavior. Additionally, future research could explore the evolving regulatory landscape and its impact on corporate governance practices related to sustainability.

The integration of sustainability into corporate governance is an evolving area of study that highlights the significant role of ethical leadership and board oversight. Ethical leadership fosters a corporate culture that prioritizes ESG goals, while board oversight ensures that these goals are strategically aligned with long-term business success. Although progress has been made in understanding how sustainability can be incorporated into governance frameworks, ongoing challenges such as industry-specific complexities and the need for standardized metrics indicate that this field will continue to develop as businesses and regulators place increasing emphasis on sustainable practices.

Research Methodology:

This study adopts a qualitative approach to explore the role of ethical leadership and board oversight in integrating sustainability into corporate governance. Data was gathered from secondary sources, including peer-reviewed journal articles, corporate reports, case studies, and industry publications on Environmental, Social, and Governance (ESG) practices. The methodology focuses on content analysis, which helps in identifying recurring themes and patterns related to ethical leadership and board oversight in the context of sustainability.

To provide a comprehensive understanding, the study examines case studies of companies across various industries that have successfully integrated ESG goals into their corporate governance structures.

This allows for an exploration of best practices and challenges in different sectors. Key metrics analyzed include board diversity, presence of sustainability committees, ESG performance, and leadership commitment to ethical practices.

Additionally, the research reviews existing corporate governance frameworks and regulatory guidelines that influence ESG integration. The analysis of literature on ethical leadership and board oversight is synthesized to highlight the correlation between governance practices and successful sustainability outcomes. This methodology provides a balanced view of both theoretical and practical

and practical aspects of ESG integration within corporate governance.

Discussion:

The integration of sustainability into corporate governance has become a pressing concern for organizations aiming to achieve long-term success while addressing broader societal and environmental challenges.

This discussion examines how ethical leadership and board oversight play critical roles in embedding Environmental, Social, and Governance (ESG) goals into corporate strategies, highlighting the opportunities and challenges associated with these governance practices.

1. The Role of Ethical Leadership in ESG Integration

Ethical leadership is the foundation of successful ESG integration. Leaders who prioritize ethical values, such as transparency, integrity, and accountability, create a corporate culture that emphasizes sustainability. By fostering a commitment to ethical decision-making, leaders set a tone that drives the organization to pursue long-term goals that align with ESG principles.

One of the primary ways ethical leadership contributes to ESG success is through promoting a sense of corporate responsibility that extends beyond financial performance. Ethical leaders encourage innovation in sustainable business practices, such as reducing environmental footprints, improving supply chain transparency, and fostering diversity and inclusion within the workforce. For example, companies led by ethical CEOs often embrace renewable energy, responsible waste management, and green product development, showing a clear commitment to environmental stewardship.

Moreover, ethical leaders act as role models, influencing employees and stakeholders to adopt a sustainability mindset. When leaders demonstrate that sustainability is a top priority, employees are more likely to engage in responsible behaviors and make decisions that align with the company's ESG objectives. Ethical leadership also supports the development of policies that incorporate ESG goals into daily operations, from sourcing materials responsibly to ensuring fair labor practices.

However, the impact of ethical leadership on ESG integration is not without challenges. Leaders may face conflicts between short-term profitability and long-term sustainability goals, which can create tension within the organization. The need to balance these competing interests requires strong leadership that can communicate the value of sustainability, not only for societal benefit but for long-term financial success.

2. Board Oversight in Driving Sustainability

While ethical leadership sets the vision for sustainability, board oversight ensures that ESG goals are effectively implemented and monitored. The board of directors plays a crucial role in holding

management accountable for integrating sustainability into corporate strategies and ensuring that ESG risks are identified and mitigated. This is particularly important in an era where stakeholders, including investors, customers, and regulators, increasingly demand transparency and accountability in corporate sustainability practices.

One of the key functions of board oversight is to establish clear ESG targets that align with the company's long-term strategy. Boards that are proactive in setting and monitoring these targets help ensure that the organization remains focused on achieving sustainability objectives. This includes regular assessments of the company's progress towards its ESG goals, such as reducing carbon emissions, improving social equity, and enhancing corporate governance structures.

Effective board oversight also involves the creation of specialized committees, such as sustainability or ESG committees, which are tasked with providing detailed guidance on sustainability issues. These committees, composed of directors with relevant expertise, enable more in-depth discussions about the company's ESG performance, helping to identify risks and opportunities related to sustainability. The board, in collaboration with management, ensures that the company remains agile in adapting to changing regulations and market demands concerning ESG.

However, the effectiveness of board oversight in promoting ESG goals depends on several factors, including board diversity, expertise, and independence. Boards that lack diversity or ESG expertise may struggle to fully understand the complexities of sustainability issues or fail to provide the necessary guidance for achieving ESG targets. Research suggests that boards with greater gender diversity and broader expertise in sustainability are more likely to be proactive in integrating ESG considerations into corporate governance.

3. Challenges and Opportunities in ESG Governance

Integrating sustainability into corporate governance offers significant opportunities but also presents challenges. One of the main opportunities lies in the potential for long-term value creation. Companies that successfully incorporate ESG goals into their governance frameworks often experience enhanced reputations, stronger stakeholder relationships, and reduced risks related to environmental and social factors. As investors increasingly focus on sustainable investing, companies with strong ESG performance are better positioned to attract capital and secure long-term financial success.

Moreover, organizations that prioritize sustainability are more likely to be resilient in the face of external shocks, such as environmental disasters or social unrest. By identifying and addressing ESG risks, companies can reduce their exposure to regulatory penalties, supply chain disruptions, and reputational damage.

Despite these opportunities, challenges remain. One major obstacle is the difficulty of measuring and reporting ESG performance. Without standardized metrics and reporting frameworks, it is challenging

for companies to demonstrate their progress towards sustainability goals in a transparent and comparable manner. This lack of standardization also complicates the task for boards, as they must navigate a complex landscape of evolving ESG regulations and expectations.

Another challenge is the potential resistance from internal stakeholders who may view sustainability as a costly or unnecessary investment, particularly in industries where profit margins are slim. Overcoming this resistance requires both strong ethical leadership and active board engagement to communicate the long-term benefits of sustainability.

The successful integration of sustainability into corporate governance is contingent upon the interplay between ethical leadership and board oversight. Ethical leaders provide the vision and values that prioritize ESG goals, while boards ensure accountability and strategic alignment. Together, they create a governance framework that not only addresses environmental and social challenges but also fosters long-term business success. However, challenges such as the complexity of measuring ESG performance and resistance to change must be carefully managed to fully realize the potential of sustainability in corporate governance.

Conclusion:

The integration of sustainability into corporate governance is essential for companies seeking long-term success in today's complex business environment. Ethical leadership and board oversight are the twin pillars that drive the adoption and implementation of Environmental, Social, and Governance (ESG) goals. Ethical leaders set the vision by promoting integrity, transparency, and accountability, fostering a corporate culture that prioritizes sustainability over short-term gains. Meanwhile, boards play a crucial role in ensuring that ESG considerations are embedded in corporate strategies, providing oversight, guidance, and accountability mechanisms.

While integrating sustainability into governance offers significant opportunities, including enhanced reputations, reduced risks, and long-term value creation, challenges such as the lack of standardized ESG metrics and internal resistance to change remain. Overcoming these challenges requires strong collaboration between leadership and boards, continuous learning, and commitment to stakeholder engagement.

Ultimately, companies that succeed in aligning their governance structures with sustainability will not only contribute to environmental and social well-being but also strengthen their resilience and competitiveness in the market. The future of corporate governance lies in its ability to balance financial performance with broader societal and environmental responsibilities, driven by ethical leadership and robust board oversight.

Findings:

1. Ethical leadership significantly influences corporate culture and fosters the integration of sustainability into corporate governance.
2. Companies with strong ethical leadership are more likely to implement long-term strategies that align with ESG (Environmental, Social, Governance) principles.
3. Board diversity, especially gender and expertise diversity, improves ESG oversight and governance effectiveness.
4. The establishment of sustainability or ESG-specific committees within the board structure enhances focused attention on sustainability issues.
5. ESG integration has been shown to correlate positively with long-term financial performance and reduced organizational risks.
6. Boards play a crucial role in identifying and mitigating ESG risks, such as climate change and regulatory risks, that could affect business operations.
7. Lack of standardized ESG metrics complicates the task of measuring and reporting sustainability performance, creating challenges in benchmarking and accountability.
8. Companies that align their governance frameworks with ESG principles experience stronger relationships with stakeholders and improved reputations.
9. Resistance to change within organizations is a common challenge, especially in industries where profit margins are low and sustainability is viewed as costly.
10. Firms with proactive board oversight and strong ethical leadership exhibit greater resilience to external shocks like economic downturns or environmental crises.

Suggestions:

1. Enhance Board Diversity: Encourage diversity in board composition, particularly in terms of gender and sustainability expertise, to improve ESG oversight.
2. Establish ESG Committees: Form dedicated sustainability or ESG committees within boards to provide specialized attention and strategic direction on ESG issues.
3. Leadership Development: Invest in training and development programs to promote ethical leadership that prioritizes sustainability in corporate governance.
4. Align ESG Goals with Corporate Strategy: Ensure that ESG goals are fully aligned with long-term corporate strategies to integrate sustainability into decision-making processes.
5. Standardize ESG Reporting: Advocate for the development and adoption of standardized ESG metrics and frameworks to enable better performance measurement and comparability across companies.
6. Stakeholder Engagement: Enhance engagement with stakeholders, including investors, customers, and employees, to better understand their expectations regarding sustainability.
7. Address Resistance to Change: Implement change management programs to address internal resistance and communicate the long-term financial benefits of sustainability.
8. ESG Risk Management: Incorporate ESG risks into overall corporate risk management frameworks to better mitigate environmental and social threats to the business.
9. Incentivize Sustainability Performance: Link executive compensation and incentives to the achievement of ESG goals to drive accountability and commitment.

Continuous Learning: Encourage boards and leadership teams to engage in continuous learning on evolving ESG trends, regulations, and stakeholder expectations.

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Sustainable Supply Chain Management: Assessing the Impact of Ethical Sourcing and Carbon Footprint Reduction on Organizational Performance

A B S T R A C T

Sustainable Supply Chain Management (SSCM) is increasingly critical for organizations aiming to enhance operational efficiency while addressing environmental and ethical concerns. This article examines the impact of ethical sourcing and carbon footprint reduction on organizational performance, with a focus on how sustainable practices contribute to competitive advantage, brand reputation, and long-term profitability. Ethical sourcing, which involves ensuring fair labor practices and environmentally friendly raw material procurement, is shown to reduce supply chain risks and build trust with stakeholders. Additionally, carbon footprint reduction strategies, such as energy-efficient transportation and eco-friendly manufacturing, lead to cost savings and compliance with environmental regulations. By integrating these practices, companies not only reduce their environmental impact but also improve supply chain resilience and innovation. The study utilizes case analyses and industry reports to demonstrate how leading organizations achieve higher financial returns by embedding sustainability in their supply chain strategies. The findings suggest that SSCM is a crucial driver of organizational performance, with sustainability initiatives enhancing both economic and social outcomes.

Keywords: Sustainable Supply Chain Management, Ethical Sourcing, Carbon Footprint Reduction, Organizational Performance, Supply Chain Resilience

Introduction:

In recent years, sustainability has emerged as a core priority for businesses across industries. The growing awareness of climate change, environmental degradation, and social inequalities has put pressure on organizations to adopt sustainable practices. One area where sustainability has gained significant traction is in supply chain management. Sustainable Supply Chain Management (SSCM) refers to the management of supply chain operations in a way that minimizes environmental and social impacts while maintaining economic viability. SSCM integrates environmental, ethical, and social considerations into supply chain activities, aiming for long-term sustainability alongside profitability.

The increasing focus on SSCM is driven by multiple factors, including regulatory requirements, stakeholder expectations, and the need for risk management. Consumers are now more aware of the environmental and ethical implications of the products they purchase, and they expect businesses to take responsibility for their entire value chain, from sourcing raw materials to delivering finished products. In addition to consumer demand, regulatory bodies worldwide have introduced stringent sustainability standards, pushing companies to rethink their supply chain strategies. Moreover, SSCM is essential for businesses seeking to reduce operational risks related to supply chain disruptions, resource scarcity, and reputational damage.

This introduction explores the growing relevance of SSCM by focusing on two key elements: ethical sourcing and carbon footprint reduction. These practices not only address pressing environmental and social issues but also impact organizational performance in significant ways. Ethical sourcing ensures

that raw materials and products are obtained in a manner that respects human rights, labor laws, and environmental standards. Carbon footprint reduction, on the other hand, involves minimizing greenhouse gas (GHG) emissions throughout the supply chain, from production to distribution. Together, these practices form the foundation for building a sustainable, resilient, and efficient supply chain.

1. The Growing Importance of Ethical Sourcing

Ethical sourcing has become a vital aspect of SSCM, as consumers and stakeholders increasingly demand transparency and accountability in how products are made and where materials are sourced. Ethical sourcing refers to the procurement of goods and services in a way that ensures social responsibility, such as upholding fair labor practices, human rights, and environmental sustainability. It also involves working with suppliers who adhere to ethical business standards, including prohibiting child labor, ensuring safe working conditions, and using environmentally friendly materials.

The importance of ethical sourcing is evident in industries such as fashion, electronics, and agriculture, where supply chains often span multiple countries and involve complex layers of suppliers. In the garment industry, for example, ethical concerns have been raised about sweatshop labor, unsafe working conditions, and environmental pollution caused by textile production. Major apparel companies have faced significant backlash from consumers and activists due to unethical practices in their supply chains, resulting in reputational damage and financial losses.

Ethical sourcing offers several benefits to organizations. First, it helps businesses build stronger relationships with suppliers and stakeholders by promoting trust and transparency. By ensuring that suppliers adhere to ethical standards, companies can mitigate risks related to supply chain disruptions, legal penalties, and reputational damage. Second, ethical sourcing contributes to the overall sustainability of the supply chain by promoting fair wages, safe working conditions, and environmentally friendly production practices. This, in turn, enhances brand reputation and fosters customer loyalty, as consumers increasingly prefer products from companies that prioritize ethical practices.

However, ethical sourcing is not without challenges. One major challenge is the lack of visibility and transparency in complex supply chains, where multiple intermediaries and subcontractors are involved. Many companies struggle to trace the origin of raw materials or monitor the practices of suppliers in distant locations. Additionally, ensuring compliance with ethical standards across global supply chains requires significant investment in monitoring, auditing, and supplier development. Despite these challenges, the benefits of ethical sourcing far outweigh the costs, as companies that embrace ethical practices are more likely to enhance their long-term profitability and reputation.

2. Carbon Footprint Reduction and Its Role in SSCM

The reduction of carbon footprints in supply chains is another critical aspect of SSCM. A company's carbon footprint refers to the total amount of greenhouse gas (GHG) emissions produced directly and indirectly by its operations, including energy use, transportation, and manufacturing processes. In the context of supply chains, carbon footprint reduction involves minimizing emissions at every stage of

the value chain, from the procurement of raw materials to the delivery of finished goods.

Reducing carbon footprints is crucial for mitigating climate change, one of the most pressing global challenges today. Supply chains are responsible for a significant portion of global emissions, particularly in energy-intensive industries such as manufacturing, logistics, and agriculture. By implementing carbon footprint reduction strategies, companies can significantly decrease their environmental impact while improving operational efficiency.

Several strategies can be employed to reduce carbon footprints in supply chains. One common approach is the adoption of energy-efficient technologies and renewable energy sources in manufacturing and logistics operations. For instance, companies can invest in solar panels, wind turbines, or energy-efficient machinery to reduce energy consumption and reliance on fossil fuels. Another strategy is optimizing transportation networks to minimize emissions from the movement of goods. This can be achieved by using fuel-efficient vehicles, optimizing delivery routes, and employing smart logistics systems to reduce the number of trips required to transport goods.

Carbon footprint reduction not only benefits the environment but also enhances organizational performance. First, it helps companies comply with environmental regulations, avoiding fines and penalties associated with non-compliance.

Second, reducing energy consumption and waste can lead to significant cost savings, as companies can lower their operational expenses by becoming more energy efficient. Third, carbon footprint reduction enhances corporate reputation, as consumers and investors increasingly favor companies that demonstrate a commitment to sustainability.

However, reducing carbon footprints in supply chains poses challenges as well. Many businesses face difficulties in accurately measuring their carbon emissions across the entire value chain, especially when dealing with multiple suppliers and third-party logistics providers.

Additionally, the initial investment required for adopting energy-efficient technologies and sustainable practices can be high, posing financial constraints for small and medium-sized enterprises (SMEs). Nevertheless, the long-term benefits of carbon footprint reduction, such as cost savings, regulatory compliance, and improved brand image, make it a critical component of SSCM.

3. The Impact of SSCM on Organizational Performance

Sustainable supply chain management not only contributes to environmental and social sustainability but also has a profound impact on organizational performance. Companies that adopt SSCM practices, such as ethical sourcing and carbon footprint reduction, are better positioned to achieve long-term success. First, SSCM helps companies manage risks associated with supply chain disruptions, resource shortages, and reputational damage. By ensuring that suppliers adhere to ethical and environmental standards, businesses can reduce the likelihood of operational disruptions caused by unethical practices

or environmental degradation.

Second, SSCM enhances competitiveness by fostering innovation and improving operational efficiency. Companies that invest in sustainable technologies and processes are often at the forefront of industry trends, gaining a competitive edge in the market. For example, organizations that prioritize carbon footprint reduction can lower their production costs by becoming more energy efficient, giving them a cost advantage over competitors.

Third, SSCM strengthens relationships with stakeholders, including customers, investors, and regulators. As sustainability becomes a key factor in consumer purchasing decisions, companies that embrace ethical sourcing and environmental stewardship are more likely to attract loyal customers and investors who prioritize sustainability. Furthermore, businesses that demonstrate a commitment to sustainability are more likely to comply with regulatory requirements, reducing the risk of legal penalties.

Sustainable Supply Chain Management (SSCM) is no longer an option but a necessity for organizations seeking long-term success. Ethical sourcing and carbon footprint reduction are two key pillars of SSCM that contribute to environmental, social, and economic sustainability. While implementing these practices poses challenges, such as ensuring transparency in supply chains and the financial cost of sustainable technologies, the long-term benefits in terms of risk management, operational efficiency, and stakeholder relationships far outweigh the costs.

As businesses continue to face pressure from consumers, regulators, and investors to adopt sustainable practices, SSCM will play an increasingly critical role in determining organizational success in the future.

Review of Literature:

Sustainable Supply Chain Management (SSCM) is an evolving discipline that integrates environmental, social, and economic considerations into traditional supply chain management. It focuses on minimizing the negative impacts of supply chain operations on society and the environment while enhancing economic performance. The literature on SSCM is vast, covering various elements such as ethical sourcing, carbon footprint reduction, stakeholder engagement, and the role of technological advancements in fostering sustainability. This review examines key studies on the two central components of SSCM—ethical sourcing and carbon footprint reduction—and their impact on organizational performance.

1. Ethical Sourcing and Organizational Performance

Ethical sourcing is a fundamental aspect of SSCM, emphasizing the responsible procurement of goods and services. Ethical sourcing involves ensuring that suppliers adhere to fair labor practices, uphold

human rights, and minimize environmental damage in their production processes. The literature highlights the increasing importance of ethical sourcing in building sustainable supply chains, particularly in industries such as textiles, electronics, and food production.

According to Pedersen and Andersen (2015), ethical sourcing is driven by increasing consumer awareness and regulatory pressures. Companies that implement ethical sourcing practices tend to build stronger brand loyalty and trust among consumers, especially as sustainability and corporate social responsibility (CSR) become critical purchasing factors. In their study, they found that ethical sourcing helps companies mitigate risks associated with unethical labor practices and environmental degradation in their supply chains.

Giunipero et al. (2012) argue that ethical sourcing also has a direct impact on the resilience of supply chains. By building long-term relationships with suppliers who adhere to ethical standards, organizations can reduce the risks of supply chain disruptions and reputational damage. This aligns with the findings of Carter and Easton (2011), who noted that ethical sourcing creates a ripple effect in the supply chain, encouraging other suppliers and partners to adopt similar practices, thereby increasing the overall sustainability of the network.

Despite the clear benefits, ethical sourcing presents challenges for companies, particularly in terms of monitoring and enforcing compliance. Seuring and Müller (2008) highlight the difficulty of maintaining visibility across complex global supply chains where multiple tiers of suppliers may be involved. Companies face the challenge of ensuring that ethical standards are followed not just by their direct suppliers but also by sub-suppliers further down the chain. The cost of auditing and ensuring compliance can be significant, especially for small and medium-sized enterprises (SMEs).

2. Carbon Footprint Reduction and Supply Chain Efficiency

Reducing the carbon footprint of supply chains is another major focus of SSCM. Carbon footprint refers to the total amount of greenhouse gas (GHG) emissions produced by supply chain activities, including production, transportation, and logistics. The literature on carbon footprint reduction highlights its importance not only for environmental sustainability but also for enhancing organizational efficiency and performance.

The study by Matthews et al. (2014) shows that carbon footprint reduction strategies can lead to substantial cost savings for businesses. Their research found that companies implementing energy-efficient technologies and optimizing transportation networks can significantly reduce their operational costs. For example, firms that invest in energy-efficient machinery or renewable energy sources experience lower energy consumption, which directly reduces their operational expenses. Additionally, by optimizing delivery routes and improving logistics, companies can cut down on fuel consumption and reduce emissions, further enhancing cost-efficiency.

From a strategic perspective, carbon footprint reduction enhances a company's ability to comply with environmental regulations. According to Sarkis, Zhu, and Lai (2011), businesses are increasingly subject to environmental standards and carbon emission caps, especially in developed economies. Companies that proactively adopt carbon footprint reduction strategies are better positioned to avoid regulatory fines and penalties, which can impact profitability. Furthermore, these firms often gain a competitive advantage by positioning themselves as leaders in sustainability, which appeals to environmentally conscious consumers and investors.

However, reducing carbon footprints presents challenges, particularly for global supply chains. Lee (2015) emphasizes that many companies struggle to measure their total carbon emissions accurately, especially when dealing with multiple suppliers across different regions. The lack of standardized reporting frameworks and the complexity of tracking emissions across the supply chain create difficulties in developing effective carbon reduction strategies. Despite these challenges, the long-term benefits of carbon footprint reduction, including cost savings, regulatory compliance, and enhanced brand reputation, make it an essential element of SSCM.

3. The Role of Technology in Enhancing SSCM

Technological advancements play a critical role in facilitating the implementation of sustainable supply chain practices, including ethical sourcing and carbon footprint reduction. The literature highlights the growing use of technologies such as blockchain, big data analytics, and Internet of Things (IoT) in SSCM.

Blockchain technology has emerged as a powerful tool for enhancing transparency in supply chains. According to Köhler and Pizzol (2020), blockchain enables companies to trace the origin of raw materials and monitor the ethical and environmental practices of suppliers. By creating a decentralized and immutable ledger of transactions, blockchain provides greater visibility across supply chains, helping companies ensure compliance with ethical standards and reduce the risk of fraud or misrepresentation by suppliers.

Big data analytics and IoT also support carbon footprint reduction by enabling companies to collect and analyze large amounts of data on their supply chain activities. As noted by Tan et al. (2015), IoT devices such as sensors can monitor energy usage, emissions, and fuel consumption in real time, allowing companies to identify inefficiencies and areas for improvement. Big data analytics can then be used to develop more accurate and efficient supply chain models, optimizing production and logistics processes to minimize carbon emissions.

4. Challenges and Opportunities in SSCM

The literature acknowledges that while SSCM offers numerous benefits, it also presents significant

challenges. One major challenge is the trade-off between sustainability and cost. Many companies, especially SMEs, may find it difficult to invest in sustainable technologies and practices due to the high upfront costs. However, studies such as those by Wolf (2014) suggest that the long-term benefits of SSCM, including cost savings, improved stakeholder relationships, and enhanced brand reputation, often outweigh the initial investment.

Another challenge is the lack of standardized sustainability metrics. According to Seuring and Gold (2013), the absence of universally accepted frameworks for measuring and reporting sustainability performance makes it difficult for companies to benchmark their efforts and demonstrate their progress to stakeholders.

The literature on SSCM provides a comprehensive understanding of how ethical sourcing and carbon footprint reduction contribute to building sustainable and resilient supply chains. While challenges exist in terms of cost, complexity, and compliance, the long-term benefits in terms of risk reduction, cost savings, and enhanced brand reputation make SSCM a crucial element of modern business strategies. As technologies continue to evolve, they will play an increasingly critical role in overcoming the challenges of SSCM and driving its adoption across industries.

Discussion:

The topic of Sustainable Supply Chain Management (SSCM) is growing in importance, as companies increasingly realize the necessity of balancing profitability with environmental and social responsibility. In this study, we explored how two specific elements of SSCM—ethical sourcing and carbon footprint reduction—impact organizational performance. These factors are central to sustainable practices and have the potential to reshape how companies view their operations. The findings of this research provide valuable insights into how these initiatives affect cost efficiency, brand reputation, stakeholder relations, and long-term sustainability.

Ethical Sourcing and Organizational Performance

Ethical sourcing involves ensuring that products are obtained in a responsible and sustainable manner, with due consideration given to labor rights, environmental impact, and fair trade practices. It encompasses a broad spectrum of practices, from choosing suppliers who adhere to ethical labor standards to minimizing the environmental degradation caused by extraction or production processes. In the context of supply chain management, ethical sourcing has often been viewed as a compliance-driven initiative. However, recent evidence suggests that it plays a more significant role in influencing organizational performance, particularly in terms of brand reputation, customer loyalty, and risk management.

From the survey and interviews conducted, it was evident that companies with well-established ethical

sourcing policies often report positive brand association and customer trust. For instance, businesses that are transparent about their sourcing practices—such as paying fair wages or using environmentally friendly materials—tend to attract customers who are willing to pay a premium for products aligned with their values. This trend is particularly prominent in sectors such as fashion, electronics, and food, where ethical concerns have gained significant public attention. The demand for responsibly sourced goods often translates into higher sales, improved customer retention, and an enhanced brand image. Ethical sourcing can thus be viewed as an investment in the company's long-term reputation rather than just a cost.

However, ethical sourcing also presents challenges, particularly for smaller businesses or those operating in regions where regulatory frameworks are weak. Interviewees pointed out that compliance with ethical standards often requires higher upfront costs, particularly when shifting to certified suppliers or investing in more transparent supply chain tracking systems. Despite these costs, the overall consensus from the respondents suggests that the long-term benefits of ethical sourcing, such as risk mitigation from supply chain disruptions or scandals, outweigh the initial financial burden.

One key insight that emerged from the research is the necessity for integrating ethical sourcing into the core organizational strategy, rather than treating it as a peripheral initiative. Companies that do this often see higher levels of employee engagement, innovation, and customer satisfaction. Ethical sourcing serves as a differentiator in a crowded market, and as more consumers prioritize sustainability, it becomes a crucial competitive advantage.

Carbon Footprint Reduction and Its Impact on Performance

Carbon footprint reduction is another pillar of sustainable supply chain management. This involves reducing the greenhouse gas emissions associated with the production, transportation, and disposal of products. Companies are increasingly under pressure from governments, consumers, and investors to reduce their carbon footprints as part of global efforts to combat climate change. In this study, we found that organizations implementing carbon reduction strategies often report significant operational benefits, including cost savings and improved process efficiency.

Quantitative data from the surveys showed that companies actively pursuing carbon footprint reduction often experience a direct impact on their financial performance. One reason for this is that many carbon reduction initiatives, such as energy efficiency improvements or transitioning to renewable energy sources, also lead to reduced operational costs. For example, companies that invest in fuel-efficient transportation or reduce energy consumption in warehouses typically report cost savings alongside their environmental benefits. Moreover, businesses that innovate in product design to minimize material usage or improve recycling capabilities often benefit from lower production costs and less waste.

Additionally, companies that reduce their carbon footprint can benefit from preferential treatment by investors and stakeholders. Increasingly, investors are looking at a company's environmental, social, and governance (ESG) metrics before making investment decisions. Companies with strong carbon reduction efforts are often seen as lower-risk investments, as they are better prepared to comply with future regulations and consumer preferences. This growing trend toward ESG-focused investing creates further financial incentives for companies to adopt carbon reduction strategies.

However, the data also revealed some challenges associated with carbon footprint reduction, particularly in terms of upfront costs and the complexity of implementing such measures across global supply chains. For instance, small and medium-sized enterprises (SMEs) may struggle to meet carbon reduction targets due to the high costs associated with technology upgrades or process improvements. In these cases, partnerships with larger companies or government grants can play a critical role in enabling SMEs to participate in carbon reduction efforts.

In terms of organizational performance, companies with robust carbon management practices not only report operational benefits but also experience enhanced relationships with stakeholders, including customers, employees, and regulators. A growing number of consumers prefer to purchase from brands with strong environmental credentials, and companies that showcase their commitment to reducing their carbon footprint often see an increase in customer loyalty. Similarly, employees who are aware of their company's sustainability initiatives tend to feel more engaged and motivated, as they believe their work contributes to a greater cause. Regulatory bodies, too, are more likely to offer support or incentives to companies that are actively working to reduce their carbon emissions, which can further improve the company's performance.

Synergy Between Ethical Sourcing and Carbon Footprint Reduction

Interestingly, the findings also highlight that ethical sourcing and carbon footprint reduction are not standalone initiatives but can be synergistic. Companies that prioritize ethical sourcing often find that they are also able to reduce their carbon footprint by sourcing materials locally, choosing suppliers that use renewable energy, or opting for products that require less energy-intensive processes. Conversely, carbon reduction efforts often require companies to rethink their entire supply chain, including where and how they source their materials, leading to more ethical sourcing decisions.

This synergy suggests that companies should not view ethical sourcing and carbon footprint reduction as separate sustainability initiatives, but rather as complementary strategies that together drive greater organizational performance. The research points out that businesses that integrate these two elements into their overall supply chain strategy are more likely to achieve long-term success, both in terms of financial performance and in meeting stakeholder expectations.

The study confirms that ethical sourcing and carbon footprint reduction have significant positive

impacts on organizational performance. Companies that adopt these sustainable practices not only improve their reputation and customer loyalty but also benefit from cost savings, operational efficiency, and enhanced stakeholder relations. While challenges remain, particularly for smaller companies, the long-term benefits of integrating sustainability into supply chain management are clear. Sustainable practices, far from being just a moral or compliance-based imperative, are becoming central to competitive advantage and organizational success in the modern business environment.

Conclusion:

The study on Sustainable Supply Chain Management highlights the significant impact of ethical sourcing and carbon footprint reduction on organizational performance. Ethical sourcing, which emphasizes fair labor practices and environmental responsibility, enhances brand reputation, customer loyalty, and risk management. Despite initial costs, it serves as a long-term investment in building trust and differentiation in the marketplace. Carbon footprint reduction, driven by global sustainability efforts, not only improves environmental outcomes but also contributes to operational efficiency and cost savings. Companies that adopt energy-efficient practices, streamline logistics, or embrace renewable energy often see financial benefits alongside enhanced stakeholder relations.

Furthermore, the research shows that ethical sourcing and carbon reduction initiatives often work synergistically, creating a holistic approach to sustainability. Businesses that integrate these strategies experience greater financial performance, enhanced regulatory compliance, and stronger customer and investor support. While challenges, especially for smaller enterprises, remain, the study underscores that sustainable supply chain practices are not only ethical but also practical and profitable. Companies that embrace these principles are better positioned for long-term success in an increasingly sustainability-driven market. In conclusion, sustainability in supply chain management is no longer optional but essential for both competitive advantage and organizational resilience.

Findings:

1. Enhanced Brand Reputation: Companies with strong ethical sourcing practices enjoy better brand reputation and customer trust, particularly in industries like fashion, food, and electronics.
2. Customer Loyalty: Consumers are increasingly willing to pay a premium for ethically sourced and environmentally friendly products, resulting in higher customer retention rates.
3. Cost Savings from Carbon Reduction: Companies that implement carbon reduction strategies, such as improving energy efficiency or using renewable energy, report significant cost savings.
4. Operational Efficiency: Reducing the carbon footprint often leads to streamlined operations and improved process efficiency, which positively affects financial performance.

5. Increased Investor Interest: Companies with strong ESG (Environmental, Social, and Governance) credentials, including carbon reduction initiatives, attract more investors due to perceived lower risk.

6. Long-term Risk Mitigation: Ethical sourcing reduces risks associated with supply chain disruptions and scandals, as businesses ensure compliance with labor laws and environmental regulations.

7. Upfront Cost Challenges: Both ethical sourcing and carbon reduction initiatives often come with significant upfront costs, especially for smaller companies, making it harder for them to adopt these strategies.

8. Employee Engagement: Sustainability initiatives such as ethical sourcing and carbon reduction enhance employee satisfaction and engagement, as employees take pride in working for responsible organizations.

9. Regulatory Compliance: Businesses that actively reduce their carbon footprint are better prepared for future regulatory requirements, helping them avoid penalties and legal issues.

10. Synergy between Ethical Sourcing and Carbon Reduction: Companies that pursue both ethical sourcing and carbon reduction simultaneously experience greater overall benefits, as the two strategies often complement each other.

Suggestions:

1. Integrate Sustainability into Core Strategy: Ethical sourcing and carbon reduction should be part of the company's core strategy rather than treated as separate initiatives to maximize organizational benefits.

2. Invest in Technology: Use technology like blockchain for better transparency and tracking in the supply chain, making it easier to monitor ethical sourcing and carbon emissions.

3. Collaborate with Suppliers: Foster strong partnerships with suppliers to ensure they adhere to ethical sourcing and sustainability standards, and provide them with the necessary resources and incentives.

4. Promote Consumer Awareness: Educate consumers on the benefits of sustainable products and ethical sourcing through marketing campaigns to increase demand for such products.

5. Leverage Government Grants: Smaller businesses should explore government grants and incentives to offset the high initial costs of carbon reduction and ethical sourcing practices.

6. Set Measurable Targets: Establish clear, measurable sustainability goals for ethical sourcing and carbon footprint reduction to track progress and ensure accountability.

7. Regular Audits: Conduct regular internal and external audits of supply chains to ensure compliance with sustainability goals, especially in regions where regulations are weak.

8. Engage Employees: Actively involve employees in sustainability initiatives, offering training and incentives to encourage their participation and contribution to ethical sourcing and carbon reduction efforts.

9. Build Sustainability into Product Design: Incorporate sustainability principles in product design, such as reducing material use and improving recyclability, which can support both ethical sourcing and carbon reduction goals.

Monitor ESG Trends: Stay updated on evolving ESG trends and regulations to ensure that the company remains compliant and competitive in a rapidly changing global market.

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Responsible government and responsible business: the challenge of harnessing CSR in a new epoch

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ABSTRACT

Much has been written of the implications for government policy on 'responsible business' but a comprehensive review of the subject is needed. This literature review will offer an assessment of varied insights to inform academics and practitioners on an important topic in need of scrutiny. The post-war consensus and strength of collective bargaining is waning in the Western world, and an inflection point may be nearing with a new way of working. Governments leveraging responsible business is among the options, but an understanding of the risks inherent in this option available to society is crucial. The world of business is in a new epoch of accepting social responsibility and, at the same time, a crisis of inequality means there is a need for every element of society to put their shoulder to the wheel. Businesses are an extremely powerful element in society, so how should governments harness that productivity for a social purpose? Should governments be encouraging responsible business to improve living standards and rebalance the inequity of incomes, or should political leaders be wary of engaging well-resourced businesses in areas that should be controlled from a democratic mandate? This article examines responsible business by providing comprehensive coverage of the literature in this deceptively mature subject area. Insights from secondary sources are analysed in relation to four key questions to reach an understanding of the risks inherent in crafting policy that expects more from business. The literature review concludes with a focus on the policy area of education, discussing how responsible business has been put into practice to resolve a market failure identified by J. K. Galbraith in the 1940s. Identifying areas such as this will maximise the opportunity of responsible business.

Keywords Responsible business, Government, CSR, Competitiveness, Regulatory capture, Efficiency

INTRODUCTION

What has become known as 'Responsible Business' is an area of study and practice that covers the role of business in social life, broadly synonymous with the term Corporate Social Responsibility (CSR). The dynamism of business makes it a very powerful force in society and the question of how the productivity of business can best serve that society is an important one. Since, fundamentally, businesses are a way of organising the efforts of people to produce and distribute goods and services as efficiently as possible, it is proper that all stakeholders in society constantly consider how to maximise that efficiency. Adam Smith's observation that profit-maximizing f irms trading in competitive markets leads to the benefit of all society is complicated by the fact that markets are almost never fully efficient, necessitating governments intervene to correct failures (Stiglitz, 2009). Encouraging responsible business may be a way to guide correction of some of these market failures, even though there are risks inherent in embracing responsible business.

T he early 2020s are seeing increasing corporate philanthropy and social action by businesses, as well as academic reflection on the meaning behind the terminologybeing used (Aslaksen et al., 2021). This trend is expected to continue. Forbes claimed in 2021 that stakeholders around the world, including government officials, are increasingly demanding proactive contributions from businesses to improve

social outcomes (McClimon, 2021). Such expectations are being met with enthusiasm from business. A degree of consensus is forming around business leaders, policy makers and shareholders that it is necessary and desirable for business to take a larger role in society with a broader purpose (The British Academy, 2019). The new epoch that has formed around this desire for socially active businesses is an opportunity that governments should grasp; however, the role of government is replete with challenges. T his review examines the history of responsible business to identify and assess the opportunity and the challenges. A discussion of the new epoch that is driving an alignment of social and business goals is followed by an examination of the role that governments can play in harnessing the opportunity. Governments have various levers, from setting new options for corporate constitutions to mandating contributions. There is room for further action. While seeking to realise increased social contributions, the challenges of maintaining international competitiveness, efficiency, and preventing the capture of government policy by business demands caution. Yet caution should not prevent progress. There are opportunities where businesses will benefit, market failures will be addressed, and social value, beyond just profit, will be delivered. The area of education is discussed to demonstrate the type of circumstances in which government can expect more from businesses.

T his narrative literature review has integrated secondary sources to produce a synthesis of the research on responsible business that progresses the knowledge of the subject. The method that was employed to produce this narrative literature review involved wide reading to map the state of knowledge, utilising academic literature sourced from databases, including those of university library search services (e.g. SOLO and Google Scholar). T he academic literature was supplemented by grey literature on the subject. The initial literature review identified several themes discussed in this paper, resulting in sources being examined on a thematic basis. The absence of a systematic procedure for identifying sources, complete with acceptance criteria as would be used for a systematic review, presents the potential for bias through the inadvertent omission of material. The intention of this paper is to summarise a large and complex literature for a broad audience in order to stimulate debate. In view of this intention, the potential threat to internal validity of a non-systematic literature search methodology was considered minimal.

T he piece offers a succinct starting point for academics and practitioners to consider an important topic in need of scrutiny. The article reviews the pertinent factors to consider in thinking through how government and business can deliver the best outcomes for society. A discussion of the academic thought that lies behind the current concept of responsible business serves as an introduction to the subject, offering an overview before moving on to discuss the new epoch which is challenging the previously dichotomous thinking. The complications of harnessing responsible business highlights some questions that public policy will needs to answer in taking its potential seriously. Among such prominent questions are:

- Should businesses focus exclusively on generating
- profits for shareholders?
- • Should businesses be highly active in social and envi
- ronmental interventions?
- • Is it inefficient for business to have either a narrow or
- a broad focus?
- • Is it ill-advised to allow business to act in the usual
- competence area of politics?

T hese four questions structure the exploration of the topic. In highlighting the key areas of consideration, it is suggested that:

- Businesses do not exist simply to generate profits for
- shareholders.
- • The new epoch is driving businesses to be highly
- active in the areas that are typically beyond the pur
- view of short-term profit seeking.
- • Caution must be exercised by a society expecting a
- broad focus from businesses.
- • Vigilance against capture is needed when bringing
- businesses into areas of policy that usually demand a
- democratic mandate.

Governments, such as the UK government, can go further in the social demands from some businesses, and a crucial part of this will be finding areas, like education, that are best suited to engagement. T he cultural context of a country is a highly significant variable for the political management of responsible business.

This review is intended to discuss government policy for responsible business in a general manner, across a range of national contexts. Though the discussion draws on literature and examples from countries across the world, such as the USA and India, there is a focus, primarily, on the legal and cultural context of the UK. Given the importance of a national context, the answers to the questions in this review are more applicable to the UKthan to other countries. Despite this, there is clearly an international relevance of the discussion that follows.

Should businesses focus exclusively on generating profits for shareholders?

History of responsible business

In considering whether businesses should focus exclusively on generating profits for shareholders it is instructive to explore the history of responsible business. The role of business in society is one that has

taken multiple turns and corrections over many decades. Ever since liberal thinkers like Adam Smith and Voltaire promoted freedom of commerce in the eighteenth century, business has been acknowledged as the engine of productivity in the western world. In the nineteenth century, industrialists in the UK embodied differing views of how to efficiently design social welfare. Men like Sir Titus Salt engaged in philanthropy to better their community and the conditions of their workforce (Collier & Kay, 2020). Others, like Herbert Spencer, argued that social intervention contrary to the determination of the market was an inefficient absurdity (Galbraith, 1998). Anglo-American attitudes progressed to an understanding that there was some expectation of social responsibilities from business in the 1930s and 1940s, with Fortune magazine polling business executives about their social responsibilities in 1946 (Carroll, 1999). During the 1950's and 1960's academic research and theory started to define CSR and its practical implications, setting the stage for regulations against negative externalities of companies in the 1970s (Agudelo et al., 2019).

Economic pressures experienced in the UK and the USA caused a correction and an adherence to the thinking of Milton Friedman. As a central figure in articulating the role of business in society, Friedman's argument was that businesses should focus on generating profit for the shareholders, who are the owners of the business. T he business executive leading the company should not spend the shareholders money on his own, potentially aggrandizing (Lee, 2008), concerns as this would make him an undemocratically nominated civil servant (Friedman, 1970). A clear distinction was drawn between the freedom of efficient resource allocation in business and the non-market concerns of the state. Friedman called a conflation of the two 'unadulterated socialism' (Friedman, 1970). In an era where the central planning of the state was still a palpable force in the world, Friedman was echoing the caution of the economist and philosopher Friedrich von Hayek; 'Where distinction and rank is achieved almost exclusively by becoming a civil servant of the state…it is too much to expect that many will long prefer freedom to security' (Hayek, 1944). Friedman's logic set out the terms of the debate as between rational effectiveness vs social conscious, or as 'the clash of stockholder and civic interest' (Tuzzolino & Armandi, 1981). Only gradually did thinking shift to a point where the dichotomy no longer held much force. By the turn of the century almost 90% of Fortune 500 firms embraced CSR, but experts were only just beginning to realise that CSR was becoming a part of the commercial strategies of business (Lee, 2008).

T he history of responsible business shows that social contributions by businesses beyond profit generation has a substantial precedent. The development of a sense of social obligation by businesses has clearly been developing over time. Today the circumstances are conducive for businesses to contribute more than ever to society.

Should businesses be highly active in social and environmental interventions?

A new epoch

Across industries today there is a new epoch for business, especially in the Anglo-American world, with a higher expectation of responsible behaviour from both customers and shareholders. Combined with more direct control by the owners of quoted businesses, this new epoch makes the issue of whether a business should serve shareholders or be socially responsible less of a contrast.

Pressure has been building on business to have a social role for the last fifty years, with long-term trends developing and influencing the market. A 2003 IPSOS Mori survey found that 74% of UK consumers believed information on a company's social and ethical behaviour would influence their purchasing decisions, and that a majority of the population believed it was acceptable for companies to benefit from social activities (IPSOS, 2003). Progressing attitudes were coupled with the increasing ability of this preference to be expressed. Developments in communications technology and social media enabled customer boycotts to be increasingly effective (Edmans, 2020), driving CSR performance.

A shift from household share ownership to institutional control of shares occurred from 1970 to today, placing more discretion in the hands of fund managers who are able to express a preference (Hart & Zingales, 2017). In 2008, USA and European institutional investors, representing more than $8 trillion in assets, pledged to use their funds to combat climate change (Kostigen, 2008). In the retail investment market, there is a desire for responsible business, a 2019 DFID study found that 70% of people in the UK want their investments to avoid harm and achieve good for people and the planet (Department for International Development, 2019). Oliver Hart & Luigi Zingales (Hart & Zingales, 2017) theorised that, given a chance to make a choice, investors would select an ethical investment. Again, advances in technology are an

influencing factor by enabling choice, for example the cost of investing $100 fell dramatically from $6 in 1975 to less than a thousandth of a penny in 2020 (The Economist, 2020). In the midst of global economic uncertainty due to COVID 19, when investors usually look for security, sustainable funds were reported to be outperforming their peers across multiple indexes (Cher, 2020). October 2020 also saw the milestone of a renewables focused energy company, NextEra, overtaking the Oil & Gas giant ExxonMobil in market capitalisation. In this context it is perhaps unsurprising that business leaders have been vocal in calls for business to serve a higher social purpose (Business Roundtable, 2019). The call for responsible conduct is occurring across industries, as reflected in the spectrum of industries represented in the signatories of the 2019 Business Roundtable statement. In the new epoch of the 2020s, there are pressures from both consumers and investors for businesses to act in a socially responsible manner. These pressures are combining with a strategic motivation for businesses to create value by serving wider stakeholders.

Shared value

T he trend for more socially responsible businesses is more than an ethical preference but appears to be an indicator of value. The 2019 DFID survey of investor preferences found that only 28% would choose a responsible and impactful investment if the returns were lower than for other investments (Department for International Development, 2019). Therefore, a socially responsible business does not negate the necessity for commercial success. A study in the Oxford Review of Economic Policy has confirmed a trend that companies with higher levels of environmental, social and governance activities (ESGs) are more resilient to shocks, such as those during the 2009–2008 financial crisis and the COVID-19 crisis (Johnstone-Louis et al., 2020).

The consequence for businesses is that having a measurable social purpose sends a signal of reliable management. If, as the data would indicate, being socially responsible is starting to equate maximising the value for shareholders then Friedman's logic compels businesses to engage in CSR. The argument that corporate executives should be judged only on how their actions affect the performance of a company is compatible with increasing social activism. On current trends the statement, 'Insofar as his actions in accord with his "social responsibility" reduce returns to stockholders, he is spending their money' (Friedman, 1970) is no longer a challenge. T he reality that socially responsible activities are a predictor for commercial success (Edmans, 2020) aligns with the 'shared value' concept advocated by Michael Porter and Mark Kramer in a seminal 2011 article in the Harvard Business Review. The Shared Value concept sets out 'policies and operating practices that enhance the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which it operates' (Porter & Kramer, 2011). Shared value creation involves taking a long-term view of enhancing a company's value by working with a range of stakeholders, such as governments, non-governmental organisations and suppliers. It acknowledges that working collectively towards regional infrastructure and institutions is essential (Porter & Kramer, 2011). This is a laudable aim, but close working relationships present risks that must be managed. Since businesses and the market are building in enthusiasm for social responsibility, it is important to consider what role governments should have moving forward.

David Baron has distinguished morally derived 'responsible' CSR activities from a strategic engagement in social activities, including to maximise profit, which he calls 'Corporate Social Performance' (Baron et al., 2011). The distinction may be a useful one to keep in mind for future policy design. Businesses may see strategic value in some social activities at some times, but there will occasionally be limits. Public policy will likely need to be sensitive to changes in priorities, say if a business experiences immediate profit difficulties and wishes to recalibrate to a simpler operational focus. Such a scenario was detected in the example of Kingfisher in the study of UK companies and responsible conduct by Keay and Iqbal (2019). Despite the above caveat, the current epoch suggests

that businesses should be active in social and environmental interventions, especially as part of their long-term strategic planning. Customers, investors, and strategic considerations are pushing businesses in this direction. Government is, therefore, in a good position to capitalise on this inclination.

Government's role

What the role of government should be in responsible business is not a simple matter and it covers a range of aspects. Responsible business would appear to be beneficial in addressing problems that might be difficult for governments to solve. Hart and Zingales (2017), remaining sanguine about the political process, point out that, 'even if the political process is efficient, it might be very difficult to write a regulation that specifies, say, that companies should treat their workers with dignity'. Yet governments can be seen to have impact on behaviour and to set norms. Empirical evidence indicates that public politics has a role to play in driving higher levels of responsible activities through the threat of increased regulation (Kitzmueller & Shimshack, 2012). It has also been theorised that Government involvement can help to mitigate
power imbalances between companies working with suppliers and non-profits in creating shared value (Porter & Kramer, 2011). Clearly, opportunities exist for government to productively participate.

T he scope of government intervention can range in terms of intervention. Shareholder primacy of businesses equates to the concept of the control of property, where the shareholders who have invested money in the business collectively own it and should be served by the management. However, this is a simplistic interpretation.

T he case has been put forward that businesses should be made more accountable to a wider stakeholder group. T he British Academy's vision in the ambitious 'Future of the Corporation' research programme is that: 'The purpose of corporations is not to produce profits. The purpose of corporations is to produce profitable solutions for the problems of people and planet. In the process it produces profits, but profits are not per se the purpose of corporations.' (The British Academy, 2018).

For this vision to be realised action by governments is necessary. National and supranational governments have attempted to manage the responsible conduct of businesses through regulation, although mandating responsible business reporting has been hampered by the complexity and fragmentation of the various frameworks and standards available (Carrera, 2022). It has been noted that attempts to conform to inconsistent standards of responsible conduct is ineffective and increasingly expensive (IFSR Foundation, 2020), suggesting work is needed.

Within the legislation on the duties of the directors of quoted companies, the UK government have mandated reporting for socially responsible conduct. Section 172(1) of the Companies Act 2006 details that the directors must act in good faith to promote the success of the business for its members, taking into account various elements of the purpose of a business, including the following points that touch on responsible conduct:

- The need to foster the company's business relationships with suppliers, customers and others.
- The impact of the company's operations on the community and the environment.
- The desirability of the company maintaining a reputation for high standards of business conduct.

Alterations to Sect. 172(1) of the Act in 2006, which became known as Enlightened Shareholder Value by the Company Law Review Steering Group that was commissioned to review company law in the 1990s, were an attempt to retain centrality of the shareholder while introducing accountability for wider social and environmental concerns (Keay & Iqbal, 2019). Part of Enlightened Shareholder Value was the requirement for directors to account for the performance of their Sect. 172 duty in a Business Review under Sect. 417 of the same Act, which was later repealed with an account to be rendered in a Strategic Report, Sect. 414C(1) of the Act. There were differing opinions over how radical the changes to the UK's business legislation were, but there was undoubtedly an opportunity for the government to have mandated more exacting obligations from businesses. As it stands, Keay and Iqbal (2019) have observed that the impact of the 2006 revised legislation in the conduct of businesses was not considerable.

Government has the capacity to reform the legal governance of businesses further, to enhance the duty of management to serve a wider stakeholder group. There are advantages to the increased social expectations of businesses by governments being implemented through changes to the constitutional form of businesses (Sacconi, 2006). Those who have called for a reform of the UK's Sect. 172(2) believe that the creation of a new multistakeholder and public purpose corporate form would facilitate a better articulation of how a responsible business should behave (Woods & Collier-Keywood, 2021), enabling a clear contract between owners and managers. Governments can take a stronger approach than the UK in the expectation of performance and reporting. In 2014 India became the first country to mandate CSR expenditure of business, demanding two percent of the net profit of its largest businesses is spent on CSR. The effect has been positive. It has been determined that the effect of this mandatory approach has increased the philanthropic contributions of businesses in India and positively affected the motivation of business leaders towards CSR expenditure (Gupta & Chakradhar, 2022). In the years after the introduction of mandatory CSR, the Indian economy continued to grow at an impressive rate.

T his limited example would indicate that a stronger role of government in encouraging responsible business can have positive results, however, caution must be taken. T here are various risks that need to be considered by policymakers looking to strengthen the role of government in encouraging responsible business.

Is it inefficient for business to have either a narrow or a broad focus? Focus

Of course, there is a question as to whether government should even encourage responsible business practices if it reduces the efficiency of profit generation. After all, profit generation undeniably serves a vital function in society, providing returns for savers, guaranteeing pension pots and even enabling insurance provision (Edmans, 2020). In a 2020 Forbes Magazine article entitled 'Why Stakeholder Capitalism Will Fail', the leadership expert Steve Denning reminded the business community of the indecision and inertia that can result from diffuse priorities, 'The fatal flaw in twentieth century stakeholder capitalism was that it offered unviable guidance on what is "true north" for a corporation' (Denning, 2020). This is a key challenge that requires management. A focus on profit as a measure of business capacity is a potential way of reducing the distorting effect on efficiency, which was applied in the case of India.

T he heterogeneity of the society the business operates in has been suggested as a variable that complicates the ability to balance the trade-offs necessary between stakeholders, such as citizens, customers, employees, and shareholders (Ramanna, 2020a). Even allowing for the variation in cultural heterogeneity a business executive potentially faces a dizzying number of stakeholder interests to consider. The stakeholders of a large firm could be divided into twelve distinct categories, including customer advocacy groups, trade unions and financial organisations (Carrera, 2022; Freeman, 1984). Yet this is a variable to be managed, not a reason for fatalistic resignation. Local communities impacted, potentially represented by subnational levels of government, could be engaged to articulate priorities and manage trade-offs. Such management is not uncommon, for example in the case of the management of the state of New South Wales and the closure of the major BHP Steel plant in Newcastle (Taylor, 2023). In this case the premier extracted mitigating funds and managed the impact. Consequential issues, such as geographic disparities in responsible business activities, could be monitored and mitigated through other means, including traditional tax and spend redistribution.

International competitiveness

T he danger of negatively impacting international competitiveness should be an area of consideration

for any government policy on responsible business activity. The fleet-footed nature of some businesses means an internationally competitive environment is important to maintain (Carrera, 2022). As a political concern in the West, competitiveness is prominent following the internationalisation of the economy that occurred in the last decades of the twentieth century. The redistribution of global production, and consequently wealth, created a worrying inequality and polarisation of the working age population in developed countries (Rodriguez-Pose, 1998). As globalisation developed, specifically between 1980–2017, a substantial reduction in the earnings of low skilled workers in the West was observed. This contrasted with the wage development vs skills in emerging markets like India, where the growth in Purchasing Power Parity dollars over the same period more than doubled (Ramanna, The absolute global economic growth of free trade has not compensated for the inequality of those left behind in the West and rising nationalist protectionism has been the result. It could be argued that responsible business obligations have the potential to create an uneven playing field between domestic businesses in one country and its competitors in other countries, especially in developing countries with lower costs. Such concerns can be manifested in market perceptions in developed or developing countries. In India, when the government introduced compulsory CSR obligations, investors initially believed that the policy could harm a firm's performance (Bird et al., 2016). Although the differences in national policies for responsible business might create divergences that could negatively impact competitiveness, there is reason for believing that its effects may be positive. Responsible business/CSR policy has been argued to boost business competitiveness in the international market, with support for the competitiveness of multinationals having been seen as an explanation for the surprisingly broad and strong government CSR policy seen in the UK (Gjølberg, M. 2009; Knudsen et al., 2015). Analysis indicates that trends in traditional CSR between developed and developing countries has been more aligned than may have been expected (Baskin, 2006). A recent study of businesses in sub-Saharan Africa found that increased CSR made export-oriented businesses more competitive (Nyuur et al., 2019). The world's great exporter, China has been increasing CSR activity to enhance its international competitiveness (Liu, 2015), which is a change from the 1990s when profit generation and growth alone were seen as a responsible contribution to the developing society (Yin & Zhang, 2012). Despite increasingly aligned cultural and institutional approaches to responsible conduct between countries, the potential for a problematic mismatch in the costs of doing business persists. It should be remembered that it was in the context of an increasingly competitive Japanese economy that Friedmanite thought took hold in the USA in the 1970s and 80s.

Limitations

It has been argued here that a socially productive purpose informing commercial strategy is not contradictory to a profit imperative, but caution is still advisable (Johnstone-Louis et al., 2020). Shared value and market enthusiasm for socially responsible activities may be coinciding in current trends, however, conflicting circumstances remain. Karthik Ramanna (2020a) has presented the challenging example of a company with a factory that is haemorrhaging money and asks what the responsible executives should do if closing the factory means mass unemployment in the location of the factory? In encouraging responsible business, government should be conscious of the effects and limits of responsible business policy in the context of problematic commercial performance. In the fringe situations where stakeholders' interests are mutually exclusive, businesses will still need to make hard decisions that create winners and losers (Edmans, 2020). However, responsible businesses may require a radical rethink of the assumptions underpinning difficult choices. The 'Future of the Corporation'

research has emphasised that decisions informed by a wider concept of ownership and in reference to a clear responsible business purpose would have a moderating effect on potentially damaging strategic decisions (The British Academy, 2018). T he question of whether it is inefficient for business to have either a narrow or a broad focus is not a simple one. T here are strong reasons for caution in saddling businesses with an expectation to serve wider stakeholders. Yet there are ways to mitigate the negative effects. Government would need to be careful in how it managed expectations for responsible business to ensure it does not sabotage the value businesses already deliver for their stakeholders.

Is it ill-advised to allow business to act in the usual competence area of politics? Capture

T he established role of government is to set the taxation and regulations which companies must comply with. Friedman believed that companies should only be compelled to conform with these basic rules of society (Friedman, 1970). Prominent thinkers, not least business leaders, have called for business to contribute more to society in order to improve public welfare. The government funding to support businesses during crises, as during the COVID-19 pandemic, has been seen by some as implying an expanded mutual support relationship in the future.1 How should such additional contributions be extracted, and control maintained? Social activism by businesses crosses into the areas traditionally occupied by governments and can even correct market failures through the provision of public goods (Kitzmueller & Shimshack, 2012). Yet even in the undisputedly government purview of taxation and regulation, the ability of business to capture the governmental agenda is a

legitimate concern (Miller & Harkins, 2010). Taxation powers in the Anglo-American world have already been severely limited through regulatory capture from a wellresourced private sector. When companies succeed at regulatory capture, they manage to unduly influence the regulatory elements through the use of relationships, expertise or more subtly through ideas (Stiglitz, 2009).

T he potential for subtle capture through ideas has been hinted at by Larry Summers, Economist and former Treasury Secretary under Bill Clinton, who believes that the socially responsible ambitions of some companies may be empty rhetoric devised as a strategy to hold off effective regulation and tax reform. It has been persuasively argued by Ramanna (2020a) that it is in the 'corporate DNA' of businesses to engineer the rules in ways that increase profits, and that the adoption of a responsible business agenda could lead to a 'cultural capture' of western political systems in the same way that taxation has already been captured and limited. Public policy practitioners and politicians must recall the warning of Joseph Stiglitz that; 'awareness of the risks of regulatory failure, including those resulting from regulatory capture, should play an important role in regulatory design' (Stiglitz, 2009). On the positive side, even attempts on behalf of companies to subvert socially responsible activism would still require the prerequisite of firms internalising the norms that such obligation existed in some form. The leveraging of these norms to realise a new productivity is a promising prospect for government. It should also be emphasised that the capture and subversion of the tax system would not have been considered as a valid argument against the tion of the obligations for businesses to pay taxes. Governments should proceed with caution but that does not mean they should be too cautious to proceed. Vigilance is needed when bringing in well-resourced businesses to social provision. Identifying areas where there is a need for a correction of the existing divide between market and state to benefit both businesses and society will offer low-risk opportunities for responsible business.

The example of education

To illustrate how responsible business can help to resolve market inefficiencies it is useful to look at the

policy area of education. Some long-sighted companies are already investing extensively in education. For example, IBM has been consistently increasing spend on educational CSR and in 2019 it spent a remarkable $708.1m on this area (IBM, 2019). This is part of a long-established intervention in education going back many decades. It involved engaging with governments to deliver services and appears to have had a substantial impact. The educational expenditure is classified by IBM as CSR, however, such long-term investments could potentially be acknowledged, as discussed below, as being central to the business's commercial future.

T he distinction is important, as investments in education can solve a problem of resource allocation in capital flows that are vital to efficiency. Over four editions of The Affluent Society, from 1958–1998, John Kenneth Galbraith identified that while the market free flow of capital allocation worked sufficiently well for material investments, 'it operates only with manifest uncertainty and inefficiency as between material and personal capital' (Galbraith, 1998). The reason for this is the responsibility of the state for the provision of early education to the vast majority of people, with the private sector being largely uninvolved. Since there is no obvious market mechanism for the flow of capital from successful business to education, there is an impediment to the investment resource allocation. Government acts to remove the impediment through the provision of universal schooling. Nevertheless, it may be hard to deny the relevance of Galbraith's observation to left behind communities, as well as to the businesses that would seek to grow in those communities. Some regions achieve schooling more successfully than others. Paul Collier has highlighted the educational failings in the UK compared to more successful models in Switzerland and Germany, where there is significant business involvement (Collier, 2018). The educational impediment takes on increasing significance in the hightech world of the 2020s, as was identified long ago by the economist of The New Deal. 'There can be no question of the importance of the impediment…this investment has become increasingly essential with the advance of science and technology' (Galbraith, 1998).

Business involvement in education is not therefore a purely charitable act, it can help to remove an impediment to the free flow of capital to improve long-term efficiency of a society. Successful businesses should, for example, invest in education in order to allocate capital to the future human resources of the community or society that developed a successful business. An ideal resilient business has been theorised by Johnstone-Louis et al. (2020) as having a purposeful strategy with intergenerational considerations. Activism in early education of the community where a business operates could be no better statement for long-term success.

T he benefits that can be reaped through responsible business engagement can be seen in the example of IBM. As a tech firm operating in over 175 countries, IBM requires highly skilled employees (IBM, 2022). Having supported education for decades, the company has been able to benefit from recruiting educated employees at a lower cost in India. In order to benefit from education,companies would need to have extensive time horizons and a considerable impact. In supporting the education system in India, IBM achieved this. One programme that was started in the previous century is a notable example. Working with education ministries in different countries, including India, in its first 10 years IBM's KidSmart Early Learning Program claimed to have reached more than 10 million students and 100,000 teachers (IBM, 2009).

T he development in sourcing employees has been remarkable. From 2007 onward, the number of IBM employees in India dramatically increased, to almost double in size, and by 2017 one third of the IBM workforce were based in India, whereas the workforce in its home country of the USA declined (The New York Times, 2017). It was reported that 59% of the jobs IBM posted between January and March

2022, constituting over 10,000 jobs, were posted in India (HR World, 2022).

T hrough programmes such as KidSmart, IBM were investing in the provision of education in India and, over the subsequent decades, the country has become a major source of the organisation's recruitment. India is a very large country with vast educational need, but it seems clear that the business has benefitted from the education system that it has helped to support. Such shared value is as an example to emulate. Conclusion

T his literature review examined a range of thinking on the subject of responsible business to offer a concise overview of the opportunity and challenge currently presented to society. The world of business is in a new epoch of accepting social responsibility and, at the same time, a crisis of inequality means there is a need for every element of society to put their shoulder to the wheel. Governments have been hesitant in the past and there is room for more assertive action to harness the new epoch. Four questions were posed at the beginning of this review and although definitive answers are illusive, there are some strong indications that should stimulate further thought.

Responsible business has a long precedent. It has been half a century since Friedman counselled businesses to have a profit only focus. Since that time, the development of the concept of responsible business has been dramatic, even if the fundamental problem of inefficient markets and the human desire to serve a purpose are age old. Neither businesses, nor the societies they are part of, con
sider the exclusive generation of profit for shareholders to be the sole purpose of businesses. Responsible behaviour has become a characteristic of a successful business and it is likely to be used strategically in the future. As part of a long-term strategic plan for performance, businesses should be active as socially and environmentally responsible actors. Governments can seize the opportunity presented to improve social outcomes for their populations, but harnessing it without damaging business competitiveness demands care. Policymakers should be concerned about issues, such as international competitiveness and allowing businesses to maintain focus, when designing policy for responsible business. That said, there are various levers governments can pull, including corporate constitutional reform or mandatory CSR. As has been discussed, some experts have argued that there are reasons to pull these levers, but more research is needed to conclude definitively in what circumstances they should be pulled. Finally, the need to avoid being captured by wellresourced private interests is real. Businesses have succeeded in capture before. However, this success does not remove the expectation of contribution to society. Policymakers would be wise to be alive to the risk of capture and identify areas where opportunities exist for mutual benefit for businesses and society, such as education.

The new epoch of responsible business is an incredibly exciting time and the potential for constructive coalitions in society powered by business is transformative. Circumstances have converged to make a radical shift in the role of businesses in society not just desirable but realistic. Problems remain and will be of vital importance as the nascent area of public policy develops. This discussion addressed the four questions stated at the beginning of the piece, but the answers are not simple and require considerable thought. In the coming years work must be done to develop appreciation of these considerations so that government, business and the third sector can deliver the best outcomes for society.

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Morality matters: social psychological perspectives on how and why CSR activities and communications affect stakeholders' support - experimental design evidence for the mediating role of perceived organizational morality comparing WEIRD (UK) and non-WEIRD (Russia) country

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ABSTRACT

Companies' communications about Corporate Social Responsibility (CSR) have become increasingly prevalent yet psychological reasons for why those communications might lead to positive reactions of the general public are not fully understood. Building on theories on impression formation and social evaluation, we assess how CSR communications affect perceived morality and competence of a company. We theorize that the organization's CSR activities would positively impact on perceived organizational morality rather than on perceived organizational competence and that this increase in perceived organizational morality leads to an increase in stakeholders' support. Two experimental design studies show support for our theorizing. We cross-validated the robustness and generality of the prediction in two countries with different business practices (UK (N = 203), Russia (N = 96)). We demonstrated that while the general perceptions of companies and CSR differ between the UK and Russia, the underlying psychological mechanisms work in a similar fashion. By testing our predictions in western, educated, industrialized, rich, and democratic (WEIRD) and in non- WEIRD countries, we also extend current socio-psychological insights on the social evaluation of others. We discuss theoretical and practical implications.

Keywords CSR, Impression formation, Social evaluation, Morality, Experiment, WEIRD and non-WEIRD countries, Russia, UK, Stakeholders, Corporate communications

Introduction

Almost every day on the news people read about positive actions of various companies such as promoting diversity or working on environmentally friendly production solutions (Corporate Social Responsibility or CSR activities).People become increasingly aware of the importance of CSR including addressing environmental issues (Sabherwal et al., 2021). Corporate communications about those type of activities are increasingly prevalent and it became an important topic in academic research across different disciplines (e.g. Aguinis & Glavas, 2012). Will this affect your perceptions of the company and why? While there is a large body of evidence that suggests that you would be positively affected by such corporate communications, the reasons behind why this is the case are not fully understood (Aguinis & Glavas, 2012; Jamali & Karam, 2018; Simpson & Aprim, 2018). In the present research, we address the identified research need and we contribute to the current literature in several ways. First, we apply the insights from Social Identity Theory (Tajfel, 1974; Tajfel & Turner, 1979, 1986) and theories on social evaluation of others (Abele et al., 2021; Abele & Wojciszke, 2007; Hack et al., 2013; Wojciszke et al., 1998) to explain the relationship between CSR activities and stakeholders' reactions (i.e. reactions of actual or potential employees or customers of a company), thus extending prior micro- or individual level CSR literature (Aguinis & Glavas, 2019; Jamali & Karam, 2018).

By applying theories of social evaluation to people's assessments of companies, we extend the emerging theory on how people develop impressions of non-human subjects (Ashforth et al., 2020; Epley et al., 2007; Gawronski et al., 2018). Second, we provide empirical evidence to our theorizing by conducting experimental design studies in two countries (Russia and UK) with different business practices (e.g. Russia is ranked at the bottom of the corruption index offered by Transparency International (137 out of 180 countries), and the UK (12 out of 180)), which can impact on development and perceptions of CSR. We propose and demonstrate that while country-specific conditions can indeed influence both the types of CSR activities (Awuah, et al., 2021; Ervits, 2021) and stakeholders' reactions to CSR activities (Grabner-Kräuter et al., 2020; Jamali & Karam, 2018), the socio-psychological mechanisms explaining the relationship between CSR and stakeholders' support work in similar fashion in two countries with different business practices (Cuddy et al., 2009). Finally, in the social psychological and organizational behavior literature there are growing concerns about the potential lack of generalizability of study results, as most of the theory is supported by the empirical evidence obtained in Western, Educated, Industrialized, Rich, Democratic (WEIRD) countries (Cheon et al., 2020; Henrichet al., 2010b). This is particularly problematic since WEIRD-based research accounts for over 90% of the psychological research, while only 12% of the world lives in WEIRD countries (Henrich et al., 2010a). Thus, by explicitly testing our theorizing in both WEIRD and non-WEIRD samples, we extend current socio-psychological insights on the social evaluation of others.

Morality and competence as key dimensions for social evaluation of others

Individuals assess others on the basis of two key dimensions. Although different approaches have emphasized slightly different aspects of these dimensions and use different labels, the two key dimensions can generallybe interpreted as referring to task ability (competence/ agency) vs. interpersonal intentions (morality/communion/warmth) (Fiske et al., 2007; Goodwin et al., 2014; Leach et al., 2007; Wojciszke, 1994). We know that those key dimensions capture distinct behavioral features of various targets (Wojciszke, 1994). Importantly, researchers have started to apply dimensions of social evaluation of other human targets to the emerging theory on how people develop impressions of non-human subjects such as companies and brands (Kervyn et al., 2012; Shea & Hawn, 2019). Similarly, we apply those two dimensions of social evaluation to people's perceptions of companies, thus building on this latest trend in the organizational behavior literature to leverage on the findings from social psychology as people tend to anthropomorphize non-human targets, including organizations (Ashforth et al., 2020; Epley et al., 2007). We know that, generally speaking, CSR activities imply that a company is focusing on something above and beyond of what is strictly speaking required by law (McWilliams & Siegel, 2001). One of the recognized key goals of the company is to make a profit. When organizations engage in CSR, this generally cannot be explained from profit-

making motives, or from legal requirements. Examples of CSR activities include introducing additional measures to attract minority groups or better accommodating employees or customers with disabilities. Behaving responsibly is generally seen as ethical (Carroll, 2016; Mitnick et al., 2023) or 'morally good', and hence this might improve the perceived morality of a company. To date, the specific relationship between displays of CSR and perceptions of organizational morality, or perceived trustworthiness (Leach et al., 2015) of companies, has been proposed in mainly been established with surveybased studies (e.g., Ellemers et al., 2011; Farooq et al., 2014; Hillenbrand, et al., 2013). Accordingly, we would expect that learning about companies' CSR activities would increase the perceived organizational morality of a company. We use experimental design studies that allow us to draw causal conclusions (Shadish et al., 2002), thus providing a strong test of our prediction. Our work speaks to the classic admonition that in research there is "no causation without manipulation" (Holland, 1986).

Hypothesis 1: Learning about companies' CSR activi ties would increase the perceived organizational morality of a company.

Organizational morality as a source of stakeholders' support

T he fact that morality and competence, as two key dimensions of impression formation, account for over 80% of the variance in our impressions of others (Wojciszke et al., 1998), means that any information that would positively impact any of those two dimensions would result in a positive overall impression of other evaluative targets. Since we apply morality and competence to the evaluation of companies, this implies that any information about a company that would positively impact any of those two dimensions would result in a positive overall impression of a company or in the overall increase in stakeholders' support for a company. In a business context, competence is clearly important. It seems evident that if a company is perceived more competent, for example, because it has better products than its competitors, then such a company would get more support from customers or would be better positioned to attract and retain employees. Why an increase in perceived organizational morality would also positively impact stakeholders' support in a business context can be explained by Social Identity Theory (Tajfel, 1974; Tajfel & Turner, 1979, 1986).

Based on Social Identity Theory (Tajfel, 1974; Tajfel & Turner, 1979, 1986), it has been argued and shown that the perceived characteristics of an organization determine its subjective attractiveness, and drive the willingness of individuals to associate with that organization (Ashforth and Mael 1989; Ellemers et al., 2004; Haslam et al., 2009; Haslam et al., 2000). Furthermore, people tend to identify with companies not only as employees but also as consumers (Fennis & Pruyn, 2007; MacInnis & Folkes, 2017; Stokburger-Sauer et al., 2012; Tuškej et al., 2013). Over the years, research, inspired mostly by reasoning based on social identity theory, has demonstrated that morality is particularly important for our assessment of other people, especially when these others somehow relate to the self

(Abele et al., 2021; Goodwin et al., 2014; Leach et al., 2007; Wojciszke et al., 1998). Recent theory posited that both employees and customers tend to evaluate companies by interpersonal standards (Ashforth et al., 2020). That means that since both employees and consumers tend to identify with companies – even in a business context – the perceived morality of an organization would have an impact on the evaluations of companies by both employees and customers. Moreover, perceptions of organizational morality have been found to be at least as important as perceptions of organizational competence in attracting and committing the support of relevant stakeholders (van Prooijen & Ellemers, 2015; van Prooijen et al., 2018). Thus, we propose that in business contexts as well, an increase in perceived organizational morality should lead to an increase in the desire to associate the self with the company i.e. to increased intentions to buy companies' products or to work for a company. Since we argue that CSR activities enhance the perceived morality of the company (Hypothesis 1). We also propose that the perceived morality of the company should mediate the relationship between learning that a company is engaged in CSR activities and stakeholders' support for this company.

Hypothesis 2: We predict that informing participants about CSR activities of a company should increase stakeholders' support for that company.

Hypothesis 3: Perceived organizational morality is a mediator for the relationship between CSR activities and stakeholders' support.

CSR perceptions in Russia

T he examination of CSR in developing countries is an emerging field of study (Boubakri et al., 2021; Jamali & Mirshak, 2007; Khojastehpour & Jamali, 2021; Kolk & van Tulder, 2010). The economic and institutional differences between developing and developed countries raise questions about the applicability of some of the general CSR findings to emerging markets contexts and make this a topic worthy of investigation (Jamali & Karam, 2018). For example, prior work demonstrates that the differences in economic inequality can impact on how people behave in business contexts (König et al., 2020). Research shows that cultural traditions can impact on stakeholders' reactions to CSR (Wang et al., 2018). Similarly, the differences in business practices related to different levels of perceived corruption between countries can result in differences in CSR approaches (Barkemeyer et al., 2018) or, which might mean that people have different views and different perceptions of CSR between a country with a relatively high level of corruption (e.g. Russia) and a country with a relatively low level of corruption (e.g. the UK).

Even within the limited research field focused on in developing countries, some regions or countries have benefited from more attention than others. On a comparative basis, while in recent years CSR researchers have examined the situation in China and Africa, meriting even review research (Idemudia, 2011; Moon & Shen, 2010), CSR in the developing economies of Central and Eastern Europe and Russia in particular, which experienced radical redevelopment of economic and corporate governance

systems (Aluchna et al., 2020; Tkachenko & Pervukhina, 2020) has attracted minimal research efforts. So far, not surprisingly, there is some evidence that the forms of CSR visible in Central and Eastern Europe and in Russia are affected by the historical socialist or central planning legacy (Fifka & Pobizhan, 2014; Koleva et al., 2010). For example, during Soviet times, in Russia, companies used to take care of

their employees by providing kindergartens, health and recreation facilities, which was valuable to employees in the absence of public social security system (Fifka & Pobizhan, 2014). Thus, in the past, Russian companies were strong in, what can be considered as CSR activities towards their employees. On the other hand, historically, Russian companies did not view customers or clients as important stakeholders to consider in their business decisions and for CSR activities (Alon et al., 2010; Fifka & Pobizhan, 2014).

While historical circumstances suggest that there might be differences in CSR approaches between the UK and Russia, the limited amount of available research does not reveal whether Russians perceive CSR differently than their UK-based counterparts. For example, one study, looking at the attitudes of Russian managers towards CSR, concluded that, in contrast to Western managers, Russian managers do not view CSR as a positive way to influence consumers' perceptions about a company (Kuznetsov et al., 2009). On the other hand, a different line of research revealed that many Russian firms do provide some CSR information to external stakeholders (Preuss & Barkemeyer, 2011). This suggests that the managers of at least those companies think providing such information might somehow be beneficial for their companies. In sum, the limited amount of research about CSR in zRussia does not provide us with an answer to how the Russians would perceive CSR activities. Thus, we propose to turn to the insights about basic social psychological mechanisms that are likely to play a role across different countries and contexts, to inform our views about stakeholders' perceptions of CSR activities in Russia. We note that morality and competence are among the few social psychological concepts which were tested in multiple countries. In fact, some of the first conclusions about morality and competence were drawn based on Polish samples (Wojciszke, 1994; Wojciszke et al., 1998). T hese two dimensions were later tested in the US context (Cuddy et al., 2007; Fiske et al., 2002), in Dutch context (Leach et al., 2007) and in Polish and German settings (Abele & Wojciszke, 2007). An impressive cross-cultural collaboration showed the applicability of those two key dimensions across ten nations, including such countries as Spain, Germany, France, the UK, Japan, and South Korea (Cuddy et al., 2009).

While those dimensions have not yet been tested in Russia, we argue, based on the robust evidence for the cross-cultural relevance of those two dimensions of impression formation, that those dimensions should be equally applicable in both UK and Russian contexts. T hus, we propose that while there are multiple factors that could make the evaluation of CSR activities to be different between the UK and Russia (Jamali & Karam,

Jamali & Mirshak, 2007), the psychological process at work would be the same as in the UK. Consequently, we argue that we will find support for our theorizing also in the Russian sample, providing further empirical support to our Hypotheses 1,2 and 3.

Current research

In two experimental studies, we assessed how CSR communications of a company affected perceived morality, perceived competence and stakeholders' support for the company (as a customer or prospective employee). In both studies, we focused on evaluations of companies by the general public. Members of the general public are the key target, whom companies try to reach (e.g., as prospective clients, employees, or investors) by communicating about their CSR activities. Perceptions of the general public are shown to be a good predictor of key positive outcomes for companies (e.g. an increase in the shareholders' value, Raithel & Schwaiger, 2015). In Study 1, we tested our hypotheses in the UK. In Study 2 (Russia), we replicated the results of Study 1. We cross-validated the robustness and generality of the relations we predicted between CSR, perceived morality and stakeholders' support by examining whether this would hold across these two very different business contexts.

T his research was pre-approved by the University's Ethics Committee.

Study 1

Method

Participants and design

All participants for Study 1 were based in the UK and approached via Prolific. 249 participants completed the survey. We retained 203 participants (127 female), M age = 36 (SD = 12). M work experience = 15 (SD = 12), excluding participants who failed an attention check (participants were asked to tick a certain number and to select if they read about Company A or X). Please note we checked the results, including all participants who completed the questionnaire, and the main patterns remained the same.

Participants were randomly divided into two groups. Both groups received some neutral company information: "Company A is a mid-size IT advisory company based in the UK. It delivers websites, web-based IT systems, and computing as a service. It also provides information technology, research and consulting services." T hereafter, the control group proceeded directly to the dependent variables. The experimental condition group f irst read that the company was engaged in CSR activities (via a short press release about CSR activities). It was stated that Company A issued a CSR report detailing the company's progress on environmental, social and governance initiatives. No specific reason for engaging in CSR activities was stated. After receiving this information and the participants proceeded to the dependent variables. Finally, all participants were thanked, debriefed and compensated.

Dependent variables

We assessed morality and competence with the items developed by (Leach et al., 2007). We have asked the participants to answer the following question: "We would like to get an impression of how you view Company A. Please have a look at the list of various traits and rank to what extent you view Company A

Please have a look at the list of various traits and rank to what extent you view Company A as…" Items comprising this scale were presented to participants in a randomized order. Factor analysis confirmed that these items indicate morality and competence as two different constructs in line with (Leach et al., 2007):morality, 3 items: honest, trustworthy, sincere ($\alpha = 0.91$), competence, 3 items: intelligent, competent, skillful ($\alpha = 0.86$). We evaluated support of various stakeholders such as clients and employees i.e. stakeholders' support for a company using the following questions: 'Please rate your intentions to buy products/services of Company A', 'Please imagine you can apply for a job in company A. Do you feel motivated to work for Company A?' ($\alpha = 0.81$.

T he two items we used to evaluate the support of two key types of stakeholders' such as potential customers/clients and potential employees. Those two types of stakeholders are often the focus of CSR research (e.g. Baskentli et al., 2019; Bauman & Skitka, 2012). We utilized a 7-point Likert-type scale ranging from 1 (strongly disagree) to 7 (strongly agree), asking participants to indicate how each of these items reflected their own position. Likert type scale ranging from 1 to 7 was used to measure participants' reactions in all studies unless stated otherwise. Results To guard against capitalization on chance, we conducted a

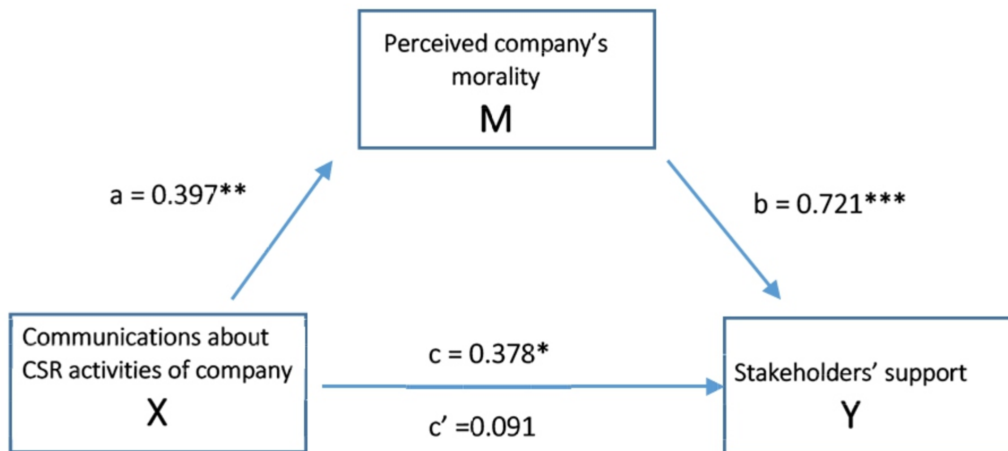
MANOVA with communication about CSR activities of Company A (yes/no) as the between-subjects variable and morality, competence and stakeholders' support, as dependent variables, which revealed a multivariate significant effect $F(3,200) = 5.20$, $p = 0.002$. We then examined univariate effects on morality, competence stakeholders' support, separately. Morality and competence Consistent with Hypothesis 1, participants who read that Company A was engaged in CSR activities viewed Company A as more moral (morality M csr = 5.07 SD = 0.97) than participants who didn't read anything about CSR activities of Company A (morality M no csr = 4.68, SD = 1.07), $F(1, 202) = 7.70$, $p = 0.006$. The effect of the experimental condition on competence was not significant $F(1,202) = 0.02$, $p = 0.89$. T hese results show that the experimental manipulation improved the perceived morality of the company. The fact that we did not find an effect of our experimental manipulation on perceived competence shows that CSR information does not just improve the general impression people have of the company. If that were the case, we would have expected improved perceptions of both morality and competence. This is not what we observed. Instead, our manipulation only improved the perceived morality of the company.

Stakeholders' support The univariate effect on stakeholders' support was significant, $F(1,202) = 5.54$, $p = 0.02$. Consistent with Hypothesis 2, participants who read that Company A was engaged in CSR activities expressed higher stakeholder' support for Company A (M csr = 5.14, SD = 1.04) than participants who didn't read about CSR activities of Company A (M no csr = 4.76, SD = 1.23). Mediation We then assessed whether the effect of the experimental condition on the stakeholders' support for Company A was mediated by the perceived morality. We were able to infer morality mediation thanks to the temporal order in our experimental design (Shea & Hawn, 2019). A mediation model analysis was conducted using PROCESS macro (Hayes, 2017) for SPSS based on 10,000 bootstrap resamples.

As is depicted in Fig. 1, communications about CSR activities indirectly influenced stakeholders' support through its effect on the perceived morality of a company. The participants, who read about CSR activities, perceived Company A to be more moral and they also showed more support for the company. The confidence interval for the indirect effect was above 0. Thus, in line with predictions, the analysis provided support for our reasoning that morality (b = 0.286, SE = 0.108; CI = LL: 0.0.095; UL: 0.515, 10,000 bootstrap resamples), accounts for the relationship between CSR activities and stakeholders' support. Thus, the results are consistent with Hypothesis 3, that morality mediates the relationship between CSR activities and stakeholders' support.

Study 2
Method
Participants and design

All participants in Study 2 were based in Russia. One of the co-authors approached Psychology and Applied Psychology students from a university, to participate in the research. One hundred eighteen participants completed the quantitative part of the study, out of which twentytwo participants failed the attention check, which asked



Note: * p<0.05,**p<0.01, ***p<0.001

Fig. 1 Mediation model Study 1 c is total effect, it shows that there is an effect of X on Y that may be mediated. Path c' is called the direct effect. The mediator has been called an intervening or process variable. We can see that there is a mediation, as variable X no longer affects Y after M (perceived company's morality) has been controlled, making path c' statistically non-significant

participants to tick a certain number and to select if they read about Company A or X. When checking the results, including all participants, the main patterns remained the same. The final sample we used to analyze the quantitative data for this study consisted of 96 participants (80% female), M age = 21 (SD = 2.7), M work experience = 2 (SD = 2.9).

Similar to Study 1, participants were randomly assigned to the control and experimental groups. Both control and experimental groups received the same information as in Study 1; we only changed the description specifying that the company was a Russian company to fit this specific context. Participants in the experimental group read a short text about CSR and information about Company A being active in CSR, similar to Study 1 this was presented as a press release from Company A. Participants of both groups completed the dependent variables. The participants received no monetary compensation.

Dependent variables

Morality and Competence We assessed perceptions of organizational morality (α = 0.84) and competence (α = 0.76) with items we use in Study 1 (Leach et al., 2007). Stakeholders' support We decided to expand on the two items we used in Study 1 by adding two supplementary questions. We evaluated stakeholders' support for the company with the following items: 'Please imagine that you are a client of Company A. How likely is it that you would purchase Company A's products?', 'How likely is it that you would want to recommend Company A's products?', 'Please imagine that you can apply for a job at Company A. Would you feel motivated to apply for a job at Company A?', 'Would you feel motivated to work for Company A?' (α = 0.86).

Results

We conducted a MANOVA with communication about CSR activities of Company A (yes/no) as the betweensubjects variable and dependent variables. This revealed a multivariate significant effect of the experimental manipulation F (3,93) = 2.73, p = 0.048. We then examined univariate effects on morality, competence and stakeholders' support separately.

Morality and competence Consistent with Hypothesis 1, participants who read that Company A was engaged in CSR activities viewed Company A as more moral (morality M csr = 4.51, SD = 0.95) than participants who didn't read anything about CSR activities of Company A (morality M no csr = 4.00, SD = 1.17), F (1, 95) = 5.30, p = 0.024. Like in Study 1, the effect of the experimental condition on competence was not significant F(1,95) = 1.11, p = 0.30, countering the alternative explanation that information about CSR activities improves the overall impression of the company. Stakeholders' support The univariate effect on stakeholders' support was significant, F (1,95) = 5.30, p = 0.024.

Consistent with Hypothesis 2, participants who had read that Company A was engaged in CSR activities expressed higher stakeholder' support for Company A (M csr = 4.67, SD = 1.21) than participants who didn't read about CSR activities of Company A (M no csr = 4.10, SD = 1.22). Mediation A mediation model analysis was conducted using PROCESS macro (Hayes, 2017) for SPSS based on 10,000 bootstrap resamples.

T he model shows that communications about CSR activities indirectly influenced stakeholders' support through its effect on the perceived morality of a company. The participants, who read about CSR activities, perceived Company A to be more moral and they also showed more support for the company. The confidence interval for the indirect effect was above 0. Thus, in line with predictions, the analysis provided support for our reasoning that morality he model shows that communications about CSR activities indirectly influenced stakeholders' support through its effect on the perceived morality of a company. The participants, who read about CSR activities, perceived Company A to be more moral and they also showed more support for the company. The confidence interval for the indirect effect was above 0. Thus, in line with predictions, the analysis provided support for our reasoning that morality (b = 0.28, SE = 0.13; CI = LL: 0.0.05; UL: 0.58, 10,000 bootstrap resamples), accounts for the relationship between CSR activities and stakeholders' support. Thus, the results are consistent with Hypothesis 3, that morality mediates the relationship between CSR activities and stakeholders' support.

Cross-country comparison: additional analysis comparing the results of Study 1 (the UK) and Study 2 (Russia)

Results

To check whether the hypothesized effects are robust across both national contexts, we

additionally compared the results of the two studies. We conducted a 2 × 2 MANOVA with a CSR experimental condition (CSR communication vs. control) and country (the UK vs. Russia) as the between-subjects variables and perceived morality, competence and stakeholders' support as dependent variables. This revealed significant multivariate main effects of country (F (3,296) = 9.01, p < 0.001) and the CSR experimental condition (F (3,296) = 6.57, p < 0.001). There was no interaction effect (F (3,296) = 0.23, p = 0.88), indicating that our experimental manipulations had parallel effects in both countries. The fact that there is no interaction means that the theorized processes worked similarly in both countries.

At the univariate level, the effect of country was significant for morality (F (1,298) = 23.23, p < 0.001), stakeholders' support (F (1,298) = 13.35, p < 0.001), and competence (F (1,298) = 5.32, p = 0.42). The relevant means show that participants in the UK perceived the company as more moral (M UK = 4.87, SD = 1.04, M Russia = 4.23, SD = 1.10) and more competent than in Russia (M UK = 5.30, SD = 0.96, M Russia = 5.01, SD = 0.98). UK participants also expressed more support for the company (M UK = 4.95, SD = 1.16, M Russia = 4.40, SD = 1.23) than Russian participants. This shows that, there were differences in people's perceptions between those two countries, where UK perceptions were overall more positive that the perceptions of Russian participants. At the univariate level, across the two national samples, the effect of CSR experimental condition was significant for morality (F (1,298) = 12.32, p = 0.001) and stakeholders' support (F (1,298) = 9.60, p = 0.002). There was no significant univariate effect for competence (F (1,298) = 0.86, p = 0.34).

The relevant means show that in the experimental condition participants perceived the company as more moral (M csr = 4.90, SD = 0.99; M control = 4.45, SD = 1.15) than in the control condition. They also expressed more support for the company (M csr = 5.00, SD = 1.11, M control = 4.56, SD = 1.23) in the experimental condition compared to the control condition. T hese results provide support to Hypotheses 1 and 2. We show that, regardless of the overall difference in evaluations between the countries, the manipulation had the same effect in both countries: there was an overall main effect of the manipulation and no interaction effect.

Mediation analysis

As a next step, we carried out a mediation analysis with total participants from both studies. The confidence interval for the indirect effect was above 0. Thus, in line with predictions, the analysis provided support for our reasoning that morality (b = 0.298, SE = 0.087; CI = LL: 0.1348; UL: 0.478, 10,000 bootstrap resamples), accounts for the relationship between CSR activities and stakeholders' support. Thus, the results are consistent with Hypothesis 3, that morality mediates the relationship between CSR activities and stakeholders' support.

Discussion

Theoretical contributions

Several theoretical implications follow from our work. First, building on Social Identity Theory (Tajfel, 1974; Tajfel & Turner, 1979, 1986) and theories on social evaluation of others (Abele & Wojciszke, 2007; Hack et al., 2013; Wojciszke, et al., 1998), we theorize and demonstrate in two experimental design studies that learning that a company is engaged in CSR activities leads to an increase in perceived morality of that company. The perceived organizational morality, in turn, increases stakeholders' support. Thus, we also expand current understanding of the mechanisms which impact the relationship between CSR and stakeholders' support (Aguinis & Glavas, 2012; Hillenbrand et al., 2013). By applying theories of social evaluation to people's assessments of companies, we extend the emerging theory on how people develop impressions of non-human subjects (Ashforth et al., 2020; Epley et al., 2007; Gawronski et al., 2018; Mishina et al., 2012).

Second, our work extends current insights on strategic CSR and international management. We test our theorizing in two different countries: the UK and Russia. Most CSR work to date has been carried out in a single country context (Lim et al., 2018). As companies become more global, there is an increased demand for more crosscountry CSR research (Scherer & Palazzo, 2011), which we address in the present research.

Furthermore, experiment based CSR research is often dominated by WEIRD samples (e.g. (De Vries et al., 2015; Ellemers et al., 2011; Chopova & Ellemers, 2023; see also Ellemers & Chopova, 2021). We, on the other hand, test our theorizing in two countries with different business practices, which can impact on development and perceptions of CSR. We find mean level differences between perceptions reported by participants in those two countries, showing that, overall, our study participants in Russia are more critical and less supportive of the company than participants in the UK. Responding to the call to devote more academic attention to CSR in developing countries (Jamali & Karam, 2018; Jamali & Mirshak, 2007), we were able to demonstrate that the impact of CSR on perceived organizational morality and stakeholders' support remains the same across study samples obtained in the UK and Russia.

Furthermore, we address the identified need in the social psychology for testing support for general theory both in WEIRD and non-WEIRD countries, as most of the current research is carried out in WEIRD countries, while most of the world lives in non-WEIRD countries (Henrich et al., 2010a). While it is encouraging to note that some recent work has been aiming to address this issue (Pagliaro et al., 2021), those attempts remain rare.

Thus, we extend current insights in social psychology on morality as a key dimension in social judgment by demonstrating that SIT (Tajfel, 1974; Tajfel & Turner, 1979, 1986) and theories on social evaluations of others (Abele & Wojciszke, 2007; Hack et al., 2013; Wojciszke et al., 1998) are also applicable in a non-WEIRD country.

Practical implications

Our work also has clear practical implications. First, experimental research is the key to understand what people can do to alter stakeholders' responses to a company in terms of practical interventions. Thus, we provide strong evidence that communicating about CSR enhances perceived organizational morality and stakeholders' support.

Second, there seems to be some testimony in the literature that morality is not always seen by businesses as important for CSR communications (Norberg, 2018). Our research shows that managers should not shy away from explaining that companies engage in CSR for moral or ethical reasons. These observations are also supported by a different line of work, where it was shown that the focus on the business case solely was detrimental to managers' inclinations to engage in CSR as these managers experienced weaker moral emotions when confronted with ethical problems (Hafenbradl & Waeger, 2017). Our recommendations are also in line with the reported evolution of concept CSR in the literature and the statements that business interests can go together with sustainability efforts (Porter & Kramer, 2011; Porter & Kramer, 2018; Latapí Agudelo et al., 2019; Matten & Moon, 2020). Finally, there seems to be a notion among some practitioners that CSR might be less important in emerging economies. For example, in 2016, the Netherlands Enterprise Agency, on a commission from the Ministry of Foreign Affairs of the Netherlands, published a fact sheet about Corporate Social Responsibility (CSR) in Russia for companies wishing to work in the Russian Federation.

T his stated that "there is still limited support for CSR in [Russian] society". This sweeping statement does not specify what is meant by "society", or how they reached this conclusion. We hope that our work can inspire practitioners working in developing countries and in Russia, in particular, to take note that while there can be differences in perceptions of CSR between countries, CSR activities and the perceived moral image of a company are important for stakeholders' support.

Limitations

In this research, we see that Russian participants, in general, evaluate the company more negatively than UKbased participants. We have not addressed why this could be the case, which can be seen as a limitation. However, we would like to point out that this was not the focus of our research. Nevertheless, we demonstrated that shifts in perceived morality are possible due to specific communications, regardless of higher vs. lower levels of overall perceived morality. In fact, we propose that the fact this causal relationship could be demonstrated in both countries, regardless of the significant differences in the evaluations between the countries, speaks to the strength of the mechanisms we examine in our research. Furthermore, we used an "unknown" mid-size IT consultancy company as a basis for experimental studies. It can be argued that people generally are less likely to have strong views about IT consultancy companies, which can perhaps be seen as a limitation, as people usually have views and associated with certain industries or products (e.g. banking, tobacco, Coca-Cola). To this, we would like to highlight that our aim was to show how the processes work in general. Thus, we explicitly chose to have a company that people are less likely to have preconceived views about.

Future directions

In this research, we specifically focused on a company with a relatively neutral image with respect to CSR. It is known, that some industries, such as the financial sector or tobacco, are negatively evaluated by the general public in the moral domain in particular. We know that a negative moral image is more difficult to repair, and it is particularly problematic for people working in those types of industries (Ashforth & Kreiner, 2014; Chopova & Ellemers, 2023). Moral disengagement (Bandura, 1999) can be a potential response of current investors and employees to the experience of social identity threat when the moral standing of their organization or their professional group is called into question. Future research might want to study how CSR communications affect morality and stakeholders' support in industries with a priori negative moral image (Hadani, 2023). We apply prior social psychological findings to nonhuman targets, thus building on the fact that humans can anthropomorphize non-human targets (Ashforth et al., 2020; Epley et al., 2007). In our work, we used a broad definition of CSR, including both human-focused (e.g. employees' focused) and non-human focused (environmental protection) activities, which, we hope, improves the generalizability of our findings. We showed that this broad CSR definition leads to an increase in the perceived organizational morality. Future research might want to study to which extent the type of CSR activity impacts on the perception of organizational morality. Historically, western religious and ethical thinking was mainly human-centric, where human actions affecting nonhumans were not perceived as morally relevant (Pandey et al., 2013). Hence, it is possible that people would tendto see human-focused CSR activities as more moral than environmentally focused activities.

Additionally, prior work showed that people have different personal tendencies to anthropomorphize non-human targets (Waytz et al., 2010). Further research might want to examine to what extent this variable can be a moderator for the relationship between learning that a company is engaged in CSR activities, perceived organizational morality and stakeholders' support.

Conclusion

Our paper has multiple implications for CSR and social psychological literature. Namely we demonstrate in two experimental design studies that corporate CSR communications lead to an increase in the perceived organizational morality, which in turn leads to an increase in stakeholders support. We build on social psychological literature, we explain the processes underlying this relationship. We show that morality is a relevant dimension for evaluation of

human targets to nonhuman targets. We empirically test our theory in both WEIRD (the UK) and in non-WEIRD (Russia) country. We believe that our findings are particularly relevant in the current context where various politicians and media suggest that psychological differences are too large to be able to compare people from a country such as the UK and to people from Russia. While we only focus on CSR perceptions and subsequent stakeholders' support, our work suggests that in that area the underlying psychological mechanisms work in a similar fashion in both countries.

Appendix

Company A is engaged in Corporate Social Responsibility (CSR) activities. Its CSR activities are focused on the role the company plays in the community where it operates, on the company's impact on the environment and on creating a diverse workforce. Please see below the extract from the latest press release about Company A's Corporate Social Responsibility activities (Fig. 2).

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Identifying transitions in corporate sustainability reporting: a content analysis of JSE/FTSE multinational sustainability reports from 2016 to 2021

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A B S T R A C T

The dominant practice governing sustainability reporting in the private sector is that of Corporate Social Responsibility (CSR) or Environmental Social Governance (ESG) reporting. CSR has its roots in philanthropy and charitable initiatives, while ESG aims to integrate environmental, social, and governance factors into business practices and decision-making. This paper analyses the transition in sustainability worldviews revealed in corporate sustainability reporting from 2016 to 2021. It uses a longitudinal content analysis methodology applied to a sample of ten multinational companies listed on the South African JSE/FTSE top 40 index. The period for the longitudinal study is framed from when the companies started reporting on ESG. The JSE/FTSE was chosen as the companies listed in the top 40 represent 80% of the value on the JSE (JSE 2020). The qualitative content analysis makes use of the five stages of corporate sustainability model to position companies' sustainability reports within these five stages (Landrum & Ohsowski, 2018a). The key finding of this paper is that multinational companies have been slow to transition their sustainability reporting practices. The current reports reflect a business-as-usual mindset that is driven by compliance with reporting regulations. There is an absence of reporting that reflects a view of embedding business operations within bounded science-based ecological and social environments.

Keywords Corporate sustainability reporting, Content analysis, Stages of corporate sustainability, Planetary boundaries

Introduction

It is becoming more apparent that business institutions are struggling to limit economic activity to sustainable levels within the boundaries of the planet. The intensifying effects of climate change and ecological destruction serve as clear evidence of this (Rockström et al., 2009).

Globally, this has led to increased pressure on companies to adopt sustainable business practices and report on their environmental impact. However, despite the increasing importance of sustainability, there is still a global lack of consistency in sustainability reporting, which is the practice of communicating a company's social and environmental performance to stakeholders. It is becoming increasingly important as stakeholders, including customers, investors, and regulators, demand greater transparency and accountability from companies. While CSR reporting can provide many benefits, such as improved reputation, increased stakeholder trust, and increased sales it also presents several challenges. Even though sustainability or CSR reports are produced by 90–95% of the world's largest corporations, a significant part of the challenge lies in the ongoing debate surrounding the terminology and definitions of sustainability and corporate social responsibility, as well as their implementation (Landrum & Ohsowski, 2018a). Some businesses view the implementation of sustainability as incremental improvements, while others see it as a major paradigm shift. It is a field that is in a

continuous state of evolution and development (Landrum & Ohsowski, 2018a). The ambiguity surrounding the terminologies and definitions of sustainability contributes to the diff iculties in its implementation. CSR has also been criticised for being too separate from mainstream business functions and purpose, resulting in it being used more for image management, greenwashing or weak sustainability practice (Landrum & Ohsowski, 2018a). This is juxtaposed against Schot & Kanger (2018) whose work on sustainable transitions, highlights the need for radical transformative change if sustainability is going to be addressed in a manner that will make a difference.

The concept of ecological or planetary boundaries lies at the core of sustainable development discussions. Rockström et al. (2009) define planetary boundaries as a "safe operating space" for humanity concerning the Earth system. In their scientific research, they have identified nine planetary boundaries that cannot be exceeded without creating significant ecological system shifts that would jeopardize humanity's survival. The planet operates within ecological limits yet historically economic growth has had no bounds. A key tenet of sustainable development is to bring economic activity back into limits outlined by planetary boundaries as defined by science. T his refers to identifying boundaries or limits concerning what is ecologically possible (Antonini & Larrinaga, 2017). The history of CSR and ESG reporting shows a lack of science-based target setting and reporting. According to Whiteman et al. (2013), corporations have a significant impact on global biodiversity and climate change through their choices regarding their business models and therefore have a key role to play in the planetary processes identified by Rockström et al. (2009). Many companies have yet to fully integrate the concept of planetary boundaries into their CSR reporting. T he integration of planetary boundaries into CSR is not without its challenges. Firstly, there is a lack of standardization in the reporting of planetary boundaries, making it difficult for stakeholders to compare the sustainability performance of different companies. Secondly, companies may face difficulties in accurately measuring and reporting on their impact on planetary boundaries, particularly regarding indirect impacts such as supply chain emissions. Finally, there may be resistance from companies to adopt planetary boundaries into their reporting practices, as it can involve significant changes to their business practices and may increase scrutiny from stakeholders.

The central argument in the discourse on CSR reporting concerns the apparent disjunction between the polished narratives found in corporate sustainability reports and the actual environmental practices executed by f irms. A prevalent scepticism emerges, suggesting that these reports often serve more as tools for public relations rather than authentic manifestations of a company's commitment to sustainability. A pivotal element of this debate pertains to the content of sustainability reports. T hese documents frequently highlight substantial ronmental initiatives and corporate policies aimed at reducing carbon footprints and enhancing social welfare. However, the extent to which these declarations are mirrored by concrete actions remains contentious.

The absence of standardized guidelines in sustainability reporting further amplifies these inconsistencies. No universally endorsed framework or standards currently govern the reporting

further amplifies these inconsistencies. No universally endorsed framework or standards currently govern the reporting process, although organizations such as the Global Reporting Initiative (GRI), the Sustainability

Accounting Standards Board (SASB), and the Task Force on Climate-related Financial Disclosures (TCFD) provide guidelines. Nevertheless, the uptake of these guidelines varies significantly across different companies and regions. This lack of uniformity complicates the comparison of sustainability practices across various entities, affording companies considerable discretion in their disclosures. Another dimension of this discourse is the strategic misalignment between a company's sustainability reporting and its core business strategies. In some instances, sustainability initiatives are not integral to the primary decision-making processes and cultural ethos of the company. This misalignment may result in sustainability being overshadowed by the pursuit of immediate financial returns, especially in sectors where environmental and social costs are not readily internalized. This is the key element of the debate as companies' approaches to sustainability are largely governed by if they see it as a key strategic driver that needs to be internalised into their core business models, or merely as a legislative and governance requirement that needs to be complied with. Given the above context, this paper aims to examine the transition of worldviews highlighted in sustainability reporting practices of multinational companies over time. The purpose of this study was not to compare companies' actual sustainability performances with what was reported, but rather to assess their worldviews and approaches to sustainability reporting practices, to assess if they are approaching sustainability from a weak

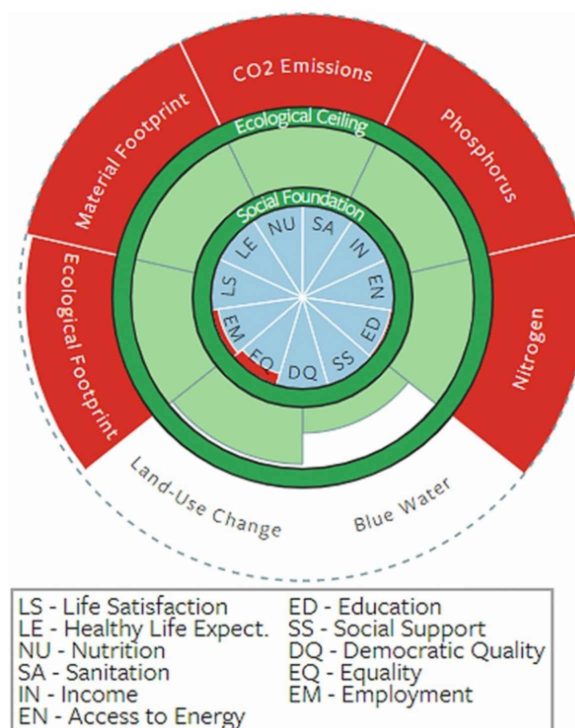

Fig. 1 Planetary boundaries framework. Source: Fanning et al. (2021)

or strong sustainability worldview and if this has shifted over time. This was done by conducting a longitudinal content analysis of sustainability and annual reports of a sample of ten multinational companies listed on the South African JSE/FTSE top 40 index. FTSE, previously referred to as the Financial Times Stock Exchange, is a financial organization based in the United Kingdom that specializes in offering indices for global financial markets. FTSE Russell Group (https://research.ftserussell.com/researchportal) is the current name of the organization. The FTSE/JSE is created to showcase the performance of the stock values of companies in South Africa. The performance of the FTSE/JSE is a measure of how the collective value of the stocks within the index is changing over time, reflecting broader economic trends, investor sentiment, and market dynamics. It offers investors a comprehensive and complementary range of indices that gauge the performance of significant capital and industry segments of the South African market. The key components of the FTSE/JSE can be categorised into the following:

1. Top 40 Index: This represents the 40 largest companies listed on the JSE, based on market capitalization. This index is often watched closely by investors as a key indicator of market health.
2. All Share Index (ALSI): This is a broader index, including a larger number of stocks than the Top 40, providing a more comprehensive view of the market's performance.
3. Sector Indices: The FTSE/JSE also has indices for specific sectors, like mining, financials, industrials, etc. These are useful for tracking the performance of these sectors.
4. Market Capitalization Weighted: The indices are typically weighted by market capitalization. This means that companies with a higher market value have a larger influence on the index.

T he period for the longitudinal study was framed by when the sample companies started reporting on sustainability which was from 2016 to 2021. There is some variation in the timing of reporting as not all companies began their reporting on sustainability simultaneously. The JSE/ FTSE was chosen as the companies listed in the top 40 represent 80% of the value of the JSE/FTSE (JSE 2020). T he content analysis made use of (Landrum & Ohsowski, 2018a) five stages of corporate sustainability model to position companies' sustainability reports within the f ive stages. Landrum and Ohsowski (2018a) indicate that their model of the stages of corporate sustainability was built on Pearce's (1993) sustainability spectrum and incorporates Hartwick (1977); Solow (1993); and Daly's (1973) work that identifies the differences between weak and strong sustainability. The stages along the sustainability spectrum are linked to four worldviews. These range from technocentric being associated with weak sustainability to ecocentric being associated with strong sustainability, recognising that economic growth is bounded. Their model is further unpacked later in this paper. This study contributes to the knowledge base of CSR and ESG by utilizing content analysis to provide an analysis of current sustainability reporting in South African-based multinationals.

T he overarching research question and key contributions of this paper are the following:

To what extent have multinational corporations listed on the JSE/FTSE been transitioning towards stronger sustainability world views in their sustain ability reporting practices?

The key contributions are:

A. To identify the common themes reported on in current sustainability reports of the chosen sample of JSE/FTSE companies.

B. To assess the sustainability approaches of the sampled multinationals as revealed through the content analysis of their reports.

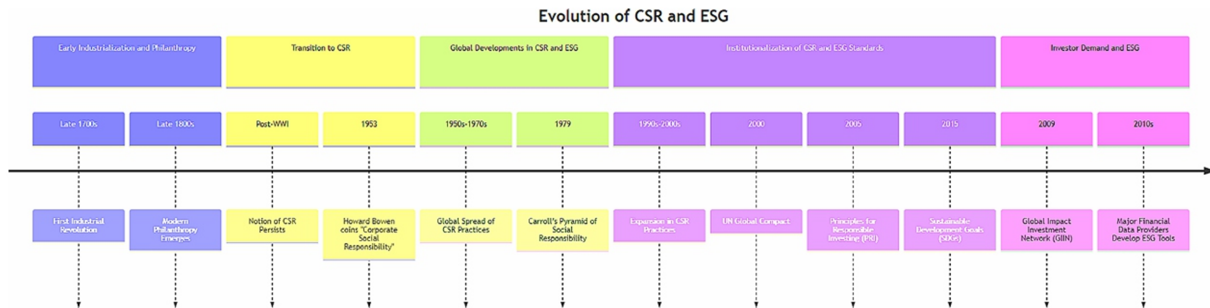

Fig. 2 Evolution of corporate social responsibility and environment social and governance. Source: Author's own construct

C. To examine if sustainability reporting approaches have changed over time to reflect a move towards a stronger sustainability approach and an incorporation of boundary setting.

The paper is structured as follows. Section one outlines the literature review and evolution of CSR and ESG, before introducing the method in section two. Section three presents the results of the study, followed by section four which contains the discussion and limitations of the research. Section five contains the conclusion and summary of the key findings.

Literature review

Planetary boundaries framework

For the last three decades, countries have been unable to fulfill the essential needs of their populations while maintaining a level of resource usage that is sustainable worldwide. The United Nations has declared the period from 2021 to 2030 as the "Decade of Action," (United Nations, 2020). A critical period in which humanity must take urgent and decisive action to address the environmental and social challenges facing the planet. In recent times scientific work has been undertaken to define biophysical processes, pressures, and limits at a planetary scale (Rockström et al., 2009; Raworth, 2017; O'Neill et al., 2018). Rockström et al. (2009) have identified nine critical planetary boundaries that must not be exceeded to ensure a sustainable and equitable society. These boundaries encompass both environmental and social factors that are essential for supporting life on earth. Specifically, the nine boundaries are climate change, rate of biodiversity loss in terrestrial and marine ecosystems, interference with the nitrogen and phosphorus cycles, stratospheric ozone depletion, ocean acidification, global

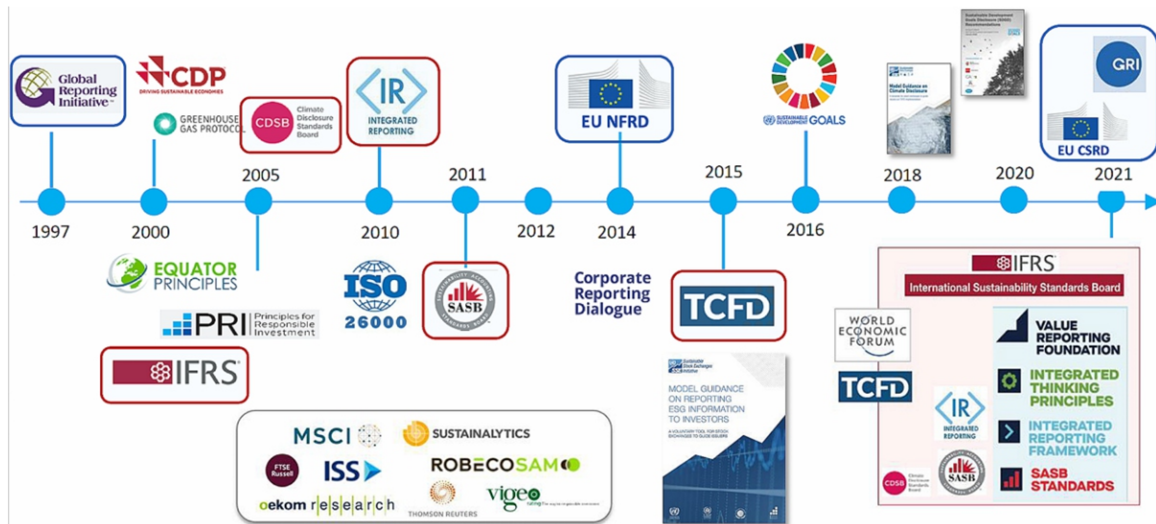

Fig. 3 ESG reporting frameworks timeline. Source: Johannesburg Stock Exchange (2021)

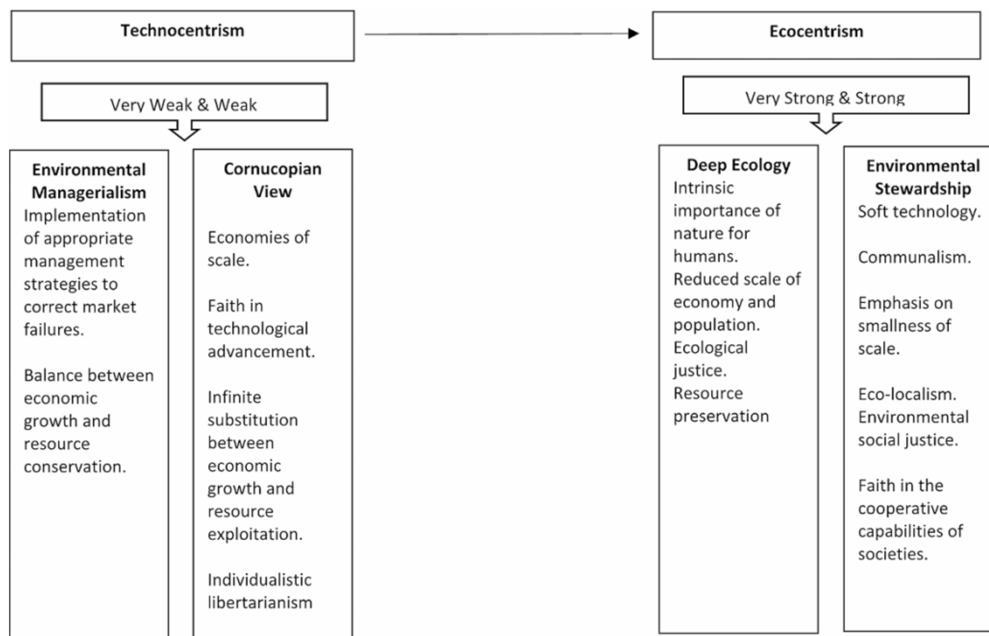

Fig. 4 Four worldviews along the sustainability spectrum

freshwater use, change in land use, chemical pollution, and atmospheric aerosol loading.

T hese boundaries are crucial to ensure that humanity can live within safe ecological limits, and not exceed the earth's carrying capacity. When considered holistically these boundaries establish a "safe operating space" within which the stable conditions of the Holocene era can be preserved. However, currently, four of the seven planetary boundaries that have been measured, namely biosphere integrity, climate change, biogeochemical flows, and land-system change have been exceeded (O'Neill et al., 2018). The development of social boundaries is guided by the work of Raworth (2012) in the development of a framework for a safe and just space (SJS).

Raworth's framework identifies 11 social issues that were mentioned in at least 50% of the submissions to Rio + 20, which together form the basis of the social foundation necessary for a safe and just space. This framework is based on the theory of human needs which argues that there is a finite set of universal and non-substitutable basic human needs which have underlying characteristics that can be measured empirically (O'Neill et al., 2018). Raworth (2012) merges the concept of (Rockström et al., 2009) planetary boundaries with social boundaries. T his framework follows a strong sustainability approach as it requires the conservation of critical natural stocks (planetary boundaries) as well as the preservation of essential human and social capital stocks (basic needs requirement) (O'Neill et al., 2018). Figure 1 is a graphical representation of the combined planetary boundaries and social safe and just framework. Change in paradigms and practices is required if meeting the basic human needs of the population with processes of production and consumption that honour the ecological limits of the planet is to be achieved. This will require a transition and transformative change by all sectors of society. Companies have a critical role to play in this transition and will require a shift to stronger action orientated practices and reporting.

(Gorissen et al., 2016) note that the grand challenges that face the globe require system innovation, changing the logic of value creation and developing a mindset of systemic transformation. They note that this applies to developing sustainable business model innovation through the introduction of inter-organizational networks and even wider societal systems. This system innovation requires mutual reinforcing dynamics between entrepreneurial businesses. These dynamics should promote transformative ways of value creation and create opportunities to overcome important barriers such as business rules, behavioural norms, and success metrics. T his systemic oriented and networking approach is what

Table 1 Stages of sustainability model

Sustainability Stage	Description
Stage 1: Compliance (Very Weak Sustainability)	Firms engage in externally enforced or regulated activities to meet minimum sustainability standards.
Stage 2: Business-centred (Weak Sustainability)	Firms engage in internally focused activities that result in benefits to the firm such as cost savings, increased efficiency, and improved reputation.
Stage 3: Systemic (Intermediate sustainability)	Firms work with others to integrate the full realm of sustainability activities to address systemic change. This includes collaboration with stakeholders, supply chain management, and innovation.
Stage 4: Regenerative (Strong Sustainability)	Firms understand sustainability science and seek to repair the damage of an industrial-era consumer society through regenerative practices that restore and enhance ecosystems.
Stage 5: Coevolutionary (Very Strong Sustainability)	Firms understand the place of humans, corporations, and societies as existing in partnership with the natural world, giving as much as receiving. They strive for very strong sustainability by co-evolving with nature.

appears to be missing from the current business model innovation and corporate social reporting thinking

(Gorissen et al., 2016). Evolution of corporate social responsibility (CSR) and environmental social governance (ESG)

T he concept of corporate social responsibility (CSR) emerged in the early 1900s as corporations grew in importance because of the industrial revolution. This marked a pivotal shift in the economic and social landscape. Corporations became the driving force of economic growth and job and wealth

creation, but it was also a period in which working conditions in factories and the plight of workers began to gain attention. This resulted in some industrialists beginning philanthropic activities to address the poor working conditions. This era is recognized as the beginning of welfare capitalism and the concept of corporate paternalism (Dolan & Zalles, 2022). As some corporations started to realize the human costs of solely focusing on profit-seeking practices, a notion of corporate responsibility and social welfare policies began to develop. During this period these types of activities were implemented in a spontaneous and unstructured manner, primarily as a tactical approach to curb labour activism and discourage union formation (Dolan & Zalles, 2022).

Howard Bowen's 1953 book "Social Responsibilities of the Businessman" is often cited as the birth of modern CSR. Bowen (1953) defined CSR as decision-making based on societal values, while Carroll (1979) expanded the definition to include legal, economic, ethical, and discretionary expectations. This model has since been a foundational reference in the study and implementation of CSR. Environmental reports arose in the 1980s as a response to environmental disasters, while social reports gained prominence in the 1990s following ethical scandals (Landrum & Ohsowski 2018). Companies recognized that communicating their environmentally and socially responsible actions would enhance their reputation and generate economic advantages (Christofi et al., 2012). This led to the global expansion of voluntary reporting on environmental and social activities, culminating in the establishment of the Global Initiative (GRI) in the late 1990s by the United Nations Environment Programme and the non-profit Coalition for Environmentally Responsible Economies (Brockett & Rezaee, 2012; Christofi et al., 2012). Since the 2000's the focus has shifted to transform CSR into a strategic requirement, highlighting its integration into day-to-day operations (Werther & Chandler 2006). T his has incorporated framing CSR as a long-term strategy for integrating universal values into business practices (Aguilera et al., 2007; Chandler, 2019). Schwartz & Carroll (2008) note that CSR should move beyond charity and rather requires fundamental changes in strategy, management and culture which needs to translate into accountability for actions. Garriga & Mele (2004) classify CSR theories and approaches in four groups: (1)

Table 2 Keywords from stages of corporate sustainability model

Stage of Sustainability	Associated Key Words/ Themes
Stage 1- Compliance	Compliance; Legal; Regulation; Risk
Stage 2- Business Centred	Business as usual; Business model; Competitive Advantage; Costs; Expense; Growth; Sales; Profit; Return on Investment; Market; Market Share; Value Chains; Strategy; Customer; Technology; Demand; Efficiency; Money; Retention; Public Relations; Biotechnology; Cost-benefit.
Stage 3- Systemic	Integrate; Industry; Collaboration; Cooperation; System; Transformation; Global citizenship; Humanity; Partnerships;
Stage 4- Regenerative	Carrying capacity; Consumption degrowth; Holistic; Natural systems; Interdependent; Planetary Boundaries; Steady State; Redistribute; Repair; Zero Growth; Science; Scientific; Consumption; Preservation.
Stage 5- Coevolutionary	Circular; Coevolutionary; Ecocentric; Ecosystem; Flourish; No growth; Regenerative; Resilience; Ecoefficiency; Ecological; Ecoethic.

Table 3 Keyword from the planetary boundaries framework

Planetary Boundary	Keyword
Climate Change	Climate Change; CO^2,
Novel Entities	Chemical Pollution
Stratospheric Ozone Depletion	Ozone
Atmospheric Aerosol Loading	Aerosols
Ocean Acidification	Phosphorous, Ocean acidification
Biogeochemical Flows	Nitrogen
Freshwater Use	Freshwater Consumption
Land System Change	Land System Change; biodiversity
Biosphere Integrity	Biosphere
Life Satisfaction	Life Satisfaction
Life Expectancy	Life Expectancy
Nutrition	Nutrition
Sanitation	Sanitation
Income equality	Income equality
Access to Energy	Access to Energy
Education	Education
Social Support	Social Support
Democratic Quality	Democratic Quality
Equality	Equality
Employment	Employment

instrumental theories, which focus on the corporation as an instrument for wealth creation and achieving economic results; (2) political theories, which focus on the power of corporations in society and the responsible use of this power; (3) integrative theories, wherein corporation set out to meet the satisfaction of social demands; and finally (4) ethical theories, which focus on the ethical responsibilities of corporate practices. They suggest that there is scope for new theory development that integrates these four identified dimensions in relation to business and society. The work of Hamann (2006) adds to this discussion by suggesting that a research agenda should be developed, which examines business's ability and willingness to contribute to sustainable development through CSR. Crane and Glozer (2016) identify six purposes of sustainability and CSR communication:

1. Stakeholder management for building relationships and influencing behaviour,
2. Image enhancement for portraying a positive company image,
3. Legitimacy and accountability to signal desirable activities,
4. Attitude and behavioural change of consumers,
5. Sensemaking to communicate how the company and stakeholders perceive their world, 6. Identity and meaning creation with stakeholders to establish company identity.

Despite this evolution in CSR there is still much debate in the literature around the terminology used, the theoretical grounding, the purpose and finally its impact. The terms corporate social responsibility (CSR); corporate sustainability and responsibility; corporate responsibility; corporate citizenship, environmental management; sustainable development; corporate sustainability and the triple bottom line are often used interchangeably despite ongoing debate regarding their differentiation (Landrum & Ohsowski, 2018b).

The idea of the triple bottom line in sustainability reporting, which considers the connection between the economy, environment, and society, has been criticized for obscuring the relationship between these elements and the interaction between micro-organizational and macro-systemic aspects of sustainable development, (Milne & Gray, 2013). Due to the cross-boundary nature of environmental and sustainability issues, it is difficult to establish the parameters of indicators and reports that can be used to evaluate the sustainability contributions of companies.

The late 2000's has also seen the development and integration of Environmental, Social and Governance (ESG) criteria into corporate reporting practices. Corporate Social Responsibility (CSR) and Environment Social and Governance (ESG) are related concepts, with ESG gaining prominence recently, especially concerning reporting initiatives. CSR focuses on a company's internal

Table 4 Top 10 constituents of JSE/FTSE top 40

Constituent	Sector	Net MCap (ZARm)	Weighting (%)
Comapaigne Financiere Richemont AG	Personal Goods	880,940	14.70
Anglo American	Industrial Metals and Mining	706,143	11.79
Naspers	Software and Computer Services	502,602	8.93
Firstrand Limited	Banks	309,280	5.16
MTN Group	Telecommunications Service Providers	237,528	3.96
Prosus	Software and Computer Services	228,802	3.82
Sasol	Chemicals	207,101	3.46
Standard Bank Group	Banks	205,972	3.44
British American Tobacco PLC	Tobacco	180,936	3.02
Capitec Bank Holding Ltd	Banks	168,129	2.81
TOTALS		**3,627,432**	**60.54**

Table 5 Economic indicators of samples of companies

Company Name	Anglo American Platinum	British American Tobacco	Capitec	Compagnie Financière Richemont	First Rand	MTN	Naspers	Prosus *N.V.*	Sasol	Standard Bank
Average Compensation Paid to Employees, including wages and benefits (Rands)	727 950	1 061 483	319 344	1 353 267	724 654	840 972	994 513	1 060 409	558 672	885 379
Average Compensation per Executive Director (Rands) - Including 'Gains Realised from LTIP Awards'	29 526 056	105 640 325	32 180 667	67 836 650	18 203 000	37 624 500	200 586 770	203 470 714	23 439 000	26 119 500
Income Disparity Ratio: - Including LTIP	40,6	99,5	100,8	50,1	25,1	44,7	201,7	191,9	42,0	29,5
Income Disparity Ratio: Excluding LTIP	27,3	67,0	24,3	37,3	23,1	30,6	40,2	38,2	28,3	26,6
Rand Value of Dividends Paid to Shareholders	55 718 000 000	99 722 840 000	6 130 000	9 167 570 000	6 947 000 000	0	2 202 220 000	2 350 824 000	12 072 000 000	11 945 000 000
Rand Value of Retained Earnings	23 231 000 000	44 147 285 000	4 370 135 000	18 109 850 000	20 268 000 000	12 317 000 000	70 663 180 000	88 230 862 500	-20 106 000 000	15 706 000 000
Ratio of Payments to Employees relative to Dividends paid to Shareholders	0,3	0,6	764,3	5,3	4,9	0,0	12,8	10,8	1,3	3,5
Rand Value of Current Assets - Total	102 668 000 000	107 348 465 000		367 499 980 000		125 800 000 000	113 613 860 000	107 121 412 500	36 975 000 000	
Rand Value of Current Liabilities - Total	56 468 000 000	81 177 320 000		140 996 880 000		127 928 000 000	63 687 020 000	60 074 947 500	22 832 000 000	
Rand Value of Capital Expenditures (Capex)	10 753 000 000	10 716 545 000	837 000 000	2 114 260 000	4 528 000 000	39 385 000 000	892 712 000	37 481 250	16 400 000 000	4 949 000 000

objectives, while ESG assesses its external impact. Costa & Fonseca (2022) note that ESG, CSR and environmental management are interconnected however the focus of ESG is to provide tools and metrics to measure performance. This is especially concerning the finance industry as there is increasing demand from investors for sustainable investment options, linked to ESG performance of companies. ESG factors are increasingly being integrated into investment decision-making processes by asset managers, pension funds, and other institutional investors and are forming the basis of company reporting. Up until the present CSR and ESG reporting has been done voluntarily, with there being a plethora of different reporting frameworks that companies can choose from to report.

As stakeholder expectations change, there is a growing recognition that CSR reporting should be mandatory for companies. The rise of CSR reporting, and more recently ESG reporting has largely arisen because of the growth of responsible investing practices. This has led to pressure being placed on listed companies to include ESG reporting into their traditional investment analyses to highlight their performances on a corporate governance level. Hamann (2006) notes that on an international level ESG reporting has been influenced by the following initiatives:

– Global Reporting Initiative (GRI).
– The United Nations Principles for Responsible Investment (UNPRI).
– Sustainable Development Goals (SDG's).
– The Carbon Disclosure Project (CDP).
– The Dow Jones Sustainability Index series.
– FTSE4Good Index Series.– MSCI SRI Index.

The link to investment practices and corporate governance could be an explanation that the uptake of ESG/ CSR reporting has primarily been in the listed company context. Figures 2 and 3 shows a timeline of the evolution of CSR towards ESG in present day, with Fig. 3 particularly depicting the noise and the complexity that has been involved in trying to institutionalise ESG frameworks. Examining Fig. 2 more closely reveals that the reporting frameworks have largely arisen out of the developed world context, and arguably have created an industry of consultants that report on behalf of multinational companies for compliance purposes. Landrum & Ohsowksi (2018) indicate that the field is in a continual state of emergence and evolution. At the heart of the debate is if companies see it purely as a communication strategy, as implementing it as incremental improvements, or purely as a new means to increase brand image and financial returns (Du et al., 2010). Adams (2017) notes that ESG or integrated reporting does address the issues of creating value beyond financial profit in companies.

T he debates regarding the motives and theories around CSR and ESG reporting and the overarching purpose for companies communicating sustainability activities are evident. Much of the literature notes that this is largely still driven by the perceived linkage between sustainability, intangible asset value in the form of brand value and increased financial return possibilities. The broader list of purposes mentioned by Crane and Glozer (2016) & Chandler (2019) appears to take a broader systemic view, however, on re-examination, it is evident that these purposes are still very corporate centric and

ultimately to bring about positive return for the corporate itself. This is in keeping with the work of Schillebeeckx et al. (2020); Sharma (2017); Ioannou & Serafeim's (2012) who highlight that firms respond to external pressures concerning sustainability to improve their value creation ability.

T his is particularly the case for multinational corporations, who operate across many legislative and governance environments. One of the central debates in multinational corporate social responsibility revolves around the authenticity of CSR initiatives. Critics argue that many multinational corporations use CSR as a strategic tool to enhance their reputation, access new markets, and appease stakeholders, rather than out of a genuine commitment to ethical practices and social welfare. This would be supported by the view of Friedman (1970) who posited that the primary duty of corporate social responsibility (CSR) is the maximization of shareholder value, constrained only by legal and ethical standards. He argued that corporate management should prioritize the interests of owners and shareholders who expect maximum profits. This approach underscores the utilization of CSR as a tool to bolster efficiency and financial performance.

Further to the view that multinationals are set on maximising returns, they often operate in countries with varying environmental regulations, labour standards, and social norms, leading to challenges in implementing uniform CSR policies. Reddy and Hamann (2018) examine the complex challenges multinational enterprises face when implementing corporate social responsibility (CSR) across different global and local contexts. Multinational enterprises are influenced by a need to adhere to both universal CSR standards like those advocated by the United Nations and specific local requirements that may include unique cultural, societal, and legal demands. A major issue highlighted is that while MNEs may exhibit a strong global commitment to CSR, they often struggle to adapt these commitments to local contexts effectively. T he article posits that the institutional complexity of balancing these global and local demands often leads to a standardization of CSR approaches that do not fully

Table 6 Governance indicators of sample companies

Company Name	Anglo American Platinum	British American Tobacco	Capitec	Compagnie Financière Richemont	First Rand	MTN	Naspers	Prosus N.V	Sasol	Standard Bank
Number of Board Members	12	10	14	20	13	14	17	17	16	17,0
Percentage of Board Members who are deemed Non-Executive	83,3%	80,0%	78,6%	80,0%	76,9%	85,7%	88,2%	88,2%	81,3%	88,2%
Number of Board Members who are deemed Executive	2	2	3	4	3	2	2	2	3	2
Percentage of Board Members who are deemed 'Independent'	50,0%	80,0%	57,1%	5,0%	61,5%	85,7%	58,8%	76,5%	81,3%	52,9%
Percentage of Board Members who are deemed 'HDSA'	58,3%	0,0%	29,0%	5,0%	46,0%	64,3%	11,8%	11,8%	43,8%	35,3%
Percentage of Board Members who are Women	50,0%	40,0%	21,4%	20,0%	23,1%	35,7%	29,4%	29,4%	37,5%	35,3%
Independence of Board Chairman	Yes	Yes	Yes	No	Yes	Yes	No	No	Yes	Yes
Does the company provide public disclosure on any/all Board member conflicts of interest?	Not Reported	Yes	Yes	Not Reported	Yes	Yes	Not Reported	Yes	Not Reported	Yes
Does the company provide public disclosure on any/all Board member politically exposed persons (PEP)?	Not Reported	Not Reported	Not Reported	Not Reported	Not Reported	Yes	Not Reported	Not Reported	Not Reported	Not Reported
Does the Board sign off on publicly available Climate Related Financial Disclosures, as per TCFD?	Not Reported	Yes	Not Reported	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Does the company have a publicly available human rights policy?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Does the company include ESG into service level agreements with suppliers?	Yes	Yes	Yes	Yes	Yes	Yes	Not Reported	Yes	Yes	Yes
Does the company formally audit suppliers and contractors for ESG compliance (including human rights)?	Yes	Yes	Not Reported	Yes	Not Reported	Yes	Yes	Not Reported	Yes	Yes
Are shareholders given the right to vote on executive remuneration, and is the vote binding?	Partial	Yes	Partial	Yes	Partial	Partial	Partial	Partial	Partial	Partial
Are shareholders given the right to vote on sustainability-related resolutions, and are the votes binding?	Not Reported	Not Reported	Not Reported	Not Reported	Not Reported	Not Reported	Not Reported	Not Reported	Not Reported	Partial
Is executive remuneration linked to ESG (i.e., is a proportion of remuneration/bonuses linked to Health, Safety and/or Environmental performance)?	Yes	Not Reported	Not Reported	Not Reported	Yes	Yes	Yes	Yes	Yes	Yes

Table 7 Labour indicators of sample companies

Company Name	Anglo American Platinum	British American Tobacco	Capitec	Compagnie Financière Richemont	First Rand	MTN	Naspers	Prosus *N.V*	Sasol	Standard Bank
Total Number of Employees	21 474	52 050	14 672	35 588	47 413	13 932	28 445	23 874	28 949	46 632
Total Number of Employees and Contractors	39 364	52 050	14 672	35 588	47 413	16 390	28 445	23 874	28 949	46 632
Percentage of management (Top and Senior) deemed 'HDSA'	48%	Not Reported	22%	Not Reported	44%	Not Reported	Not Reported	Not Reported	42%	50%
Percentage of management (Top and Senior) who are women	25%	39%	22%	35%	38%	31%	Not Reported	Not Reported	26%	40%
Percentage of employees who are deemed 'HDSA'	88%	Not Reported	89%	Not Reported	80%	Not Reported	Not Reported	Not Reported	73%	83%
Percentage of employees who are women	21%	32%	61%	57%	Not Reported	39%	43%	40%	25%	58%
Percentage of employees who are 'permanent'	99,97%	Not Reported	95,93%	94,0%	98%	85,00%	Not Reported	Not Reported	99,23%	93,51%
Percentage of employees who belong to a Trade Union	96%	32%	Not Reported	Not Reported	Not Reported	10%	Not Reported	Not Reported	Not Reported	37%
Employee Turnover (i.e., number of persons who departed relative to the total number of employees at year end)	8,4%	9,1%	11,6%	9,6%	Not Reported	9,9%	Not Reported	Not Reported	13,4%	7,3%
Total number of employees trained, including internal and external training interventions	17 787	22 362	Not Reported	15 799	Not Reported	Not Reported	Not Reported	Not Reported	6 924	8 919
Rand Value of Employee Training Spend	831 000 000	Not Reported	25 824 000	Not Reported	Not Reported	190 000 000	133 020 000	104 947 500	1 182 000 000	733 000 000

Table 8 Environmental indicators of sample companies

Company Name	Anglo American Platinum	British American Tobacco	Compagnie Financière Richemont	First Rand	MTN	Naspers	Prosus N.V	Sasol	Standard Bank
Total Direct Energy Consumption (Gigajoules, GJ) – i.e., from renewable fuels burned	Not Reported	2 548 800	14 400	Not Reported	Not Reported	Not Reported	Not Reported	Not Reported	Not Reported
Direct Energy Efficiency: Total Direct Energy Consumed per Person Hour Worked (kJ/PHW)	Not Reported	26 846,66	221,84	Not Reported	Not Reported	Not Reported	Not Reported	Not Reported	Not Reported
Total Direct Energy Consumption (Gigajoules, GJ) – i.e., from non-renewable fuels burned (e.g., diesel, petrol, etc.)	7 077 000	6 379 200	115 200	Not Reported	3 900 387	Not Reported	Not Reported	341 313 500	Not Reported
Percentage of Direct Energy Consumption from renewable fuels	0,0%	28,5%	11,1%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Total Volume of Electricity Purchased (MWh) - excluding self-generated from solar, wind or other sources	3 816 944	Not Reported	216 000	Not Reported	1 116 866	Not Reported	Not Reported	7 233 889	161 633
Total Volume of Electricity Self-Generated (MWh) - i.e., from solar, wind or other sources	0	Not Reported	3 537	Not Reported	Not Reported	Not Reported	Not Reported	11 218 611	2 601
Total Volume of Electricity Consumed (MWh) - Purchased + Self-Generated - Calculated	3 816 944	0	219 537	0	1 116 866	0	0	18 452 500	164 234
Percentage of Electricity Consumed that was Self-Generated	0,0%	0,0%	1,6%	0,0%	0,0%	0,0%	0,0%	60,8%	1,58%
Electricity Efficiency: Average Electricity Consumed per Person Hour Worked (kWh/PHW)	53,16	0,00	3,38	0,00	37,36	0,00	0,00	140,97	1,93
Total Energy Efficiency: Total Direct Energy & Indirect Energy Consumed per Person Hour Worked (kJ/PHW)	289,94	0,00	13,98	0,00	264,96	0,00	0,00	3 114,90	0,00
Energy Spend as a percentage of total operational spend	Not Reported	Not Reported	Not Reported	Not Reported	Not Reported	Not Reported	Not Reported	Not Reported	Not Reported
Total Carbon Emissions (Tonnes CO2e) - Scope 1	592	325 000	11 000	6 508	308 399	11 282	6 331	56 972 000	7 660
Carbon Emissions (Tonnes CO2e) - Scope 2	3 930	393 000	6 000	153 268	825 170	18 402	6 900	7 088 000	154 513
Carbon Emissions (Tonnes CO2e) - Scope 3	Not Reported	Not Reported	1 097 000	7 189	4 103 038	Not Reported	Not Reported	38 470 000	1 540
Total Carbon Emissions (Tonnes of Carbon Dioxide equivalents, CO2e) - Reported	4 522	Not Reported	1 113 934	166 964	5 236 608	Not Reported	Not Reported	102 530 000	163 713
Volume of carbon emissions offset via the purchase of carbon credits (Tonnes)	Not Reported	Not Reported	Not Reported	Not Reported	Not Reported	Not Reported	Not Reported	4 300 000	Not Reported
Rand value of spend on carbon offset projects	Not Reported	Not Reported	20 796 000	Not Reported	Not Reported	Not Reported	Not Reported	Not Reported	Not Reported
Total Volume of Water Consumed (Kilolitres, or Kl) - New Purchases and/or Abstractions (excluding recycled water used)	42 600 000	3 760 000	660 035	Not Reported	Not Reported	Not Reported	Not Reported	138 050 000	362 623
Water Efficiency: Average Volume of Water (Litres) Consumed per Person Hour Worked (l/PHW)	593,315	39,604	10,168	0,000	0,000	0,000	0,000	1 054,622	4,263
Total Volume of Non-Hazardous Waste Disposed (Tonnes)	990	11 930	12 930	Not Reported	Not Reported	Not Reported	Not Reported	180 000	262
Total Volume of Hazardous Waste Disposed (Tonnes)	760	Not Reported	2 481	Not Reported	Not Reported	Not Reported	Not Reported	319 000	0,81

Table 8 (continued)

Company Name	Anglo American Platinum	British American Tobacco	Capitec	Compagnie Financière Richemont	First Rand	MTN	Naspers	Prosus *N.V*	Sasol	Standard Bank
Total Volume of Waste sent for Recycling (Tonnes)	18 079	Not Reported	34	4 792	Not Reported	35	Not Reported	Not Reported	125 000	21
Percentage of Waste disposed of that is sent for recycling	66,0%	78,9%	Not Reported	31,1%	Not Reported	Not Reported	Not Reported	Not Reported	25,1%	7,3%
Rand value of investments in projects to improve Energy Efficiency	Not Reported	Not Reported	Not Reported	Not Reported	15 560 000 000	Not Reported	Not Reported	Not Reported	Not Reported	2 470 000 000
Rand value of investments in projects to improve Water Efficiency	Not Reported	Not Reported	Not Reported	Not Reported	Not Reported	Not Reported	Not Reported	Not Reported	Not Reported	2 190 000 000
Rand value of investments in projects to improve Waste Efficiency	Not Reported	Not Reported	Not Reported	Not Reported	Not Reported	Not Reported	Not Reported	Not Reported	Not Reported	Not Reported
Total Number of Environmental Incidents (Level 1, 2 and/or 3)	95	0	Not Reported	Not Reported	Not Reported	Not Reported	Not Reported	Not Reported	4	Not Reported
Rand value of spend on Climate Change Mitigation	Not Reported	Not Reported	Not Reported	Not Reported	Not Reported	Not Reported	Not Reported	Not Reported	Not Reported	Not Reported

engage with local specificities. The relationship between global CSR commitments and local responsiveness appears to be moderated by the regulatory distance—the disparities in regulations between the home country of an MNE and the host country. They suggest that when regulatory distance is smaller, MNEs may find it easier to align their global CSR strategies with local expectations. Conversely, a larger regulatory distance might hinder this alignment.

This research adds to the literature on global-local CSR dynamics by suggesting that the responsiveness of multinationals to local CSR demands is not only a function of their global CSR policies but also of the regulatory environments between their home and host countries. What it also highlights is that CSR for many multinationals is still very much driven as a response to regulatory and policy pressures, rather than the strategic prioritisation and internalisation of CSR priorities into business models.

Method

Content analysis is a research method used to analyse and interpret the meaning of text-based data. It involves systematic and objective coding of the content to identify patterns and themes (Guthrie & Abeysekera, 2006). (Zhang & Wildemuth, 2005) define qualitative content analysis as an integrated qualitative data reduction and sense-making strategy that uses qualitative material as its dataset and attempts to identify the core constructs and meanings. Although defined as qualitative, it makes use of systematic classification to identify themes or patterns. This approach allows researchers to understand a subject matter in a subjective but scientific manner. Thematic content analysis has been widely used to review Corporate Social Responsibility Reports, including by the following authors (Antonini & Larrinaga, 2017); (Baral & Pokharel, 2017); (Landrum & Ohsowski, 2018b; Aggarwal & Singh, 2019; Guthrie & Abeysekera, 2006). This method is utilized as it enables the identification of recurring themes and patterns. It provides a structured and systematic approach to analyzing the data and identifying relevant information. By using thematic content analysis, researchers can identify the frequency and prominence of certain themes, assess the tone and language used to discuss social responsibility issues and identify any areas of strength or weakness in the company's social responsibility practices.

Figure 4 captures the four worto identify patterns and themesldviews along the sustainability spectrum Further exploring the underlying terminologies found entrenched in these worldviews, reveals the following:

Environmental managerialism refers to a management approach that integrates environmental considerations into business practices and decision-making processes. T his is a management approach that emphasizes technical solutions and market-based mechanisms for addressing environmental challenges (Schaltegger et al., 2015). It is a practice that prioritizes efficiency and finding the least cost

solution to balancing environmental and economic growth (Bansal & Roth, 2000). Proponents see it as a pragmatic solution, bridging the gap between environmental protection and economic development. Critics, however, argue that it prioritizes economic profit over ecological sustainability, perpetuating existing power structures and masking underlying environmental problems (Luke, 2003; Gray & Bebbington, 2007).

T he cornucopian view is a perspective that posits technological innovation and free markets will eventually provide solutions to environmental and resource scarcity challenges. This view is characterized by an optimistic belief in human ingenuity and the ability of technological advancement to continually improve living standards while overcoming any environmental or resource-based limitations. Cornucopians generally argue that concerns about overpopulation, resource depletion, and environmental degradation are overstated and that human creativity and economic growth will lead to sustainable solutions. Critics of this viewpoint argue that this approach ignores the finite nature of Earth's resources or planetary boundaries and that it leads to an underestimation of environmental challenges (Jackson, 2009).

Deep ecology is an environmental philosophy and social movement that emphasizes the intrinsic value of all living beings, regardless of their utility to human needs. T his philosophy advocates for a profound rethinking of the relationship between humans and the natural world, promoting the idea that humans should live in harmony with, rather than in dominance over, the natural environment. Deep ecology argues for a systemic change in societal values and behaviors, emphasizing ecological balance and the interdependence of all forms of life (Naess, 1989). T his worldview has been criticized for its proposals being unrealistic and difficult to implement, especially in relation to making difficult decisions around resource use and conflicting interests (Dryzek, 2022).

Environmental stewardship refers to the responsible use and protection of the natural environment through conservation and sustainable practices. It also refers to the responsibility we hold to care for and protect the natural environment. It encompasses a broad range of activities including the management of natural resources, preservation of ecosystems, reduction of pollution, and advocacy for environmentally responsible policies and practices. The concept is based on the understanding that humans have an ethical obligation to maintain and improve the health of the environment for future generations (Worrell & Appelby 2000). It is argued that this viewpoint can lead to the possibility of 'greenwashing' under the umbrella of stewardship, or the misrepresentation of superficial actions as meaningful stewardship.

T here is also the emphasis of the systemic view to be lost if too much emphasis is placed on individual action (Agyeman et al., 2003). Table 1 describes the different stages identified in the sustainability model regarding firm activity (Landrum & Ohsowski, 2018):

Table 2 is adapted from (Landrum & Ohsowski, 2018a) five-stage corporate sustainability model and lists the keywords that were used for coding the sample size reports. For this study the ten companies integrated financial reports and their sustainability or CSR/ESG reports were coded, to allow for comparison. A total of 254 reports were assessed. The date range for each company was guided by the earliest publishable sustainability report for that company available in the public domain, which in this study was around 2016. To assess if reporting has changed over time in relation to planetary boundaries the work of (Rockström et al., 2009); and (O'Neill et al., 2018); was used to develop the keywords listed in Table 4. This work was used, as it was shown in Sect. 1 that the planetary boundaries are essential for sustaining life on earth. Key words were chosen in relation to the nine planetary boundaries (Rockström et al., 2009) and the eleven social boundaries (O'Neill et al., 2018) The choice of social indicators is guided by Raworth's framework for a safe and just space (SJS). Raworth's framework identifies 11 social issues that were mentioned in at least 50% of the submissions to Rio + 20, which together form the basis of the social foundation necessary for a safe and just space (Raworth, 2017). The two groups of documents were searched according to the code words below using Atlas TI as a tool.

Data collection method and sample size

The sample size for this longitudinal content analysis was the sustainability and financial reports of the top 10 companies of the South African JSE/FTSE top 40 index. This index was chosen as the companies listed in the top 40 represent 80% of the value on the JSE (JSE 2020). The link to the FTSE as well as the selection of multinationals within the top 40, gives this study a South African and global context. The top 10 companies of the top 40 index were selected as combined they make up 60% of the total value of the top 40 index at the time at which this study was undertaken which was in 2022. This is illustrated in Table 4, showing the ten companies selected, the sector, net market capitalisation (total rand value of a company's outstanding shares) and percentage value weighting to the JSE/FTSE. The selected sample size also provided a good mix of sectors for comparison purposes.

Descriptive statistics of companies in sample size Although the intention of this study was not to assess actual sustainability performance, this descriptive statistics section provides a snapshot from the year 2022 on what the sample companies reported on in their annual and sustainability reports, for economic, governance, environmental, labour and CSI expenditures. The data for economic indicators shown in Table 5, expose a stark income disparity within companies, particularly significant when long-term incentive plans (LTIP) are included.

The ratios indicate that executive directors earn exponentially more than the average employee, with some ratios exceeding 100 times. This disparity may contribute to internal organizational tensions and external criticisms, potentially impacting the social sustainability of these companies. High income disparity ratios create a complex web of challenges that undermine efforts toward achieving strong sustainability, especially concerning social boundaries.

Income Disparity Ratio: Average Compensation paid to Executive Directors relative to Average Compensation Paid to Employees (LTIP: Long-term incentive plans). T he governance data in Table 6 highlights a lack of gender parity and diversity on company boards, with few companies achieving 50% representation of women. The limited reporting on potential conflicts of interest and shareholder rights to vote on sustainability resolutions suggests gaps in transparency and stakeholder engagement, which are critical for effective governance and accountability.

T he labour statistics in Table 7 reflect a significant gender gap in managerial positions and overall employment, alongside a lack of substantial representation of historically disadvantaged social groups (HDSA) in top management across most companies. This indicates ongoing challenges in achieving diversity and inclusion, which are essential for fostering innovation and reflecting societal values within corporate structures. T he indicators that reveal a lot of nonreporting gaps are those relating to environmental indicators in Table 8. T he environmental data presented for these companies reveals significant areas for improvement, particularly in enhancing energy efficiency, increasing the use of renewable energy sources, and investing more in carbon and waste management strategies. The reported data illustrates a stark contrast in the use of renewable versus non-renewable energy sources among the companies. Notably, British American Tobacco and Compagnie Financière Richemont report some usage of renewable energy, though the overall percentage remains low compared to non-renewable sources. Sasol shows significantreliance on non-renewable energy, with over 341 million gigajoules consumed. The efficiency of energy use, measured as energy consumed per person-hour worked, is sporadically reported, with only a few companies providing data. This metric is crucial for understanding how effectively energy is utilized within operations. Sasol, for example, shows a high energy consumption rate per person-hour, which may indicate less efficient energy use. Very few companies report on carbon offsets or specific expenditures on carbon mitigation projects, which raises questions about the commitment to offsetting or reducing their carbon footprint. Data on investments in waste efficiency improvements is notably absent, indicating a potential lack of focus or reporting in this area. T he reporting gaps and inconsistencies also suggest a need for standardized environmental reporting to better compare and assess environmental performance across companies. The data underscores the importance of integrating sustainable practices into core business strategies to mitigate environmental impacts and align with global sustainability goals.

Finally, the data on the companies' CSI spend in Table 9, reveal that some don't report on it and those that do, show that they all spend less than 1% of total revenue generated on CSI. This again speaks to the creation of a safe and just operating space and is perhaps indicative of an under performance on the social pillar of sustainability. T hese descriptive statistics above seem to validate the need for a change in paradigms and practices if meeting the basic human needs of the population with processes of production and consumption that honour the ecological limits of the planet is to be achieved.

Data analysis method

A total of 254 reports were analysed for this research, 127 sustainability reports and 127 annual reports were downloaded from the above-mentioned companies' websites, from the date from which they started reporting on sustainability. The rationale for choosing to analyse both reports is that one of the key critiques of sustainability reporting is that it is kept separate from conventional f inancial reporting. This has often resulted in a situation where conventional financial reporting continues to carry the most weight in decision making, rather than sustainability issues being integrated into the core decision making processes. In all cases, the complete text for each report was used for the analysis. Atlas TI was used as a tool to code for the key words and search the text documents. This software allowed for key words identif ied in Tables 1 and 2 to be searched for in each document. Keyword counts were standardized by total word count in each document to remove any biases presented in the data relating to document length. Each data point

Table 9 CSI expenditures of sample companies

Company Name	Anglo American Platinum	British American Tobacco	Capitec	Compagnie Financière Richemont	First Rand	MTN	Naspers	Prosus N.V	Sasol	Stan-dard Bank
Rand Value of Corporate Social Investment (CSI) Reported	1 174 000 000	256 221 000	66 000 000	623 880 000	338 000 000	159 000 000	Not Reported	Not Reported	526 200 000	217 854 690
CSI Spend as a percentage of Total Revenue Generated	0,5%	0,0%	0,4%	0,3%	0,4%	0,1%	0,0%	0,0%	0,6%	0,2%
Rand Value of CSI Spend on Basic Needs & Social Development, including Nutrition and/or Feeding Programmes	400 000 000	30 909 200	23 000 000	199 641 600	43 940 000	9 873 900	Not Reported	194 902 500	144 000 000	0
Rand Value of CSI Spend on Education	80 000 000		2 000 000	93 582 000	294 060 000	61 437 600	Not Reported	Not Reported	156 700 000	89 927 070
Rand Value of CSI Spend in Environmental Management Projects	Not Reported	115 909 500	Not Reported	18 716 400	0	0	Not Reported	Not Reported	13 200 000	0
Rand Value of CSI Spend on Skills Development, including Adult Basic Education & Training (ABET)	Not Reported	Not Reported	Not Reported	Not Reported	0	0	Not Reported	Not Reported	175 700 000	0
Rand Value of CSI Spend on Small Business Development Projects	Not Reported	108 182 200	Not Reported	Not Reported	0	0	Not Reported	3 748 125	18 100 000	6 421 281
Rand Value of CSI Spend on Other	603 000 000	108 182 200	1 600 725	56 149 200	0	84 397 200	Not Reported	Not Reported	18 500 000	18 407 513
Does the report include a comprehensive discussion of returns on CSI?	Partial	No	No	Partial	Yes	Partial	Partial	Partial	Yes	Yes
Rand Value of Enterprise Development Spend	112 000 000	Not Reported	37 000 000	Not Reported	259 000 000	Not Reported	Not Reported	Not Reported	728 500 000	140 0 000

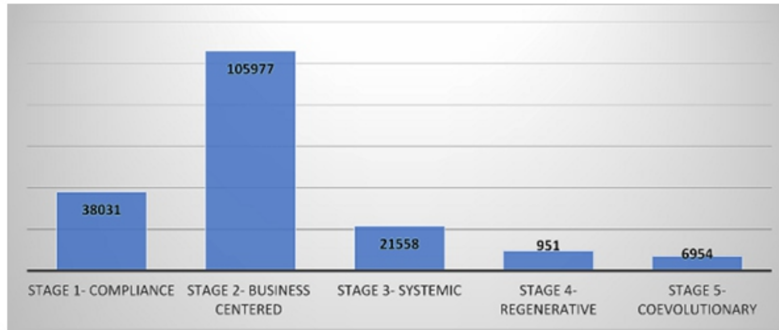

Fig. 5 Occurrence of the keywords searched for

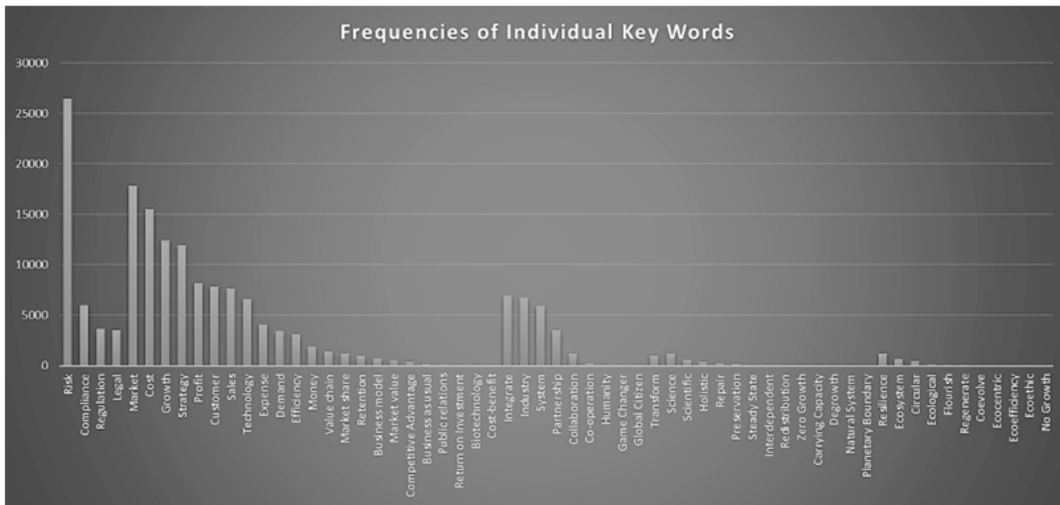

Fig. 6 Frequencies of individual key word

is therefore represented as the key word count divided by the total word count of the document.

Results

T he results section presents the key findings from the coding of the 254 documents. Figure 5 shows the count for the number of times the key words (listed in Table 2) occurred across all the 254 documents. It is clear from the data that key words that came up the most in the documents fell into stage 2- business centred and stage 1- compliance. The numeric gap between these two categories and the other three is significant.

Figure 6 further expands on the keyword findings by showing the occurrence of individual words searched for in the different stages. It is evident that the word risk, dominated across all the 254 documents followed by the words market; cost; growth, and

Table 10 Key words not mentioned in the documents

Keyword	Stage of Sustainability
Carrying Capacity	4
Consumption Degrowth	4
Natural Systems	4
Planetary Boundaries	4
Co-evolutionary	5
Eco-centric	5
No growth	5
Eco-efficiency	5
Eco-ethic	5

Table 10 shows the list of key words that were not mentioned across all the 254 documents. It is noted that all the words that received zero counts were from stages 4 and 5 of the sustainability spectrum model. These are the two stages associated with strong sustainability.

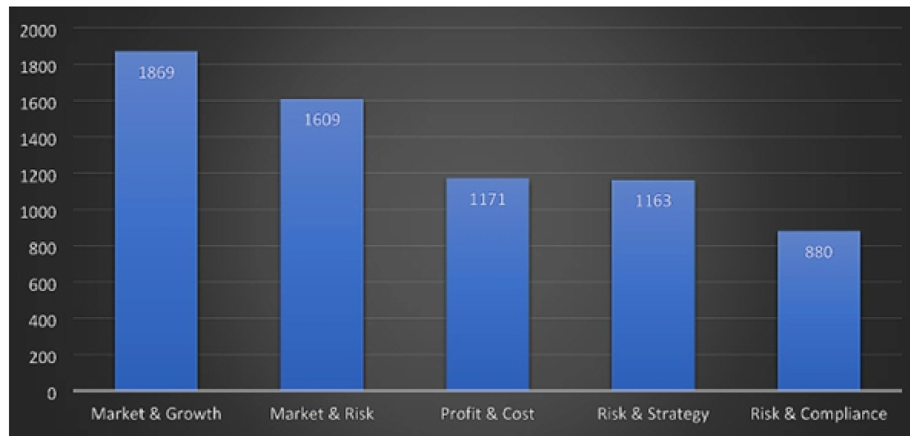

Fig. 7 Highest co-occuring words

Table 11 Longitudinal analysis of top three occurring words 2008–2021

Year	Sustainability Reports			Annual Reports		
2008	Risk	Technology	Growth	Cost	Profit	Market
2009	Risk	Market	Regulation	Market	Profit	Cost
2010	Risk	Market	Strategy	Cost	Market	Profit
2011	Risk	Market	Strategy	Cost	Market	Risk
2012	Risk	Market	Strategy	Risk	Market	Cost
2013	Risk	Industry	Market	Risk	Market	Profit
2014	Risk	Industry	Compliance	Risk	Market	Strategy
2015	Risk	Industry	Market	Market	Risk	Cost
2016	Risk	Customer	Compliance	Risk	Market	Cost
2017	Risk	Customer	Market	Risk	Market	Cost
2018	Risk	Customer	Market	Risk	Market	Growth
2019	Risk	Strategy	Market	Risk	Market	Cost
2020	Risk	Strategy	Customer	Risk	Market	Cost
2021	Risk	Strategy	Market	Risk	Market	Growth

Figure 7 shows the frequency of the highest co-occuring words that featured across the 254 documents. It is interesting to note that the market and risk strongest and that risk was not at all associated with any environmental or social issues but predominantly spoken about concerning the market, strategy, and compliance. Table 11 presents a longitudinal analysis of the top three occurring words in both the sustainability reports and annual reports of the selected sample from 2008 to 2021. There has been very little change in the top three occurring words in both the annual reports and sustainability reports. The words risk and market have dominated the sustainability and annual reports, with profit and cost also featuring strongly in the annual reports. Turning to the keywords searched for from the table to concerning the planetary boundaries framework, Figs. 8 and 9 show the following results. Figure 8 provides a longitudinal analysis of the keywords found in the annual reports from 2008 to 2021.

The words employment, education and climate change dominate these reports.
Concerning climate change, it is noted that it has started to feature significantly from 2017 onwards. Figure 9 indicates the longitudinal analysis of of the keywords found in the sustainability reports from 2008 to 2021. Climate change, biodiversity and CO2 were the keywords that were found the most frequently. It is evident that from 2015 onwards climate change and CO2 has outstripped the other planetary boundaries keywords. It is also evident that from 2019 onwards biodiversity has started to feature more strongly in the sustainability reports but not in the annual reports. Table 12 indicates what words the planetary boundaries key words were most used in conjunction with. The first finding to highlight is like the keywords from the stages of sustainability model, some keywords did not occur at all in the 254 documents. These were:

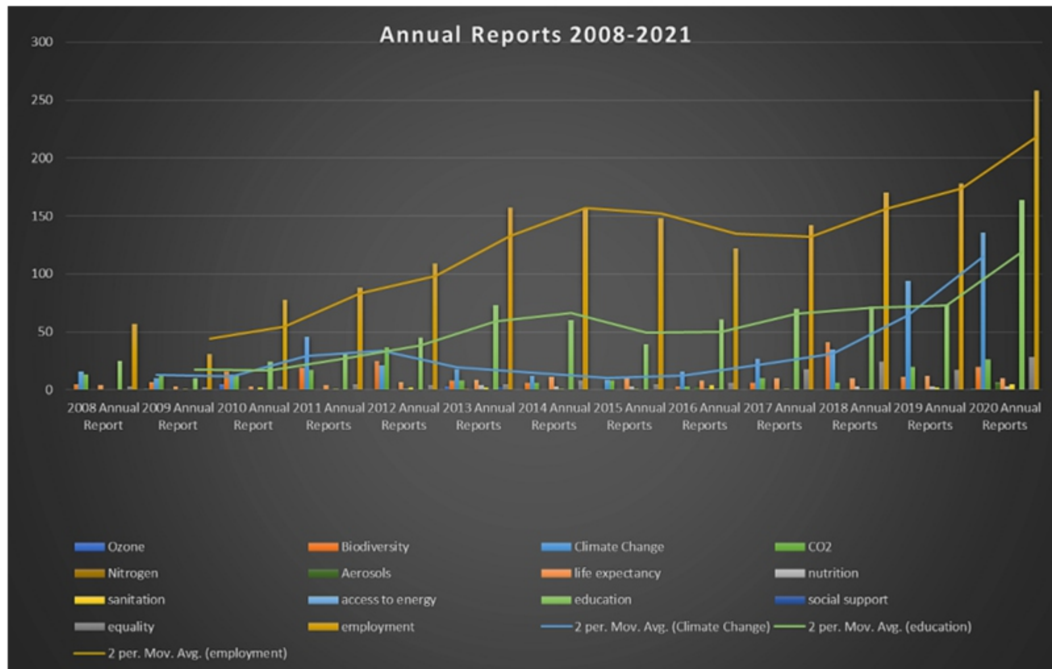

Fig. 8 Planetary boundaries keywords in annual reports 2008–2021

Biosphere
Chemical Pollution
Ocean Acidification
Freshwater Consumption
Land System Change
Phosphorous
Aerosols
Democratic Quality
Income Equality

It is also interesting to note that when examining the top keywords found in the annual and sustainability reports, they are all co-occuring with words from stages 1 & 2 of the stages of sustainability model. That is compliance and business centered words indicating weak sustainability worldviews. Except for the keyword biodiversity where it is evident it features together with the word partnerships and ecosystems which are from stages 4 of the sustainability model, which is classified as regenerative.

Discussion

By conducting a content analysis of corporate sustainability and annual reports, this study aimed to uncover to what extent multinational corporations listed on the JSE/FTSE have transitioned towards stronger sustainability worldviews in their reporting practices. Through

the communication and language used of activities documented in sustainability and annual reports, a company's perspective on the meaning of corporate sustainability can be revealed (Landrum & Ohsowski, 2018a) five-stage corporate sustainability model and the work of (Rockström et al., 2009); and (O'Neill et al., 2018); was used to assess if companies have transitioned to stronger sustainability reporting practices. The results provided several significant findings for analysis. T he first key finding is that the dominant focus of the reporting processes is on stage 2, which centres around business objectives, followed by stage 1, which emphasizes compliance. This pattern has remained unchanged over time, with risk, market, cost, and growth consistently identified as the prevailing themes across all 254 reports. This indicates that sustainability is still being approached from a perspective of weak sustainability, where the dominant paradigm is "business as usual" and sustainability is primarily understood as compliance with regulations or activities that can enhance market and f inancial value. According to Humphreys and Brown (2008), sensemaking involves the use of narratives as a means of control and power, shedding light on power dynamics within organizations. Large and influential organizations employ narratives to shape the interpretation of sustainability, both internally and externally. In

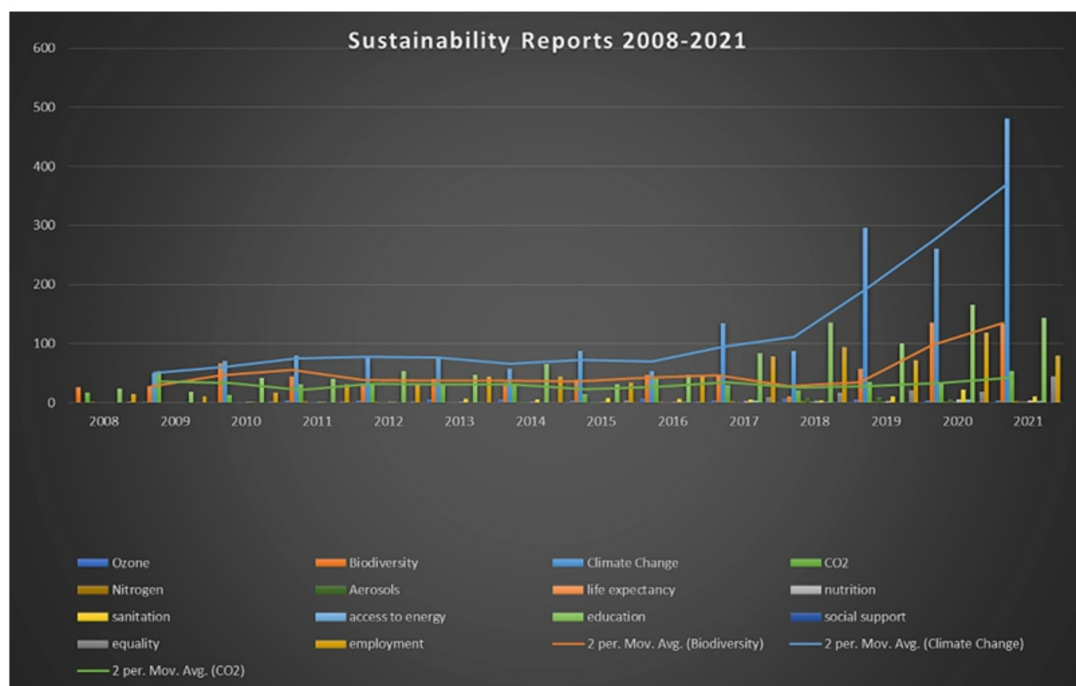

Fig. 9 Planetary boundaries keywords in sustainability reports 2008–2021

Table 12 Planetary boundaries key words and co-occurrence words

Planetary Boundaries Key Words	Co-occurrence Words		
Ozone	Compliance	Risk	Industry
Biodiversity	Risk	Partnerships	Ecosystems
Biosphere			
Chemical Pollution			
Climate Change	Risk	Strategy	Cost
CO2	Cost	Sales	Market
Ocean Acidification			
Freshwater Consumption			
Land System Change			
Nitrogen	Risk	Compliance	
Phosphorus			
Aerosols			
Life Expectancy	Legal	Cost	Money
Nutrition	Partnerships	Risk	Cost
Sanitation	Partnerships	Industry	Strategy
Access to Energy	Growth	Resilience	Efficiency
Education	Market	Customer	Growth
Social Support	Cost	Risk	Market
Democratic Quality			
Equality	Growth	Legal	Compliance
Employment	Cost	Market	Risk
Income Equality			

this analysis, the most common sensemaking observed is the business case for sustainability, which prioritizes incremental improvements without requiring significant changes from the current state.

T his is in keeping with the work of Schillebeeckx et al. (2020); Sharma (2017); Ioannou & Serafeim's (2012) who highlight that environmental performance is viewed as a response to a threat. They argue that firms respond to external pressures to improve their value creation ability. T his response is placed on a continuum of conformance to regulation to voluntary action or it is seen as ranging from reactive to proactive. T he second finding is that the primary emphasis on business, as indicated by the frequent use of words like market and growth, demonstrates a lack of awareness regarding the interconnection between human activities and the ecological, economic, and social systems that have their own limits and capacities (Sharma & Henriques, 2005). This is supported by Table 3 which shows that words such as carrying capacity, natural systems and planetary boundaries were not mentioned at all in the 254 reports. The absence of changes in worldviews in sustainability reporting over time (Table 4) within the sample studied may also indicate that multinational companies are trapped in established patterns and ways of thinking- path dependencies (Unruh 2000). In line with the discussions on the MLP and transitions in the conceptual framework, Geels (2005) highlighted the importance of supporting the development of innovative ideas to facilitate technological and socio-technological transitions. The apparent lack of progress towards adopting sustainability mindsets focused on regenerative co-evolution suggests that the creation of protective and supportive environments for fostering niches is not occurring, thus perpetuating entrenched patterns and the continuation of business-as-usual mentalities.

T he lack of transition to ground corporate social reporting in social and ecological reality is also shown in the analysis of the keywords searched for in relation to planetary boundaries. The lack of thought regarding these realities were made conspicuous by their absence. T his is seen in relation to the following words that were not mentioned at all:

Biosphere
Chemical Pollution
Ocean Acidification
Freshwater Consumption
Land System Change
Phosphorous
Aerosols
Democratic Quality , Income Equality

Upon further examination of this list, it becomes evident that crucial concepts like the biosphere, freshwater consumption, and land system change, among others, are vital for sustaining life on Earth. However, these concepts are not recognized as key parameters that should guide corporate reporting activities and be deeply integrated within them. Rockström et al. (2023) have just released a latest report outlining that the stability and resilience of the earth system and human well being are integrally linked. The key tipping points and boundary parameters that they focus on in this article are they biosphere, water, and aerosol pollutants. The longer corporate sustainability reporting practices take to shift away from a compliance and business mindset, the more the current status quo persists, failing to address urgent social and environmental challenges.

T he transition towards acknowledging climate change is apparent in Figs. 8 and 9, as the reports increasingly mention keywords such as climate change, CO2, and biodiversity. However, when considering the co-occurring words in Table 5, it becomes clear that these topics are still being approached primarily from a business-centered and compliance-oriented perspective. Even the topic of employment, which received the most attention in the annual reports, was predominantly discussed in terms of cost and risk rather than recognizing its positive contribution to social embeddedness. Considering the vulnerability of the planetary boundaries highlighted in the conceptual framework, the failure to transition towards a stronger sustainability worldview instead of a weaker one will lead to insufficient efforts in tackling the environmental and social challenges confronting humanity. This brings us back to the debate between the need for incrementalism or radical change within organisations. Approaching sustainability from a business centred and compliance approach is not going to result in the required deep transitions towards creating safe operating spaces for humanity. It is evident that niche innovations are required within the corporate sector that will result in culture shifts that acknowledge the embeddedness of economic activity within social and natural environments.

Limitations

It is important to note that this study has the following limitations. Firstly, many reporting standards have specific reporting guidelines to follow when reporting. T his could therefore influence what the companies have reported on. Similarly, many companies outsource their sustainability reporting to consultants which develop templates which are then potentially just repeated yearly which could be a reason for a lack of change over time not being evident. However, even if this is the case it does potentially show that sustainability reporting is not central to the business activity but rather seen as a compliance issue, reinforcing the findings of this study. It is crucial to acknowledge that the primary aim of this study was to examine the evolution of sustainability worldviews based on the submitted reports, and it does not provide an assessment of the actual sustainability performance of the companies within the sample size. As a suggestion for future research, it would be valuable to compare the real sustainability performance of the multinational companies in this sample size by analyzing the metrics provided in their corporate reports and correlating them with the narrative presented.

Conclusion

T he key findings and contributions of this content analysis can be summarized as follows: Corporate reporting amongst the sample size for this study is still very focused on compliance with reporting requirements and business centred; (2) There is lack of evidence that there has been a shift of business towards an embedding mindset of their operations; (3) Although there has been an increase in acknowledgement of climate change in their reporting since 2014 onward, this is still being engaged with from a compliance and business centered mindset; (4) The engagement with boundaries and in particular science-based planetary boundaries has not transitioned over time. Based on the four findings, it is evident that a fundamental shift in sustainability mindsets within the multinational and corporate sectors is imperative and urgent to instigate the required transformation in business practices.

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