Impact of sustainability practices on the firms’ performance

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ABSTRACT
Organizations are increasingly being pressured by its various stakeholders to focus on sustainability and be accountable for their multiple bottom line approach of operations (MBL) encompassing economic, environmental, governance, social and ethical practices. The emergence of the concept of sustainability indicates a significant shift in the enterprise perspective, prompting firms to reconsider their way of doing business by integrating the five sustainability initiatives. A sustainable enterprise is one that considers a long-term perspective on the impact of its operations and aligns its business strategies to attain a holistic development leading to a better firm performance. The findings reported in this paper aim to examine the effects of sustainability indicators on the firms’ overall business operations and activities. Using survey data collected from five multinational firms operating in Cebu’s export processing zone, this paper empirically analyzes the impact of the sustainability initiatives adopted by the five companies anchored on the multiple bottom line approach. The results revealed that the sustainability practices had a significant impact on the overall performance of the firms. The conventional single objective of improving the business’s economic performance has been replaced with the concept of improving the multiple bottom line of measuring sustainable performance in terms of making profit while considering the impact of the firms’ actions on the environment and its various stakeholders, thereby making the firm more economically sustainable in the long run. This study provided valuable insights that can help other researchers and professionals who are interested in studying the impact of sustainability initiatives in the firm’s performance.

Keywords: sustainability, multiple bottom line approach, export processing zone, holistic development, sustainable performance

INTRODUCTION
The search for competitive advantage is a primordial goal for many firms to ensure their ability to create value in the long term amidst the backdrop of a complex global marketplace. Organizations relentlessly search for fundamentals to distinguish them from their competitors, since such elements could become resources that generate long-term sustainable competitive advantages (Collins and Porras, 1994, Gladwin et al., 1995). The firms’ adoption of sustainability strategies grants them an edge over other firms that do not take on these practices (Adams and Zutshi, 2004). It is assumed that these advantages will enable the companies to attain acceptable levels of profitability and economic equilibrium. This notion reinforces the thought that the adoption of sustainability practices has become a key point in the management agenda of many organizations.
At present, many business strategies are defined by the integration of concepts such as management quality, environmental management, brand reputation, corporate ethics and talent retention. Such perceptions are derived from the practices of creating economic value, increasing public wealth with adequate mechanisms for its distribution, social justification, environmentally sound activities, operations which are ethically conducted and procedures that conform to all applicable laws, rules and regulations. These measures are deemed to be effective sustainable approaches paving the way for better corporate management and thus performance (Orlitzky, et al., 2003).

The sustainability practices that the firms develop will facilitate the establishment of better systems of internal control, decision-making and cost saving (Adams, 2002). Through the efficient management of resources, companies will be able to achieve long-term sustainable competitive advantage. From the firm’s perspective, sustainability can be defined as meeting the needs of a firm’s direct and indirect stakeholders, without compromising its ability to meet the needs of future stakeholders (Dyllick & Hockerts, 2002). The concept of sustainability provides the context from which researchers can study the practices adopted to create value. Value formation refers to both achieving sufficient profit and to satisfying the requests of a diverse group of stakeholders (Lopez et al., 2007).

Despite the fact that more companies seem to demonstrate an increasing commitment to a more sustainable behavior, in many cases, this is still done simply as a mere paid lip service of green washing. One significant reason for this corporate rhetoric can be attributed to the fact that companies do not really know how they can integrate sustainable practices into their operating processes and business strategies. More often than not, corporate sustainability practices are pursued more by chance than with a clear, well designed approach. With this study, we deal with the issues at hand by formulating two objectives: (1) to identify the various drivers of sustainability practices adopted by companies based on the multiple bottom line framework; and (2) to determine the impact of the sustainability practices in the overall organizational performance. The two pronged objectives were addressed by ascertaining the sustainability oriented activities of the companies based on the multiple bottom line approach and measuring the outcomes based on the key indicators denoted in the platform of determining organizational performance.

An improved understanding of the link between sustainability oriented practices and organizational performance does not only contribute to the recognition of the importance of these concepts, but also add to the knowledge of measuring sustainability-oriented activities. However, there are only a few empirical studies made on specific organizational performance outcomes in relation to the adoption of sustainability practices. Based on the foregoing, the researcher sought to derive pragmatic evidence which will reveal that the adoption of sustainability practices does in fact have a significant impact on the overall performance of the firm and not only advances this contention from a theoretical standpoint. The intent of the study was to determine the link between performance results and sustainability practices in order to analyze how these practices affect company functioning.

Furthermore this study aimed to determine how sustainability practices can be both developed and supported. It is critical to uncover the antecedents that help companies maintain various sustainable practices over a long period of time to ensure a substantive and continual growth in the realm of sustainable development.
OBJECTIVES OF THE STUDY

Organizations are increasingly predisposed to incorporate society’s expectations into their operations and strategies, not only to respond to rising pressures from various stakeholders but also to consider opportunities for creating competitive advantage. To this end, this study seeks to identify those factors with the possibility for facilitating effective integration of sustainability into corporate practices. The objectives of this research are: 1) to identify the various drivers of sustainability practices adopted by companies based on the multiple bottom line framework; and 2) to determine the impact of the sustainability practices on the overall organizational performance.

FRAMEWORK

Business sustainability has materialized as a central, multifaceted premise of the present time. Companies of all types and sizes are concentrating on business sustainability as a means of designing a continuing value for shareholders and managing the interests of other stakeholders. Business sustainability is a method of facilitating the companies’ capabilities to formulate and implement strategies that lead to the continuing performance of the firm in all areas. The context of sustainability is not only intended to ensure long term profitability and competitive advantage of the organization, but also contributes to the improvement of the well being of societal members.

This study is anchored on the premise of sustainable management by Aligleri (2011) who defined the concept as a “business approach that considers the pattern of organization of ecosystems in the decision making processes and management practices covering assessment indicators in the economic, environmental, ethical, governance and social dimensions.” This view implies that the management of sustainability is intended to enable gains for the firm, society and environment. A core aspect of the sustainability management framework is the inclusion of stakeholders and the integration of their respective demands (Seuring and Gold, 2013), which is implied to be a critical process that assists organizations in understanding their key environmental and social impacts (Rocha, et al., 2007).

Sustainability management practices involve the “adoption of a long term focus and a more inclusive set of responsibilities” that have a beneficial effect on “the ecosystems, societies and environments of the future” (Ameer & Othman, 2012). The said practices permit “long term value creation” by helping companies to “develop opportunities and manage economic, environmental, ethical, governance and social risks” (Lopez et al., 2007). For many companies, developing sustainability practices to meet the stakeholders’ various expectations has become crucial (Delgado-Ceballos, et al., 2011). Sustainability practices represent a holistic, balanced and long-term approach to conducting business with potential to have a net positive impact on ecological, social, economic, and ethical, governance systems, and various stakeholders.

There are three overriding principles of business sustainability practices. These are value creation, accountability assurance and performance enhancement (Brockett & Rezaee, 2013). The value creation principle suggests companies should create the maximum quantity of products and services with the least utilization of scare resources, while maintaining the highest quality and efficiency to generate the highest level of customer satisfaction. A major objective of any firm is the creation of value for all stakeholders in the community. An accountability assurance principle means conducting
business in an ethical and socially responsible manner. A proper assurance process requires timely and deliberate planning, aggressive actions, effective implementation, continuous monitoring and enforceable accountability. The performance enhancement principle indicates achievement of sustainable performance based on the five dimensions. This will pave the way of enhancing the firm’s positive impacts and mitigating negative implications on society and the environment.

Recognizing the broad nature of sustainability, there is a growing range of specific sustainability practices being implemented by organizations (Hahn & Scheermesser, 2006). Due to this, there are various ways in conceptualizing and operationalizing sustainability constructs. One of the most commonly used measures is derived from the multiple bottom line of economic, governance, environmental, ethical and social performance indicators.

**Figure 1. Drivers of sustainability framework**

**Economic vigor as a component of corporate sustainability**

Economic vigor when operationalized as a component of sustainability entails a business approach that creates long term shareholder value by dealing with opportunities and managing risks arising from economic, social and environmental challenges (Wagner, 2010). Creating shareholder value by ensuring continual sustainable economic performance is a major challenge for many firms today. To incorporate sustainability principles into the companies’ business strategies and to make sound resource allocation decisions, managers need to measure the link between social and environmental actions with financial performance. Many companies are cognizant of the contribution of various investments and economic decisions in sustainability initiatives to improve shareholder value and maximizing net gains to both the company and society.

Epstein and Roy (2001) formulated a framework that organized the drivers of corporate sustainability and financial performance into five major areas. The framework starts with corporate and business unit strategy and moves to the second component: the sustainability actions that will be used to implement strategies. Firms can analyze and institute the drivers of and causal relationships with the processes to sustainability performance, stakeholder reactions and long term corporate financial performance. The corporate financial performance component of the framework then feeds back into the corporate strategy to improve and challenge strategies and assumptions leading to improved financial performance. The framework requires that firms implement adequate systems, structures and performance mechanisms to enhance corporate financial and sustainability performance (Waddock & Graves, 1997).

The systems, structures and measures provide a better understanding of the antecedents of economic performance and the effects of that performance on the various
stakeholders of the firm. This framework helps managers to better integrate sustainability tenets into their business strategies by setting relevant priorities and by evaluating business options. A salient feature of the framework is the difference between intermediate results and financial outcomes. Intermediate results, such as improved sustainability performance (e.g., product safety) and positive stakeholder reaction (e.g., customer satisfaction) must be observed to assess profit outcomes of sustainability practices. The sustainability and financial health of the organization are important determinants of keeping investor confidence high. This is in consonance with Freeman’s stakeholder theory (1984), which emphasized the notion that corporations have responsibilities to their stakeholders and other interest groups. Hence, the business case for sustainability is understood to include strategic and profit driven response of the company to environment and social issues, which caused these entities to pursue primary and secondary activities.

Corporate governance as a dimension of corporate sustainability

Corporations have traditionally been viewed as self-centered, profit maximizing entities comprising the central tenets of capitalism and free market doctrine (Hg, 2007). However, in the aftermath of a series of financial debacles that various economies have experienced brought about by the global financial crisis, countries have taken initiatives to improve their corporate governance policies by establishing more robust measures to strengthen their regulatory frameworks in order to promote economic stability, public trust and investor confidence. Various measures are undertaken to enable the convergence of a set of globally accepted corporate governance practices and the integration of business sustainability into corporate governance. These developments have once again redirected interest to issues of good governance, trust and accountability, intensifying the discussion on topics of corporate governance (CG) and the ethics of economic conduct (Marsiglia & Falautano, 2005).

While shareholder value maximization is still a primary goal for business organizations worldwide, the rise in social activism and the emergence of new expectations have given rise to other aspects of corporate performance to be scrutinized alongside financial results. As firms expand, they are not just plain movers of economic growth, but most importantly, to balance multiple bottom-lines and manage the interests of multiple stakeholders (Jamali, 2006). This is where the concept of corporate governance comes in. Based on this premise, organizations are expected to realize gains while maintaining the highest standards of governance internally.

Cadbury (2000) defined corporate governance as “the system by which companies are directed and controlled.” The control aspect of corporate governance (CG) includes the notions of compliance, accountability and transparency (MacMillan et al., 2004), and how managers exert their functions through compliance with existing laws, regulations and codes of conduct (Cadbury, 2000). The importance of CG lies in its pursuit at continual refinement of the laws, regulations and contracts that govern companies’ activities while ensuring that shareholder rights are protected, stakeholder and manager/executive concerns are reconciled, and that a transparent environment is maintained. Transparency principle calls for a culture where each stakeholder is able to perform his tasks and responsibilities leading to the firm’s growth and value creation (Page, 2005). Corporate governance sets the springboard in defining as to how power is exerted and decisions are made in an organization.
The Professional Accountants in Business (PAIB) and the Committee of the International Federation of Accountants (IFAC) in 2009 defined Corporate Governance (CG) as “the set of responsibilities and practices exercised by the board and executive management (the governing body) with the goal of: a) providing strategic decision, b) ensuring that objectives are achieved, c) ascertaining that risks are managed appropriately, and d) verifying that the organization’s resources are used responsibly.” In this concept, corporate governance encompasses both the conformance and performance aspects. The conformance aspect of CG reflects compliance with all applicable laws, rules, regulations and standards, as well as accountability to all stakeholders. The performance aspect of CG emphasizes the importance of policies and procedures in addressing opportunities and risks, best practices, resource utilization, strategy, value creation and decision-making. In summary, CG revolves around a set of universal attributes, including ensuring accountability to shareholders and other stakeholders (Keasy & Wright, 1997), creating mechanisms to control managerial behavior (Tricker, 1994) and ensuring that companies are run according to the laws and answerable to all stakeholders (Dunlop, 1998).

Social dimension of corporate sustainability

Corporations have modified their key goals from profit maximization to creating value for all stakeholders, including shareholders, while at the same time fulfilling their social responsibilities. This is attributed to the fact that investors are diversifying their portfolios by putting their money in firms committed to the concept of corporate sustainability. Investors are drawn to this venture style as it promises the creation of long-term shareholder value by welcoming opportunities and dealing with risks arising from ongoing economic, environmental and social developments. The social dimension of corporate sustainability is anchored on the premise that companies can contribute to the social well being of communities by interacting with its various stakeholders and addressing to their specific and evolving needs leading to securing a long term “license to operate” and excellent customer and employee loyalty (Knoepel, 2001).

Social performance practices to support corporate sustainability measure how well an organization has translated its social goals into practice. It is assessed in terms of the principles, actions and measures adopted. The social dimension of corporate sustainability involves making an organization’s social mission a reality, aligned with the interests of society by integrating acceptable social values and fulfilling social responsibility (Brockett & Rezaee, 2012). The social dimension of corporate sustainability challenges organizations to adhere to the basic tenet of doing good which is more than the so-called “business as usual philosophy.” It entails aligning the company’s values, interests, decisions and processes with those of its stakeholders. The social aspect of sustainability encourages firms to take the necessary initiatives to advance social good beyond their own vested interests and compliance with the legal requirements.

Social performance practices can respond effectively to societal and stakeholder demands by embedding social considerations into business operations and strategies and must be pursued voluntarily. Social dimension of corporate sustainability includes three components: (1) identification of an organization’s social responsibility domains; (2) corporate malfeasances and unethical behavior, and (3) implementation of programs to manage social issues (McKnight, 2011). Organizations can no longer separate their activities from the wider society and environment in which they operate. Hence, they need to effectively measure their social performance to maintain their sustainability. Social
sustainability of an organization refers to the consciousness of responsibility for its own actions as well as an authentic and credible commitment (normally long term) in all business activities.

**Ethical dimension of corporate sustainability**

The interdependence among society, environment and economic development are fundamental to the concept of sustainability. To achieve sustainable development, people characterize the interactions among these three “pillars of sustainability.” This is because creating symmetry among the pillars cannot be attained without a clear understanding of how societal and industrial activities affect the environment or may impact future generations. Hence, there is a need to determine the issues affecting sustainable development. Practices geared towards attaining sustainability are rooted on the notion that mankind needs to use natural resources responsibly with diminishing the quality of life due to losses in future economic opportunities or to negative impacts on social conditions, human health and environment (Enderle, 1999). This hypothesis makes it clear that the metrics of performance must be articulated to assess the efficacy of the outcome of any decision concerning sustainability.

It is a common practice for business managers/executives to address the economic pillar of sustainability first and foremost. The pillar associated with ethics as a dimension of sustainability is often overlooked. The philosophy of sustainable development emphasizes the supremacy of values characteristic to all people and businesses manifested through ethical deeds. The ethical dimension of corporate sustainability encompasses a set of moral principles, best practices and standards that guide business behavior. It refers to an entity’s collective values, which can be used to assess whether the behavior of the collective members of the organization is adequate (Rezaee, 2008). Furthermore, the ethical aspect of sustainability aims to determine whether the business is held accountable for its openness, integrity and behavior.

Considering that laws are not adequate to regulate and monitor the organization’s activities, ethical practices are upheld to include those actions that are expected or prohibited by societal members even though they are not codified into law. Ethical practices represent the full scope of norms, standards, and expectations that reflect what societal stakeholders perceive as fair, just and in keeping with the respect or protection of their moral rights (Carroll & Buchholtz, 2006). Ideal business ethical practices as a component of corporate sustainability will foster ethical objectives, which include but are not limited to adherence to moral principles, trust and integrity and managing the enterprise based on the rules of openness, mutual respect and accountability.

**Environmental dimension of corporate sustainability**

Increasing societal concern about the condition of the Earth’s ecosystems has set off industry and business leaders to manage in new ways by becoming more proactive in their response to environmental issues. The need for environmental sustainability arose from the acknowledgment that the wasteful, decadent and inequitable nature of current patterns of development, when projected in the future leads to biophysical impossibilities (Beckerman, 1994). Within the context of environmental sustainability, it is possible to alter the growth trends and establish a condition of ecological and economic stability that is sustainable into the future. Sustainability is essentially the relationship between the environment and society. The 1987 Brundtland Commission concluded that sustainable
development must integrate environmental concerns into the mainstream policies of organizations.

Environmental sustainability is understood as the “maintenance of natural capital” comprising of input and output. Environmental sustainability in itself seeks to improve human welfare by protecting the sources of raw materials used for human needs and ensuring that the sinks for human wastes are not exceeded, in order to prevent harm to humans (Goodland, 1995). The philosophy of environmental sustainability involves ecosystem integrity, carrying capacity and biodiversity. It requires that natural capital be maintained as a source of economic inputs and as a sink for wastes. It implies that resources must be harvested no faster than they can be regenerated. Wastes must be emitted no faster than they can be assimilated by the environment (Kahn, 1995).

An environmentally sustainable organization is a business that operates in a way that is consistent with the principle of sustainable development. This means that the firm will conduct its operations in a way that will not use up natural resources any faster than they can be replenished, make and transport products efficiently with minimal use of energy and design products which when worn out could be disassembled and recycled (Lawrence and Weber, 2006). Adherence to the notion of environmental sustainability requires companies to undergo three distinct phases in the development of green management practices. The first stage is pollution prevention, which focuses on minimizing or eliminating waste before it is created. The second phase is product stewardship. In this part, managers concentrate on all environmental impacts associated with the full life cycle of a product from the design of the commodity to its final use and disposal. The third and most important segment is the adoption of clean technology. Organizations develop innovative new technologies in this part that support sustainability (Dunphy, et al., 2003).

Organizational Performance

The concept of organizational performance refers normally to financial aspects such as profit, return on assets, return on equity and economic value added (EVA). While financial measures of performance are among the most widely used by organizations, there are other more balanced methods of performance measurement systems which include both financial and non financial performance determinants providing better perspectives in terms of links between performance systems and organizational strategy (Neely and Adams, 2000).

The key to developing a framework to improve organizational performance anchored on the multiple bottom line approach is to construct performance measures that are properly integrated and directed towards achieving organizational goals and strategies. Aside from using the traditional measures of assessing company performance, Gomes, et al., (2011) suggested that organizations should also consider using softer performance parameters such as social responsibility. Based on corporate social performance and corporate financial performance, Fauzi, et al., (2010) proposed a multi dimensional bottom line as sustainable corporate performance indicators. The key in developing a sustainable organization is to construct the multiple organizational performance measures so that they are properly integrated and directed towards achieving organizational goals and objectives.

In conclusion, all organizations – regardless of size, industry or location – stand to benefit from business sustainability practices, initiatives and strategies by enhancing their economic, governance, social, environmental and ethical performance. This business
sustainability framework focuses on strategic decisions that create sustainable shareholder value while managing and protecting the interests of a broader range of stakeholders.

**METHODOLOGY**

The study adopted the quantitative method of research specifically the descriptive normative survey. Surveying the firms using the descriptive method was deemed as most appropriate in determining the managerial perceptions on the sustainability constructs used in this study. The study employed novel constructs, which transcended beyond the tri-focal approach of the sustainability framework involving social equity, economic performance and environmental management. The current research included two more antecedents, namely corporate governance and ethics. The basic theme for this study was to examine the precursor/s of organizational activities anchored on the multiple bottom line concept of sustainability. Aside from determining the drivers of sustainability practices, the study likewise was designed to gauge the impact of these practices in the overall performance of the companies. In so doing, the respondent firms were asked to measure the extent to which the practices have contributed to the attainment of their corporate objectives through a simple method of computing the summary mean for five related parameters. Although the constructs were categorized into five metrics of the multiple bottom line approach, each company, which took part in this study, adopted various practices aligned with the distinct and specific nature of the business. Within this context, the author did not apply any correlation, regression or other forms of inferential statistical analysis, as the undertaking did not intend to evaluate the causal relationship between the practices adopted and its consequences taking into consideration the diversity of practices employed and the uniqueness of each enterprise.

The primary data gathering procedure for this research was through the use of the questionnaire with structured, closed ended questions. The survey questions were based on case studies and the academic literature (Olivia & Quinn, 2003) and were pre tested with consultants and academics (Reinhardt, et al., 2004). The questionnaire with the cover letter indicating the purpose and significance of the study was emailed to target respondents. Unstructured interviews were conducted through the telephone to reinforce and substantiate the answers given by the respondents. The respondents were assured on the confidentiality of their answers by ensuring their anonymity in the presentation of the data. Instead of using the firms’ names, the entities were coded using letters. Managers were chosen because they were considered to be familiar with the implementation of sustainability practices and performance indicators. Secondary data were culled from the review of related literature and reports submitted to the regulatory bodies.

The companies were selected through purposive sampling. A total of twelve firms were identified based on their yearly sustainability reports submitted. Out of the twelve firms, only five acceded to the invitation to participate in the research conducted. All these companies are operating in the special economic zone situated in Lapu Lapu City, Cebu.

The constructs for measuring sustainability practices and its impact on the organization’s performance were developed based on the literature review related to sustainability and organization performance (Lozano, 2011; Siebenhuner, 2007). While performance is a multi-dimensional concept (Chenhall & Langfied-Smith, 2007), the survey instrument was designed to capture the most commonly studied dimensions of organizational performance. A four-item Likert scale measures the extent to which the
companies adhere to the various constructs of sustainability practices based on the multiple bottom line approach.

It also captures the extent to which the sustainable practices affected the company’s performance anchored on the multiple-bottom line model. The scales for measuring the extent of implementation of the sustainability practices and its impact on the organizational performance were subjected to validity and reliability tests. The construct validity was assessed by using exploratory factor analysis (EFA) based on oblique rotation. The scale reliability was tested by computing its Cronbach’s alpha. The results of the test of validity of the constructs as indicated by the amount of variance, which exceeded 0.5 means that the constructs used, are valid (Hair et al., 2010). The alpha coefficients have the acceptable value ranging from 0.85-0.89. The alpha value for each construct was well above the recommended values of 0.70, which is considered satisfactory for applied research (Hair, et al., 2010).

RESULTS AND DISCUSSION

The management for sustainability has as its premise the incorporation of aspects relating to the sustainable development in the strategy and operations of companies, representing an emerging challenge for organizations. Lacy et al. (2010) point out that sustainable corporate practices are opening new markets and sources of demand, bringing the need for new business models and sources of innovation, which alter the cost structure of the industry, so that sustainability permeates from corporate strategy to the set of operations of the company. Sustainability practices of companies are measured as a continuous construct – the total number of organizational strengths that are regarded by stakeholders as positive indicators of Corporate Social Responsibility.

Specifically, corporate social responsibility represents the sum of the number of positive practices across five sustainability related areas: environment, society, economics, ethics and governance. These five constructs cover the companies’ relationships with a broad array of key stakeholders, aligning closely with the conceptual comprehensiveness of the primary concept - sustainability practices.

Antecedents of Sustainable Practices

For many firms, developing sustainability practices to accommodate stakeholders’ various expectations has become crucial (Delgado-Ceballos, et al., 2011). These stakeholders expect the firms to adhere to numerous sustainable practices not just for the companies’ entry, but also for continuing the companies’ operations in the future. Table 1 highlights the antecedents of various sustainable practices and the extent to which these practices are pursued by the firms based on the multiple bottom line framework of sustainability.

The economic dimension of corporate sustainability is widely regarded as the generic dimension (Baedeker et al., 2002). It encompasses general aspects of an enterprise that have to be considered in order to remain in the market for a long time. Table 1 reveals that economic sustainability practices are adhered to by the firms to a very great extent (µ=3.29). These practices are pursued in order to obtain economic success rather than just concentrating on aspects that show financial results. The focus of economic sustainability practices is internal. The respondents averred that they adapt to innovation and technological advancement to continually produce goods or services that their stakeholders need and want at fair prices, collaborate with trading partners instead of
outright competition, manage their knowledge resources to optimize business outcomes and ensure sustainability reporting to monitor overall organizational performance periodically.

**Table 1. Antecedents of sustainable practices (n = 15)**

<table>
<thead>
<tr>
<th>Antecedents of Sustainability Practices</th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>E</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Economic</td>
<td>3.30</td>
<td>3.27</td>
<td>3.28</td>
<td>3.33</td>
<td></td>
</tr>
<tr>
<td>2. Environmental</td>
<td>3.25</td>
<td>3.01</td>
<td>3.00</td>
<td>2.98</td>
<td></td>
</tr>
<tr>
<td>3. Ethical</td>
<td>2.97</td>
<td>3.14</td>
<td>3.05</td>
<td>2.78</td>
<td></td>
</tr>
<tr>
<td>4. Governance</td>
<td>2.78</td>
<td>2.98</td>
<td>3.12</td>
<td>3.15</td>
<td>3.24</td>
</tr>
<tr>
<td>5. Social</td>
<td>3.12</td>
<td>2.87</td>
<td>3.09</td>
<td>2.78</td>
<td></td>
</tr>
<tr>
<td>General Average</td>
<td>3.20</td>
<td>3.05</td>
<td>3.11</td>
<td>3.00</td>
<td></td>
</tr>
</tbody>
</table>

Legend: Mean Interpretation

| 3.26 - 4.00 | Very Great Extent   |
| 2.51 - 3.25 | Great Extent        |
| 1.76 - 2.50 | Less Extent         |
| 1.00 - 1.75 | Not At all          |

Sutton (2004) defined environmental sustainability as the ability of the firm to maintain the qualities that are valued in the physical environment. The item average of 3.07 reveals that the companies involved in this study utilized various approaches to integrate environmental components into their goals, strategies, structure and culture. The respondents affirmed that their organizations have a responsibility to the environment by operating in a manner that protects the earth and its resources. Some of the environmentally oriented practices they undertake are reduction and proper disposal of wastes, resource conservation through reuse and recycling, promote environmental restoration, producing green products/services and conducting self evaluation on how these activities have contributed to the preservation of the ecosystem.

Ethical sustainability practices consist of well-established, basic assumptions and principles relating to the cooperation within an organization and the behavior towards (external) stakeholders (Konrad, et al., 2006). According to the respondents, their organizations understand the notion that although laws are implemented to regulate their operations, but more often than not, these are not adequate. Hence, the firms adopt those activities and practices that embody the full scope of norms, standards and expectations that reflect what the various stakeholders regard as fair, just and in keeping with the respect for or protection of stakeholders’ moral rights. These practices are observed to a great extent as reflected by the item average of 3.03. Some of the sustainable ethical practices carried out by the firms are the establishment and maintenance of code of ethical conduct, nurturing a culture of respect, fair rules and behavior within the organization, statement of policy for anti-discrimination based on color, race, ethnicity, fair wealth/profit allocation as well as the implementation of a
control structure that eliminates or mitigates opportunities for individuals to engage in unethical activities.

The concept of corporate governance comprises the system by which companies are directed and controlled (Cadbury, 2000). Sustainability practices pertaining to corporate governance include but are not limited to the notions of compliance, accountability and transparency (MacMillan et al., 2004), and how managers exert their functions through compliance with existing laws, regulations and codes of conduct (Cadbury, 2000). According to the respondents, their companies do uphold these practices to a great extent ($\mu=3.05$) by establishing a network of monitoring and incentives to ensure accountability of the board and management to shareholders and other stakeholders. Other sustainability practices anchored on corporate governance adhered to by the firms based on the responses of the key informants are the oversight function, compliance with existing laws and regulations, transparency in disseminating of information, regular conduct of internal and external audit and monitoring of various corporate activities by the stakeholders.

Social sustainability practices are aimed to positively influence all present and future relationships with stakeholders. According to Ebner (2008), social sustainability represents the fulfillment of the needs of the stakeholders to assure their loyalty to the company. This requires the cohesion of the firm and its ability to work towards the attainment and maintenance of the common goals of its various stakeholders. The item average of 3.00 indicates that the companies upheld such practices to a great extent. Specifically, the social sustainability practices pursued by the firms are human resource development, promoting health and safety in the organization, community development and engagement, participating in outreach programs and the like.

The general average of 3.09 indicates that the companies involved in the study pursued the various sustainability practices anchored on the framework of multiple bottom line to a great extent. It is indicative of the fact that these companies perform business practices and activities that meet the needs of the enterprise and its stakeholders at present and at the same time protecting, sustaining and enhancing the human and natural resources that will benefit the future generation.

**Impact of sustainability practices on the firm’s performance**

It is widely believed that the firms’ adoption of sustainability practices will provide them competitive advantages over firms that do not adopt them (Adams & Zutshi, 2004; King, 2002). The sustainability philosophy assumes that a company should discard the narrow version of classical economic theory and develop corporate strategies that include goals that go beyond just maximizing shareholders’ interests. This concept implies that companies’ activities must be directed to meet the demands of a wider group of stakeholders, since the firm’s success hinges on the stakeholders’ satisfaction (Buchholz & Rosenthal, 2005; Michael & Gross, 2004).

Based on the foregoing, this study sought to obtain empirical evidence that the adoption of sustainability practices does affect corporate performance and what are the outcomes of these practices. For this study, only those companies, which have been in the business for more than twenty years, have been included as it is most likely that the impact of such practices can only be shown in the long term, when the policies and practices have been integrated into corporate management and are capable of creating competitive advantages.
Table 2 reveals the extent of the impact of the sustainability practices on the companies' performance imposed by the multiple bottom line framework in five areas: economic, environmental, ethical, governance and social. The general average of 3.08 indicates that the sustainability practices implemented by the firms had a significant impact on the organizations’ performance outcomes.

Table 2. Impact of sustainability practices on the firms’ performance (n=15)

<table>
<thead>
<tr>
<th>Type of Sustainability Practices</th>
<th>Item Average</th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>E</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Economic</td>
<td>3.34</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Environmental</td>
<td>2.97</td>
<td>3.15</td>
<td>3.08</td>
<td>3.07</td>
<td>3.12</td>
<td></td>
</tr>
<tr>
<td>3. Ethical</td>
<td>3.05</td>
<td>3.00</td>
<td>2.70</td>
<td>2.97</td>
<td>3.11</td>
<td></td>
</tr>
<tr>
<td>4. Governance</td>
<td>2.95</td>
<td>3.12</td>
<td>2.67</td>
<td>3.14</td>
<td>2.87</td>
<td>2.94</td>
</tr>
<tr>
<td>5. Social</td>
<td>3.00</td>
<td>3.18</td>
<td>3.10</td>
<td>3.20</td>
<td>2.94</td>
<td></td>
</tr>
<tr>
<td>General Average</td>
<td>3.06</td>
<td>3.15</td>
<td>2.97</td>
<td>3.15</td>
<td>3.08</td>
<td></td>
</tr>
</tbody>
</table>

Legend:  
Range Interpretation  
3.26 - 4.00 Very significant  
2.51 - 3.25 Significant  
1.76 - 2.50 Less Significant  
1.00 - 1.75 Not Significant

Specifically, for those economic sustainability practices espoused by the firms, these activities had very significant impact on the performance of the companies as revealed by the item average 3.34. The adoption of sustainable practices anchored on the economic framework of sustainability such as adopting innovative production processes, embracing technological advancement, knowledge management, sustainability reporting and others have very significant contributions to the realization of the financial objectives of the firms. This led to increased profitability as a result of the exploitation of new resources and innovative production processes. These practices increased business volume and changes in resource allocation, as the products/services offered to their clients possess elements that differentiated them from those of the competitors. These in turn produced differences in sales and asset turnover. Through knowledge management, the companies were able to introduce differentiating attributes to their products, services, processes and organization.

Environmentally oriented sustainability practices made a significant impact in the companies’ overall performance as shown by the item average of 3.08. The respondents averred that these practices initially meant the firms incur additional expenses and led to a short-term decrease in profitability. Subsequently, these additional expenditures paved the way for bigger revenues as the companies were able to reduce costs due to increased use of materials derived from recycling, reduction of resource consumption like water, energy and other inputs to production. Moreover, the advocacy for green production and waste audit led to the enhancement of the popularity and reputation of the firms as being
prime movers for preserving and protecting the natural resources. This reputation created a unique corporate brand to the firms leading to more sales and revenues.

In terms of ethical sustainability practices, these activities are viewed to have significant impact on the firms’ performance. The values, norms and code of ethics adhered to by the firms do not only determine business culture and character but most importantly, these are central to the sustainability of the organization (Carroll & Buchholtz, 2006). According to the respondents, good ethics means good business. By producing safe products, they reduce product liability lawsuits, which could erode the company’s integrity and reputation. Furthermore, by adhering to the code of ethics, the firms will be assured of improved morale and work efficiency among their employees, which eventually will lead to enhanced economic performance for the firms. Ethical sustainability practices will lead to improved employee satisfaction, safe products/services, truthful advertising and more environmentally responsible business actions.

The item average of 2.95 indicates that sustainability practices oriented towards governance had significant impact on the companies’ performance. Under the umbrella of corporate governance (CG), the respondents averred that their companies were encouraged to promote fairness, transparency and accountability in their dealings. The firms involved were expected to continue generating profits, as it is the foundation of the firm’s survival while maintaining the highest standards of governance internally. Moreover, the management’s decisions were always aligned with the interests of the various players inside and outside the company as a manifestation of the board’s diligent exercise of its responsibilities.

Lastly, in the area of socially oriented sustainability practices, the item average of 3.08 signifies that these activities have significant impact on the firms’ performance. Engaging in these types of practices according to the respondents are not merely desirable but essential in establishing improved relationships with various stakeholders to maintain the firms’ long-term sustainability. Some of the benefits enjoyed by the firms as a result of these actions are: improved relationships with society, government and communities, fostering reputation and brand value, increased stakeholder involvement, reduction of employee turnover and improved productivity.

It can be deduced from the findings that the various aspects of sustainability practices adhered to by the firms have significant impacts in the overall performance of the enterprise. Developing sustainable practices are perceived to create value for the firm. Value creation refers to achieving sufficient profit and satisfying the demands of a diverse group of stakeholders. However, among the five dimensions, it is economic aspect of the practices that has the most significant effect.

CONCLUSION

Sustainability is not a new concept in the business arena. In fact, many companies participate in the pursuit of sustainability practices and consider these as potent tools for them to achieve competitive advantage. Business sustainability according to Brocket and Rezaee (2012) promotes the protection and value maximization of the interests of the various stakeholders of the firm. Although there are many studies conducted on the issues of sustainability-oriented practices, there is a lack of empirical evidence on the impact of these activities in the overall organizational performance. To fill this existing gap, this research was conducted
This study aimed to determine the antecedents of the sustainability practices observed by firms and its impact on the overall performance of the companies. The results revealed that the firms operated within a business framework consisting of five overriding dimensions of economic, environmental, and ethical, governance and ethical performance. Under each dimension, various activities were adhered to by the firms to run the business ethically, govern effectively, and promote socially and environmentally responsible actions to ensure sustainable performance, create long-term value for various stakeholders and gain public trust. Furthermore, the findings indicated that all the five antecedents of business sustainability had significant impacts on the firms’ performance outcomes. However, among the five dimensions, sustainability practices pertaining to economic viability were supported the most and had a very significant impact as it put the firms in a better position to fulfill their environmental, social, ethical and governance responsibilities. Economic viability is the cornerstone of business sustainability, which means that organizations can survive only when they continue to be profitable, creating shareholder value. Although the primary goal of every business is to continually improve its economic performance, it has also to deal effectively with the other dimensions of sustainability framework. After all, business sustainability does not only ensure long term profitability and a competitive advantage, but also to promote the well being of society as a whole.

This descriptive research has proven to be a useful method in identifying and assessing the companies’ existing sustainability related practices. The first research objective was extremely helpful in ascertaining the applicability and relevance of the five antecedents of the multiple bottom line framework of sustainability in terms of the operational mandate of the participating firms. The second objective addressed the outcome/s of the utilization of the practices in view of the desired goals of the firm within the sustainability framework sphere. The findings of the study were in consonance with the a-priori expectations of the author that economic vigor as a component of corporate sustainability is a core determinant of the firm’s long-term survival and viability. Lastly, the findings of the study will provide insights that can help the management of the firms involved in this study and other researchers interested in corporate sustainability on how to improve and innovate their functional activities. By integrating sustainability practices in the operating agenda, the companies can create the maximum quantity of goods or services with the least utilization of scarce resources, while maintaining the highest quality and efficiency to provide utmost customer satisfaction and stakeholder value.

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