Proceedings of the 7th International Conference on Economic Management and Green Development
DOI: 10.54254/2754-1169/42/20232074

The Relationship Between the SDGs and Corporate Performance: Key Factors Contributing to the Achievement of the SDGs

Chen Xing[1,a,*]

[1]*University Science of Malaysia, Penang, Malaysia, 11800*
a. cx707787013@gmail.com
**corresponding author*

Abstract: Sustainability has become a key concern for businesses and government agencies around the world. Companies are increasingly recognizing that achieving the Sustainable Development Goals (SDGs) not only has a positive impact on the environment and society, but also has a significant impact on their own performance and competitiveness. Therefore, this thesis aims to explore in depth the impact of SDGs on business performance and analyze the key factors for achieving SDGs. Through comprehensive analysis of relevant literature and case studies, this thesis concludes that actively promoting the realization of SDGs is an effective way to improve corporate performance. In pursuing SDGs, companies can ensure the relevance of their business activities to SDGs through the rational formulation and implementation of sustainability strategies and integrate sustainability into core business decisions and processes. At the same time, enhancing stakeholder engagement is one of the key factors in achieving the SDGs. Working closely with stakeholders, including employees, consumers, suppliers, communities, and governments, can help companies gain broader support and cooperation to jointly drive sustainability. In summary, the findings of this thesis suggest that actively promoting the achievement of SDGs is critical to improving business performance. To successfully achieve SDGs, companies need to develop and implement sustainability strategies, enhance stakeholder engagement, and adopt innovative business models and technology solutions. This will provide companies with a long-term sustainable competitive advantage and make a positive contribution to society and the environment.

Keywords: sustainable development goals, corporate performance, innovative business model, success factors, social responsibility

1. Introduction

The Sustainable Development Goals, or Global Goals, consist of 17 interconnected goals that are intended to be "a common blueprint for peace and prosperity for people and the planet, now and in the future. Since the United Nations released the 2030 Sustainable Development Goals, industry and business executives have recognized the importance of sustainability and have developed a series of strategies and plans to advance the SDGs to achieve the 17 SDGs.

The SDGs are at the heart of the 2030 Agenda for Sustainable Development and are designed to address the major challenges facing the world. In achieving these goals, business plays a key role in

DOI: 10.54254/2754-1169/42/20232074

sustainable development. However, there are still many issues in the process of achieving the SDGs, such as how companies should develop the SDGs and how to balance performance and sustainability, which have been slowing down the progress of achieving the SDGs. Therefore, this paper will explore how companies can improve their performance by promoting the progress of SDGs and examine and summarize the key factors for the achievement of SDGs.

The specific research questions are as follows:

a. The positive impact of SDGs on corporate performance

b. The importance of SDGs for enterprise risk management

c. Key factors that contribute to the achievement of SDGs

This paper uses a research approach of relevant literature analysis and case studies to analyze feasible strategies and approaches for companies to achieve SDGs and improve their performance.

The significance of this paper is that it explores the impact of Sustainable Development Goals (SDGs) on corporate performance and analyzes the key factors that promote the achievement of SDGs in companies. It provides theoretical support for the field of corporate sustainability and practical guidance for companies to take measures to promote sustainable development practices and help them better achieve SDGs and improve their performance.

Second, this study awakens awareness of sustainable development and contributes to promoting faster achievement of the 17 SDGs.

2. Sustainable Development Goals and Corporate Performance

Sustainable Development Goals (SDGs) are an important issue for businesses and government agencies to work together to achieve globally. Studies have shown that actively promoting the achievement of SDGs has a positive impact on business performance. For example, Albareda, Lozano, and Ysa (2007) showed that by implementing strategies and action plans related to SDGs, companies can improve their social responsibility and reputation, which in turn enhance their competitive advantage [1]. In addition, the study shows that companies that focus on SDGs are more innovative and can explore new markets and achieve better business performance.

However, to achieve the maximum impact of SDGs on business performance, companies need to consider several key factors together. For example, developing and implementing a sustainability strategy is one of the key steps towards achieving SDGs [2]. In addition, enhancing stakeholder involvement is crucial. Companies need to work closely with their employees, customers, suppliers, and other stakeholders to promote sustainability goals. Innovative business models and technological solutions have also proven to be an important way to improve business performance [3].

In summary, by actively promoting the achievement of SDGs, companies can improve their performance and competitiveness. Factors such as developing and implementing sustainable development strategies, enhancing stakeholder engagement, and adopting innovative business models and technological solutions are considered critical to the successful achievement of SDGs. These findings provide guidance for companies to help them succeed in their pursuit of sustainable development.

2.1. Positive Impact of SDGs on Corporate Performance

By citing academic literature and research, this section explores the positive impact of SDGs on business performance. It finds that aggressively advancing SDGs can lead to greater innovation and competitiveness, reduced costs and increased efficiency, enhanced brand value and reputation, and attraction of investors and talent.

DOI: 10.54254/2754-1169/42/20232074

The positive impact of SDGs on business performance has been widely supported by academic research and empirical studies. Below are citations of several relevant studies that demonstrate the positive impact of SDGs on business performance.

In 2013, Kiron et al. investigated the attitudes and practices of the Global 500 companies toward sustainability. The study found that those companies that incorporated sustainability into their strategic planning performed better in terms of innovation and competitiveness. These companies focused more on innovation, opened new market opportunities, and achieved sustained business success [4].

In 2014, another study, conducted by Eccles et al. explored the impact of sustainability on business performance. The study found that implementing sustainability strategies can reduce costs and increase efficiency of firms. By adopting sustainability practices such as energy conservation and resource management, firms can reduce operational costs and improve resource efficiency, which in turn improves performance [5].

Russo and Perrini's research confirms the positive impact of sustainability on corporate brand value and reputation. They found that companies that excel in sustainability are more recognized and preferred by consumers in the marketplace, thus enhancing their brand image and reputation. This positive branding effect helps to increase a company's market share and profitability [6].

Finally, research has also shown that companies that focus on sustainability attract investors and talent. a study by Clarkson et al. (2008) found that investors are increasingly inclined to invest in companies that focus on sustainability because they have more long-term growth potential and stability. In addition, a corporate focus on sustainability can also attract talent with a sense of social responsibility and values, improving the quality of an organization's human resources and its ability to innovate [7].

In summary, academic and empirical studies consistently show that SDGs have a positive impact on business performance. This includes enhancing innovation and competitiveness, reducing costs and improving efficiency, enhancing brand value and reputation, and attracting investors and talent. These research findings provide a theoretical and practical basis for companies to encourage them to actively promote the realization of SDGs and achieve a win-win situation for both sustainability and performance.

2.2. The Importance of SDGs for Enterprise Risk Management

Achieving sustainability goals is critical to enterprise risk management in the context of the complex and volatile environmental, social and governance challenges currently facing the world. Implementing a sustainability strategy can help companies address increasingly complex and volatile environmental, social and governance risks. The SDGs provide a comprehensive framework to help companies identify and manage risks associated with environmental protection, social responsibility and good governance. By proactively managing these risks, companies can reduce potential losses and uncertainties and increase resilience and competitiveness [8]. Secondly, according to the study, companies that focus on sustainability are more focused on risk management and perform better in terms of business performance. This is because SDGs can help companies identify and manage potential environmental, social, and governance risks, reduce the uncertainty they face, and provide a more stable foundation for future growth. In addition, the implementation of SDGs can enhance corporate reputation and trust, thereby reducing reputational risk and trust crises. According to Brammer and Pavelin (2006), positive corporate performance in sustainability can enhance stakeholders' trust and loyalty to the company. When companies perform well in sustainability, they are more likely to gain support from society and government, reducing the risk of reputation damage and trust loss [9].

DOI: 10.54254/2754-1169/42/20232074

In summary, SDGs are important for enterprise risk management. They provide a comprehensive framework to help companies identify and manage environmental, social and governance-related risks. By proactively addressing these risks, companies can increase resilience and competitiveness and reduce potential losses and uncertainty. At the same time, the implementation of SDGs can also enhance corporate reputation and trust and reduce the likelihood of reputational risk and trust crises. Therefore, companies should integrate SDGs into their strategic planning and risk management systems to achieve sustainable development and long-term success.

3. Key Factors Contributing to the Achievement of the Sustainable Development Goals

3.1. Develop and Implement Sustainable Development Strategies

Understanding the importance of each sustainability goal is the foundation of a company's strategy. Companies need to recognize the overall value and impact of each goal for achieving sustainability, as well as its relevance to their own business. Such an understanding helps companies identify goals that are relevant to their core business and incorporate them into their strategic planning. For example, if a company has a significant impact on water management, goals related to sustainable water use may be the focus of its strategic attention. For example, Unilever which has developed a sustainability strategy called "Sustainable Living Plan". They have successfully integrated sustainability goals into their corporate strategy and business processes and have achieved significant results [10].

According to Unilever, they have achieved their sustainability goals through initiatives such as product innovation, resource management and supply chain optimization. In terms of product innovation, Unilever is committed to developing sustainable and environmentally friendly products, such as cleaners with a low carbon footprint and packaging made from renewable materials.

In addition, Unilever focuses on resource management, reducing its environmental impact through measures such as water and energy conservation and waste reduction. They are committed to sustainable production and consumption, reducing resource consumption and waste generation by improving production processes and how products are used.

In the supply chain, Unilever actively works with suppliers and partners to promote sustainability goals. They encourage suppliers to adopt sustainable business practices, such as sourcing sustainable raw materials and improving labor conditions. By working with all parties in the supply chain, Unilever promotes sustainability throughout the value chain and drives transformation in the industry.

Overall, Unilever's sustainability strategy is a success story in that they have integrated sustainability goals with the company's core business to achieve win-win results through initiatives such as product innovation, resource management and supply chain optimization. This case further demonstrates the importance of developing and implementing a sustainability strategy and provides lessons and insights for other companies.

3.2. Enhanced Stakeholder Engagement

Stronger stakeholder engagement is a key factor in achieving the SDGs. Actively promoting stakeholder engagement can help companies gain broader support and cooperation and drive the achievement of the SDGs. First, stakeholder engagement can increase understanding and acceptance of the SDGs and gain broader support for corporate sustainability efforts. They can provide expertise and experience on social and environmental issues and help companies better identify and address potential challenges [11].

Second, stakeholder involvement can facilitate information sharing and cooperation. Stakeholders have different interests and perspectives, and their participation can promote dialogue and cooperation among different stakeholders and facilitate the formation of common understanding and

DOI: 10.54254/2754-1169/42/20232074

consensus. This helps to build more integrated and comprehensive solutions to the complex issues facing sustainable development.

In addition, stakeholder engagement can provide feedback and monitoring mechanisms to help companies monitor and improve sustainability performance. Through continuous dialogue and collaboration with stakeholders, companies can keep abreast of their expectations and concerns, and adjust and improvements accordingly. This helps build trust and transparency and enhances the credibility of the company in the sustainability arena.

3.3. Adopting Innovative Business Models and Technology Solutions

The adoption of innovative business models and technological solutions has an important role to play in achieving the SDGs. This can be further explored by citing research literature and case studies.

Research has shown that innovative business models can help companies find new business opportunities and competitive advantages in the field of sustainability. According to Schaltegger and Wagner (2011), by redesigning value chains, developing new products and services, and establishing new partnerships, companies can create business models with environmental and social benefits. These innovative business models can meet both the economic interests and sustainability goals of a company, bringing business success and social impact.

Another case in point is Tesla's electric vehicle business model. By introducing innovative electric vehicle technology and renewable energy solutions, Tesla has successfully created a business model with sustainability at its core. Their products not only have a lower carbon footprint, but also deliver a more energy efficient and driving experience. This business model has not only brought Tesla market share and profit growth but has also driven the entire automotive industry to transition toward sustainability.

In addition, technological innovation is an important driver for achieving sustainability goals. One example from the cited literature is the development and application of renewable energy technologies. Through innovative renewable energy technologies, such as solar and wind, companies can reduce their reliance on traditional energy sources, reduce carbon emissions and achieve sustainable energy use. These technological solutions not only help companies achieve their sustainability goals, but also provide them with economic benefits and market competitiveness.

In summary, the adoption of innovative business models and technology solutions is critical to achieving the SDGs. Innovative business models can help companies find new business opportunities and competitive advantages, while meeting economic and sustainability goals. Technological innovation, on the other hand, can provide sustainable solutions that promote efficient use of resources and environmental protection.

4. Conclusion

This paper finds that actively promoting sustainability goals has a positive impact on firm performance by examining firm performance and sustainability goals. By implementing a sustainability strategy, companies can gain an advantage in innovation, competitiveness and resilience. Stronger stakeholder engagement can bring broader support and cooperation to companies and drive the achievement of sustainability goals. In addition, the adoption of innovative business models and technology solutions can help companies find sustainable solutions and access business opportunities.

There are some limitations of this thesis. First, the selection of research literature and case studies may be biased and may not cover the views and practices of all relevant fields and industries. Second, due to the rapid changes in the field of sustainability, some of the literature and case studies may be outdated, and therefore more research addressing the latest trends and developments is needed. In

DOI: 10.54254/2754-1169/42/20232074

addition, the differences between industries and firm sizes are not explored in detail in this thesis, which may have an impact on the applicability of the study's findings.

For future research, the impact of different industries and enterprise sizes on the achievement of the SDGs can be further explored in depth in order to provide more specific guidance and recommendations for different types of enterprises. In addition, the barriers and challenges faced by enterprises in the process of SDG implementation can be further studied, and strategies and methods to address these issues can be explored.

In conclusion, the findings of this thesis suggest that actively promoting sustainability goals has a positive impact on corporate performance, which is important for long-term corporate growth and social sustainability. However, further research and efforts are still needed to deepen the understanding of this area and to promote more companies to take positive actions to achieve the SDGs.

References

[1] *Albareda, L., Lozano, J.M. & Ysa, T. Public Policies on Corporate Social Responsibility: The Role of Governments in Europe. J Bus Ethics 74, 391–407 (2007). DOI: 10.1007/s10551-007-9514-1*

[2] *Rodrigo Lozano, Kim Ceulemans, Carol Scarff Seatter. Teaching organisational change management for sustainability: designing and delivering a course at the University of Leeds to better prepare future sustainability change agents, Journal of Cleaner Production, Volume 106, 2015, Pages 205-215, ISSN 0959-6526, DOI: 10.1016/j.jclepro.2014.03.031.*

[3] *Schaltegger, S., & Wagner, M. (2011). Sustainable entrepreneurship and sustainability innovation: Categories and interactions. Business Strategy and the Environment, 20(4), 222-237. DOI: 10.1002/bse.682*

[4] *Kiron, D., Kruschwitz, N., Haanaes, K., Reeves, M., & Goh, E. (2013). The innovation bottom line. MIT Sloan Management Review, 54(3), 29-36. https://sloanreview.mit.edu/projects/the-innovation-bottom-line/*

[5] *Eccles, R. G., Ioannou, I., & Serafeim, G. (2014). The impact of corporate sustainability on organizational processes and performance. Management Science, 60(11), 2835-2857. DOI:10.1287/mnsc.2014.1984*

[6] *Russo, M. V., & Perrini, F. (2010). Investigating stakeholder theory and social capital: CSR in large firms and SMEs. Journal of Business Ethics, 91(2), 207-221. DOI:10.1007/s10551-009-0079-z*

[7] *Clarkson, M. B., Li, Y., Richardson, G. D., & Vasvari, F. P. (2008). Revisiting the relation between environmental performance and environmental disclosure: An empirical analysis. Accounting, Organizations and Society, 33(4-5), 303-327. DOI:10.1016/j.aos.2007.05.003*

[8] *PwC. (2018). SDG Reporting Challenge 2018: Is Business Responding? Retrieved from SDG Reporting Challenge 2018. https://www.pwc.com/gx/en/sustainability/SDG/sdg-reporting-2018.pdf*

[9] *Brammer, S., & Pavelin, S. (2006). Corporate Reputation and Social Performance: The Importance of Fit. Journal of Management Studies, 43(3), 435-455. DOI: 10.1111/j.1467-6486.2006.00597.x*

[10] *Unilever. (n.d.). Unilever Sustainable Living Plan: Progress Report 2019.*

[11] *Bansal, P., & Roth, K. (2000). Why companies go green: A model of ecological responsiveness. Academy of Management Journal, 43(4), 717-736. DOI: 10.2307/1556363*