Evolution and Interconnectedness of Corporate Sustainability Constructs

Subjects: Business

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The concept of sustainable development (SD) was introduced in the "Our Common Future" report, launched in 1987, which influenced the emergence of many studies related to the role played by organizations as actors supporting SD. SD is a consolidated concept; however, since 1987, many political, social, and natural events have occurred on the planet, which have impacted companies' behaviors. However, the diversity of research from different fields has provoked, among the academic community, a lack of clarity surrounding "sustainability" (S), "corporate sustainability" (CS) and "corporate social responsibility" (CSR) concepts. This lack of clarity can also be identified in companies, which have referred to "sustainability" only in the environmental field. Recently, increased discussions related to corporate sustainability metrics have shed light on the ESG criteria (environmental, social, and governance), increasing misperceptions associated with the concept. Ambiguous definitions and constructs may prevent managers from identifying sustainability goals for their companies.

Keywords: sustainable development ; corporate sustainability ; ESG

1. Sustainable Development

The concept of sustainable development (SD) emerged as an economic model that produced several negative consequences, both in the social and environmental aspects, such as social exclusion, excessive consumerism, pollution of natural resources, waste and consequential increase in waste, in addition to other consequences that created an unhealthy environment and loss of quality of life [1].

The designation SD was used for the first time in 1980, in a document called the World Conservation Strategy: Living Resource Conservation for Sustainable Development. This document was published by the International Union for Conservation of Nature (IUCN), by the World Wildlife Fund (WWF) and by the United Nations Environment Program (UNEP). According to that document, "in order to be sustainable, development needs to take into account social, ecological, and economic factors; living and non-living resources; and the advantages of alternative action in the long and the short term" [2] (p. 9). However, the designation came into use in policy circles only after the publication of the Brundtland Commission's report [3] on the global environment and development, in 1987 [4].

The evolution of ethical and moral issues has been exceeded at many levels (socioeconomic, environmental, technological, cultural, ethical, and political). This crisis of legitimacy has given rise to the sustainability/sustainable development paradigm, whereby, an attempt has been made to propose an alternative development model that ensured the primary conditions for the well-being of present and future generations [5]. It was a way for companies and governments to reverse the negative consequences caused by the growth model [6].

The model of civilization after the industrial revolution and the emergence of the free market has increasingly pressed the limits of the planet on several levels, leading to a systemic crisis in different dimensions (socioeconomic, environmental, technological, cultural, ethical, and political) [4][5]. In addition, free-market economics leads to excellent outcomes for the rich but rather miserable outcomes for everyone else [4][7]. Overcoming this crisis involves a constant evolution of ethical and moral issues, which give rise to the paradigm of sustainability/sustainable development [5]. According to the "Brundtland Report", sustainable development is a development that responds to the needs of the present without compromising the capacity of future generations to meet their own needs [3].

This development model sought to reconcile the fulfillment of the social and economic needs of human beings with the needs of environmental protection, in order to ensure the sustainability of life on Earth for present and future generations [3]. The World Commission on Environment and Development (WCED) organization, like many others, clearly placed intragenerational equity alongside concern for the future as inseparable tenants of sustainability [8]. This definition also led to the conclusion that “what is consumed now, unless regenerated, leaves less to be consumed in the future” [9] (p. 608). Whereas, the availability of the resources is embedded in the rhythms of the biophysical environment, from which all resources derive, and which are not always controllable by human action [3][9].

Thus, SD is an alternative development model that aims to ensure the conditions for the well-being of present and future generations. However, the designations “intragenerational”, “limits” and “needs” generated a series of discussions, since they could have different meanings for different people, and could also vary over time [4]. It is worth noting that many of these concepts were introduced in 1987, and since then, many things have changed.

The definition of SD also believe that companies which have scarce (or restricted) raw material reserves cannot act for SD, as they must consider a trade-off between consuming now or thinking about future generations [9]. A study was conducted with eight tea producer organizations in Kenya, Tanzania, that, in the hope of escaping the trap of short-term resources, obtained Fairtrade certification; Kim et al. [9] demonstrated that the “time question” could be relativized if, instead of thinking about raw material stock in a long-term perspective, one could think about it in terms of resource flows. In this way, the intertemporal trade-off could be neutralized, or minimized. “When the present is seen as a moment, the past and the future become separate points in time” [9] (p. 608).

From a conceptual analysis of the designations “sustainability” and “SD”, researchers found numerous controversies, such as reports of a lack of a clear, concise definition; misunderstandings and misconceptions; inconsistent interpretations and applications to a fashion accessory; common sense; and even their consideration as a populist slogan [10].

In any case, despite all these discussions, the result from the Brundtland Report’s [3] and, later, from Rio-92, contributed by demonstrating that issues related to the environment and social issues, could not be treated in isolation, but rather, in an interdependent and interrelated way [11]. However, their interconnections depended on a third element, the capacity for social equity and environmental balance to be achieved, that is, economic factors. Thus, to take care of the environment, it is necessary to take care of social aspects, which is only possible with economic development [12].

2. Corporate Sustainability

In response to the demands of a civil society, concepts such as ethics, social responsibility, and SD, have assumed an increasingly important role in business strategies. As a result, the productive sector has been able to find its role as an SD facilitating agent through the conception of a CS model, which recognizes that the responsibility of the private sector is not restricted only to the generation of wealth but also extends to the creation of positive results in the social and environmental dimensions of its activities. Thus, sustainability in the business environment should be understood in three dimensions, which jointly promote economic and social development without harming the environment, that is, the triple bottom line (TBL) [13].

The TBL “captures the essence of sustainability by measuring the impact of an organization’s activities on the world... including both its profitability and shareholder values and its social, human and environmental capital” [11] (p. 6). TBL reporting is a metaphor to remind people that corporate performance is multidimensional [14]. However, the difficulty in measuring TBL results is a criticism of its applicability. Some researchers have advocated monetizing all the dimensions of the TBL, including, for example, social welfare or environmental damage using dollars, while others have questioned the method of finding the right price for lost wetlands or endangered species [15]. Another solution would be to calculate the TBL in terms of an index. In this way, one eliminates the issue of incompatible units and, as long as there is a universally accepted accounting method, allows for comparisons between entities, for example, comparing performances among companies, cities, development projects or some other benchmark [15].

Brown et al. [16] disagreed with the effectiveness of TBL reporting. For them, the triple bottom line reporting, although it was a step towards increasing the awareness of multiple, competing, simultaneous objectives for organizations, it was an inadequate, and perhaps detrimental representation of organizational sustainability, since, according to them, the social issues could not be adequately addressed without considering the natural and economic systems [16]. Nevertheless, although the difficulty in measuring intangible elements has generated much criticism of the TBL, it is still globally recognized as the better way to introduce the three elements of sustainability into an organization.

The TBL way of understanding the responsibilities of organizations means that environmental protection is no longer an exclusive function of production. Instead, environmental protection also becomes a function of the administration, to be inserted into business management issues related to the environment [17]. Although the relationship between environmental conservation and growth has been marked over time by the incompatibility of purposes, companies can profit from ecological postures thanks to the efficiency and market gains, higher capacity in obtaining capital, and risk reduction [17]. For researchers , good socio-environmental performance guaranteed public recognition in strategic areas of the economic, environmental, and social dimensions; therefore, leading to better productivity and identification of employees with the company because it did not only aim at a profit but also incorporated social themes into its agenda of action. Cost reduction due to a real concern for the environment is attractive to an organization, thanks to the mitigation of environmental liabilities, reduction in the risk of stopping due to unforeseen environmental accidents, and lower risk of assessments [18].

In 2018, Elkington [19] himself did a “recall” of the designation triple bottom line by understanding that environmental and social impacts could not be measured only by the profit or loss approach (gains and losses) [19]. He argued that it should also be measured in terms of the well-being of billions of people and the health of the planet, moving from being merely an accounting number to a potentiator of reflections on the role of a company and its impacts [19]. Finally, researchers stated that the TBL was created with a focus on innovative change, disruption, asymmetric growth (with unsustainable sectors actively crowding out), and the scaling of next-generation market solutions.

Thus, CS, through objective actions, is directly linked to development [20]. CS encompasses much more than issues related to pollution control [21]; it also considers the situation in which society finds itself and its trends. Since there is a significant prospect of worsening social and environmental scenarios in the coming years, CS helps to “radically define new views on the meaning of social equality, environmental justice and business ethics” [13] (p. 142) and thus, to reverse this situation. CS will require a better understanding of the financial and physical forms of capital as well as that of social, human, and natural capital [13].

Schaltegger et al. [22] also proposed sustainability-oriented business models, which should be imbued with structural and cultural attributes such as: (i) the development of team/community spirit; (ii) increasing/enhancing worker confidence and loyalty; (iii) commitment to sustainability evaluation; (iv) disclosure to stakeholders. An organization’s mission and objectives should have to be considered, without forgetting the performance evaluation approach, the need to include all stakeholders, and the way nature must be addressed. Sustainability management must have an interdisciplinary character, integrating social, economic, and environmental aspects (TBL) to transform the organization and contribute to SD (economy and society) [22].

Bansal and Desjardine [23] viewed CS based on time-based logic. For them, at the same way that SD is a system that should respond to current needs without compromising future needs from the perspective of a long-term system, CS should preserve the future needs of the company, which includes the shareholders’ needs (or the managers of the future). CS lies in the ability to trade indefinitely and timelessly and will be jeopardized by short-termism if strategic management omits the time factor. They considered time to be central to the distinction of CS from other concepts such as corporate social responsibility (CSR) and TBL, which they claimed only operated in the short term.

CS goes hand in hand with strategy, making it essential to analyze organizational issues, concepts, and theories: (i) at different levels of analysis (to get the big picture) and (ii) through performance indicators evaluation to promote integration and capture the value generated over the long term [23]. However, managers who can systematically analyze how the economic success of a company can be increased through social and environmental activities and who can manage this relationship effectively are still a minority [24]. Progress on bringing about a sustainable future for people and the planet is patchy, and the majority of companies involved in the Compact, are not doing enough to help bring about the UN’s 2030 Agenda for Sustainable Development [25]. The three designations are often considered to be a catch-all designation of corporations integrating sustainability within their overall corporate strategy, with the degree of such application varying by industry, domicile, and firm size [22].

The lack of success that some companies experience concerning social and environmental sustainability efforts is because they have not linked the business strategy to sustainability initiatives [26]. Strategic disconnections concerning sustainability efforts lead to the fragmentation of companies’ sustainability efforts, which consequently fail to address the final three dimensions of sustainability and result in frustration.

3. Corporate Social Responsibility

Corporate social responsibility is a management concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders [27][28][29]. CSR has typically been understood as “policies and practices that business people employ to be sure that society, or stakeholders, other than business owners, are considered and protected in their strategies and operations” [30] (p. 2).

Over the years, dozens of definitions of CSR have been identified and analyzed [31][32]. According to Parmar et al. [33], a variety of concepts fall under the CSR umbrella, such as corporate social performance, corporate social responsiveness, corporate citizenship, corporate governance, corporate accountability, sustainability and the triple bottom line, and corporate social entrepreneurship.

The CSR concept emerged in the 1950s, with the seminal work of [34], Social Responsibilities of the Businessmen, and it has been expanded over the decades with contributions from several researchers and practitioners. In his work, Bowen [34] argued that corporations not only produced goods and services, but also included workplace conditions and he highlighted the economic rationality of investing in social responsibility to enhance the well-being of employees. Bowen [34] defined a specific set of principles for corporations to fulfill their social responsibilities. According to Bowen [34], businessmen's decisions and actions affected their stakeholders, employees, and customers, and therefore had a direct impact on the quality of life of society as a whole. Bowen's principles (1953) [34] spanned different levels, i.e., individual ("the businessman"), organizational (large corporations as role models), and national (the need for new institutions) levels; the principles combined the economic discipline with social ideals and meshed pure reformism with a deep sense of democracy [35]. According to Bowen [34], if social responsibility was to have an impact on corporate governance, it must be understood as being embedded in the broader concept of social welfare [35].

With this in mind, Bowen [34] defined the social responsibilities of business executives as "the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of the society" [34]. As Carroll [36] explained, it seemed that Bowen [34] was ahead of his time, since his new approach to management was aimed at improving the business response to its social impact, and therefore, contributed to the definition of corporate social responsibility. Furthermore, the relevance of Bowen's [34] approach relies on the fact that this was the first academic work that focused specifically on the doctrine of social responsibility, making Bowen [34] the "father of corporate social responsibility" [37].

In the 1960s and 1970s, discussions began to emerge on the environmental impacts caused by human actions. In this period, it is highlighted the book Silent Spring [38] that addressed the issue of indiscriminate use of chemicals and pesticides (notably dichlorodiphenyltrichloroethane, commonly known as DDT) and the Growth Limits Report, commissioned by the Club of Rome [1]. The report, which was written by Meadows et al. [1], made a projection for the next 100 years, which did not consider technological progress or the possibility of discovering new materials. According to the report, the unbridled search for economic growth would lead to the finitude of natural resources. To avoid the end of resources, it would be necessary to freeze the growth of the global population and industrial capital. This concept was called the "zero growth thesis", and was a direct attack on theories of continuous economic growth [12]. The study concluded the following [1]:

- If trends in world population growth, industrialization, pollution, food production, and decreased natural resources were maintained, the planet's growth limits would be reached in 100 years. The result would be a sudden and uncontrollable decline in both population and industrial production capacity.

- It would be possible to modify these growth trends and form a condition of ecological and economic stability. The state of global equilibrium could be planned in such a way that the basic material needs of each person on Earth were met and that each person had an equal opportunity to realize their human potential.

- If the world's population decided to strive to achieve this second result, the sooner they start working to achieve it, the higher the chances of success.

In 1979, Carroll [39] introduced the first unified definition of corporate social responsibility, i.e., "The social responsibility of business encompasses the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time." [39] (p. 500). According to Carroll [37][39][40], society had four expectations concerning an organization: economic, legal, ethical, and discretionary (philanthropic). Thus, corporate social responsibility must answer these expectations at a given point in time, through a set of four responsibilities as follows:

- **Economic responsibilities** Businesses have economic responsibility with the society that allowed their creation and sustainability. Thus, business organizations should be able to sustain themselves. For this, they need to be profitable and able to incentivize owners or shareholders to invest in them. Businesses generate profits when they add value, and, in doing this, they benefit all stakeholders of the business [30].

- **Legal responsibilities** Societies establish the ground rules under which expected businesses are expected to operate and function. These rules include laws and regulations and reflect a society's view of fair business practices established by lawmakers at the federal, state, and local levels. Businesses are expected to: perform in a manner consistent with expectations of government and law; comply with various federal, state, and local regulations; conduct themselves as law-abiding corporate citizens; fulfill all their legal obligations to societal stakeholders; and provide goods and services that at least meet minimal legal requirements [30].

- **Ethical responsibilities** Society expects businesses to operate and ethically conduct their affairs. Some of the ethical expectations are that businesses will be responsive to the "spirit" of the law, not just the letter of the law and that businesses will conduct their affairs fairly and objectively even in those cases when laws do not provide guidance or dictate courses of action. While meeting these ethical responsibilities, relevant expectations of businesses include: performing in a manner consistent with expectations of societal mores and ethical norms, recognizing and respecting new or evolving ethical/moral norms adopted by society, preventing ethical norms from being compromised in order to achieve the business goal, being good corporate citizens by doing what is expected morally or ethically; recognizing that business integrity and ethical behavior go beyond mere compliance with laws and regulations [30].

- **Philanthropic Responsibilities** These responsibilities embrace a business's voluntary or discretionary activities which are guided by the business's desire to participate in social activities not mandated, not required by law, and not generally expected of business in an ethical sense. Societies expect businesses to be good corporate citizens (as a person). To fulfill philanthropic responsibilities, companies must engage in various forms of giving: gifts of monetary resources, product and service donations, volunteerism by employees and management, community development, and any other discretionary contribution to the community or stakeholder groups that make up the community. Although there is sometimes an altruistic motivation for business giving, most companies involve themselves in philanthropy as a practical way to demonstrate good citizenship. This is done to enhance or augment a company's reputation and not necessarily for noble or self-sacrificing reasons [30].

These responsibilities are empirically interrelated, but conceptually independent and help to delineate the nature of social responsibility [37][39][40][41]. In 1991, Carroll [40] presented the pyramid of corporate social responsibility. CSR does not consider the economic and social objectives as incompatible trade-offs but rather as an integral part of the business framework of total social responsibility [42]. Another concept highlighted in Carroll's [30] CSR pyramid is that of corporate citizenship, which is an extension to a lineage of work in conceptualizing the role of business in society in the management literature, a lineage most notably dominated by the notion of corporate social responsibility [43][44].

In 1991, Wood [45] defined three dimensions of CSR [45]: the "principles" of corporate social responsibility which included legitimacy (institutional level), public responsibility (organizational level), and managerial discretion (individual level); the "processes" of corporate social responsiveness which included environmental assessment, stakeholder management, and issues management; and the "outcomes" of corporate behavior which included social impacts, social programs, and social policies.

The relevance of Wood's [45] contextualization relied on the aspects of CSR within the business–social interaction by emphasizing explicitly the outcomes and performance of firms [37].

The stakeholder concept cannot be separated from the CSR concept, because a company works with its stakeholders to generate value for all those involved within the organization [46] (stakeholder engagement). The origin of the stakeholder concept dates back to 1965 from the work of Rhenman and Stymne [47], and Ansoff [48]. Initially, the stakeholder concept was defined as individuals or groups who depended on a company for achieving their personal objectives and on whom the company was dependent (mainly employees, owners, consumers, suppliers, creditors, among others) [49]. According to this concept, the company and stakeholder must have mutual claims. In this version, the group of stakeholders could rule out government and adversarial groups who were dependent on the firm, but on whom the firm did not depend. Freeman revisited the concept in 1984 [50], with the objective of verifying how executives could make better decisions in a world with multiple stakeholders demands. Since Freeman's publications, the popularity of stakeholder thinking has grown exponentially as fields such as business ethics, business and society, corporate social performance, and strategic management have perceived the usefulness of linking their current theory and concepts to stakeholder notions [51]. In 1989, Carroll became interested in the concept of stakeholders and started using it in his subsequent publications [52].

In order to show the difference between the stakeholder theory and other firm theories, Donaldson and Preston [53] established three uses of the stakeholder concept: normative (used to interpret the function of the corporation, including the identification of moral or philosophical guidelines for the operation and management of corporations), descriptive/empirical (used to describe and to explain specific corporate characteristics and behaviors), and instrumental (used, together with descriptive, to identify the connections, or lack of connections, between stakeholder management and the achievement of traditional corporate objectives). Jones and Wicks [54] disagreed with Donaldson and Preston [53] and proposed a new way of theorizing about organizations. They described meaningful connections among the uses of the stakeholder theory rather than sharp and categorical differences. Later, Freeman included another use, i.e., metaphorical, to justify the idea that stakeholders were seen as a metaphor, i.e., multiple theories depend on the idea of multiple stakeholders, not a single, “pure” apparatus of partners in the enterprise [51][55].

In 1997, the stakeholder concept was established as any individual or group who affected or was affected by an organization and its processes, activities, and functioning [51]. From this perspective of a stakeholder, a business could be understood as a set of relationships among groups that had a stake in the activities that made up the business [50][55][56][57]. Thus, relevant groups of interest to business organizations could be seen as internal stakeholders (such groups as employees, owners, and managers) and external stakeholders (consumers, competitors, government, social activist groups, media, the natural environment, and the community) [51][58]. Stakeholders have also been construed in categories such as primary vs. secondary, active vs. passive, economic vs. social, and core vs. strategic vs. environmental [51]. There are five questions that capture the information essential for stakeholder management and that would be helpful to a successful stakeholder manager [51]: (1) Who are stakeholders? (2) What are their stakes? (3) What opportunities and challenges do stakeholders present to the firm? (4) What responsibilities (economic, legal, ethical and philanthropic) does the organization have to its stakeholders? (5) What strategies or actions should the firm take to best respond to stakeholder challenges and opportunities?

During the period of the 1980s and 1990s, Freeman and other researchers shaped this vocabulary to address the following three interconnected problems relating to business: the problem of understanding how value is created and traded; the problem of connecting ethics and capitalism; and the problem of helping managers to think about management such that the first two problems are addressed (managerial mindset, i.e., how to (1) better create value and how to (2) explicitly connect business and ethics) [33].

Davis et al. [59] described the concept of stewardship theory as being grounded in psychology, sociology, and leadership theories. They believed that it was possible to align the principal agents with a psychological contract or a close relationship, with agents behaving in a community-focused manner, directing trustworthy moral behavior towards a firm and its shareholders. People are intrinsically motivated to work for others or for organizations to accomplish the tasks and responsibilities with which they have been entrusted. They described the role of the corporation in administering citizenship rights for individuals [43][44].

4. Corporate Sustainability and Competitive Advantage

Some researchers have argued that CS can give a competitive advantage to organizations that embrace the cause [21][26][60][61][62][63][64]. These assessments have in common the value creation which occurs when a firm was adapting to its external context in order to optimize the organization’s competitive advantage in its respective industry [65].

Organizations need to consider their exposure to social and environmental events, not only in the present but also in the future, as a means of generating sustainable value [63]. The environmental performance, for instance, affects profitability through the development of new intangible costs. Effective pollution prevention requires extensive employee involvement, along with well-developed capabilities in continuous improvement and quality management. Thus, Hart and Milstein [63] argued that creating a sustainable enterprise should be viewed as another factor in the modern business environment and should be addressed as such within the planning process by 21st century business strategists. According to them, companies could create sustainable value for their businesses from practical actions [63]: at the level of raw material consumption and industrialization pollution, by operating with broader transparency and civil society accountability; with new technologies that reduce man’s footprint on the planet; and by facilitating and creating a form of inclusive income distribution.

Value creation requires a multidimensional strategic model composed of two axes: vertical (today and tomorrow) and horizontal (internal and external). The vertical axis concerns the simultaneous need of companies to maintain current business and create technologies for future markets; the horizontal axis concerns the need for growth, protection, and internal organizational potentials, as well as external perspectives and knowledge.

The four quadrants, in which the approaches and strategies of greening and beyond greening are included, create a model of visual and practical sustainable value.

Regarding the base of the pyramid (BOP) concept, the researchers called attention to the broad market that exists at the base of the economic pyramid. There, four billion people aspired to join the market economy for the first time [62], who had basic needs and desires but could not buy the products (knowledge of how to use or money to buy), which was the big challenge [61]. This was a substantial market that needed to be driven, but, unfortunately, the consumers were penalized by poverty conditions with high prices for goods and services [66]. The poverty penalty, or penalization of poverty, refers to the relatively higher prices paid by people who live in poverty as compared with non-poor people in specific markets. Higher prices manifest this penalty, through lower quality and performance of products, lack of accessibility in the market, and out-of-the-box infrastructure in terms of health, transportation, and education [67]. At the BOP, the technologies that are needed to address the social and environmental challenges associated with economic growth can best be developed.

The BOP should be seen as an opportunity for growth in market share and as a source of innovation in products, services, organization and governance, technology, and business models for the private sector [61][62]. The companies can generate growth and satisfy social and environmental stakeholders through the innovation and bring a "great leap" to the base of the economic pyramid [62]. Disruptive innovations allow many more people to begin doing things for themselves that could only be done either with the help of skilled intermediaries or by the wealthy before the disruption. In this way, disruptive innovations permit the rise of new entrepreneurs. These entrepreneurs can influence the market and can create new jobs and new sources of income; moreover, disruptive innovations lower prices and create a break in the way of life of society [68].

The BOP must become an integral part of the work of the private sector; it should become part of their core business and requires collaboration among the private sector, government, NGO, and BOP consumers [60]. Prahalad [61] provided twelve principles for innovation which were necessary to operate within the BOP and concluded that BOP consumers could increase engagement in the global economy, increase dignity and self-esteem, and reduce poverty. Thus, Prahalad [61] supported the idea of a free and transparent private sector competition which would reduce corruption and the transition to a market-based economy in emerging economies. Developing countries are ideal target markets for disruptive technologies for at least two reasons. First, business models that are forged in low-income markets travel well, that is, they can be profitably applied in more places than models defined in high-income markets. In addition to having more adaptable business models, disruptive innovators also compete against no consumption, that is, they offer a product or service to people who would otherwise be left out entirely or poorly served by existing products and who are, therefore, quite happy to have a simpler, more modest version of what is available in high-end markets [62].

Companies could boost their businesses and bring societies into their favor if they redefined their purpose of creating "shared value", i.e., generating economic value in a way that also produces value for society while solving their challenges [26][64]. There are three distinct ways to promote "shared value": evaluating and creating new looks for products and markets, redefining productivity in the value chain, and building clusters of industry support at company locations [64].

There are many definitions that exist because researchers treat these expressions as umbrella constructs and researchers do not strive for precision in definitions [69]. Other researchers , however, have had a critical position with respect to CSR [70][71]. According to Levitt [70], businesses had only two responsibilities: to engage in face-to-face civilities such as honesty and good faith and to seek material gain. Long-run profit maximization is the one dominant objective of business, in practice as well as theory [70]. According to Friedman [71], social issues were not the concern of business-people; these problems should be resolved by the unfettered workings of the free market system. The social responsibility of companies is to generate profits according to the law. Companies that generate profits, produce goods and services that are useful for society, and they generate employment.

5. Corporate Governance and ESG

Addressing environmental, social, and governance (ESG) issues has become a critical part of a business strategy as a way of meeting stakeholder expectations [72]. In this way, the sustainability debate has been interpreted through the integration of ESG factors into their strategies and operations [73]. Therefore, it is important to discuss some fundamentals about corporate governance.

The concept of governance is not consensual and is quite heterogeneous. Shleifer and Vishny [74] defined governance as the way in which funders (investors) guaranteed that they would receive a return on their investment. According to the Organization for Economic Cooperation and Development [75], it was the set of issues related to the internal means through which companies were managed and controlled. Likewise, O'Sullivan [76] referred to it as the way companies were managed and controlled. In turn, Sloan [77] associated it with the mechanisms developed to mitigate the incentive problems created by the separation between the management and the financing of entities.

Corporate governance is the system for directing and controlling a corporation and should address questions such as: What is a business is for? In whose interests should a company be run? How should a company be run? [21]. The governance structure should describe the rights and responsibilities of different stakeholders and the board of directors.

Comprehensive issues such as business ethics through entire value chains, human rights, bribery and corruption, and climate change are among the discussions in the corporate world [21]. Governance factors include board independence, board dedication, compensation policies, takeover defenses, and the strength of internal audit and control mechanisms [78].

The expression ESG appeared for the first time in a United Nations (UN) report, i.e., [14]; in which the former UN Secretary-General invited a joint initiative of financial institutions "to develop guidelines and recommendations on how to better integrate environmental, social and corporate governance issues into asset management, securities brokerage services and associated research functions" (p. 5). According to Kofi Annan, then Secretary-General, the concern was to identify measurement systems that would assess the performance of companies.

However, the issue of ESG is related to responsible investments or socially responsible investments (SRI). The concept of SRI is based on the notions of corporate social responsibility (CSR) and philanthropy. The inclusion of social considerations and constraints in investment decisions has been around since the 19th century, especially among religious organizations. Religious organizations such as the Quaker Friends Fiduciary Corporation urged (or even prohibited) the avoidance of "investments in sinful businesses", a policy which was reflected in their decision in 1898 to adopt a "no weapons, alcohol, or tobacco" policy, an investment policy designed to align its investment funds with its core values [79].

SRIs gained momentum due to historical events (such as the Vietnam War) and social concerns (such as civil rights, the environment, and women's rights); these issues were increasingly included in the investment decisions of politically active individuals. A few decades later, SRI efforts specifically targeted investments in apartheid South Africa and countries involved in the arms trade (e.g., Sudan), leading, for example, to the creation of Ethical Investment Research Services Ltd. (EIRIS) in London, which was created to provide independent research for churches, charities and NGOs, so they could make informed and responsible investment decisions [80].

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