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A System's Approach to Sustainability: Steel Authority of India Limited

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Abstract. This case based research article aims to demonstrate the correlation between strong stakeholder engagement in a company and its ability to uphold United Nations Sustainable Development Goals (UNSDG) principles at the national level under the aegis of self-sufficiency initiatives in an emerging market. In India, achieving UNSDGs is a top priority, which is evident from substantial government initiatives and funding. Success hinges on public sector enterprises garnering support from vested stakeholders. The case study focuses on a behemoth Indian Public Sector Unit, PSU- SAIL. It starts by conducting a materiality assessment, connecting it to national UNSDGs for optimal business outcomes. This assessment involves perception mapping, stakeholder prioritization, engagement, and matrix integration. The resultant four-quadrant matrix becomes a tangible output. This helped the company to establish the link between successful UNSDG attainment, high stakeholder engagement, and superior business performance. The findings underscore four key areas where a combination of stakeholder engagement and institutional support can significantly advance Sustainable Development Goals (SDGs)

Keywords: Asia, institutions, economic development, corporate social responsibility, socio-economic environment, stakeholders.

JEL classification:
O_1economic development, innovation, technological change, and growth
Q_{01}sustainable development
Q_{56}environment and development, environment and trade, sustainability

1. Introduction

1.1. Sustainable Development, CSR and CS in India

Economic viability for obvious reason has remained the most important factor for sustainable business for centuries. However, the social and environmental dimensions of sustainability have come into focus only in the recent past. Hahn *et* *al.* (2002) suggested the inclusion of environmental and social activities into the balanced scorecard of the company with causal chains to firms' long term strategy for business success. The idea to grow without damaging the prospect of the future generation is increasingly becoming the core concept in business philosophies. The concept proposes that "Business goals are inseparable from the societies and environments within which they operate". Theory of sustainable development also contributes to the concept of Corporate Sustainability (CS). Corporate sustainability is a richer, broader concept than CSR, corporate social responsibility. It is based on three essential dimensions for sustainable development, namely, environmental protection, economic development and social equity (Lackmann *et al.* 2012). It deals with a concept that tells how business entities, along with their usual goal of profit maximisation need to focus on social and environmental improvement to enhance the sustainability of their business operations in the long term. Earlier concepts considered community development and environmental protection activities as voluntary philanthropic activities. Currently, these activities are essential for the very sustenance of the company. Sustainable business practices integrated within the core business strategy remains strong and less susceptible to cost-cutting measures during economic downturns and also help the company adopt a strategic approach through cost leadership (Husted & Allen 2001).

1.2. Institutional Environment and Sustainability

The above understanding of corporate sustainability, though comprehensive was fairly inward looking. It was neglecting the importance of institutional environments to a great extent (Brammer, Jackson, & Matten 2012). Institutional theory mainly focused on the external system environment, such as social, political, and economic systems, that surrounded organizations and granted them legitimacy status (North 1990). A firm's reactions to external institutional pressures may range from active conformity to passive resistance, depending on the specific circumstance and nature of the pressures (Oliver 1991). In the mid-2000s, several studies used institutional theory as a core conceptual lens to explain CSR-related problems (Aguilera, Rupp, Williams, & Ganapathi 2007; Campbell 2011; Matten & Moon 2008). Scholars found the value of Corporate Social Responsibility (CSR) practices in different countries and regions as contingent on the different institutional environments (Deakin & Whittaker 2007; Doh & Guay 2006). Institutional environments not only included the formal institutions (e.g., laws, rules, and regulations), but also the informal institutions (e.g., religion, guanxi, and custom).

Institutional theory plays an important role for explaining the dynamics of CS. CSR performance impacts also have been found to depend on contingent factors (Aguinis & Glavas 2012) or performance indicators (Allouche & Laroche

2005). These are few references to corporate sustainability studies in Asia with positive, (Cheung, Tan, Ahn, & Zhang 2010; Choi, Kwak, & Choe 2010; Cole, Elliott, & Shimamoto 2006; Oh, Chang, & Martynow 2011), negative (Li, W. & Zhang 2010), and non-significant (Cao 2011) performance.

Some general studies were found for Malaysia (Nejati *et al.* 2014) Environmental responsibility practices result in financial improvements and better relations with employees and customers (Tang & Tang 2016; Hou, Liu, Fan & Wei 2016)

Venter, E., Turyakira, P., & Smith, E. E. (2014) in a study done in Uganda found that CSR engagements such as employee satisfaction, business reputation, and customer loyalty have been found to be positively related to the competitiveness of SMEs. Wide differences in the focus and form of corporate social responsibility (CSR) exist among countries due to the different institutional embeddedness of CSR practices. (Agarwal & Jha 2019) The purpose of this paper is to seek to explain them practices. Further, it intends to extend theory by proposing a conceptual model that relates institutional pressures, CSR practices, reputation and within the framework provided by institutional theory by identifying important pressures driving CSR financial performance of corporations in a developing country like India.

Gautamand Singh (2010) in their study examined how India's top 500 companies view, and conduct their CSR, identifies key CSR practices and mapped these against Global Reporting Initiative standards.The study suggests that business and CSR strategy appear to be on a convergent path, towards business and CSR integration across the company. This is the one of earliest time that such an exhaustive study has been carried out based on Indian companies. It gives a perspective on how top companies in India view and conduct CSR.

Coercive pressure has forced firms to take up environmental measures in the last two decades in emerging economies. Under normative pressure, large firms with farsightedness take up the environmental practices as industry leaders. In a little mature emerging economy, such as India, where triple bottom line awareness is growing, the government facilitates the firms to operate in an environment-friendly ecosystem.(Gupta & Gupta 2021)

We investigate how normative pressures towards compliance and practices, overall influence the firm performance leading to attainment of UNSDGs in a wider context ? The performance was measured in terms of financial, customer, internal business process, and learning and growth performance

Research questions that emanated broadly were: Was the relationship between Corporate sustainability and business performance in South East Asia moderated by economic development (developed vs. developing), and company attributes (industry type, size, and form)? Second, strategy is always bound by the contingent context, so should we investigate the influence of institutions as moderators to understand the impact of Corporate sustainability in India. In the next section, we took a closer look at the Corporate sustainability concept in India from the role of the Government as the moderating institution and its impact on Public Sector enterprises bound by their rules and regulations.

1.3. Government of India and UNSDG

Sustainable thinking and sustainable business strategy are not necessarily altruistic. This is a big question in the current proliferation of UNSDG, and its implementation perspective amongst leading corporate .Looking at institutional factors such as comprehensive plans , schemes, incentives as the moderators, the company decided to follow Government of India's very innovative initiative # *AtmaNirbhar Bharat* [translated as *self-reliant India*] campaign as the vision of new India on 12 May 2020. The aim was to make the country and its citizens independent and self-reliant in all senses. But the broader underlying objective was to attain the UNSDG in a sophisticated manner with complete buy-in from all stakeholders in their own way. Stakeholder groups upheld that CSRoriented companies enjoyed higher levels of investor confidence, which was reflected in higher stock prices, and led to enhanced reputation and corporate goodwill. The research (Kansal & Joshi 2014) demonstrated that Indian companies were in fact implementing CSR initiatives and that stakeholders had a considerable interest in such initiatives.

As a promise of commitment, support towards the attainment, fulfilment of these sustainability objectives a special economic package of USD 308 billion - equivalent to 10% of India's GDP – was announced under this scheme. (source: https://pib.gov.in/PressReleasePage.aspx?PRID=1811360) The Government outlined five pillars of *AatmaNirbhar Bharat* – Economy, Infrastructure, System, Vibrant Demography and Demand. The Finance Minister further announced Government Reforms and Enablers across Seven Sectors such as Supply Chain Reforms for Agriculture, Rational Tax Systems, Simple & Clear Laws, Capable Human Resource and Strong Financial System.

2. Case Objectives

2.1. Research Issues

The two-fold purpose of this study was; 1. examination of stakeholder engagement and business performance to assess materiality, 2. its impact on attainment of UNSDGs under formal institutional support.

The case broadly explored the success of UNSDG attainment in an emerging market through wider stakeholder engagement in the presence of formal / informal institutional support. The institutional support is present in the form of