Sustainable Development Goals and Businesses as Active Change Agents

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Sustainable Development Goals and Businesses as Active Change Agents

Chitra S. de Silva Lokuwaduge
Business School, Victoria University, Australia, chitra.desilva@vu.edu.au

Ciorstan Smark
University of Wollongong, Australia

Monir Mir
University of Canberra, Australia

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Abstract

Nations worldwide are expected to be accountable for a sustainable economic development without compromising environmental and social safeguards. Embracing and spreading leadership actions and interactions in relation to sustainability positively contributes to more ethical and responsible leadership which makes business seen as active change agents in enhancing corporate social responsibility and corporate citizenship. Sustainable Development Goals has identified as a common indicator to measure sustainability. Using the role of business as the active change agent, this article highlight how different sectors and business contribute of achieving these goals giving special reference to the Australasian region.

Keywords

Sustainability, Ethics, Business, ESG

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Chitra S. De Silva Lokuwaduge[1], Ciorstan Smark[2] and Monir Mir[2]

Abstract

Nations worldwide are expected to be accountable for a sustainable economic development without compromising environmental and social safeguards. Embracing and spreading leadership actions and interactions in relation to sustainability positively contributes to more ethical and responsible leadership which makes business seen as active change agents in enhancing corporate social responsibility and corporate citizenship. Sustainable Development Goals has identified as a common indicator to measure sustainability. Using the role of business as the active change agent, this article highlight how different sectors and business contribute of achieving these goals giving special reference to the Australasian region.

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[1] Chitra.DeSilva@vu.edu.au. Victoria University Business School, Victoria University Melbourne, Australia [2] University of Wollongong, Australia

[2] University of Canberra, Australia

Sustainable Development Goals and Businesses as Active Change Agents

Sustainable Development Goals is one of several models which have emerged as a guide to managing and disclosing environmental social and governance issues. It is underpinned by two main considerations. First, nations worldwide should possess specialist expertise about how to increase economic growth without compromising environmental and social safeguards. If harnessed appropriately, this can enhance the decision-making and reporting practice of ESG obligations around the globe. Second, embracing and spreading leadership actions and interactions in relation to sustainability positively contributes to more ethical and responsible leadership which makes business seen as active change agents in enhancing corporate social responsibility and corporate citizenship. This special issue follows in AABFJ's tradition of sustainability and CSR work with the publication of such articles as Huang, Pepper & Bowrey (2014); Wu and Pupovac (2019); Charumathi and Padmaja (2018); and Al Fadli, Sands, Jones, Beattie and Pensiero (2019).

Anona Armstrong (Armstrong, 2020), explores theories, models and practices to assist in understanding ethical decision making in relation to environmental, social and governance issues. In September 2015, the General Assembly of the United Nations (UN 2015) adopted the 2030 Agenda for Sustainable Development that aimed to achieve 169 targets to meet 17 Sustainable Development Goals (SDGs). This article explains the importance of UN Sustainability Goals in ethical decision making. The article concludes that corporate survival in modern society requires awareness that ethical decision making is an indispensable part of business strategy.

Siddique and Sciulli's (Siddique & Sciulli 2020) paper draws on signaling theory to analyse environmental decisions from the perspective of investors. Using a web-based questionnaire, this study put forward a hypothetical case study that raised financial versus environmental consequences of safe waste disposal initiatives for a large company. The findings of this study revealed that when a large firm operating in an environmentally sensitive sector is responsible for polluting a regional water resource, a majority of investors preferred a pro-environmental strategy for waste disposal. According to the results of this study, investors expect a high quality of environmental disclosures from larger firms as opposed to smaller firms. Further, the dominant pro-environmental strategy preferred by the investors would likely be driven by the fact that a company would be held responsible for polluting a water source, despite the fact that a visible impact was not yet apparent. Hence, a company would be prone to possible community protests and regulatory action that in turn, would culminate in disrupting the company's operation as well as possible financial penalties.

Keshara de Silva, Prem Yapa and Gillian Vesty (de Silva, Yapa & Vesty, 2020) analyze the impact of accountability mechanisms on public sector environmental sustainability performance. This study aims to clarify the concept of environmental accountability of public sector entities in pursuing internationally funded development projects in Sri Lanka. This study found that traditional international donor and funding agencies such as the World Bank and Asian Development Bank have strict environmental safeguard policies drawn from Sustainable Development Goals, to ensure borrowing countries and projects comply with environmental sustainability. However, with increasing shifts to non-traditional donors such as China, environmental safeguards are not seen as a key priority in developmental projects. As the public sector accountability plays a significant role in ensuring environmental sustainability, there is increasing pressure to revisit their previous commitment to sustainability.

Another study by Brett Quayle, Nick Sciulli and Elisabeth Wilson-Evered (Quayle, Sciulli & Wilson-Evered, 2020) investigates who is accountable to whom in local government responses to climate change. Using a sample of public servants from six local government councils in Victoria, Australia, their investigation reveals that accountability is partly determined by the effectiveness of policy implementation through localised language within local councils. As a concept, climate change may be suitable for high-level documents and planning, but the further down the management hierarchy, simpler language is warranted in the implementation of the strategy. Climate change initiatives within councils may be more successful when the messaging uses familiar language and some form of financial benefit when advocating for change by decision makers not only within a council, but also more broadly within the state government, other organisations and within the community. A lack of specific and transparent information on response to climate change, in addition to resource constraints and no required mandates suggest that local councils are unable – or unwilling – to hold their institutions accountable in terms of demonstrable action on climate change, aside from tokenistic and self-sustaining actions that manage the councils' public reputation.

The next article, by Pintian Lv, Yongqiang Li and Debi Mitra, (Lv, Li & Mitra, 2020) addresses a similar issue. Using a systematic review, this study synthesises the literature on environmental performance measured by three aspects of the extant literature, namely financial performance, social performance, and innovation. In family businesses, behaviours are influenced by both financial and non-financial goals, but the preservation of Social Emotional Wealth Theory (SEW) is the core reference point from which decisions are made. The commitment of family business towards the prevention of the loss of SEW might lead to decisions that depart from profit maximisation behaviours and bring suboptimal performance and greater risks (Gomez-Mejia et al. 2017). However, preservation of SEW could explain why family businesses are less likely to commit environmental offences and are more concerned over a family's image and reputation. Thus the higher level of reputation of the family business, can bond the family members and inspire them to be more socially responsible (Deephouse & Jaskiewicz 2013). This study contributes to the literature by establishing the conceptual foundation for future empirical research.

Azadeh Nilipour, Tracy-Anne De Silva, and Xuedong Li (Nilipour, De Silva, & Li, 2020) examines the 'readability' of sustainability reports from New Zealand listed companies. Using readability software, their study evaluated disclosure on five readability indices, plus the effect of reporting quantity, environmental sensitivity, and global listing on the readability of sustainability reports. Authors claimed that this is the first readability study examining sustainability reporting in New Zealand and provides information to companies, regulators and all the users of sustainability disclosures about the readability of voluntary sustainability reporting of New Zealand listed companies. According to the findings of this study, environmentally sensitive companies published more readable sustainability information in comparison to companies from non-environmentally sensitive industries. However, in terms of readability, there is no difference between the reports published by companies listed only on the New Zealand Stock Exchange (NZX) and the reports published by companies listed on multiple stock exchanges. The results show that over the ten-year period from 2007 to 2017 readability has improved by only by 6.5 per cent, despite a substantial increase in the number of companies reporting sustainability information, and an increase in the quantity of sustainability reporting from almost a third of the companies. This research also finds that there is a statistically significant negative correlation between the average readability score and reporting quantity; meaning longer sustainability reports have lower readability scores.

Sustainability has evolved for several decades in its current conceptualisation, and UN sustainability goals aimed to provide a more measurable and achievable ESG performance indicators along with the prospect of sustainable development. This special issue of the journal presents the best scholarly papers selected from the ESG for Sustainability Colloquium 2019. Addressing ESG issues that integrate sustainability from Australia New Zealand, Asia and the Pacific countries in general, it illustrates the significance of this field and shows that although many ESG practices and disclosure of their issues reoccur across the globe, solutions have to be customised to fit their specific context.

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