CHAPTER 2 – LITERATURE REVIEW

Extensive Literature Review has been carried out by researcher to identify and study the variables that determines Responsible behaviour of business (RBB). Very few literatures on the topic can be traced upon especially in developing countries (Heemskerk, 2012) but the construct (RBB) has started receiving attention worldwide and has been identified as a potential to make noteworthy contribution in achieving sustainable development goals (Heemskerk, 2012). Some of the Research scholars in last decade have made an attempt to provide an overview of different theoretical concepts and frameworks in the field of responsible business (Visser 2006, 2008, and 2011), studied the link between responsible business and different stakeholders (Freeman 1984; Mitchell *et. al.,* 1997). These theoretical frameworks form the basis of the research and is used to study the responsible business behaviour and practices of chemical, petrochemical and pharmaceutical industry operating in the state of Gujarat. Exploring through literature, it is found that while the CSR is considered as top most priority of businesses due to mandatory requirement, the scope of RBB is much more than CSR and in fact if RBB is followed in true spirit, there will be less scope of "CSR Only" thinking of corporates in the larger interest of society.

The Start

The origin of Responsible Business in India can be traced from Vedic literatures, Upanishads, Bhagvad Gita, Ramayana, Mahabharata etc… In Vedic philosophy, Business is viewed as legitimate and an integral part of society. It is discussed well in Vedas that the wealth has to be earned only through fair means and one should put his best efforts to acquire wealth through ethical and moral practices. Vedic literature also states about "well-being of stakeholders" (stated as Sarva Loka Hitam) where ethics and responsibility acts as fundamental in functioning of businesses.

Ancient treasures reveal the undesirable effects of environmental degradation, caused by natural factors or human activities. It has emphasized on the protection of environment. Many of the Rig Vedic hymns therefore vividly describe both Heaven and Earth together. Hindu religious book Bhagavad-Gita gives insights on "Dharma" and "Karma" wherein Dharma means one's righteous duty and Karma deals with the totality of our actions. Karma believes in "As we sow, so we reap", which states that we are responsible for our deeds and actions. Chathur dharma theory shows that businesses need to exist in harmony at four levels: nature, human, society and individual. Thus, this states that maintaining and restoring ecological balance supersedes other groups because industry acts as a largest user of natural resources and the greatest polluter of the environment (Ashokkumar, 2014).

In epic Ramayana, “Ram Rajya”, exemplifies the best practices in governance and responsibilities where the prime role of the State was to work for the wellbeing of its citizens. It is also well stated in Mahabharata that “dharma” sustains the society, “dharma” maintains the social order; “dharma” ensures wellbeing and progress of humanity, “dharma” is surely that which fulfills objectives. Mahabharata gives excellent analogies to identify the ethical boundaries. It demonstrates “Rules of ethical conduct” popularly known as “Dharmayuddha”. Chanakya in 4th Century BC, highlighted about responsibility in his seminal work “Kautilya’s Arthshastra”. His work portrays the art of governance which is based on the two pillars - Nyaya (justice) and Dharma (ethics). He stressed upon the need for Ethical behaviour and Dharma while running kingdom. He was of the opinion that strong and wealthy monarchy would be in a position to protect the interest of the people similarly a strong and wealthy business can protect the interest of all stakeholders and at the same time can fulfill responsibilities. According to Kautilya, attainment of good governance entails that the objectives of the state are realized, similarly following strict corporate governance and doing business in an ethical way can help in winning the confidence of all stakeholders (Das & Mahapatra, 2012).

Thus, going back to the roots of Indian history, it is observed that our ancient treasure strongly emphasized on the need of Responsible Behaviour deliberated in terms of incorporating ethics, economic welfare through good governance, fulfilling social and environment responsibilities, ensuring sustainability and wellbeing of various stakeholders.

CSR Regarded as Ultimate Goal

CSR over the years has gained unprecedented momentum in research, business and at public debate. The concept has its origins in western countries, notably in USA and has a long journey, especially from the early 1950s till present time.

CSR Prior to 1950’s

There are very few literatures on CSR prior to 1950’s. This period was considered as “Philanthropy” era wherein corporate contributions and donations gained momentum. CSR was influenced by family values, religion, culture and traditions, as also industrialization. Businessmen spent their wealth for wellbeing of society, by setting up temples and religious institutions, providing food & clothing to the poor especially during flood and drought times.

CSR from 1950's to 1960's

The actual beginning of modern philosophical thinking on CSR could be traced at the starting of 1950's which is considered to be modern era of CSR. This decade can be characterized as "Awareness era‟ and different academic scholars attempted to give shape to the concept of CSR and therefore the decade was known for more "talks" than "actions". Bowen (1953) planted the seed of modern CSR by defining CSR and therefore crowned as the Modern "Father of Corporate Social Responsibility". According to him, CSR is an obligation of the businessman to pursue those policies, decisions, and actions which are desirable in terms of fulfilling social objectives.

Drucker (1954) firmly believed that management should consider the impact of every business policy and action upon society and also need to take care whether the action is likely to promote the public good, to advance the basic beliefs of our society to contribute to its stability, strength and harmony (p. 382). Levitt (1958) raised the voice against social responsibility of Business. According to him, social concerns and the general welfare were not the responsibility of business, but of government, and that business's job was to "take care of the more material aspects of welfare". Further, Corporate moral responsibilities were explored by Selekman (1959) as response to labour expectations of that time.

CSR from 1960's to 1970's

The decade of 1960's marked a significant growth in an attempt to formalize or state what CSR meant. Davis (1960), one of the most prominent writers in this period defined social responsibility as: "Businessmen's decisions and actions taken for reasons at least partially beyond the firm's direct economic or technical interest" (Davis, 1960:70). Frederick (1960) stated that Social responsibility in the final analysis implies a public posture toward society's economic and human resources and a willingness to see that those resources are utilized for broad social ends and not simply for the narrowly circumscribed interests of private persons and firms (1960:60). McGuire (1963) defended on the idea that companies has other responsibilities for the society which goes beyond their legal and economic affair (p. 144).

Walton (1967) recognizes the intimacy of the relationships between the corporation and society and that such relationship must be kept in mind by top managers as the corporation and the related groups pursue their respective goals (p.18). Friedman (1970) the Nobel Prize winner and economist argued vehemently against spending of shareholder's money for anything that does not directly contribute to increasing shareholder wealth. He was the strong opponent of CSR, as he proposed that primary responsibility of the company is to make money as much a possible but within the boundary of societal and ethical rule (p. 230).

CSR from 1970's to 1980's

During 1970's, definitions on CSR began to proliferate suggesting the importance of managerial approach towards CSR. The understanding of CSR was influenced by social movements and new legislations. Harold Johnson (1971) introduced four defining objectives/features of social responsibility which are Conventional wisdom, CED (1971) articulated three concentric circles notion of social responsibility, Eilbert and Parket (1973) defined CSR as "good neighbourliness". Davis (1973) argued that if the businessman voluntarily engages himself in socially responsible behavior, he can prevent the government from introducing new regulations.

Eells and Walton (1974) believed that CSR movement is concerned with business's role in supporting and improving the social order. Preston and Post (1975) stated that corporations have a public responsibility. Sethi (1975) wrote about distinction between the concepts like social obligation, social responsibility, and social responsiveness. Bowman and Haire (1975) conducted a study using annual reports to understand CSR and explored the extent to which companies were engaged in CSR. Fitch (1976) defined CSR in terms of solving social problems. Carroll (1979) proposed a three dimensional conceptual model of CSR, which consisted of - i). Corporate responsibilities ii). Social issues of business and iii). Corporate actions.

CSR from 1980's to 1990's

In 1980's, fewer original definitions of CSR emerged and attempts were made to come out with the alternative theme. Major environmental and societal concerns and expectations of corporate behaviour during the 1980's revolved around "environmental pollution, employment discrimination, consumer abuses, employee health and safety, quality of work life, deterioration of urban life, and questionable/ abusiveness practices of multinational corporations" (Carroll, 2008, p. 36). This gave way for scholars to write on different alternative themes or complementary concepts such as corporate social responsiveness, corporate social performance, business ethics, and stakeholder theory/management etc…

Jones (1980) stated that the CSR is the notion that corporations have an obligation to constituent groups in society other than stockholders and beyond that prescribed by law and union contract. Tuzzolino and Armandi (1981) developed a better mechanism for CSR assessment by proposing a need hierarchy framework after Maslow's (1954) need hierarchy theory. Dalton and Cosier (1982) presented a model of 2×2 matrix, with "illegal" and "legal" on one axis and "irresponsible" and "responsible" on the other axis. They postulated that there were "four faces" of social responsibility and concluded that a firm is said to be socially responsible if it is operating "legally" and "responsibly".

Strand (1983) proposed a systems model to represent the link between an organization and its social responsibility, responsiveness and responses and identified internal and external effects of company's behavior. Carroll (1983) further elaborated on his previous work published in 1979 on four-part definition of CSR. Drucker (1984) emphasized that profitability and responsibility were compatible notions. He brought newness in the idea that business ought to "convert" its social responsibilities into business opportunities.

Corchran and Wood (1984) examined the impacts of social responsibility on corporation financial performance using reputation index as an indicator. Freeman (1984) presented stakeholders theory which brought a new dimension in CSR literature. Wartick and Cochran (1985) presented a "Corporate Social Performance Model" which also integrates three areas: the principles of CSR (using Carroll's four categories of social responsibilities as "principles"); the processes of corporate social responsiveness (reactive, defensive, accommodative, and proactive); and the policies developed to address social issues (social issues management).

CSR from 1990's to 2000's

The trend of 1980's continued in the 1990's, and the hunt for CSR accelerated in terms of its global outreach. During 1990s, significant level of international events like globalization, IT revolution, sustainable development, concern for environment and its reporting has influenced CSR. This period had observed major corporate scandals (Enron, WorldCom) and therefore CSR was institutionalized with standards like ISO 14001 and SA 8000, guidelines like GRI and corporate governance codes like Cadbury and King. CSR gained international appeal as the result of the international approach to sustainable development. Most of the researchers have wrote on three themes related to CSR - Corporate Social Performance, Business ethics and Stakeholders theory that have captured attention in 1990's. Carroll (1991) legal responsibilities of the firm; 3) the ethical responsibilities that shape the company's behavior beyond the law-abiding duties, and; 4) the philanthropic responsibilities of the corporation with regards to its contribution to improve the quality of life of society. Carroll also asserted that a firm should be a *good corporate citizen*. Wood (1991) presented broader and more comprehensive than the ones presented earlier by Carroll (1979) and Wartick and Cochran (1985).

Hart (1995) presented "Resource-Based View of the Firm" which discusses the relationship between companies and environment. He has developed his conceptual framework dealing with three main inter- connected strategic capabilities: 1. Pollution prevention – deals with how to minimize Industrial emission, effluents and waste. According to him, pollution abatement can be achieved by two means – First, by controlling pollution through pollution – control equipment or technology and Second, by pollution prevention in which emission and effluents are reduced or prevented through better housekeeping, material substitution, recycling or process innovation. Such strategies result in lower cost and benefits to environment and society. Second is Product stewardship – deals with minimizing life cycle cost of the products, environmental impacts in the value chain. As explained by him, through product stewardship, firm can exit from environmentally hazardous business, redesign existing product system to reduce liability, develop new products with lower life cycle cost.

Third, Sustainable development- this minimize environmental burden of the firm, growth and development. Swanson (1995, 1999) proposed a derived model in which she tried to include the ethical dimension explicitly, through a theory of values. She identified three motivations that encourage firms to commit to CSR. First motivation is Utilitarian perspective; Second motivation is termed as negative duty approach which means businesses are compelled to adopt social responsibility initiatives in order to conform to stakeholder norms defining appropriate behavior. Third motivation deals with the positive duty approach - weaves CSR principles into the corporation's identity.

Burke and Logsdon (1996) evaluated the benefits of the strategic implementation of CSR by studying the link between CSR and positive financial performance of the firm. They identified five dimensions of strategic CSR - 1) centrality, which represents how close or fit is CSR to the company's mission and objectives; 2) specificity - represents the ability to gain specific benefits for the firm; 3) proactivity, in terms of being able to create policies in anticipation of social trends; 4) voluntarism, explained as the discretionary decision making process that is not influenced by external compliance requirements, and; 5) visibility, refers to the relevance of the observable and recognizable CSR for internal and external stakeholders. Elkington (1998) presented the concept of "The Triple Bottom Line" as a sustainability framework in 1994 that balances the company's social, environmental and economic impact. Later in 1998, he explained the way to achieve triple bottom line performance (social, environmental, and economic. (Clarkson, 1995; Maignan, *et al.*, 1999) proclaimed that businesses bear no responsibility towards society. Sole responsibility of business is towards their stakeholders.

CSR from 2000 till present

In early 2000s, the business community was enthralled with the notion of sustainability, or sustainable development, and such theme became an integral part of all CSR debates (Carroll & Shabana, 2010). Decade 2000 started with most notable achievement by UNGC in the form of ten principles that guides corporate behavior of its members having major focus on human rights, labor, environment and anti-corruption. In the same year, United Nations presented eight Millennium Development Goals (MDNNGs) and set the international agenda for the following 15 years and as a result the concept became stronger with the global recognition. CSR debates entered into corporate board rooms as Strategic CSR, disclosure on CSR activities became prominent during this period. Holmes and Watts (2000) provided CSR definition as the "continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large". Smith (2000) emphasized on the need for making CSR part of a company's strategic perspective so as to fulfill its long term obligation towards society.

Lantos (2001) fetched our attention towards difference between Mandatory (ethical) versus Voluntary (Social) CSR. He clarified the concept by distinguishing three archetypes of CSR – ethical CSR, altruistic CSR, and strategic CSR. Ethical CSR deals with moral dimension and is mandatory in nature and goes beyond fulfillment of firm's economic and legal responsibilities. Actions are taken because they are right, not merely because they are enforced by law or for repeating profit. Thus companies should take all possible steps to avoid harm or social injuries even in those cases where business where does not get direct benefits. Examples – money spent on pollution control or on product safety etc… Second is Altruistic CSR – deals with selfless commitment of the firm for the social wellbeing. This implies doing well to the society, irrespective of whether firm will gain any profit or not. It goes beyond ethical responsibilities of firm and examples may include steps taken for alleviating social and environment issues. And third is Strategic CSR – focus on firm's strategic philanthropic activities leading to win- win situation for both firm and society.

Jensen (2002) criticized the concept of CSR as he believes that social responsibility shouldn't be incorporated into the business because business already contributes to the society by making profit but studies by Freeman (2001) and Friedman & Miles (2002), reinforced the belief that corporations are responsible to a broader set of stakeholder than before as part of CSR. Porter & Kramer (2006) presented a link between competitive advantage and CSR. They coined a new concept known as CSV – Creating shared Value which means providing benefits to both society and the firm. According to their framework, all companies needs to address social issues that falls into three categories – 1. Generic social issues are those which neither affected by company operations nor they affect competitiveness in the long run but may be important to the society. 2. Value chain social impact includes those issues which are significantly affected by company's activities in regular course of business. 3. The social dimension of competitive context includes those social issues in an external environment that affects the underlying drivers of competitiveness in those locations where company operates. However, company should give more weightage to social dimension of competitive context compared to generic social issues. Business strategies should be formulated keeping in mind social dimensions of a competitive context, the social impact of the value chain or generic social issues. Further, they classified CSR into two types – Strategic CSR & Responsive CSR. Strategic CSR benefits both the firm and society and moves beyond good corporate citizenship. Whereas in Responsive CSR, the focus is more on improving corporate image through CSR actions and acting as a good corporate citizen by mitigating damages arising from the activities of the company in the value chain. Therefore, companies should emphasize more on Strategic CSR as it acts as a source of opportunity, innovation and can lead to competitive advantage rather than cost, constrained or a charitable deed. Company should undertake all such actions which add value to its business. Matten & Moon (2008) provides a comparative overview on implicit and explicit elements of CSR.

Porter and Kramer, (2011) introduced CSV (Creating Shared Value) and emphasized more on CSV rather than CSR. They distinguished CSR and CSV on three points. First, CSR activities help to improve firm's reputation. It is just a response to external pressure, whereas the goal of CSV is to enhance the core competitiveness of a company by simultaneously addressing the economic and social conditions. Second, CSR activities tend to be disconnected with business objectives, whereas CSV activities are more connected with business goals. Third, CSR deals with redistributing profits that were already generated by firms, while CSV activities benefits both society and corporations. Therefore, CSR is a zero-sum game, whereas CSV is more of a positive-sum approach. Theory also suggests that firm can create shared value at three levels – first, by reconceiving customer needs, products, and markets which include redesigning of products / services that meets social needs, opening new markets by serving unmet needs of undeserved communities. Second, by redefining productivity in the value chain and third by enabling local cluster development.

Chandler and Werther (2013) emphasized that Strategic CSR has the potential for generating sustainable value and the companies can do so by identifying the social problems for which the company can create a market-based solution in a socially responsible way. Crane *et. al.*, (2014) presented a comprehensive critique of Creating Shared Value (CSV) coined by Porter & Kramer in 2011. They identified four main problems related to CSV in their article – First, CSV is unoriginal. Second, CSV ignores the tensions between social and economic goals. Third, CSV is naive about business compliance and fourth, is based on a shallow conception of the corporation's role in society.

Historical Events leading to Responsible Business Behaviour (RBB)

The Irresponsible Business Behaviour Events

The above detailed literature indicates Business as one of the leading factor and major source to achieve sustainable development objectives. The Social Responsibility of Business is to increase its profits so long as it stays within the rules of the game, which is to say, engage in open and free competition without deception or fraud. (Friedman, 1983) The responsibility of business has not remained limited to do business in a profitable way (Friedman, 1983) but to ensure the ways business operations impacts society and the environment. Increasing numbers of corporate scandals, playing and concealing with financial data, for instance, Enron, 2001, Worldcom, 2002 (IvyPanda, 2022, June 28); Satyam, 2009 (Bhasin, 2013); Kingfisher, 2012 (Panigrahi et al., 2019); Sahara, 2013 (Jain, 2013) sudden collapse of major financial institution due to their unethical lending practices during global recession 2008 and 2009 for e.g. Lehman Brothers, 2008 (Mawutor, 2015); ABN- Amro, 2008 (IvyPanda, December 3, 2022); The Royal Bank of Scotland, 2008 (Frame, 2023) endemic corruption level and bribery cases like Telia Sonera's bribing scandal, 2011 (Institute for Human Rights and Business, Dec. 2015); Siemens colossal corruption scandal and settlement case, 2006 (Gilles et al., 2020) was unprecedented in scale and geographic reach, largest environmental catastrophes like Deepwater Horizon – BP Gulf of Mexico Oil Spill case, 2010 (Lichtveld, *et al.,* 2016); Volkswagen emission scandal, 2015 (Hou, *et al.*, 2016).; Bhopal Union Carbide pesticide plant case, 1984 (Broughton, 2005), unethical labour practices like Foxconn employees suicide case, 2010 (Xu & Li, 2013) illustrates corporate irresponsible behavior, lacking concerns for communities and environment (Lange and Washburn, 2012). A cursory look towards these corporate scandals and crises episode epitomize irresponsibility towards its stakeholders and questioned the credibility of large corporate houses.

Events Prescribing Guidelines to Behave Responsibly for Sustainable Business & Society

The foregoing corporate irresponsible acts which question sustainability of business and society started getting global attention and resulted into various guidelines, principles and frameworks related to responsible business practices that companies should incorporate while formulating their business policies and strategies. Prominent amongst these are ten principles given by UN Global Compact (UNGC, 2014) covering areas of Human Rights, Labor Rights, Environment and Governance derived from various UN conventions; National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVG-SEE, 2011) given by Ministry of Corporate Affairs, India essentially dealing with set of nine principles that offers Indian businesses an approach to inculcate responsible business conduct, serving as a guidance document for businesses, irrespective of size, ownership, sector, and geographical location to achieve the triple bottom line; Organization for Economic Cooperation and Development (OECD, 2011) guidelines covering areas of Employment, Human Rights, Environment, Information Disclosure, Combating Bribery, Science and Technology, Competition and Taxation specially focusing on multinational enterprise; SEBI, the market regulator of

India in 2012 (SEBI circular dated, August 13, 2012) mandating the inclusion of Business Responsibility Reporting (BRR) as a part of Annual Reports for top 100 listed entities based on market capitalization at the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE) w.e.f. FY ending on March, 31, 2012 which were in line with NVG – SEE guidelines; Global Reporting Initiative (GRI) releasing different guidelines and standards (G1 – 2000, G2 - 2002, G3 - 2006 and G3.1 – 2011, G4 – 2013, GRI standards - 2016) which require companies to communicate and report stakeholders about their business impact on the economy, the environment and society, be it positive or negative, and show how they contribute towards the sustainable development goals; Mandated CSR in India as per The New companies Act, 2013; BRR filing was extended to the top 500 listed companies by market capitalization in 2015; SEBI in 2017 advised Integrated Reporting (IR) to be adopted on a voluntary basis from FY 2017-18 by top 500 companies which are required to prepare BRR; National Guidelines on Responsible Business Conduct (NGRBC) was released in March, 2019 taking care of 9 principles that every business should focus on - integrity, provide goods and services in a manner that is sustainable & safe, promote wellbeing of all who are part of their value chain, take care of stakeholders' interest and be responsive to them, promote human rights, make efforts to protect and restore environment, when engaging in influencing public and regulatory policy, should do it in a responsible and transparent manner, promote inclusive growth & equitable development, provide value to customers in a responsible manner; SEBI again extended BRR to top 1000 listed companies by market cap from FY 2019-2020; BRSR got introduced by SEBI replacing BRR in 2021, a more comprehensive framework for disclosing non-financial information than BRR, requiring top 1000 listed entities by market cap to follow reporting format with effect from the financial year 2022–23.

While going through all such guidelines and frameworks, it is observed, any business house irrespective of its size, sector, ownership, location should examine how it operates and makes profit (responsible behavior) rather than how much it earns and spends profits (CSR). In spite of having numerous regulations, frameworks and guiding principles, the number of irresponsible behaviour by companies has not reduced. Hence, there is a need to develop inclusive business models /responsible business behaviour model that vary from traditional CSR discourse in existence (Srinivasan, 2012).

Path Explored on Prescription of Various Committees

Post prescription various countries across the globe including India have started implementing these guidelines. The prescriptive guidelines and frameworks state that any business house, irrespective of its size, sector, ownership, and location should operate and generate profit without negatively impacting the environment, community, or society as a whole. These prescriptions are in line with the 3P model of People, Planet and Profits in that chronology (Elington, 1994). Hence, various countries explored mandatory, non-mandatory and voluntary guidelines or rules or laws. With this the hypothesis was that companies will follow the suit in a bid to serve people, save the planet, and lastly earn profits. There was no scope explored about extraneous variables that may prove fatal to the existence of the businesses and society.

What is Responsible Business Behaviour (RBB)?

In the present scenario, a business's main objective has not remained limited to doing business, but has percolated down to having social responsibility due to legislative intervention. This may not suffice the need for inclusive business sustainability due to its ad hoc approach, namely, spending 2% of net profit (The Companies Act, 2013). Moreover, the businesses are interdependent on many stakeholders that are intertwined with each other and therefore the need for responsible behavior of business is felt. But Responsible business as a concept has not been understood by firms due to the dominance of Philanthropic approach and often jumbled up with CSR concept (Batham *et. al.*, 2013). Moreover, socially irresponsible behavior of organizations can be witnessed due to inefficient legal systems that have teeth without the ability to bite. Hence, two aspects of business, viz., responsibility of business and responsible business draw our attention. As understood in the traditional context, these two terms can be divided based on the profit making aspect. "Responsibility" can be fulfilled when the businesses are in sound position making profits, i.e., compliant behavior as per the Companies Act, 2013, and "Responsible Business" has nothing to do with profits. "Responsiveness" is inbuilt in each practice of business while attempting economic activity and growth. The first aspect is implied when a business grows to a profit-making stage, while the latter has inbuilt cultural and social aspect of behaving responsibly irrespective of the stage of business.

Defining Responsible Business Behaviour

After digging through lot of literature, researcher was unable to search any uncontested, globally or nationally accepted definitions on Responsible Business

Behavior. Multiple terms like Corporate Social Responsibility 2.0 (Visser, 2011), Shared or Mutual Value creation (Porter & Kramer, 2011; Crane *et. al.,* 2014), corporate citizenship (Moon *et al*., 2004; Mohan, 2001), corporate social performance (Wood, 1991; Wang & Choi, 2013), corporate sustainability (Dyllick and Hockerts, 2002; Montiel, 2008; Visser, 2011; Lozano 2015; Camilleri, 2017), stakeholder engagement (Freeman 1984; Sen *et. al.,* 2006; Bhattacharya *et al*., 2009; Camilleri, 2015). Inclusive business (WBCSD and SNV, 2006, 2010 & 2011; Bonnell and Veglio, 2011; Golja and Požega 2012), corporate social responsiveness (Salbu, 1993; Frederick, 1994) are often used interchangeably to show the relationship of business with society and the environment.

A few researchers (Porter and Kramer, 2006; Avram and Kuhne, 2008; Visser, 2011; Srinivasan, 2012; and Batham *et al.*, 2013) have recognized Responsible Business Behavior (RBB) and not CSR to underscore economic, social and environmental responsibilities. Researchers have viewed RBB as those behaviours that consist of value creation or value-addition (Porter and Kramer, 2011; Visser, 2011; and Srinivasan, 2012), good governance (Visser, 2011; and Srinivasan, 2012), societal contribution (Visser, 2011) and environmental integrity (Visser, 2011; and Srinivasan, 2012), customer responsive (Porter and Kramer, 2006; and Avram and Kuhne, 2008) or product stewardship (Avram and Kuhne, 2008), sustainable development (Avram and Kuhne, 2008; and Srinivasan, 2012), ethics (Srinivasan, 2012), reduce social and environmental problems arising out of the business activities (Vaidyanathan and Scott, 2012), inclusive business activity (Visser, 2011). Visser (2008) identified ten drivers of responsible business in developing countries, i.e., cultural and societal tradition, local business ethics, social and economic environment, reforms in politics, crisis response, filling up governance gaps, socially responsible investments, market access, supply chain integrity and stakeholder activism.

Visser *et al*., (2007) defined Responsible Business as "The formal and informal ways in which business, next to making a profit, consistently creates shared value in society through economic development, good governance, stakeholder responsiveness and environmental improvement of the developing countries in which they operate, through their business model and activities, while remaining sensitive to prevailing religious, historical and cultural contexts" (Visser, 2011; Visser *et al*., 2007).

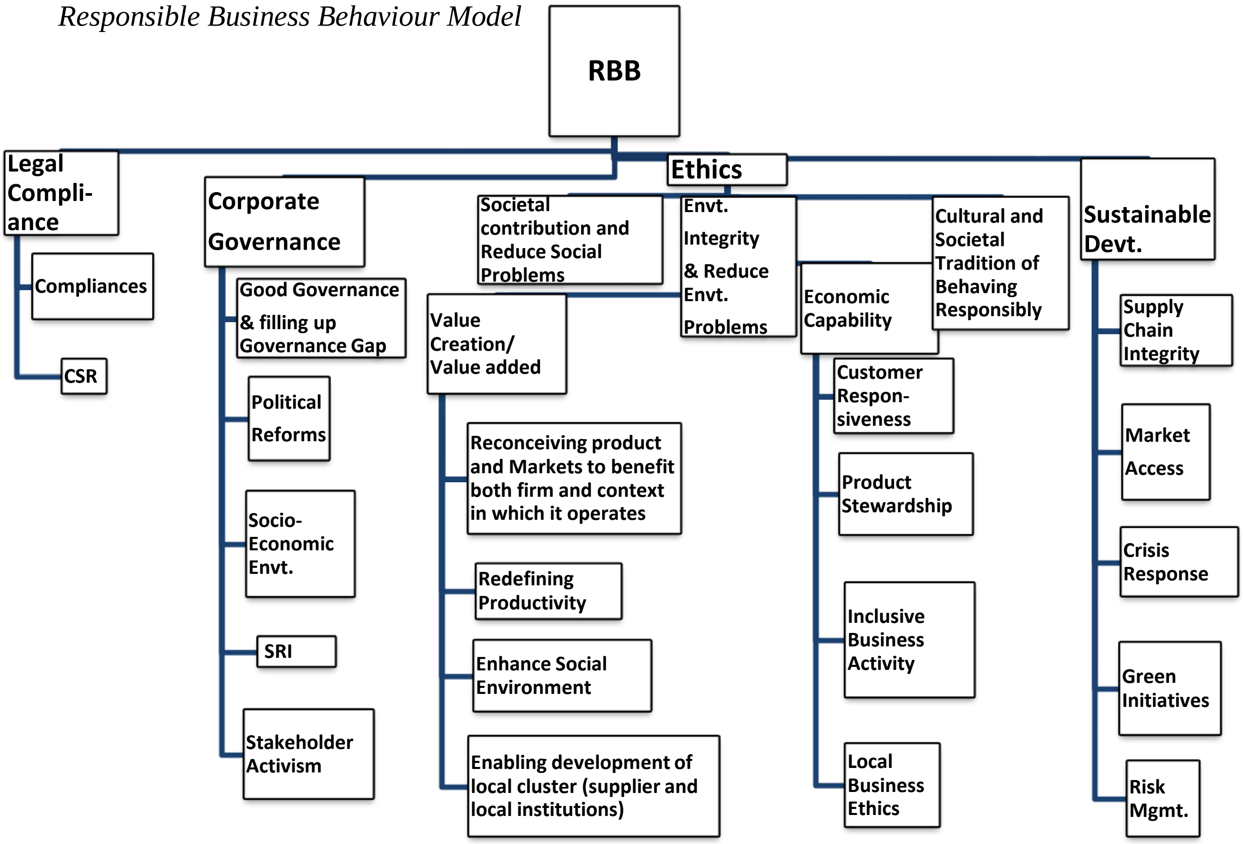
Visser (2011) condemned the CSR behavior of companies as they failed to uplift the community, society and environment, and he called this the triple curse of modern responsible business as they were quick fix, aimed at short-term solution and had little positive impact. CSR failed to address the issue in accordance with the gravity and priority of the problem and unviable to the main objective of any business. Moreover, Fransen (2012) was of the view that CSR arose as an alternative to fill governance gaps and to cover up government's failure to achieve the social objectives. CSR initiatives may lack the legitimacy (Scherer and Palazzo, 2011; Diller, 2013 cited in ILO Research Report No. 13, 2016) and limitations of surveillance and enforcement. Additionally, a number of stakeholders will compete for the share in CSR initiatives leading to varied standards of CSR, their interpretation and monitoring (O'Rourke, 2003; Trebilcock, 2004; Fransen, 2012 cited in ILO Research Report No.13, 2016). However, Srinivasan (2012) stated that CSR is one part of responsible business.

Developing the RBB Model

After getting insights from Literature, the Researcher tried to consolidate various aspects that recognized Responsible Business Behaviour instead of only CSR to constitute real economic, social and environmental responsibilities (Avram & Ku¨hne, 2008). Researcher further explored the competitive advantage of RBB as a part of strategic planning (Avram & Ku¨hne, 2008; Hart 1995; Porter and Kramer, 2006).

Figure 1

Responsible Business Behaviour Model



Source: Model by Sharma & Lotwala, 2017)

RBB means doing good to the environment and the society by adding value, quality orientation, customer responsiveness through operational and strategic decisions in business for business. Firm competitiveness and a proactive environmental and sustainability strategy do have positive causal relationship (Arago´n- Correa and Sharma, 2003; Fowler and Hope, 2007; Porter and Van der Linde, 1995; Avram and Ku¨hne's, 2008). Reforms in the regulatory environment are vital and urgent, but at the same time it is also essential to create a culture of Responsible Business Behavior in the industry (Batham *et. al.*, 2013). Thus extracting various concepts from previous literature, Responsible Business Behaviour Model has been created by researcher which includes four dimensions i.e. CSR & Legal Compliance, Corporate Governance, Ethics and Sustainable Development (*Refer figure 1).* At the basic level Responsible Business Behaviour (RBB) is inclusive of company, society, nation and the globe. It includes activities that are inclusive of all four dimensions of a business activity. Thus, activities under RBB model can be referred in the *fig 1.*

1. **Legal & CSR Compliance -** This aspect covers compliance behaviour including labour legislation and CSR, etc. *viz.*, Use CSR as mitigating strategy to already damaged environment and enhancing living experience of the nearby community, use of ethical practices while paying revenue i.e. curbing the menace of black money.

Plethora of studies have been witnessed related to relationship between CSR and Corporate Financial Performance (CFP) and resulted in different conclusions. Barnett *et al*., (2020) reviewed 6,254 articles dealing with CSR performance published over the last 50 years and found that most studies focuses on CSR and financial performance. Numerous studies claimed positive relationship (Griffin, 2000; Orlitzky *et al*., 2003; Waddock *et al*., 1997; Choi, *et. al.,* 2010; Pan *et al*., 2014; Mishra & Suar, 2010), some revealed negative relationship (Madugba, 2016; Hirigoyen & Rehm, 2015; Inoue *et al*., 2011) while some concluded neutral relationship between CSR and financial performance of the companies (Chetty *et al*., 2015; Hagberg *et al*., 2015; McWilliams & Siegel, 2000). These studies have considered financial variables like ROI, ROA, ROE, ROCE, PAT, Net Income, Revenue, EPS.

Very few studies have been found on the relationship between CSR & Revenue of the firm. For instance, study by Regonda *et al*., (2020) shows relation between CSR and the annual revenue of a company, however, the direct impact of CSR on the revenue of a company was not determined in the study. Study conducted by Nyame-Asiamah &

Ghulam, (2019) revealed positive relations between philanthropic activities (CSR) and sales revenue whereas CSR in the form of community work and environment-friendly activities either positively or negatively relate with sales revenue of the companies. Ekatah *et al*., (2011) also stated positive relationship exists between increase in revenue and CSR. Literature also shows significant difference in CSR on the basis of large sized and medium / small sized firm where large firms were better in CSR than medium and small sized firm. They differ in their approach. CSR activities of large firms are more formal, structured, explicitly articulated and follow formally enacted approach to CSR, while medium and small sized firm develop their own informal and implicit ways of dealing with CSR (Kumar & Batra, 2020; Russo & Tencati, 2009).

2. Corporate Governance - Corporate governance is an integral part of Responsible Business Behaviour and it is deeply embedded in business practices. This includes adhering to good governance and filling up governance gap, acceptance of political reforms, socio-economic environment, socially responsible investment and responding to stakeholder activism which can be achieved by implementing Corporate Governance practices to the advantage of enhancing transparency in control and direction.

Increasing number of corporate frauds and failures (Satyam, Enron, Worldcom) in last 2-3 decades has undermined stakeholder's faith in financial disclosure, corporate leadership and ethical conduct of business. Such irresponsible corporate behavior has resulted in billions and millions of losses to many, while some insiders greatly benefitted out of it. These events might have been avoided up to a great extent, if effective corporate governance and high level of corporate responsible business behavior had been respected.

Corporate governance is understood as a set of mechanisms which aims at facilitating effective monitoring and efficient control over a firm's strategy and operations. It promotes fairness and transparency in business operations and enhance disclosure for protecting interests of different stakeholders (Arora and Bodhanwala, 2018). According to Tadesse (2004), implementing Corporate Governance standards can lead to an improvement in Firm's performance. But lack of transparency and poor disclosure practices by firm may reduce effectiveness of corporate governance.

Early Literature shows that adherence to CG regulations was voluntary and was not legally mandated, but owing to corporate failures on account of unethical practices, most of the countries have mandated Corporate governance framework. The Cadbury Committee report in UK in 1992 and Sarbanes Oxley (SOX) Act in US in 2002 are considered as pivotal work in the area of corporate governance regulations followed by rest of the countries in the World.

In India, the concept of Corporate Governance was introduced in late 90's. The provisions related to CG are specified under - The Companies Act, 1956 (applicable to both listed and unlisted companies) and SEBI regulations (applicable to listed companies). It is pertinent to note that the CG norms are comparatively easier for the unlisted companies and are prescribed in the Companies Act, 1956. India has witnessed a series of CG reforms and one such reform is introduction of Clause 49 of listing agreement by SEBI which outlines Corporate Governance structures for listed companies in India. Further, such initiatives are strengthened with the introduction of revised Company Act, 2013.

CG Theoretical Framework

Several CG theories like agency theory, stewardship theory, stakeholders' theory and resource dependence theory explores the relationship between CG practices and firms' performance. Agency theory, is based on the premises that there is a separation of ownership and control (Berle and Means, 1932; Jensen and Meckling, 1976; Fama, 1980; Eisenhardt, 1989). Theory put forward the conflict that arises between the Principals (shareholders) and Agents (Directors) of firm. Stewardship theory is based on the tenant that managers will behave as trustworthy stewards of the organization and they do not seize shareholders' wealth by misusing corporate resources (Davis *et al*., 1997; Donaldson, 1990; Donaldson and Davis, 1991). Theory emphasizes on collaboration and cooperation, and assumes that the managers will act for the collective interest and use operational control for attaining long term profitability of the firm. Stakeholders theory is an extension to the agency theory is based on the notion "companies and society are independent and therefore the corporation serves a broader social purpose than its responsibilities to shareholders" (Kiel & Nicholson, 2003a). It works on the premises that a firm's BOD are not only liable and accountable to Shareholders but also towards all its stakeholders. Resource Dependency theory of CG focusses on role of corporate Board in providing access to the resources needed by firm through their external environment linkages (Pfeffer & Salancik, 1978).

Economic & Political Reforms

Reforms are meant to bring changes in government policies or rules as status – quo policies and institutions not working well to achieve required economic growth (Khemani, 2020). Developing nation like India has taken such reforms from time to time so as to achieve economic development. Earlier economic reform took place in India during the F.Y 1991 focusing more on Liberalization, Privatization and Globalization which has greatly impacted businesses of India. Presently government has also taken different types of economic and political reforms like Demonetization, GST, Ease of doing business, Make in India, Start-up India, Stand-up India, Swachcha Bharat etc… which has directly or indirectly impacted businesses. From sustainability point of view, economic and political reform has significant implications for environmental regulation (Mao & Hills, 2002). According to Zhao & Madni (2021) economic and political reforms significantly contribute to the environmental performance of a developing country. Authors claimed that bringing reforms in the economic and political institutions will be a good policy option to preserve the environment.

Responsible Investment (RI)

Institute for Responsible Investment referred Responsible Investment as investment that include some consideration of social or environmental impacts, with the expectation of some financial returns. This type of investments also known as Sustainable Investment or ethical investment. UN supported International network of investors named PRI interpreted RI as investment that creates long-term social, environmental and economic (sustainable) value; investment that combines financial and non-financial value creation, or investment that correctly prices social, environmental and economic risk. Forms of Responsible Investment includes Socially Responsible Investment (SRI), Green Investment, Thematic Investment, Impact Investment and ESG investment.

Socially Responsible Investment (SRI)

SRI as defined by Camilleri (2017) is the practice of incorporating social and environmental goals into investment decisions. According to her, the rationale behind SRI is to consider both financial return as well as responsible investments for societal development. Michelson *et al.*, (2004) referred SRI refers as a broad category of investments that integrate “the traditional financial perspective with a perspective that is influenced by and oriented towards social and environmental issues” (Michelson *et al.*, 2004, p.1). The concept even does not support non-ethical behavior from firms or other firms. For e.g., SRI do not promote such industrial units where individuals work in toxic and unhealthy environment or faces issues like child / forced labour or minimum wages Lundström & Rosberg (2017).

The relationship between SRI and financial performance of a firm has been a matter of debate in recent years and there is still no agreement on this issue (Barnett & Salomon, 2006). Mutezo (2014) studies showed positive but insignificant relationship between financial measures like ROE and ROA and SRI. However, SRI has a positive and significant impact on EPS. Muzeto findings were in line with previous findings of Graves and Waddock (1994), Orlitzky *et al*., (2003). According to her, SRI can be considered as a strategic tool that enables firms to gain competitive advantage in order to attain sustainable development.

Green Investments

Green investments are also known as eco-friendly investments defined as investment activities of companies that aims to protect environment, reduce pollution, reduce carbon emission, use alternative energy sources and conserve natural resources (Inderst *et al*., 2012). According to Investment Leaders group, CISL (2014), Green investment refers to approaches that seek to invest capital in 'green' assets, whether these are funds, companies, infrastructure, projects and so on. This include investment in low carbon power generation and vehicles, smart grids, energy efficiency, pollution control, recycling, waste management and waste of energy, process innovation, and other technologies and processes that contribute to solving particular environmental problems.

Number of studies has been done to understand relationship between environmental practices and the performance of an organization but there is still no clear evidence found. Numerous studies that highlight a number of positive as well as negative aspects (Chitimiea *et al*., 2021). According to Pekovic, (2018) Green investments helps in improving profit and does not have a great influence on the economic performance of an organization. Siedschlag and Yan, (2023) reported that medium-term green investments have positive and statistically significant effects on firms' performance. They added that firms which are large and foreign-owned benefits more. Shuwaikh *et al.,* (2023) states that green investment contributes to the firm's performance at two levels, by improving its environmental performance (Rehman *et al.,* 2021) which in turn enhances its financial performance (Yuan *et al.,* 2021). Weng et al., (2015) discovers that green processes helps in minimizing both waste and cost which help in enhancing firm's social and financial performance. However, Zhang *et al.,* (2015) alerted that the implementation of green technologies usually requires higher investments compared to traditional ones, and the payback period is much longer.

Thematic Investments

Very less literature was found on thematic investment due to its contemporary nature. Investment Leaders group, CISL (2014) explained the term 'Thematic investment' as investment strategy of selecting companies that can be classified as falling under a particular investment theme. Examples of themes are water distribution, agriculture, low carbon energy, pollution-control technology, health care, climate change and information technology. *Ross et al.,* (2023) in their article published in Fidelity Investments stated 'Thematic Investments' as strategies through which investors can invest in long term ideas and trends, allowing them to capture potential opportunities created by economic, technological, and social changes.

Impact Investments

Impact Investment is based on the assumption that there is a causal link between financial investment and environmental or social impact (Busch *et al.,* 2021). It is an investment approach that attempts to achieve measurable social or environmental impacts in addition to financial returns (Hehenberger *et al.,* 2019; Höchstädter and Scheck, 2015). According to Investment Leaders group, CISL (2014), Impact investments aims at seeking a particular social or environmental objective, such as to provide employment in a community, promote access to low carbon energy, or support minority-owned businesses or businesses that employ people recovering from drug addiction or with disabilities. Impact investments should be confused with Philanthropic activities.

ESG Investments

ESG investment has grown rapidly in the past decade and has been area of interest to investors and consumers (Sarangi, 2021). ESG investing focuses on maximizing financial returns, and utilizes Environment, Social and Governance factors to help assess risks and opportunities, particularly over the medium to long-term (Boffo and Patalano, 2020). ESG is used by investors to evaluate corporate behavior and future financial performance (Li *et al.,* 2021). ESG factors helps to measure sustainability performance and social impact of business activities (EBA, 2021).

Many research scholars had attempted to examine relationship between ESG performance and financial performance of the firm (Hussain *et al.,* 2018; Velte, 2017; Fatemi *et al.,* 2018; Xie *et al.,* 2019; Qureshi *et al.,* 2021) where there exist positive, negative and neutral relationship amongst these variables. Authors like Fatemi *et al.,* (2018), Aydoğmuş, *et al.,* (2022), Nguyen *et al.,* (2022), Friede *et al.,* (2015), discovered positive relationship between ESG performance and firm's financial performance. While research scholars like Brammer *et al.*, (2006), Landi and Sciarelli (2019), Duque-Grisales and Aguilera-Caracue (2021), Rahi *et al.*, (2022) found negative relationship between ESG scores and corporate financial performance.

Stakeholders' Activism

Stakeholders' theory is based on the premise that Corporations today are not only responsible to increase shareholder's value but also responsible to the whole range of groups, known as stakeholders, having legitimate interest in the corporations (Freeman, 1984). The concept Stakeholders' activism is a way in which stakeholders can influence a corporation's behaviour by exercising their rights as stakeholders (Chiu, 2010).

More research studies were found on Shareholder's Activism but less work has been observed for Stakeholders' activism. Activism process presents both threats and opportunities to business which needs to be managed in a strategic way. Activist groups also seek out ways to influence and change certain conditions through means that range from education to violence. They try to change the status quo through 'voice' without effecting a change in corporate control (Gillan and Starks, 1998). The concept stakeholders' activism can be understood through shareholders' activism concept. According to Shingade, *et al.*, (2022), Shareholder activism means engaging with company management and influencing their behavior, advocating policy changes, and impacting their overall conduct. They viewed that India is in the nascent stage of activism, partly explaining the insignificance of the effects of shareholder activism on firm performance.

3. Business Ethics - Activities related to ethics are value creation (through reconceiving product and markets to benefit both firm and context in which it operate, redefining productivity, enhancing social environment, enabling development of local cluster - supplier and local institutions, societal contribution and reduce social problems, environment integrity and reduce environment problems, economic capability (through customer responsiveness, product stewardship, inclusive business activity, local business ethics), and cultural and societal tradition of behaving responsibly *Viz.*, Environment integrity can be fulfilled by activities concerning technology development, one can enhance his company's image in the region by doing things beyond mandatory requirement demonstrating non-mandatory or exemplary behaviour such as developing water and air treatment system in a bid to recycle the water and restoring quality of air respectively. Secondly, economic capability could be gauged by product stewardship strategy which measures the impact of the product on the environment throughout product's whole life cycle and be proactive to avoid or at least minimize the negative impact on environment (Fowler and Hope, 2007). Sustainable practices should be done within the framework of business ethics.

Social and environmental Problems to be addressed by business

Making business sustainable starts with being aware of the issues at hand and understanding how important it is to make changes – both for the business and the planet. A Responsible Business has a positive impact on the society and the environment in which it operates. It helps in building greater trust & strengthen its relationship with its stakeholders.

Addressing & taking a bold stance on social and environmental issues can act as a powerful tool in bringing profits to business as well as doing good to the society. Business should take measures to reduce carbon footprints by using more renewable energy, choosing sustainable suppliers, eliminate the usage of single-use plastics, tracking supply chain efficiency, educating and training employees, carbon offsetting etc…

Business can also take steps for recycling of their products, rather should go one step ahead by implementing concept of circular economy in their system. This is because Product recycling follows a linear path where resources are extracted, products are manufactured, purchased and consumed by consumers and then disposed off. In this case, products are not made with the intention of increasing in value or being preserved. For e.g. plastic water bottle, instead of being upcycled, bottles are really being downcycled or losing value over a time. While in case of circular economy, recycling would be avoided completely and products would be designed from the start to be reused, repaired and remanufactured. The products are designed in such a way that has the potential to protect the environment, improve economics and elevate social justice – contributing to the three pillars of sustainability. More examples includes carsharing, subscription based children's clothing, biodegradable bottles etc…

Generating profits for the business should be primary responsibility of any business irrespective of size, age, legal status of the firm. But at the same time profits needs to be reaped in an ethical and responsible way i.e. without harming people and planet (society) and ensuring creating best value for its stakeholders. To do good to the society and planet, it is responsibility of the business to ensure its long term sustainability.

Economic Sustainability of business

For ensuring long term sustainability of business, business may put efforts towards customer responsiveness, cost reduction strategies, product innovation, addressing social and environmental issues, embedding inclusive business models etc…

Company may bring sustainable advantage and competitive edge to the business by being customer responsive. To ensure customer responsiveness, company needs to maintains speed and quality in providing customer service and communication, timely addresses issues raised by customers, periodically does marketing research to anticipate customer need & satisfaction to develop new products.

Inclusive Business Model

According to IFC (2018), Inclusive business models are those which integrate low-income stakeholders in core business operations, on a commercially viable basis. By integrating the "Base of the Pyramid" into value chains using commercially-viable methods businesses can foster opportunity, expand access, and improve lives through solutions that are sustainable, replicable, and scalable.

4. Sustainable Development – Include supply chain integrity, market access, crisis response and risk management. Viz., Promote Craftsmanship to promote Skilled youth to take advantage of Skill-India, Start-up India, Entrepreneurial capabilities of young India, promote green technology by discarding old technology. According to Fowler and Hope (2007) sustainable development strategy must be guided towards a commitment to a Triple Bottom Line. Triple Bottom Line that includes profitability, environmental and social goals.

Supply Chain Integration (SCI)

SCI refers to "the degree to which a manufacturer strategically collaborates with its supply chain partners and collaboratively manages intra- and inter-organization processes. The goal is to achieve the effective and efficient flows of products and services, information, money and decisions, to provide maximum value to the customer at low cost and high speed" (Flynn *et al.,* 2010, p. 59).

Integration with supply chain partners can be done at two level – external driven and internal driven. External driven integration includes supply chain partners like suppliers, customers etc…Any kind of flaws in suppliers' business or any issues faced with customers affects business growth. Internal driven integration includes companies' responsible actions towards integration within the firm's own boundaries, across its internal supply chain functions (Chen *et al*., 2009). Internal integration is more crucial, as it acts as a base for supplier and customer integration (Flynn et al. 2010). Intrinsic SCI Responsible behaviour of companies

Previous study on SCI and its impact on sustainability reveals positive and significant association between SCI and Sustainable Management Practices (Kang *et.al.,* 2018). Vachon and Klassen (2008) reported that collaborative environmental activities with supply chain members positively affects manufacturing performance.

According to Gelhard and Delft (2016), firms are more likely to understand their customers' needs and requirements, economic needs and environmental and social concerns if customers are integrated as supply chain partners. Various studies revealed significant and direct relationship between supply chain integration and financial performance of the firms like Revenue, ROA of the firm (Rosenzweig *et al.,* 2003; Vickery *et al.,* 2003; Kim, 2006; Huo, 2012).

Green Initiatives by Business

Businesses today are required to take green initiatives to meet environmental compliances and bring competitive advantage to the firm. Certain studies confirm that effective green initiatives can have environmental, social and economic benefits without negative consequences (Bonacchi and Rinaldi, 2007; Van der Byl and Slawinski, 2015). Moreover, business opportunities can also be identified through adoption of green initiatives (Berry & Rondinelli, 1998).

Earlier studies revealed positive association between Corporate Envt. Performance (here green practices) and Corporate Financial Performance (Endrikat *et al.,* 2014). A study conducted by Kour, *et al.,* 2020 showed that Green marketing is the most prominent factor influencing financial performance. Some studies revealed designing eco-friendly products build positive image of companies and give competitive edge (Smith, 2012; Fraj *et al.,* 2011). Miroshnychenko *et. al.,* (2017) studied the impact of green practices on financial performance and concluded that green practice has a positive impact on financial performance.

Crisis Management Response

Crisis Management has emerged as a long standing issue in business management (Bundy *et.al.,* 2016; Liu & Froese, 2020) and any ignorance or mismanagement in managing crisis may affect the sustainability of business in the long run in turn may affect societal sustainability (Sinha, 2011). Scholars tried to define Organizational Crisis in many ways, viz., Crandall & Mensah (2008) defined 'Crisis' as an unexpected event that has severe implications on environment, business and its stakeholders resulting in stress, requires intervention, and mandates proper planning to ensure survival and sustainability in business (Doern, 2014). In same line of context, Coombs (2006) also explained "Crisis events as acute in nature having negative consequences on stakeholders".

Huge literature has been observed in the field of Crisis Management but very few authors (Crandell & Mensah, 2008; Coombs 2010; Taneja *et al.,* 2010; Barham, 2017) discusses its linkage with sustainability. Coombs, (2010) explains the connection between Sustainability and Crisis Management where stakeholders' expectations remain as the binding thread. Crandell & Mensah, (2008) studied a framework for understanding crisis within the context of sustainable development. According to Crandell & Mensah (2008), Crisis Management is an essential element of sustainable development which should be recognized in firm's crisis management programme. This is because any acute crisis event may restrict sustainable development in the long run for e.g. an oil spill crisis events in the past (BP Deepwater horizon case in April, 2010) has negatively affected sustainability of different environmental stakeholders like sea food industry.

Risk Management

Responsible Risk management behaviour is essential for the long term success of the business enterprise. Risk management function manages risks and opportunities that stem from internal and external forces – whether social, economic, environmental, legal, political and / or technological.

Enterprise Risk Management as defined by COSO (June, 2016) as "The culture, capabilities, and practices, integrated with strategy-setting and its execution, that organizations rely on to manage risk in creating, preserving, and realizing value". WBSCD (January, 2017) had presented a Risk Management Framework in their report 'Sustainability and enterprise risk management: The first step towards integration' which includes four crucial steps – Risk Identification, Risk Assessment, Risk Response and Communication and Disclosure. They explained that Risk Management helps to deal with business uncertainty, mitigating hazards and complying with regulations. Within an organization, ERM drives companies to identify and measure risks and balance the company's exposure to risk against reward in the context of the company's risk profile, long-term business objectives and stakeholder expectations.

GAP found in Literature Review in establishing RBB Model

It is suggested that, CSR & Sustainability should be interwoven within the governance practices of the firm. Nation growth and development is incomplete without manufacturing industries as it fulfills the products demand, generates revenue and contribute to GDP, create employments etc… but this has to be done with responsibility and in a sustainable manner. Corporate should not only consider that what it should earn and do with its profits but also need to ponder upon how it made its profits i.e. to look at the impact on all its primary and secondary stakeholders. For e.g. while emitting within accepted level of pollution prescribed by the government, company must be thinking that it has acted in a most responsible way and contributed to environmental sustainability. But over a period of time, effluents get accumulated and will reach at an unacceptable level which will be difficult to manage even after spending crores and billions to restore it (e.g. Case of River Ganga & Yamuna in India). At the same time, in long run company may be forced to close down its units as the region has been declared as environmentally unsafe due to intense level of pollution spread through accumulation as seen in case of China where 40% of factories were shut down and penalized in order to curb down air pollution (Forbes, Oct, 2017). This may end up into loss or collapse of the firm, unemployment, affects dependent industries business, affects revenue of the government in the form of taxes etc... Thus this example illustrates that how little ignorance towards environment by industries not only affects sustainability of society but also affects economic sustainability of the firm. It is also observed that by the same government and law, which has permitted a company to release the effluents within the prescribed limit can result into havoc situation and things can become uncontrollable.

Corporate compliance behavior will not suffice the long term goals of sustainability. Company has to operate with responsibility which is beyond compliance behavior as responsibility is intertwined with ethical and moral values which will be helpful for long term sustainability of business as well as society. The concept of CSR today is just limited to compliance behavior i.e. polluters will be asked to pay for the damage done and repair the same through CSR activities. But the issue is, can the harm / damage done to the nature or environment be repairable? Can it be compensated through money? The present CSR context is trying to find out monetary equivalence to the damage done to the nature (Sharma, 2011).

The business responsibility should not be limited to their business operations but should be extended in the whole value chain. Drucker (1984) has rightly said that "But the proper 'social responsibility of business' is to tame the dragon, that is to turn a social problem into economic opportunity and economic benefit, into productive capacity, into human competence, into well-paid jobs, and into wealth."

Sustainable Business & Society

Sustainable Development

In the decade of 1950s and 1960s, many development theories for developing nations were designed to accelerate the process of economic growth backed up by industrialization which earlier primarily relied on agricultural activities for their livelihood. Development was observed more as quantitative growth rather than qualitative in nature. In the 1970s, a new dimension of development emerged, claiming that the economic growth rate of the world economy could not be sustained at the then prevailing levels because all natural resources were getting depleted at fast rates that could not be sustained for long. In 1987, the Brundtland Report published on "sustainable development" became crucial part in development studies, warned against the depletion of natural resources and called for economic growth strategies that could be sustained without harming the planet or compromising the welfare of future generations. Then after, Development was acknowledged both as quantitative increase in economic growth as well as qualitative improvement in life conditions, while protecting the environment.

According to Rabie, (2016), "Development is a comprehensive societal process, which can be achieved when society or a nation can utilize its human and natural resources efficiently to enhance to quality of life of its people". As such, People are the main focus and primary beneficiaries of development. Stiglitz (2006) considers development as changing lives of people rather than just economies. In the same context, Abuiyada (2018) development was observed as improving the quality and quantity of available resources. Even World Conservation Strategy (WCS, 1980) referred Development as 'Development is that which is sustainable' in terms of both people and planet. Therefore, with these few definition, it is clear that concept of Sustainable Development is incomplete without including social and environmental aspects along with economic aspects.

Sustainability: Genesis

The term ‘Sustainability’ has become the ‘buzz word’ and has been increasingly used in a specific way because societies around the world are facing environmental and social problems. Though, 21st century is claimed as a “century of sustainable development” (UN Report of WSSD, 2002; Spindler, 2013 p.9) but the concept has its root back to the world of hunting, (Spindler, 2013). It is evident from literature that the term was first used towards the end of 18th Century as a principle of the German Forestry industry (Du Pisani, 2006). Later in 19th century, Karl Marx and some classical economists presented arguments about certain elements of Sustainable Development while neo classical economist highlighted on importance of renewable resources, need of pure air and water (Willis, 2005: 147; Bâc, 2008: 576; Klarin, 2018).

Previous Centuries has observed dominance of economic doctrine with focus on human as a ruler of natural resources (Klarin, 2018). Environment Pollution and degradation through industrialization was experienced during 1950s due to the series of disconcerting events like the smog episode of Donora, Pennsylvania (1948), London (1952), Los Angeles (1954); the contamination of Minamata Bay of Japan, with Mercury in 1950s and 1960s, all of which resulted in numerous deaths. Such events brought realization that existing form of industrialization can be detrimental to the public health (Borowy, 2014). Event Great Smog of London (1952) led to first European International convention on air pollution held at Milan in 1957 (Bergquist, 2017).

Period 1960’s and 1970’s has witnessed the great awakening on the environment resulting in mass movements, development of new legislations and institutions, establishment of different organization supporting the environment (Brenton,1994). The word ‘Sustainability’ got familiarized in 1960’s in response to forceful movement related to environment degradation and social equality (McKenzie 2004; Kopnina, 2015) and the term ‘sustainable development’ was coined, at the start of 1970s by Barbara Ward (Lady Jackson), founder of the International Institute for Environment and Development (Ward & Dubos, 1972). A rise in academic literature as well as different events on environment is observed during this period which includes - Seminal work by Rachel Carson in US (Silent Spring, 1962) emphasizing on the danger of indiscriminate use of pesticides in agriculture; adoption of National Environmental Policy Act in 1969 by US; first global level UN Conference on Human Environment held at Stockholm in 1972 highlighting that civilization is exhausting the resources upon which its existence depends; event Arab Oil of Embargo in 1973 resulted in a severe economic crises making the world growth rate down to 2.1% in 1974 from 6.9% in 1973; publication of the book 'Limits of Growth' (Meadows *et.al.*, 1972) by the club of Rome attracted much attention not only in academic group but also in society at large.

OECD in 1960, emphasized on attaining highest levels of sustainable economic growth, by pushing the global economy towards twin goals of increased employment and higher standards of living (Kopnina and Blewitt, 2018) but overlooked environmental sustainability. This was challenged by four MIT research scientists through 'Limit to Growth Model' published by The Club of Rome in 1972 (Meadows *et al*. 1972). The report warned that "The Earth's interlocking resources probably cannot support present rate of economic and population growth much beyond the year 2100, if that long, even with advanced technology". The report examined five major variables that determine, and therefore, ultimately limit, growth on this planet – population growth, depletion of natural resources, increase in material demand, agricultural production and pollution.

Decade 1980's has observed major devastating environmental catastrophes caused by industries most notably are the Bhopal Gas Leakage Tragedy (1984) in Union Carbide Plant of India and Exxon Valdes Oil spill in US in 1989 leading to unrepairable damage to the environment and human life. But such disaster has raised new level of pressure on businesses due to outbreak of many NGO's, government bodies, National and International environment laws etc… In the same period, a remarkable report by Brundtland commission in 1987 put forth the environment issues and presented classic definition on Sustainable Development (WCED, 1987).

From 1987 till present, the concept of sustainable Development got more practical wisdom (Shi *et.al.*, 2019). A remarkable conference by UNCED – 'The Earth Summit / Rio Conference' held in 1992 to shape the future of sustainability and its place on the global development agenda. It was not until the Rio Summit, Sustainable Development was translated from the concept into global actions and the three pillars of SD – economic, social and environmental were put forward. (Shi *et.al.*, 2019). The Earth Summit conventions that emerged on climate change and biodiversity resulted in Rio declaration on environment and development and 'Agenda 21', an extensive International Action Plan for Sustainable Development for 21st century which was endorsed by all Government present and also received support from NGO's. In 1997, The Kyoto Protocol, an international agreement was adopted, called for industrialised nations to reduce their carbon and greenhouse gas emissions significantly. Later the agreement then became international law and entered into force on 16 February 2005.

In 2000, the representatives of 189 countries adopted the "UN Millennium Declaration" that identified the Millennium Development Goals MDNNGs giving commitment to achieve a set of eight measurable goals that range from eliminating extreme poverty and hunger to promoting gender equality and child mortality by the target date of 2015. These goals became internationally recognized framework for guiding national development and the development of humanity in the new century. By 2000s, the "greening" label started to morph into "sustainability" and sustainability became translated into business language, such as the "triple bottom line" and "eco-efficiency" (Bergquist, 2017). In 2015, UN 193 Member States adopted blueprint for peace and prosperity for people and the planet, now and into the future in the form of 17 Sustainable Development Goals (SDGs).

Meaning & Definitions

Sustainability

The term sustainability has a multidisciplinary use and meaning. During mid-1800s, when society considered natural resources to be infinite, Marsh (1864), cautioned against exploiting them. Through his seminal work which was century ahead of its time, he pointed out interdependencies between Man and Nature and argued that Man was doing great damage to the environment. He defined Sustainability as "Everything that humans require for their survival and well-being depends, directly or indirectly, on the natural environment". Then many authors made great attempt to define the term but official and widely accepted definition of 'sustainability' paired with 'development' was published in report of Brundtland Commission in 1987, defined as "Meeting the needs of the present without compromising the ability of future generations to meet their own needs" (WCED, 1987). This definition was global in scope, timeless, reflects ongoing process, and include moral responsibility of equity and justice. In simple terms, 'Sustainability' can perhaps be seen as the process(es) by which something is 'kept at a certain level'. The term has been increasingly used in a specific way because societies around the world are facing environmental and social problems. According to Clough *et al*., (2016), Sustainability is "a process that helps create a vibrant economy and a high quality of life, while respecting the need to sustain natural resources and protect the environment. It expresses the principle that future generations should live in a world that the present generation has enjoyed but not diminished."

Social Sustainability

Literature specifies that earlier social sustainability has received less attention than economic sustainability (Trost et, al. 2022) but in recent years the concept has stated gaining importance as a fundamental component of sustainable development. From business point of view, social sustainability as defined by UNGC is about identifying and managing business impacts, both positive and negative, on people. It emphasized on companies' relationship and engagement with its stakeholders. The first six principles specified by UNGC focus on social dimension of corporate sustainability. UN (2015) has outlined SDGs related to social sustainability (SDG 1, 2, 3, 4, 5, 7, 11, 16) covering social issues like poverty, hunger, public health, quality education, gender equality, decent work and economic growth, inequality and social justice. These social issues can hamper business growth. Business needs to innovatively address these issues by converting them into business opportunities. Businesses' may still be profitable by imbibing social sustainability efforts as it gets opportunity to unlock new markets, helps in attracting and retaining business partners, or act as a source for innovation for new products or service lines. Businesses' social sustainability efforts gives them license to operate.

World Bank report on 'Social sustainability in Development' has emphasized the need to "Put People first" and defined Social sustainability as expanding opportunities for all people today and tomorrow. It promotes social inclusion of the poor and vulnerable by empowering people, building cohesive and resilient societies, and making institutions accessible and accountable to citizens. Ross, (2013) defined Social sustainability as equality, well-being, and balance across quality of life indicators between sociocultural groups over time and from one generation to the next. Littig and Griessler (2005), defines the term as satisfaction of basic needs and the quality of life, social justice and social coherence. Boar *et al*., (2020) explains social dimension of sustainability as respecting laws and regulations, safeguarding health and safety, respecting employees and stakeholders' rights and ethical principles, no harmful impacts and increasing social well-being. Various authors had also tried to study (Dobson, 2003; Littig & Griessler, 2005; Gough *et al.,* 2008; Goodland, 1995) linkage between the social and environmental pillars and they found the relationship between them. Author Goodland (1995) claimed that environment sustainability is prerequisite for achieving Social sustainability.

Environment Sustainability

The rise in interest in environmental sustainability began with human economic activity harming the natural resources on which our life depends (Purvis, 2013). Despite of taking lot of initiatives towards sustainable development, society is far from solving the global environment sustainability challenge (UN, 2019). This gives insight that current efforts and strategies to mitigate environment issues are less and inefficient (Vea *et al.* 2020).

UN (2015) had specified SDGs related to environment sustainability (SDG 6, 13, 14, 15) covering clean water & sanitation, climate action, life below water, life on land. Various authors (Morelli, 2013; Goodland, 1995; Sutton, 2004) had made an attempt to define environment sustainability. Sutton (2004) defined Environmental sustainability as the ability to maintain the qualities that are valued in the physical environment. Morelli (2013), taking a clue from common definition of sustainability, defined environment sustainability as "meeting the resource and services needs of current and future generations without compromising the health of the ecosystems that provide them." More specifically, he added that the term could be understood as a 'condition of balance, resilience, and interconnectedness that allows human society to satisfy its needs while neither exceeding the capacity of its supporting ecosystems to continue to regenerate the services necessary to meet those needs nor by our actions diminishing biological diversity' (Morelli, 2013 p.5). Goodland (1995) has defined Environment Sustainability as 'maintenance of natural capital' based on input/output rules. He emphasized on two basic environmental services – source and sink function – which should be unaffected. According to him, Environment Sustainability depends on four major activities regulating the scale of human economic subsystem – 'use of renewable and non-renewable resources on the source side and pollution and waste assimilation on the sink side'. Author Goodland is of the opinion that if environment is not sustained today than this will lead to intergenerational and intragenerational sustainability issues.

Environmental sustainability encourages 5 R Principles so as to mitigate the harm done to environment *viz*. reduce the use of physical resources, adopt recycling approach, meaning 'recycle everything/buy recycled products', more use of renewable rather than exhaustible resources, redesigning of production processes and products to eliminate the production of toxic materials, and restoration of natural habitats and environments (Sutton, 2004). According to Boar *et al*., (2020) environmental dimension of sustainability can be managed by increasing resource efficiency, making responsible use of resources, no harmful environmental impacts or emission and increasing environmental well-being.

To achieve the environment sustainability, companies needs to work beyond pollution abatement policies and compliance (reactive actions), Instead need to take proactive actions by preventing pollution using innovative processes or technologies, implement approaches like Product Stewardship which accentuate on reducing or eliminating any harm done to the environment during any part of product life cycle stages, design the products based on 'cradle to cradle' approach rather than 'cradle to grave' approach, use business models based on circular economy compared to linear economy etc…Companies can improve their score on environment sustainability by incorporating and promoting policies on Zero emission, Zero wastage policy, energy efficiency, using renewable resources wherever applicable, environmental litigation risk etc…(Gompers *et al*., 2003; Costa *et al*., 2022).

Economic Sustainability

Classical economists earlier assumed that the supply of natural resources was unlimited (Du & Kang, 2016; Mensah, 2019) and ignored the impact of economic activities on the environment (Lumby, 2007). They also believed that natural resources would get replenished through technological advancement which gets destroyed during production process (Cooper & Vargas, 2007; Mensah, 2019). However, neo-classical economists stressed upon depletion of natural resources which are not infinite; not all of them can be replenished or are renewable. The unstoppable need for economic growth has overloaded and exploited natural resource base, questioning the traditional economic growth model (Du & Kang, 2016; Mensah, 2019). Moreover, the rate of natural resource usage has necessary implications on the rate of pollution (Lumby, 2007). Meadows *et al.,* (1972) alerted that Businesses, if follows Economic model that produced several negative consequences, both in the environmental and social aspects, such as pollution of natural resources, waste and consequential increase in waste, social exclusion, excessive consumerism, creates unhealthy environment and unsustainable business and society.

Economic sustainability as defined by Lobo *et al.*, (2015) implies 'a system of production that satisfies present consumption levels without compromising future needs'. Osburg & Lohrmann, (2017) describes economic sustainability as "normative concept" related to the capacity of efficiently and responsibly optimizing the use of available resources to maximize profitability over time. Markulev and Long (2013) explains

Economic sustainability as allocation of resources over time in a way that provides the highest level of wellbeing for current and future generations. Anand and Sen (2000) sees the concept of economic sustainability as a matter of intergenerational equity. Boar *et al.* (2020) claimed economic dimensions of sustainability can be managed by increasing cost-efficiency, increasing profits and business opportunities, by bringing operational stability, reducing risks, by increasing attractiveness and economic wellbeing. Therefore, Economic sustainability, as one of the sustainability pillar (Elkington 1994), is essential to maintain the natural, social, and human capital required for income and living standards (Klarin, 2018; Jeronen, 2020).

Business Sustainability

Business sustainability also known as corporate sustainability has its roots in CSR. The concept was initially launched to protect the environment. But now, it has become a landmark for the entire business community (Herbohn, *et al*., 2014; Przychodzen & Przychodzen, 2013). Plenty of definitions sprouted after the term sustainability got officially launched through Brundtland report in 1987. A translated version of this definition into business context was found in the book "Business and sustainability" by Blowfield in 2013 which implies that "Business can no longer regard the environment as a limitless pool of natural capital that can be drawn down upon without liability' (Blowfield, 2013, p.6). Simple definition of the construct can be traced in one of the Harvard Business School online article (dated 10 Oct, 2018) stating that in business, sustainability refers to doing business without negatively impacting the environment, community, or society as a whole.

The most widely recognized definition of sustainability that has emerged over time was suggested by Elkington (1998) known as "triple bottom line" (TBL) which suggest balance between economic viability, social responsibility and environmental responsibilities by companies (Yu & Zhao, 2015). Further, Dyllick & Hockerts, (2002) suggested that a single – minded focus on economic sustainability by companies can succeed only in short run, however, in long run, all three components needs to be satisfied simultaneously. They also added that sustainability at corporate level mean that, companies should meet the firm's all the stakeholders' needs, without compromising firm's ability to meet the future stakeholders' needs as well.

Dyllick & Muff, (2016) presented typologies to evaluate different levels of integration of sustainability in business. They classified companies to different types, based on their efforts to move from "business-as-usual" to "true business sustainability". Typologies include – Business as usual (business based on purely economic view of the firm); BST 1.0 (first phase having shift from purely economic concerns to social and environmental concerns); BST 2.0 (second phase management of 3PL); BST 3.0 (third phase having shifts from an inside – out perspective, with a focus on society to outside – in perspective, with a focus on society).

Thus from above few definitions it is clear that Sustainability in business mainly deals with - The effect business has on the environment & The effect business has on society. Sustainable businesses consider a wide array of environmental, economic, and social factors when making businesses decisions. Responsibility of today's businesses' is not limited only to the generation of wealth but also extends to the creation of positive results in the social and environment dimensions of its activities (Costa *et al*., 2022). Business sustainability can be achieved by maintaining a balance between three pillars – social, environment and economic (Klarin, 2018).

Examining relationship between sustainability practices and financial performance of the firm has gained momentum in recent years. Many scholars found positive association between them (Orlitzky e*t al.,* 2003; Friede *et al.* 2015; Artiach *et al,* 2010 ; Wagner, 2010; Pham et al., 2012) while others were negative and inconclusive in their results (Hang *et al.,* 2019; Hussain *et al.,* 2018; Brammer *et al.,* 2006). For instance, Artiach *et al,* (2010) found that firms with high profits are the ones that invest more in sustainability than the firms with less profits. Their studies also found that large firms invest more in sustainability than smaller firms.

Wagner and Schaltegger, (2004) found reciprocal relationship meaning the better the profitability, the higher the sustainability practiced by the company. Friede *et al.* (2015) examined 2200 studies and found that 90% of studies support a positive relationship between sustainability activities and financial performance. Orlitzky *et al.* (2003) scanned 52 studies and found that in most cases, sustainability has a positive influence on a firm's ROE and ROA. However, a study by Brammer *et al.* (2006) finds negative relationship between sustainability scores and stock market returns

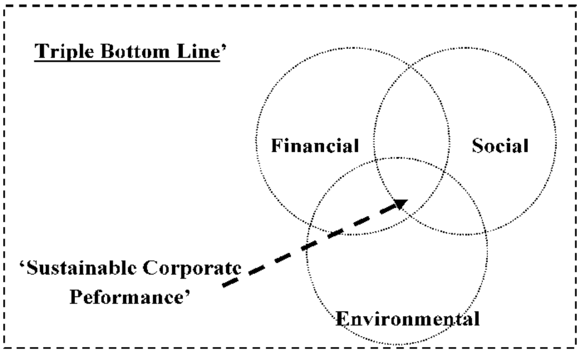
Sustainable Business Models

1. Triple Bottom Line / 3P Sustainability Model

In 1994, John Elkington coined the concept of the triple bottom line (TBL) with a hope to transform the current financial accounting-focused business system to take on a more comprehensive approach in measuring impact and success *(see fig 2).* Historically, businesses operated keeping in mind their financial bottom line.

Figure 2

Triple Bottom Line by John Elkington, (1994)



Source – Adapted from Fauzi et. al., (2010)

However, as a result of the triple bottom line, some businesses began to realize the connection among social well-being, environmental health, and the organization's financial success and resilience. Elkington (1997) presented 3P sustainability model that includes 'people, planet and profit' as the key to sustainability by emphasizing seven sustainability revolutions viz., market, values, transparency, lifecycle technology, partnership, time and corporate governance. He assumed a shift in paradigm for all these sustainability drivers as relevant to specific time period.

2. Six Criteria of Corporate Sustainability

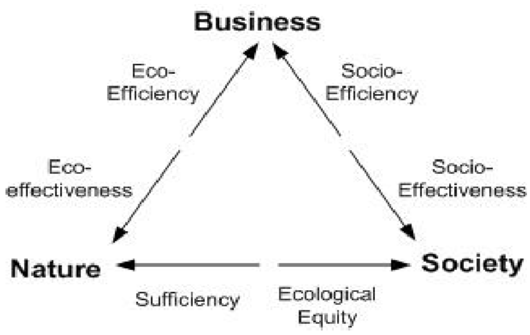
Dyllick and Hockerts (2002) presented Six Criteria of Corporate Sustainability model explaining societal case, natural case and business case *(see fig 3).* Authors emphasized that these three dimensions are interrelated and needs to be considered simultaneously. They believed that focus on economic sustainability can flourish in the short term, but to achieve long term sustainability all three dimensions are necessary. According to them, corporate sustainability relies on eco-efficiency, socio-efficiency, eco-effectiveness, socio-effectiveness, sufficiency and ecological equity.

They highlighted 'eco-efficiency' and 'socio-efficiency' as essential criteria for 'business case' of corporate sustainability, where 'eco-efficiency' is achieved by 'the delivery of competitively-priced goods and services that satisfy human needs and bring quality of life, while progressively reducing ecological impacts and resource intensity throughout the life-cycle to a level at least in line with the earth's carrying capacity' (DeSimone and Popoff, 1997, p. 47) and 'socio-efficiency' describes 'the relation between a firm's value addition and its social impact'; they emphasized eco-effectiveness and sufficiency for 'natural case', where 'eco-effectiveness' suggest 'business solutions ought to be life sustaining, restorative and regenerative in addition to being efficient'. For this conventional cradle-to-grave approach to product design, needs to be replaced by a renewing cycle of cradle-to-cradle approach, needs transformation from linear economy to a circular economy /closed loop system.

Term 'sufficiency' as per Hockerts (2003) "deals with sustainable consumerism, in which businesses has at least an indirect responsibility. Rather than fuelling the demand for more unsustainable products, firms might try to channel demand towards less problematic areas" (p.30); and finally authors also stressed upon ecological equity and socio-effectiveness for 'societal case' of corporate sustainability where ecological equity", means that 'companies must seek equitable solutions to the management and distribution of the world's natural capital between current and future generations' and 'socio-effectiveness is based on the premises that business conduct should be judged not on a relative scale but rather in relation to the absolute positive social impact a firm could reasonably have achieved.

Figure 3

Six Criteria of Corporate Sustainability by Dyllick & Hockert (2002)



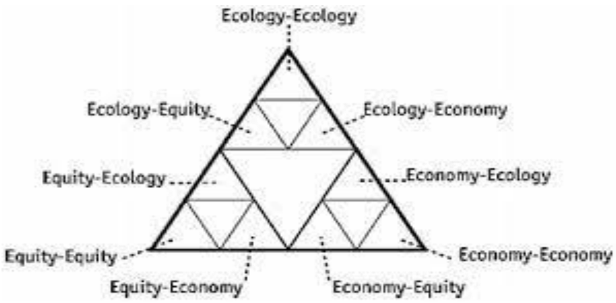
Source – Dyllick & Hockert (2002)

3. Triple Top Line (TTL) / Fractal Triangle

Triple Top Line concept was introduced by William McDonough and Michael Braungart (2002) in their unconventional book *'Cradle to Cradle'.*

Figure 4

Triple Top Line/ Fractal Triangle by McDonough–Braungart (2002)



Source - McDonough and Braungart (2002)

The Triple Top line model *(see fig. 4)* attempts to shift the emphasis of corporate accountability to the beginning of the design process Model focuses to align sustainability and business profitability from the inception of product. Model emphasized creating a new way of doing business in which products and industrial processes are so intelligently designed they don't need to be regulated.

Authors highlighted ecology, economy and equity as three anchor points in a fractal triangle. They have balanced equity, economy and ecology with each other at each anchor point. At 'Economy-Economy' anchor point, they searched answer for the basic question of profitability; at 'Equity-Equity' anchor point they sought for improvement of quality of life of each stakeholder and restoration of ecosystem; and finally, at 'Ecology-Ecology' anchor point they sought obeying nature's law. For exploring further improvements, they divided these anchor points into six fractals viz., Economy-Ecology, Economy-Equity, Equity-Ecology, Equity-Economy, Ecology-Equity and Ecology-Economy. Thus model represents an opportunity for creating value in business.

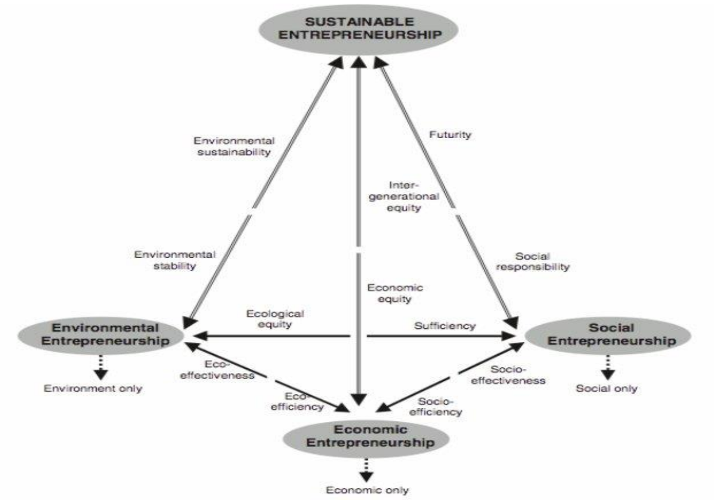
4. Sustainable Entrepreneurship Model

Young and Tilley (2006) proposed a model 'Sustainable Entrepreneurship' by extending the work presented by McDonough and Braungart (2002) and Dyllick and Hockerts (2002) (*see fig. 5*). Model incorporated environmental stability, environmental sustainability, intergenerational equity, economic equity, futurity and social responsibility. Model comprise of twelve elements that operate in agreement and emerge from combining the three dimensions of entrepreneurship (economic, social and environmental).

According to the authors, sustainable entrepreneurs are those who apply their values to generate a sustainable form of wealth, which means contributing a holistic net benefit to the economy, community and the natural environment. They emphasized that sustainable entrepreneurship is based going beyond eco- and socio-efficiency to produce “green” products and help disadvantaged sections of society.

Figure 5

Sustainable Entrepreneurship Model by Young & Tilley (2006)



Source – Young & Tilley (2006)

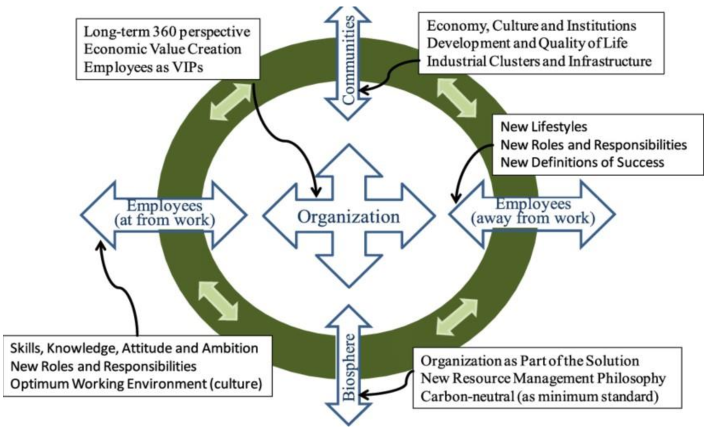
They argued that organizations should not only develop a “business case”, but also create a “natural case” and “societal case”.

5. The 360 – Organizational Sustainability Model

Hollingworth (2009) proposed 360 Organizational Sustainability Model *(see fig. 6)* that highlighted four different inter-related resources namely the organization itself, its Human Resources (both inside and outside of the organization), its community/society/ethnosphere, and the planet’s biosphere (the environment).

Figure 6

The 360 – Organizational Sustainability Model by Hollingworth (2009)



Source – Hollingworth (2009)

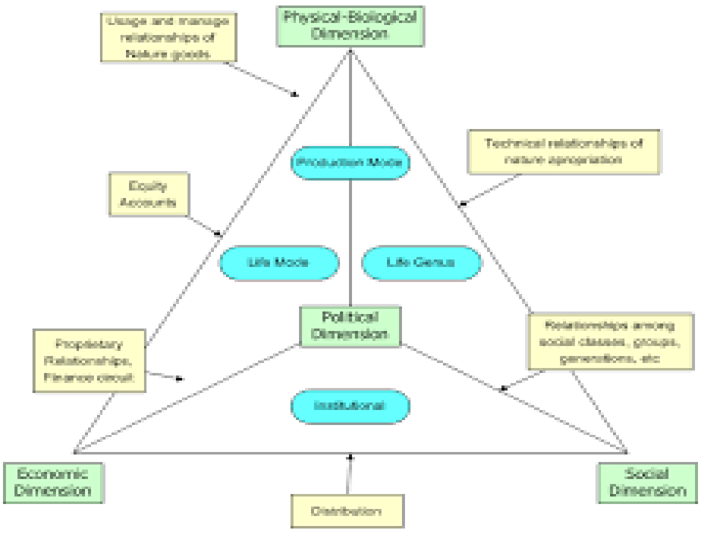
These resources needs to be examined in order to determine if each one is sustainable. Model suggest that if any of the other three resources are not truly sustainable, then the organization will also not be sustainable.

6. Four Dimensions of Organizational Sustainability

Achkar (2005) presented Four Dimensions of Organizational Sustainability model (*see fig. 7).*

Figure 7

Four Dimensions of Organizational Sustainability by Achkar (2005)



Source: Achkar, M. (2005)

These dimensions are Physical–Biological, Social, Economic & Political where Physical-Biological dimension emphasizes strengthening ecosystem diversity, its productivity natural cycle and biodiversity; Social dimension highlights equity among generations, classes, gender and ethnic groups to access natural resources; Economic dimension focuses on human activities and political dimension highlights democracy.

7. SEEE Model of organizational Sustainability

Balestrero and Udo (2013) developed SEEE model of organizational sustainability *(see fig. 8).* They emphasized four aspects viz., social, economic, environmental and ethical as requisite to achieve organizational sustainability. Social dimension in the model aligns business values with those of individual community stakeholders through people and communities; Economic dimension transforms business into a valuable investment based on sustainability principles and are possible through prosperity and resilience; Environmental dimensions assumes responsibility for sustainable contributions to the planet and are possible by developing ecosystem and stewardship; and finally, ethical dimension build trust with rigorous disciplines of openness, transparency and accountability.

Figure 8

SEEE Model of organizational Sustainability by Balestrero and Udo (2013)

Source: Balestrero and Udo (2013)

GAP found in reviewing various Business Models

After going through all above stated models it was observed that certain factors have been ignored by previous models. For instance, legal compliance as a basic sustainability factor has been ignored by models presented by Elkington (1997); Dyllick and Hockerts (2002); McDonough and Braungart (2002); Young and Tilley (2006); Achkar (2005) and Hollingworth (2009). Similarly, it was noticed that models presented by Dyllick and Hockerts (2002); Young and Tilley (2006) and Hollingworth (2009) had not mentioned Responsible Business Behaviour as one of the important dimension to measure business and societal sustainability. Model presented by McDonough and Braungart (2002) lacked mentioning Business Ethics as a factor of sustainability and Dyllick and Hockerts (2002); Young and Tilley (2006) overlooked mentioning corporate values in their model. Lack of factors jointly or severally in all business models indicate that the businesses and scholars did not take holistic view of Business and Society coexistence. Hence, it was decided to fill in this gap.

Business – Society Coexistence Model

Survival of Businesses vs. Society

The VUCA world has not only changed the business but business models too. Processes that were done manually are now done automatically or have become mechanized. There are two types of business models -First, where businesses create needs in society and secondly society creates needs in businesses. In the first case, businesses do or get done research and development whereby new and innovative products are created. Innovations in processes and ideas have changed the landscape of the doing businesses *Viz.* Online transactions, e-marketing, e-education sites, etc. This change of process has been responsible for scraping down many jobs but created other types of jobs. Similarly, use of plastic has increased so much that one cannot imagine life without plastic. Mall culture in urban and semi-urban areas have given rise to commercialization of almost everything, viz. oxygen was the costliest item during covid-19 times. These three examples are enough to show survival of the business is at the cost of society. Such examples also demonstrate that businesses are hazardous in nature to the society though the beneficiaries of the products made and services rendered by businesses are people from the society. If society stops using these services and goods, the related businesses can get closed down. However, businesses have started dominating every facet of modern life and society (Jose, 2016).

Survival of Society vs. Business

The second business model is where society creates needs in Business. On social demand businesses bring in innovative products e.g. in a bid to become green users, society is demanding recyclable and reusable products. There is a political willingness to support such a cause under various schemes of the government like swachchh and samruddha Bharat, healthy India, etc. For this entrepreneurs have started producing age old products as well as new products, viz. Jute/ cloth bags, organic food products, biodegradable materials and goods, herbal products, yoga training center, etc…

Society and Business Co-Existence

Comparing both the models, it can be concluded that businesses run with the sole purpose of earning profits and making society believe that the society needs their product though those products might be harmful to the society. However, businesses done with the purpose to make a stronger, healthy, prosperous and green society become sustainable in the long term by creating a sustainable society. Therefore, Society and business coexistence is possible only when the businesses produce goods or provide services to fulfill social needs of survival and not unlimited wants. Moreover, businesses do not exist for their own sake, but to fulfill a specific social purpose and to satisfy a specific need of society, community, or individual. They are not an end in themselves, but means to fulfill societal aspirations. The right question to ask in respect to them is not, what are they? But, what are they supposed to be doing and what are their tasks? (Drucker, 1973). Such observations exhibit the relationship between business and society (Preston, 1975). Thus, business and society are said to be complementary stakeholders coexisting for their mutual benefits.

The foregoing Review of literature reflects the organizational sustainability in bits and pieces. A holistic approach of sustainability cannot be achieved sans' recourse societal sustainability. Therefore, Responsible Business Behaviour will be foreseen as a raison d^etre of Business – Society coexistence. Hence, this research proposes following model. The model was presented by the researcher at 3rd International conference on Business, Economics and Sustainable Development (ICBESD – 2020) organized by TERI school of Advanced Studies and National Institute of Securities Market (NISM), Patalganga, Mumbai, during March 22-23, 2020.

Business-Society Co-existence and Sustainability Model as a Mitigation Strategies for Business and Society Co-existence

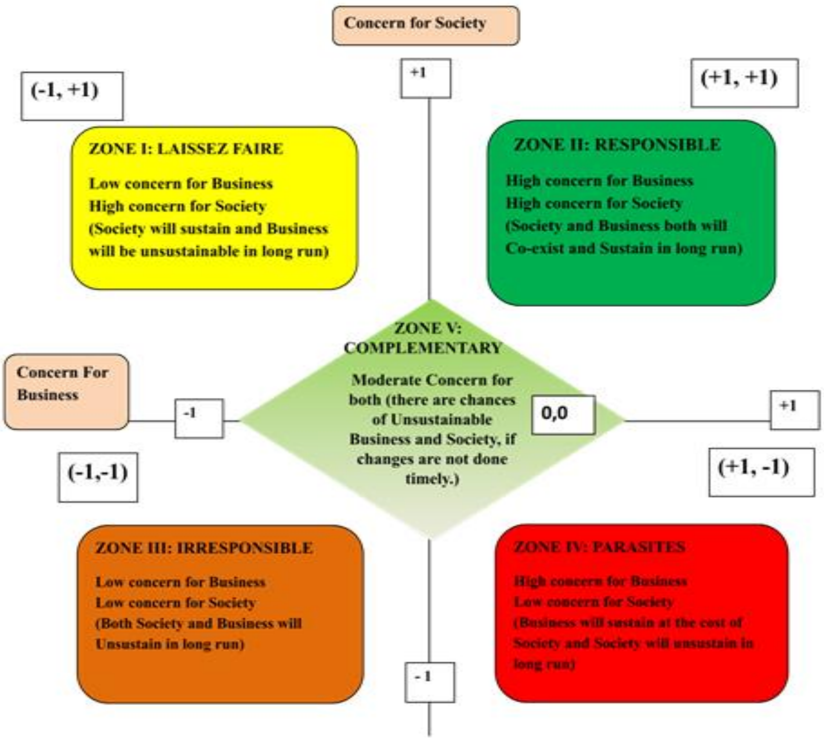
Businesses have always drawn resources from the society and given back very little in terms of CSR i.e. 2% of their profit. Moreover, it has been noticed that not all businesses behave in the same manner. Some businesses take care of the society and environment while doing their activities, some take care of their business activities only giving less preference to societal causes, some take philanthropic approaches and take care of society more than their own business activities. One cannot deny the fact that the ability and efficiency of business is not just reflected through its operations or profit but also depends on securing social legitimacy (Jose, 2016). Therefore, a synergetic, symbiotic, and integrated relationship between business and society will be helpful to create opportunities for shared value for both society and business (Porter & Krammer, 2006; 2011). Business is required to turn a social problem into economic opportunity and economic benefit. This is possible by improving their productive capacity and taping human competence to create mutual wealth. It gets a platform to leverage its resources and capabilities while converting social problems into business opportunities. We are aspiring for the coexistence of both business and society and not preferring one over the other. However, it is valid to discuss various philosophies that exist in business and social circles. The discussion will try to focus on business behaviour for coexistence and sustainability of both business and society.

Companies' Priorities for Business and/or Society

Society and business co-exist for mutual benefits. However, various pieces of evidence show that society including the environment has always been a victim on many fronts as generating profits has remained as the prime concern of business entities. Depending upon concern or no/ less concern for society and/ or business, behaviour of business *(as explained in fig. 9)* decides the sustainability of business and/ or society. A graphical portrayal of a two-dimensional hypothetical model has been developed by researchers with the support of Literature Review.

Figure 9

Business-Society Co-existence and Sustainability Model



Source: A Hypothetical model based on Review of Literature Developed by Sharma, S. & Lotwala, R., 2020

The proposed model “Business-Society Co-existence and Sustainability Model” identifies range of Business Behaviour on two dimensions i.e. ‘Concern for Business’ shown on X-axis and ‘Concern for Society/Environment’ on Y-axis (each expressed as a continuum on a scale ranging from -1 to +1). The model specifies five type of Business Behaviours: -

1. Laissez Faire (-1, +1): Such business behaviour, in Zone I, indicates low concern for Business and high concern for Society. Such Behaviour leads to Laissez Faire Business Behaviour. Milton Friedman (1970) once in his New York Times article stated that ‘The Business of Business is to do Business”. Therefore, the negative concern for business and positive concern for society reflects extravagant expenses on social cause which may harm the basic objectives of business and in a long run will be responsible for the closure of the business which will defy the Friedman’s statement and hence the business will work with an objective of NGO (Non-government organizations) which was otherwise registered for profit motive. With this, society will sustain and business will be unsustainable with respect to its objective of profitability or enhancing long term shareholder value.

2. Irresponsible (-1, -1): Such business behaviour, in Zone III, specifies low concern for both, society and business. This type of business behaviour can be stated as Irresponsible Business Behaviour. Such businesses show suicidal behaviour as they are neither putting any efforts to sustain their business nor contributing anything for the development of society. In this case, all types of business stakeholders i.e. primary or secondary are greatly affected. Such companies are good candidates to file for winding up sooner or later.

3. Parasite (+1, -1): Such business behaviour, in Zone IV, demonstrates high concern for business and low concern for society. These types of businesses are dangerous as they damage the society / environment for generating profits, rightly known as ‘Profiteering’. They exploit society and its resources for their unprecedented profits. They may have short term profits but in the long term have the danger of getting dishonored and dejected from the society, law enforcement authorities and government.

4. Complementary (0, 0): Such behaviour, in Zone V, represents moderate concern for business as well as society stated as Complementary Business behaviour. Such behaviour acts as a conscious zone and industries lying in this zone can have better scope of making improvements towards concern for Business and society leading to sustainability. Stakeholders in this situation will be moderately satisfied. They have chances to survive in the long run with their mediocre approach but they can never be role models of success.

5. Responsible (+1, +1): The behaviour in Zone II, exhibits ideal Business Behaviour as business has high concern for both society and business. This type of behaviour either is based on providing a solution to social cause/ challenge/ need or alongside business takes care of natural resources. This goes a long way in the sustainability of the business vis-à-vis society.

Explaining Business and Society Co-existence: It can be said that businesses in zone III and IV are in conflicting relationships with society and hence will not sustain either due to their own misery or due to society's discontentment. Zone I businesses will be liked by the society but will put the financial position of companies in jeopardy and hence will not sustain. Zone V businesses though represent ideal situations, they may slip on any peripheral zones I, III or IV to face their respective fates. However, Zone II companies are the most ideal situation as they behave with responsibility taking care of all stakeholders. But, one may wonder whether Zone II situations can ideally be met when businesses have pressure to show their finances in Green all the time and every time.

This research has tried to find out various parameters of responsible behaviour and compliant behaviour. Further it was tried that which are the independent variables that can promote responsible behaviour for business and society coexistence and which are the independent variables that can promote compliant behaviour for business sustainability only.