

# CORPORATE SUSTAINABILITY INTEGRATION IN STRATEGIC MANAGEMENT: A SYSTEMATIC LITERATURE REVIEW

## Background and Rationale:

Over the last decade, sustainability has moved from the periphery of corporate responsibility into the core of business strategy. Driven by stakeholder pressure, regulatory frameworks, and reputational risks, firms in the US and UK are increasingly expected to align their strategic decisions with environmental, social, and governance (ESG) principles. However, research on how sustainability is operationally embedded in strategic planning and execution remains fragmented.

## Research Objectives:

- To identify the dominant theoretical frameworks used to study sustainability integration in business strategy.
- To review how corporations implement and measure sustainability within strategic decision-making processes.
- To assess challenges and enablers in embedding ESG considerations at the corporate strategy level.

## Review Scope and Methodology:

- **Type of Review:** Systematic literature review
- **Databases Searched:** Web of Science, Scopus, Emerald Insight, JSTOR
- **Inclusion Criteria:**
  - Peer-reviewed articles (2010–2023)
  - Studies focusing on sustainability as a component of strategic management
  - Empirical and conceptual papers from US and UK-based firms or global studies involving them
- **PRISMA Process:** Applied for article selection
- **Framework for Synthesis:**

1. Theoretical Lens

2. Strategic Implementation
3. Measurement and Accountability
4. Institutional and Industry Factors

## Key Theoretical Foundations:

- **Stakeholder Theory (Freeman, 1984):** Emphasizes balancing interests of multiple stakeholder groups in decision-making.
- **Resource-Based View (Barney, 1991):** Links sustainability capabilities (e.g., green innovation) to competitive advantage.
- **Institutional Theory:** Focuses on external legitimacy and regulatory compliance as drivers of sustainability alignment.
- **Triple Bottom Line (Elkington, 1997):** Encourages simultaneous consideration of people, planet, and profit in corporate planning.

## Synthesis of Literature Findings:

### 1. Strategic Framing of Sustainability

- Firms increasingly treat sustainability not as a cost center but as a source of differentiation (Porter & Kramer, 2011).
- Strategic integration occurs via goal-setting (e.g., net-zero), CSR strategy alignment, and board-level KPIs.

### 2. Implementation Mechanisms

- Embedding sustainability into procurement, product innovation, and performance appraisals is common in leading firms (e.g., Unilever, Patagonia).
- Cross-functional sustainability councils and ESG-aligned budgeting practices are gaining traction in the UK.

### 3. Measurement and Reporting

- Standardized frameworks like GRI, SASB, and TCFD are widely used but lack cross-sector comparability.
- Studies emphasize the gap between disclosure and impact—companies often report more than they act (Cho et al., 2015).

### 4. Barriers and Enablers

- **Barriers:** Misaligned incentives, short-termism, lack of internal expertise, inconsistent regulation
- **Enablers:** Strong board commitment, ESG-linked executive compensation, stakeholder activism, regulatory pressure (e.g., UK's Companies Act)

## Identified Gaps in the Literature:

- Limited empirical evidence linking sustainability integration to long-term financial performance.
- Few longitudinal case studies capturing strategy evolution over time.
- Under-representation of SMEs and non-listed firms in sustainability strategy literature.
- Lack of clarity on the role of middle management in translating sustainability goals into action.

## Conclusion and Relevance:

The review shows that **corporate sustainability is increasingly treated as a strategic imperative**, but implementation practices remain uneven across industries. Successful integration depends on both top-level commitment and operational alignment. For strategy researchers and practitioners, the synthesis offers a roadmap of frameworks, mechanisms, and measurement tools shaping this evolving domain.

## Academic and Corporate Suitability:

- **Academic:** Suitable for literature reviews in strategic management, sustainability, or corporate governance dissertations.
- **Corporate:** Informs ESG strategy teams, corporate planning units, and sustainability consultants on best practices and pitfalls in sustainability integration.