

Chapter 1

Companies and the UN Sustainable Development Goals: At the Intersection Between Social Impact and Business Value

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ABSTRACT

This chapter explores the role that the private sector assumes in promoting sustainable development and fighting economic, social, and environmental international challenges by working on the United Nations Sustainable Development Goals. From a theoretical approach, the chapter provides a literature review on business strategies (i.e., corporate social responsibility and social entrepreneurship) that can align business goals with the SDGs. It also presents a discussion on the main benefits of working on the SDGs (i.e., social impact and business value) that serves as a rationale for companies to invest in social and environmental programs. The chapter concludes with an overview of recent literature that has explored the corporate-SDGs intersection, which assists the authors in identifying gaps in current literature and relevant areas of future research on the involvement of the private sector in the Agenda 2030.

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INTRODUCTION

In the context of the Covid-19 pandemic, economies are facing a deep and growing crisis. Although the trajectory of the crisis is still uncertain, it is evident that the world will change markedly after the pandemic as a consequence of its important implications for public health, the economy, social stability or world politics, among other factors. However, if crisis management is approached correctly, important positive lessons can be learned for the future. Thus, the Covid-19 pandemic may also represent opportunities for better governance, and this is a crucial time to make high-level commitments that build a better world (Sachs et al., 2020).

Working to achieve the Sustainable Development Goals (SDGs) is one of the high-level commitments that can help rebuild and sustain our planet into the future. The SDGs are the global goals, of a shared nature, for sustainable development, and the Covid-19 crisis makes them more relevant than ever. In this sense, the implementation process of the SDGs offers unparalleled opportunities to advance equal opportunities and promote social and economic empowerment, helping countries to promote further the cause of sustainable development in their territories, thus benefiting their populations (Leal Filho et al., 2019). More precisely, the SDGs can help international governments chart medium and long-term responses so that countries can recover more quickly from the health, economic, social and environmental impacts of the pandemic (Sachs et al., 2020).

Nevertheless, national-level progress on the SDGs, and therefore, sustainable development of the planet, cannot be achieved solely with work coming from public administration. As budgets for public development continue to shrink (Scheyvens et al., 2016), the need for financial support and collaborative partnerships becomes increasingly salient. On the contrary, progress in the fulfilment of the SDGs requires the awareness and involvement of agents and institutions from very diverse spheres, such as government organizations, the private sector, civil society and individual citizens (Bebbington & Unerman, 2018). For example, the private sector has many strengths to contribute to meeting the SDGs, including innovation, responsiveness, efficiency, and provision of specific skills and resources (Scheyvens et al., 2016). The importance of the private sector is such that many experts affirm that the SDGs cannot be achieved without the contribution of companies (van Zanten & van Tulder, 2018).

However, we must be aware that the involvement of the private sector in the achievement of the SDGs depends largely on their ability to create business value derived from their investments in social and environmental activities (Busco et al., 2017). In this regard, it is understood that companies will align with the SDGs and integrate them into their business models in a more solid way when they perceive that these goals help them generate new income, increase synergies in their supply chains, recruit and retain talent and/or awaken the interest of investors (Busco et al., 2017). After all, companies committed to sustainable development want to achieve the same goals as any other company: driving revenue growth, creating value and accelerating business expansion. Otherwise, if working on the SDGs does not bring direct benefits to companies in the form of business value, it will be difficult for them to be proactive in integrating these objectives into their business models (Schönherr et al., 2017). This fact will greatly hinder the possibility of achieving true long-term sustainable development at the national level, preventing the achievement of the 2030 Agenda on time.

As will be further discussed in this chapter, some scholars have started to identify a clear business logic behind companies' involvement in the SDGs (van Zanten & van Tulder, 2018), as they can unlock millionaire annual opportunities for value creation in terms of accounting-based measures of financial performance (e.g., ROA, ROE, etc) (Byun & Oh, 2018) or significant increases in the value of compa-

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