

Multi-Perspective Analysis of the Sustainable Transformation of Multinational Companies

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Abstract

The sustainability transition has been defined as “a radical shift to a sustainable society” as a response to some of the ongoing issues facing the new mainstream economies. However, the importance of sustainable transition has been overlooked by many countries and large organisations. As climate change and energy scarcity become urgent, many large organisations are pursuing sustainable transformation to achieve low cost and resource reuse. A study of the existing literature reveals that the literature on the sustainable transformation of large organisations and multinational corporations is limited and not analysed more comprehensively. This paper aims to illustrate methods and recommendations for the sustainable transition of multinationals and to analyze the sustainable transition of multinationals using different theoretical factors and sustainability models. For example, the three pillars of sustainability, this section illustrates the operational and technological transformation of multinational companies; the 10 R's of sustainability and value creation demonstrate the concepts that multinational companies focus on to meet their success criteria for sustainable transformation; and the importance of sustainable transition for multinational companies is also analyzed from the perspective of supply chain and corporate social responsibility. Meanwhile, links are made between these theories and models, indicating the importance of focusing on multiple dimensions for better accomplishing the sustainable transition.

Keywords: sustainable transition, multinational corporations, three pillars of sustainability, 10 R's theory, supply chain, corporate social responsibility (CSR)

1. Introduction and Background

Sustainable transitions present several challenges in terms of their accessibility and implementation. These challenges stem from climate change, ecosystem degradation, lack of clean water, poverty, inequality and waste generation and disposal. Furthermore, multiple global initiatives for the SDGs underline the urgency of these key issues of sustainable transformation. As stated by El Bilali (2019),

technological advances and the extraordinary proliferation of new infrastructures contribute to the achievement of various SDGs. Moreover, the use of natural and renewable resources in electricity is one of the most important challenges for a sustainable transition. For potential future opportunities and strong sustainability in commercial markets, many multinational companies express the need for complementarity by focusing on variable

renewable energy sources such as solar or wind. Additionally, for complementary advances such as infrastructure to be stimulated and fundamental barriers to be avoided, policy-makers also manage the diffusion of technology. The sustainable transition has a direct impact on the customer experience by creating a positive atmosphere between the customer and the organisation (Kanda et al., 2020). It benefits business operations and also has a positive impact on the environment and society. Firstly, the transition can present a huge opportunity and value proposition, and multinational companies need to transform sustainability in their business operations to protect the ecosystem. In addition, sustainability transition is related to a holistic approach to business-to-business and takes into account everything from production to logistics and customer service (Von Wirth et al., 2019). To achieve a successful and sustainable transformation, many business organisations are implementing effective technological breakthroughs, change management techniques and new operational strategies to save costs. Nowadays, many organisations have noticed changes throughout the transformation process compared to last year. Therefore, becoming a green business and transitioning to sustainability is an advantage not only for the organisation but also adds to the advantage of being environmentally conscious in the future.

The article is based on multinational companies to analyze their sustainability transformation plans. Undoubtedly, the use of resources and the solution of environmental problems are imminent and some of the certain environmental problems that already exist must be solved by major improvements to the existing basic structure. It is to be emphasised that resource linkage analysis provides a sound study of the indirect and direct merger between different natural resources and their management, use and governance. Greenhouse gas emissions and their intensity are one of the challenges in the environment, so technological advances can help reduce this problem (Kanda & Kivimaa, 2020). The use of fossil fuels also increases rapidly in 2021, leading to an increase in global greenhouse gas emissions in the EU, especially in the energy sector, which significantly raises the bar for greenhouse gas emissions and electricity generation. These are driving climate and environmental change, so

technological transformation is necessary to improve society and the environment.

2. Sustainability Transitions in Multinational Companies

According to Lambin et al. (2020), the value of sustainable transformations is accompanied by a belated, alarming understanding of them, something that multiple organisations need to be aware of. Delmas et al. (2019), mention that many of them have seen that green development has minimised the cost of running their business. While sustainable transformation initially requires proper funding, in the long run, it will cost-effectively minimise overall operations. Many studies claim that the explosion of COVID-19 has prompted many global companies to adopt a more environmentally friendly mindset. As a result, in the wake of COVID-19, most retailers, including Tesco, Sainsbury and Aldi, have adopted new technological advances to speed up their retail and e-commerce company processes. Recycle resources and increase the recycling of raw materials. In addition, these multinational companies have effectively reduced the carbon footprint of their operations by employing sustainable suppliers.

Frattoni et al. (2019), stated that the automotive industry is striving to manufacture all-electric fleet vehicles and cars to maintain sustainability in their corporate social responsibility policies (CSR). Some other companies have changed their formal meetings to digital media, such as Skype and Zoom phones, rather than physical meetings. And, British Airways has set a target to reduce carbon emissions and is working with several companies with similar airline targets.

The following four modules described in detail the aspects that multinational companies need to take into account in their sustainable transition and give some recommendations.

2.1 Three Pillars of Sustainable Transitions

These three pillars are inevitably taken into account by multinational companies in developing transformation programmes in the context of sustainable transformation. According to De la Porte and Jensen (2021), the term 'sustainability' is commonly used when exploring the three interrelated concepts of social, economic and environmental sustainability.

- **Society:** Gil-Gomez et al. (2020), suggest

that this change helps to strengthen the linkages between the companies in the society and optimize the company's development structure. Multinational companies need to do a good job of coordinating their social structure and planning for long-term development goals in terms of sustainable transformation, which will have a significant impact on the company's business and environment, help multinational organizations retain old customers and acquire new ones, and be more attractive for investor support.

- **Environment:** The environmental considerations of multinational companies cannot be limited to small-scale considerations, but more important to do environmental sustainability in the areas involved and protect natural resources from pollution and exploitation. Sovacool and Brisbois, (2019) stated that the transition process of environmental sustainability focuses on reducing carbon emissions from business operations, keeping water bodies free from pollution, and minimizing product waste. Thus, sustainability transition provides a viable use of available artificial and natural resources, creating long-term value for business operations.

- **Economy:** According to Sabatini (2019), sustainability changes in the economy always protect human and natural resources and generate profits. Sustainable changes in the economy of multinational companies allow them to benefit from the local employees, investors and people in which they operate.

2.2 Supply Chain Innovation in Transition

This module is very essential for the sustainable transformation of multinational companies, where innovation in the supply chain is well-developed to save costs and focus on the long-term development of multinational companies. According to Steffen and Schmidt (2021), innovation in the supply chain is critical to the sustainable transition of companies, their ability to apply their assets and conserve resources in a variety of ways, and their ability to develop ways to meet customer needs.

- **Supply Chain Operations and Logistics Innovation:** The value of innovation is assessed based on the extent to which it assists in meeting consumer needs and wants. According to Lambin et al. (2020), supply chains have brought about a change in the scientific management of logistics, which facilitates saving companies

money and time and meeting individualized needs (Rajesh, 2020). Many multinational companies are transforming sustainably in terms of technology, which means that they are incorporating leapfrog technologies into their organisational structures to improve the efficiency of the entire delivery process.

- **Collaboration and integration:** According to Turnheim and Sovacool, (2020), the global operating model is well suited for multinational companies to gain access to customers in the global supply chain process. In addition, a collaboration between multinationals and trading partners can enhance supply chain management and also help to reduce the time between sales directions.

- **Innovative teamwork in operations:** In general, this is an effective means for multinationals to launch new products in each country and can improve the efficiency of the whole process of supply chain management. As Feola (2020) argues, the seeds of innovation need to be sown so that members of the organization can accelerate the realization of better delivery models to effectively meet the needs of customers. This can help companies to increase sales and gain higher margins in competitive advantage through sustainable transformation strategies (Sauermann et al., 2020). Meanwhile, technological innovations by some multinational companies, such as Tesco's upgraded equipment to efficiently distribute goods, have contributed to streamlining automation processes, reducing errors and improving cost and time efficiency.

2.3 10 R'S—Reference for Sustainable Transition

According to the observation of Çağlıyan et al. (2022), different organizations may define different sets of sustainability Rs, but they do not differ significantly from each other because they have the same basic principles. Therefore, all 10 Rs apply to multinational companies. They can use them as a reference in the development of their sustainable transformation strategies to reduce their expenses and carbon footprint and to truly recycle and reuse resources. The 10 R's are therefore applicable to all types of multinational companies. They can develop transformation plans tailored to their actual situation and use them as a guide to inform sustainable transformation strategies to reduce their expenses and carbon footprint and to truly recycle and reuse resources.

- **Respect:** According to Sari et al. (2021), this process starts with respect, which states the activity of mentioning various ways of maintaining the esteems of property in congruence to the property based on physical and economic environments that in turn helps in maintaining the delicacy of the ecosystem.
- **Refuse:** Additional to this is the concept of refuse, which in turn is adhered to the process of utilising any leftover stuff that might cause harm, to get neglected. This process is generally known for its way of getting the needed certification of using the proper materials and hence allows in the needed maintenance of balance through a certified manner.
- **Reduce:** Next to these comes the process of aligning to the concept of reduction which leads to the process of decreasing or utilisation of the natural resources that might affect the integrity of the natural environment (Mansell et al. 2020). Additionally, this leads to the proper transportation of products and goods and ensures the fact that there is no limitation in the supply of the needed products at the same time.
- **Reuse:** It is about the reclamation or reprocessing of items that have been used, assuring the fact that no harm is caused to the integration of the ecosystem and hence leads to proper utilisation of the materials.
- **Recycle, Responsibility, Rethink, Replace, Repurpose and Restore** are considered to be other internal aspects of the 10Rs of sustainability. According to Borrello et al. (2020), no further hindrances are caused and no additional harm is caused to the need for raw materials. Organisations like Zara and H&M are importantly known for their actions in sustainability. This is said so because these organisations have been observed to take into consideration some of the pivotal points from the entire set of 10 R's to promote, propagate and maintain the needed set of sustainability in the organisational operations and functions (Barreiro-Gen & Lozano, 2020). These practices have made them of being capable of maintaining the needed synergies in reducing carbon emissions and producing sustainable goods.

2.4 CSR's Relevance in Sustainable Transition

According to Stanitsas et al. (2019), corporate social responsibility (CSR) can be described as a contemporary tool for the responsibility of the business sector in the sustainable transition of various businesses today, where it plays an

important role in the sustainable transformation of businesses and has a profound impact on society.

Creating value for sustainability and transition:

According to El Bilali et al. (2019), CSR creates value for companies in sustainable transition. Notably, as a practice of CSR, some efforts are being made by some multinational companies. Sainsbury's, for example, is working to reduce its net carbon emissions, with the company attempting to reach net zero emissions by 2040 (Grainger-Brown & Malekpour, 2019). As Van Mierlo and Beers, (2020) state, with the help of specific contribution reporting, CSR is always changing to reflect the state of today's society through sustainable changes. It also provides a critical analysis of some value-based CSR concepts that can be used to create a theoretical basis for corporate sustainability and accountability. Importantly, companies are often expected to go beyond ethical behaviour and deflect CSR controversies in the context of stakeholder engagement.

Multinational corporations, according to Markard et al. (2020), can also lower the standards of pollution and greenhouse gas emissions in their actions to promote innovation. Tesco Plc does a good role in encouraging innovation by reducing the negative impacts due to pollution and greenhouse gas emissions (Roscoe et al., 2019). Therefore, highly developed multinational organizations like these need to strengthen their operational skills and business processes for any effective sustainable transition. By following these sustainable transition variables, individuals and organizations can successfully fulfil their obligations to their communities and the environment.

3. Conclusion

From the above discussion, it is clear that the process of transitioning to the integrity of sustainable development in the process of sustainable transformation is ethically considered a great framework to ensure the functioning of the organization. Due to the sudden emergence of the COVID-19 epidemic, the process of organizational adherence to sustainable transformation has escalated perfectly. Various international companies have been observed to be fruitful in sustainable transformation. In line with the above concept, some examples of multinational companies are

considered to have helped minimize their carbon footprint, thus enabling their organizational structure to generate the required brand value while reducing travel emissions to maintain sustainability. The article's discussion also considers the concept of the three pillars of sustainable transition, which are considered to underpin the basic operations of the organization. It is clear from the discussion that the connection to the community in turn affects the integrity of an organization, allowing the organization to increase its share of sustainable operations and help investors attract and support new customers to maintain desired sustainability. The discussion section also points out that various companies must measure the different values of innovation in a sustainable transformation, which can result in significant cost savings in terms of spending and maintaining the required mobility in the business environment. In this article, different elements of sustainable transformation, such as adaptation, collaboration and integration, can sustain and change the functioning of the supply chain, resulting in a reduction of internal and external management processes. The integrity of the 10 R's is further talked about to promote and maintain the necessary values and sustain the integration of production processes leading to sustainable outputs. The supply chain initiatives and the value created by CSR in the sustainable transformation of the organization are explained in detail. Thus, allowing people to pursue essential quality in both internal and external situations.

Various key points were considered throughout the article. However, it does miss some important aspects, which further leads to the creation of research gaps. The article fails to accurately integrate the challenges and trends that different organizations generally face in conducting CSR activities. In addition, the legal and ethical rules followed by different organizations were also observed not to be included in the chapter held for discussion (Mensah, 2019). Finally, the recommendations in this paper need to be further guided and more research is done to corroborate them.

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