

A Systematic Review of Literature on Sustainability in Business Strategy

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ABSTRACT

This research focuses on how organizational procedures, strategic orientations, and contextual elements affect sustainability outcomes by conducting a systematic literature review (SLR) to investigate the connection between business strategy and sustainability. Guided by the PRISMA 2020 framework, the review synthesizes 15 peer-reviewed studies published between 2002 and 2023, covering diverse industries such as real estate, fashion, agriculture, manufacturing, and technology. The results show that although sustainability is becoming more widely acknowledged as a fundamental business strategy for innovation, competitiveness, and long-term value creation, its application varies depending on the situation. While external factors like legal threats and regulatory pressures greatly influence disclosure and accountability, success factors include employee engagement, knowledge management, indigenous creativity, spiritual capital, and cooperative partnerships. The literature is still fragmented, though, with different definitions and metrics for sustainability performance, limited generalizability because of the use of case studies and cross-sectional surveys, and dynamics at the institutional and industry levels that are not well understood. According to the review's findings, sustainability can be a structural component of business strategy, but its successful application necessitates multi-level approaches, standardized metrics, and thorough empirical testing in various contexts. Future studies can fill these gaps by offering more solid theoretical underpinnings and useful advice to businesses looking to integrate sustainability into their strategic core and support the global sustainable development goals.

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KEYWORDS: business strategy, sustainability, corporate performance, sustainability integration, systematic literature review.

1. INTRODUCTION

The incorporation of sustainability into business strategy has gained significant attention from scholars and industry professionals in recent years. In order to generate long-term value for stakeholders, corporate sustainability (CS) seeks to match organizational objectives with social and environmental demands (Broman & Robèrt, 2017; Montiel, 2008). Businesses can support sustainable development on a larger scale by incorporating sustainability principles into their core strategies (Schaltegger, Hansen, & Lüdeke-Freund, 2016). Evidence, however, indicates that many corporate sustainability initiatives fall short of bringing about systemic change, frequently remaining small-scale enhancements that favor the company over the environment or society (Dyllick & Muff, 2016; Landrum, 2018).

A more integrated strategy is needed for the strategic alignment of sustainability, where businesses address urgent social and ecological issues in addition to pursuing financial goals. CS has been conceptualized (Montiel, 2008; Meuer, Koelbel, & Hoffmann, 2020), its voluntary adoption as a competitiveness driver (Schaltegger, Lüdeke-Freund, & Hansen, 2012), and the internal and external factors that facilitate successful strategy integration (Engert, Rauter, & Baumgartner, 2016) have all been studied in previous research. However, even though business models are acknowledged as essential facilitators of sustainable change (Lozano, 2018; Geissdoerfer, Vladimirova, & Evans, 2018), putting integrated strategies into practice that concurrently provide financial, social, and environmental value is still difficult.

According to recent research, the way that business strategy affects sustainability outcomes varies based on the strategic orientation. For example, defender-type firms show greater alignment with material sustainability performance, whereas prospector-type firms frequently mismanage sustainability by focusing on immaterial issues (Maniora, 2018). Integration of sustainability into core business strategies has been demonstrated to support environmental stewardship, foster community well-being, and provide economic resilience in emerging contexts like cooperatives and agriculture (Matzembacher & Meira, 2019; Moskovich, 2020). According to supply chain research, companies that only rely on resource-based advantages might ignore industry- and institutional-level pressures, which could lead to a fragmented sustainability orientation (Ponte, Viana, & Silva, 2022).

These results show that although the literature has improved our conceptual and strategic understanding of corporate sustainability, there are still gaps in our knowledge of how integrated strategies are successfully implemented in various contexts and industries. In particular, more empirical research is required to identify the processes and circumstances that allow business strategies to produce quantifiable sustainability performance (Kitsios, Kamariotou, & Manthou, 2020; Hahn, Pinkse, Preuss, & Figge, 2018). In order to close this gap, the current study investigates the factors that influence environmental sustainability performance by looking at how management procedures mediate the relationship between sustainability outcomes and business strategy.

2. LITERATURE REVIEW

S. no.	Title	Author(s)	Year	Methodology	Findings and Conclusion
1	Factors influencing the implementation of an integrated corporate sustainability and business strategy	Kaisa Manninen & Janne Huiskonen	2022	Comprehensive case study of a multinational horticultural business (2020–2021)	Organizational structures, employee engagement, internal and external activities, and market conditions all play a role in the successful integration of sustainability. The study offers a framework to help businesses avoid common implementation mistakes and balance business growth with sustainability.
2	From E-Commerce to the Metaverse: A Neuroscientific Analysis of Digital Consumer Behavior	Alessandro Fici, Marco Bilucaglia, Chiara Casiraghi, Cristina Rossi, Simone Chiarelli, Martina Columbano, Valeria Micheletto, Margherita Zito & Vincenzo Russo	2023	Post-task questionnaires are used to support an experimental study that uses consumer neuroscience techniques (EEG, SC, and BVP) with participants who are shopping for the same product on a traditional e-commerce site and a metaverse platform (Second Life).	Shopping in the metaverse improves memory and cognitive engagement, but it also increases mental strain and reduces positive emotions, making the experience less fulfilling. Before implementing metaverse retail, businesses must enhance their emotional appeal and usability.
3	The Role of Entrepreneur's Financial Sophistication on the Nexus of Business Strategy and Sustainability Indicators of Philippine Microenterprises	Sheevun Di O. Guliman	2023	PLS-SEM analysis of a survey of 384 microbusiness owners in the NCR	Economic, environmental, social, and governance sustainability indicators are all positively impacted by business strategy. This relationship is strengthened by financial sophistication, with sound financial judgment and behavior emerging as important factors in the long-term expansion of microenterprises.

4	Business strategy, spiritual capital and environmental sustainability performance: mediating role of environmental management process	Bambang Tjahjadi, Noorlailie Soewarno, Tsanya El Karima & Annisa Ayu Putri Sutarsa	2022	PLS-SEM and the mediation framework were used to analyze a survey of 454 MSME managers and owners in Indonesia.	Performance in environmental sustainability is positively impacted by both business strategy and spiritual capital. The environmental management process plays a crucial role in connecting strategy and values to sustainability outcomes by fully mediating the impact of business strategy and partially mediating the effect of spiritual capital.
5	Balancing Product and Process Sustainability against Business Profitability: Sustainability as a Competitive Strategy in the Property Development Process	John R. Bryson & Rachel Lombardi	2009	An analysis of two real estate development firms in the United Kingdom	By developing new practices, skills, and market niches, the study demonstrates how businesses incorporate sustainability into their business models as a competitive advantage. Sustainability can be used as a value system and a strategic tool to achieve a double bottom line, as demonstrated by the framework created to balance sustainability values with profitability.
6	Understanding the importance of farmer–NGO collaboration for sustainability and business strategy: Evidence from the coffee supply chain	Enrico Fontana & Nick Pisalyaput	2022	Evidence from the coffee supply chain as a case study from the standpoint of human ecology	Collaboration between farmers and NGOs improves economic, social, and environmental sustainability while bolstering farmers' ability to operate as self-employed entrepreneurs. Although there may be unforeseen consequences, the study offers a strategic framework that demonstrates how such collaboration supports market access and business strategy.
7	Business strategy and innovative models in the fashion industry: Clothing leasing as a driver of sustainability	Micol Barletta, Idiano D'Adamo, Jose Arturo Garza-Reyes & Massimo Gastaldi	2023	Multicriteria analysis (local–global approach) with experts in academia and fashion/retail	The most sustainable circular business model is clothing leasing, which guarantees moral working conditions, the use of bio-based or recycled materials, and less overproduction. Accelerating the fashion industry's shift to sustainability requires strategic alliances and sharing platforms.
8	Corporate sustainability and biodiversity reporting: A proactive business strategy to	Sirimon Treepongkaruna	2023	An empirical investigation examining how universal demand laws (UDLs) affect corporate biodiversity reporting in the United States	Biodiversity reporting drops 87% when the threat of shareholder litigation decreases, demonstrating that managers reveal less when agency costs increase. Regulators are urged to tighten reporting requirements,

	mitigate litigation and reputational risks				and voluntary biodiversity disclosure is recommended as a proactive tactic to reduce litigation and reputational risks.
9	Is Sustainability Reporting a Business Strategy for Firm's Growth? Empirical Study on the Romanian Capital Market	Mihai Carp, Leontina Păvăloaia, Mihai-Bogdan Afrăsinei & Iuliana Eugenia Georgescu	2019	Quantile regression is used in an empirical analysis of businesses listed on the Bucharest Stock Exchange between 2012 and 2017.	Firm growth metrics (price-to-book ratio, sales growth, and cost of capital) are only marginally impacted by sustainability reporting. Although there are some important but erratic dependencies, reports are frequently thought to be inadequately documented for decision-making. The study emphasizes how little sustainability reporting can do to propel business expansion on the Romanian capital market.
10	The Sustainability Balanced Scorecard – Linking Sustainability Management to Business Strategy	Frank Figge, Tobias Hahn, Stefan Schaltegger & Marcus Wagner	2002	conceptual paper based on the framework of the balanced scorecard	suggests using the Sustainability Balanced Scorecard (SBSC) as a tool to incorporate social and environmental factors into business strategy. The SBSC overcomes the drawbacks of traditional management systems and offers a thorough framework for tying sustainability to long-term business success by coordinating sustainability factors with strategic goals.
11	Sustainability of Business Strategy Based on Indigenous Product Creativity in the Weaving Industry of Palm Oil Waste in Riau, Indonesia	Annisa Mardatillah, Rosmayani & Rendi Prayuda	2023	SEM-PLS analysis of a survey of 50 palm oil waste weaving industry artisans (census sampling)	When indigenous product creativity acts as a mediator, knowledge management and innovation greatly increase sustainable competitive advantage. The study emphasizes the importance of local creativity as a distinctive differentiator that boosts competitiveness and sustainability in regional industries.
12	How to renew business strategy to achieve sustainability and circularity? A process model of strategic development in incumbent technology	Jenni Kaipainen & Leena Aarikka-Stenroos	2023	25-year longitudinal single-case study of Neste Oyj employing critical incident analysis, documents, and interviews	suggests a five-step process model for strategic renewal in which changes toward sustainability and circularity are guided by formulation, execution, and assessment. demonstrates the methodical management of strategic renewal from fossil fuel-based to sustainable business models by incumbents.

	companies				
13	Mismanagement of Sustainability: What Business Strategy Makes the Difference? Empirical Evidence from the USA	Janine Maniora	2018	Materiality guidelines for US firms in firm-level panel regressions	While Defender-type firms exhibit lower risk, Prospector-type firms are more likely to mismanage sustainability by concentrating on immaterial issues. The study emphasizes how ethical and sustainable performance is influenced by business strategy choices, with implications for managers, auditors, and regulators.
14	Business Sustainability Strategy in a Cooperative Kibbutz Industry	Yafa Moskovich	2020	qualitative investigation of "T Industries" in a non-privatized kibbutz community through in-depth interviews and document analysis	Three main components made up the strategic management approach: (1) socialist concern for the well-being of the community; (2) external growth strategy through alliances, acquisitions, and globalization; and (3) internal focus on learning, professionalism, self-criticism, and creativity. Results indicate that the company and its community were able to achieve long-term sustainability and financial success by combining social responsibility with innovation and international growth.
15	Diving into the Business Strategy: The Strategy Tripod's Influence on Supply Chain Sustainability Orientation	Roselene C. Del Vecchio Ponte, Fernando Luiz E. Viana, Minelle E. Silva	2022	Several case studies employing deductive content analysis in the cashew sector	Although supply chain sustainability orientation is shaped by the strategy tripod (IBV, RBV, and INSBV), the resource-based view (RBV) was given primary attention. Holistic approaches were constrained by the lack of attention given to industry and institutional viewpoints. The study comes to the conclusion that in order to achieve supply chain sustainability, businesses must move from reactive to proactive strategy management.

3. RESEARCH METHODOLOGY

To guarantee openness and rigor in the review process, this study uses a Systematic Literature Review (SLR) methodology in accordance with the PRISMA 2020 guidelines. The Scopus database, which offers thorough coverage of peer-reviewed literature, is the only source of the data. Using a Boolean search string, terms associated with artificial intelligence (such as “AI,” “machine learning,” “deep learning,” “emotion AI,” “facial coding,” “EEG,”

“eye tracking,” and “voice analysis”) and neuromarketing (such as “neuromarketing,” “consumer neuroscience,” and “neuroanalytics”) are combined.

Only peer-reviewed journal articles published in English between 2023 and 2024 are included in the search. Studies that use AI techniques in neuromarketing contexts like branding, advertising, or consumer behavior analysis are the main focus of

the inclusion criteria. Reviews, editorials, book chapters, theses, duplicates, non-English works, and studies that do not specifically combine AI and neuromarketing strategies are all excluded based on the exclusion criteria.

Three steps make up the screening process: full texts, abstracts, and titles are all closely reviewed to guarantee quality and relevancy. This review's analysis and synthesis are based on the resulting collection of articles.

4. RESEARCH GAP

The review identifies a number of significant gaps in the body of knowledge regarding business strategy and sustainability. It is difficult to develop theories and conduct meta-analyses because the concept of "sustainability performance" is fragmented and measured by a variety of frequently incomparable indicators, including financial growth, environmental KPIs, ESG metrics, and disclosure levels. Second, the majority of the evidence is based on cross-sectional PLS-SEM surveys and case studies of SMEs and microenterprises, which are useful for investigation but have limitations when it comes to proving causality or more generalization. Third, although a lot of research uses the resource-based view (RBV), it tends to ignore institutional pressures and industry-level dynamics, which leaves a gap in our knowledge of how market structures, governance frameworks, and regulations influence sustainability strategies. Fourth, external validity is limited by the fact that research is still context-specific and concentrates on specific contexts, such as Southeast Asian MSMEs, the fashion or real estate sectors, or a single large incumbent. Lastly, there is a dearth of research on how firms may strategically prioritize immaterial sustainability issues to deflect attention from subpar performance on material ones, and the literature pays little attention to the measurement of strategy quality and the risks of mismanagement.

5. DISCUSSIONS

When considered collectively, the reviewed studies demonstrate that the design and implementation of strategies are crucial to attaining sustainability results. While values like spiritual capital or indigenous creativity offer special avenues for integrating sustainability, organizational conditions, employee engagement, and process management seem to be important facilitators. Another powerful motivator is collaboration, whether through circular business models or farmer-NGO partnerships. Governance pressures like the threat of litigation also obviously affect disclosure behavior. Although many papers conceptually offer useful frameworks like the Sustainability Balanced Scorecard and staged models

of strategic renewal, there is still a dearth of empirical testing in various contexts. Qualitative cases and survey-based studies dominate the field's methodology, which leaves room for more reliable longitudinal, comparative, and experimental designs. Future studies should focus on creating standardized sustainability performance metrics, use mixed-method and multi-level approaches, and look for unintended behaviors like decoupling or greenwashing. Further process-oriented research may shed light on how businesses evolve toward circularity over time, but cross-context replication is also required, especially to validate results from small businesses in different areas and industries. The body of research indicates that sustainability can be a competitive business strategy overall, but more thorough, multi-level, and comparative studies are needed to improve theoretical comprehension and real-world implementation.

6. CONCLUSIONS

Exploring the relationship between business strategy and sustainability was the goal of this systematic literature review, which focused on how organizational procedures, strategic decisions, and contextual elements influence sustainability results. The results show that sustainability is becoming more widely acknowledged as a strategic tool for competitiveness, innovation, and long-term value creation in addition to being an ethical requirement. Due to a number of factors, including limited empirical generalizability, fragmented measurement approaches, and a propensity to prioritize resource-based advantages over institutional and industry-level dynamics, the incorporation of sustainability into business strategy varies across industries and regional boundaries.

According to the reviewed studies, successful sustainability strategies necessitate a comprehensive approach that balances social and environmental goals with financial performance, bolstered by facilitators like employee engagement, indigenous creativity, spiritual capital, and cooperative networks. Furthermore, it becomes clear that external forces like market regulations and litigation risk, as well as governance mechanisms, are important forces behind accountability and transparency in sustainability practices. There is potential for more reliable longitudinal and comparative designs, but empirical research still mainly relies on qualitative case studies and cross-sectional surveys despite conceptual advancements.

The review's overall conclusion is that, although sustainability can and should serve as a fundamental business strategy, its effective application hinges on

the coordination of organizational resources, cultural norms, outside influences, and creative business models. Creating standardized metrics, testing integrative frameworks in various contexts, and addressing mismanagement risks like decoupling or greenwashing present challenges for both academics and practitioners. Future research can offer more precise guidance for businesses looking to integrate sustainability into their strategic core and make a significant contribution to the global sustainable development goals by moving toward more rigorous, multi-level, and practice-oriented studies.

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