

**19****Sustainable Business Practices in Human Resource, Marketing and Finance: An Integrated Strategic Perspective****Ms. Shivani Negi<sup>1</sup>, Ms. Namita Aggarwal<sup>2</sup> & Mr. Ankit Kumar<sup>3\*</sup>**<sup>1,2,3</sup>Assistant Professor, Trinity Institute of Professional Studies, GGSIPU.

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**Abstract**

Sustainability has become one of the cornerstones of corporate strategy for a variety of reasons (e.g., socio-economic, environmental and legislative) and today almost all major corporations have embraced sustainability as a key component of their business model. Examples of how sustainability has been incorporated into corporate strategy are seen throughout the major functional areas of any corporation. This chapter will review sustainable strategies utilized by corporate organizations in these three areas (HR, Marketing, Finance) and discuss how they are being implemented within modern corporations. Human resources strategies that promote sustainability consist of respectable employment practices, providing a healthy work environment and maintaining a diverse workplace. Sustainable marketing practices can include green brands, creating sustainable communication methods and promoting responsible consumption of products. Lastly, sustainable finance can be achieved through the implementation of an ESG (Environmental, Social and Governance) strategy. This chapter will use interdisciplinary ways to explore how these subjects interact. It should be highlighted that the individual execution of the efforts in each area is likely to fail; however, a combined approach to these initiatives might lead to synergy in terms of their efficacy and the building of stakeholder confidence. The reader may also learn about the challenges of adopting sustainability in this chapter, including greenwashing, cost-related issues, the lack of standardized reporting, and data collection ethics.

**Keywords:** Sustainability, Sustainable HRM, Green Marketing, ESG Finance, Integrated Strategy.

**Introduction**

The Last Decade has seen a huge change in the definition of sustainability. In fact, it is now a major issue that businesses must take seriously, rather than

dismiss. With growing awareness of environmental issues, social inequality, and depletion of resources businesses have changed their focus from a traditional emphasis on profit maximization, to sustainability (KPMG, 2022).

Some of the many stakeholders who now hold organizations accountable for their sustainability activities include consumers, employees, investors and government agencies. Business sustainability has become one of the most critical areas for organizations today (Deloitte, 2023).

As such, an integrated sustainability strategy that encompasses all functional departments of an organization has emerged. Functional departments include marketing, finance and human resource management. Finance plays a role in ensuring that resources are distributed sustainably; marketing helps create public perception of organizational sustainability and impacts consumer behaviour; human resource management drives the cultural change necessary for organizations to become sustainable.

Many organizations believe that sustainability is a separate initiative from marketing, finance, and human resource management. Thus organizations pursuing sustainability in isolation create greater inefficiencies in their operations. In this chapter it will be argued that marketing, finance, and human resource management should be integrated for the purpose of achieving sustainability.

### **Conceptual Foundations of Sustainable Business**

The following ideas serve as the foundation for contemporary sustainability in corporate practices:

- Environment
- Society, and Governance
- ESG Goals for Sustainable Development (SDGs)
- Models of Circular Business

These ideas prioritize creating value over maximizing profits (OECD, 2021).

### **Key Dimensions of Sustainability in Business**

- **Environmental:** The environmental dimension includes the focus area of resource usage, emissions which results in operational efficiency.
- **Social:** The focus area covers employee welfare and equity resulting in brand trust and retention.
- **Governance:** It majorly focuses on Ethics and transparency leading to building confidence in the investors.

These dimensions once combined together, ensure that sustainability becomes realistic in organizational decision-making processes.

## **Sustainable Human Resource Management**

Sustainable HRM refers to the approaches taken by employers to manage their workforce, as well as how employers engage with and support their workers and communities over time. Best practices used in Sustainable HRM include employee well-being, diversity and inclusion, labor ethics, and developing employees' skills. In addition, companies that engage in sustainable employee practices experience higher levels of employee engagement.

Research has shown that a strong sustainability culture begins with the employees. When employees see an organization is serious about being sustainable, they are more engaged with the company, demonstrate pro-environmental behavior, and exhibit greater loyalty to the organization.

### **Impact of SHRM Practices**

By being able to manage and engage its workforce through optimum performance and results in meeting the desired targets and accomplishing organizational objectives is how the power of the organization will be obtained by SHRM.

When flexibility in the workplace is provided to workers, this would give them greater opportunities to be able to combine both their work and personal lives while at the same time increasing productivity and improving productivity among workers.

The training of employees enables them to gain additional knowledge and imagination, allowing them to be able to do their job much more efficiently as well as give innovative ideas for the organization.

It becomes easier for organizations to have access to more varied ideas, knowledge, and solutions if there is a diversified workforce working within an organization. Consequently, organizations become better decision makers due to having the combined knowledge of a diverse workforce in formulating decisions and solutions.

### **Sustainable Marketing Strategies**

Sustainable marketing seeks to link business value with its social and environmental value. Essential Components of Sustainable Marketing Strategies include

- Environmentally Friendly Product Design
- Ethical Branding
- Open and Truthful Communication
- Ethical Advertising

## **Challenges in Sustainable Marketing**

Sustainable marketing practices have proven challenging to implement in a wide range of organizations and have encountered several challenges related to miscommunication and misunderstanding of what eco-friendliness means in the market place. Greenwashing occurs in markets whereby companies advertise their products as environmentally friendly despite not putting in place any measures that can support those claims. This has resulted in loss of consumer trust in the company's capacity to live up to the promise of being eco-friendly.

The production of goods through sustainable methods involves more costs compared to the traditional method. Sustainable marketing practices involve several differences compared to standard marketing. The major difference is that sustainable marketing practice seeks to develop brand value in both society and the environment and the growth of the brands, unlike traditional marketing which mainly seeks to generate profits and revenues through exploiting society and the environment.

Traditional marketing practice relied on persuasive promises in the market to get consumers to purchase goods and services. In contrast, sustainable marketing practice seeks to build a relationship of honesty and ethics between companies and their consumers. Consumers have been considered passive buyers in the past, but sustainable marketing seeks to change this trend by encouraging.

## **Sustainable Finance & ESG Integration**

When it comes to financing sustainably, you want to make choices about your money and investments not only based on having a profit (or benefit) now but to also has benefits long term for the planet and its people. The idea of sustainable finance has been defined by the World Bank as a way for businesses and investors to create value in our society and environment while also experiencing growth in their companies. The most common ways to create sustainable finance are through "ESG" investing, green bonds and climate risk assessment. ESG investing focuses on measuring a company with respect to environmental, social and governance criteria or factors before making an investment in that company. Green bonds are used to raise capital for projects that are beneficial to the environment, and climate risk assessments are conducted to assist companies in understanding and preparing for climate change-related risks.

From a business perspective, companies that perform well with respect to ESG are generally viewed as more reliable, forward-thinking companies. For example, McKinsey & Company has found that companies that consistently achieve high ESG performance tend to have lower risk profiles than less-performing companies and they can maintain stability while the market evolves. Also, they have the ability to attract investors who are looking for long-term, socially responsible

investment opportunities. In the long term, effective ESG practices can generate a strong brand image for the company and lead to a steady increase in profits.

The concept of ESG consists of three components. The letter "E" refers to the matters of the Environment. The letter "S" represents the Social aspects of our world and communities. And the letter "G" represents Governance and the ethical conduct of the organisations within our economy.

### **Challenges in Implementation**

- **Barriers to Implementation of Sustainability**

- One barrier that can hinder the implementation of sustainable technology and practices is the fact that it can prove quite expensive for companies.
- The ESG standards used when it comes to reporting do not have any form of standardization, and thus, there will be confusion in how things are reported.
- Change in practice is something that employees and managers are against since it would mean learning new procedures and practices that they might not be comfortable with.
- There are only very few professionals that actually have the knowledge needed for the implementation of sustainable practices within the organization.

- **Ethical Issues Involved with Sustainability**

- In some cases, it has been seen that organizations manipulate information in order to produce a faulty or misleading sustainability report.
- Some companies resort to using greenwashing tactics which give people the impression that the organization is environmentally friendly even when it is not the case.
- Loss of transparency could result from hiding relevant information about sustainability; hence, it can harm an organization's reputation.

### **Profit with Purpose: How Patagonia Redefined Sustainable Business**

Patagonia is an apparel manufacturing company focusing on producing outdoor clothing and accessories. It has also contributed significantly towards environment protection and is one of the frontrunners of environment activists, in addition to producing outdoor clothing and accessories. The term "Saving our home planet" forms a key aspect of Patagonia's philosophy. Being among the biggest apparel manufacturers globally, it has been able to incorporate the concepts of sustainability in its marketing, finance, and human resources approaches.

## Human Resources: A Sustainable Workforce

The HR philosophy “Let My People Go Surfing” practiced by Patagonia ensures that the employees have the resources and power to safeguard themselves and ensure that the organization continues being environmentally responsible.

“Environmental Internship Program,” an initiative launched by Patagonia, is a perfect example of the company’s dedication to employee empowerment and involvement. Under this program, Patagonia provides its workers with two months of paid leave each year to intern with non-profits working for environmental sustainability. Over 1,000 workers have already availed themselves of this initiative.

The benefits offered to employees by Patagonia are unique and are instrumental in ensuring low turnover rates (under 4%) owing to their unconventional approach to work-life balance, which includes providing child care services at the workplace since 1983 and having alternate Fridays off.

## Sustainable Finance

Since the economy of Patagonia gives more importance to nature than profits, the only shareholder of this company is "Earth."

- **New Share Ownership Structure:** The founder of Patagonia, Yvon Chouinard, gave up all the stocks of the firm in 2022. This move led to the redistribution of shares of Patagonia among Patagonia Purpose Trust and Holdfast Collective. The scheme guarantees that whatever amount is left after reinvesting into the company, roughly \$100 million each year, will be spent for tackling the climate catastrophe.
- **Earth Tax:** Within the frame of the "1% for the Planet" initiative, Patagonia agrees to give one percent of annual sales to non-profit environmental organizations since 1985.
- **Green Investment:** There exists the internal venture capital fund of Patagonia "Tin Shed Ventures" which finances start-ups solving environmental issues including Bureo, a company producing materials out of fishing nets.

## Patagonia’s Sustainable Marketing Strategy

The use of anti-marketing approaches, which are in complete contrast to the traditional consumer marketing techniques, makes Patagonia one of the frontrunners when it comes to sustainable marketing techniques and their success rate.

- **Patagonia's Challenge to Traditional Consumerism:** Patagonia made use of the slogan "Don't Buy This Jacket" to demonstrate how manufacturing impacts the environment and to make consumers realize their requirements prior to making any purchase. The "Worn Wear Campaign" focuses on the recycling, repairing, and sharing of products. Apart from being the largest

facility for clothes repair in the United States, the company provides free services for repairing clothes and enables the consumers to sell and repair clothes through the "worn wear website."

### **Sustainability 2.0: ITC's Holistic Business Transformation**

With the help of its "Sustainability 2.0 Agenda," an important Indian company ITC Limited has incorporated sustainability into its business strategy. The firm is involved in different sectors like FMCG, paper boards, agribusiness, and IT, and is located in Kolkata.

#### **Human Resources (HR)**

ITC seeks to create "Inspired Talent" in order to foster professional entrepreneurship and build a group of talented employees ready for the future.

- **Diversity & Inclusion:** To make sure there is gender balance within the organization, ITC has taken certain measures to help women enter the job market.
- **Livelihood Development:** Thanks to several initiatives, ITC managed to provide 9 million people with sustainable living conditions, mainly rural areas.
- **Health & Safety:** A comprehensive safety management system has been created to ensure adherence and a safe environment for all workers.
- **Capacity Building:** Initiatives aimed at equipping Indians with competitive skills have already been launched.

#### **Marketing**

"Brands with Purpose" is the backbone of the marketing strategy used by ITC, wherein the company communicates its social and environmental message to the customers.

- **Green marketing:** Classmate and Aashirvaad Organic products are marketed as eco-friendly products that have zero impact on the environment.
- **E-Choupal Initiative:** This is an acclaimed method of digital marketing, through which millions of farmers are enabled to gain access to relevant market information via digital platforms.
- **Social Initiatives:** The significance of ITC in meeting the objectives of the organization and country has been established through social initiatives like "Sab Saath Badhein."

#### **Finance**

The organization relies on the Triple Bottom Line approach to measure its impact in terms of economic, social, and environmental capital.

- **Leadership in ESG:** ITC Ltd. has an established reputation for earning an “AA” grade from MSCI-ESG and being listed in the Dow Jones Sustainability Emerging Markets index.
- **Sustainable Investments:** The organization intends to make investments worth ₹20,000 crores in sustainable packaging and agricultural products during the coming years.
- **Renewable Energy:** More than 52% of its total energy needs are met using renewable energy sources.
- **Financial Transparency:** Annual reports containing financial and sustainability information are made by the organization.

### **Conclusion**

Sustainability has become an essential foundation of modern day business strategy in the 21st century. Organizational performance is now not based only on financial profit or market shares; instead, performance is judged based on environmental awareness, contribution to society, ethical behavior, and value creation. It has been shown in this chapter that sustainability is not a unique or independent business function, but it is an integrated approach for strategy-making. The integration of human resources, marketing, and finance will ensure sustainability of any business. Sustainability can only be created by integrating these three dimensions into each other, and this would enable an organization to generate profit while making contributions to society as well.

It has been established in the course of Sustainable Human Resource Management discussion that people always represent the heart of any sustainability project. It was argued that organizations that care about their employees' wellbeing, embrace diversity, practice ethical recruitment and develop employees' competencies can create an effective corporate culture and secure employee commitment. The application of Sustainable Human Resource Management strategies is beneficial for organizational success not only because they help increase productivity and foster innovation, but they also contribute to employee empowerment and loyalty. Competent and committed staff helps achieve competitive advantage. In addition, sustainable HRM enables organizations to adjust to new conditions.

The chapter also emphasized the growing significance of sustainable marketing strategies in shaping consumer perceptions and building ethical brands. Modern consumers are becoming increasingly conscious of environmental and social issues, which has compelled businesses to move beyond traditional profit-oriented marketing practices. Sustainable marketing focuses on transparency, ethical communication, responsible consumption, and environmentally friendly products and services. Unlike conventional marketing approaches that often prioritize short-term

sales, sustainable marketing seeks to establish long-term trust and meaningful relationships with consumers. However, challenges such as greenwashing, misleading advertising, and higher production costs continue to create barriers in the implementation of authentic sustainable marketing practices. Therefore, organizations must ensure honesty and accountability in their sustainability communication in order to maintain consumer trust and credibility.

Moreover, sustainable finance and ESG integration have become crucial aspects of modern corporate governance. Investors and other stakeholders take into account environmental, social, and governance aspects prior to making financial decisions. Sustainable finance promotes responsible resource management in organizations while ensuring that the interests of society and the environment are not compromised for the sake of profitability. Financial stability and resilience can be achieved through tools like ESG investments, green bonds, and climate risk evaluations. Organizations that effectively adopt ESG considerations benefit from increased investor trust, reputation gains, and sustainability operations. However, there are numerous problems associated with ESG integration such as the absence of ESG reporting standards, inadequate capacity, change resistance, and data manipulation.

In addition to the above point, another important idea that may be derived from this chapter is that sustainability initiatives will only be successful if they are pursued collectively across the various organisational divisions. Such an effort might lead to inefficiencies, inconsistencies, and a loss of trust among stakeholders. Instead, the organisation should develop a united strategy for sustainability that unites all departments, including human resource management, marketing and finance, in the pursuit of shared sustainability objectives. Human resource management would play a role in fostering a sustainability ethos, while marketing will ensure that the organisation's values regarding ethics and the environment reach their customers.

The examples from the cases of Patagonia and ITC Limited once again highlighted the real-world implications of integrated sustainability principles. Patagonia proved how an international company can make use of sustainable HR management, ethical marketing, and environment-friendly financial practices to create an effective purpose-oriented model for their businesses. Likewise, the examples from ITC Limited showed how companies in India are embracing a holistic approach to sustainability with their practices of inclusivity in the workforce, green marketing, renewable energy, and ESG leadership.

In summary, sustainability is not anymore a choice for businesses but a prerequisite for organizations that want to survive in today's complex global market. Organizations that adopt sustainable strategies in areas such as human resource management, marketing, and finance will be more effective in mitigating potential

risks and adding value to society and the environment as well. With the increase in the complexity of challenges facing our world today including environmental degradation, social inequity, and resource scarcity among others, sustainability should not only become a legal obligation for businesses but rather a key principle of their operations.

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