A holistic approach to sustainability: Sustainable Development Goals (SDG) and performance of Fortune 500 Europe companies

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Abstract

Human activities are having an increasingly negative impact on the environment at all scales. This creates an urgent need to shift human activities towards sustainable development at all levels – company, sector, country, region and global. However, national efforts to improve sustainability, as measured by national rankings on the Sustainable Development Goals (SDGs), may have a positive impact on the sustainability of one sector, including economic sustainability, while negatively affecting other sectors or even harming the social, economic, and environmental situation in other countries. Investing in a company's environmental sustainability may have a negative impact on its economic sustainability and overall environmental, social, and governance (ESG) score. This research focuses on the vertical dimension, from companies to global sustainability, and takes a holistic approach to fill a gap in the study of the link between a company's sustainability and the SDG scores at the national level. The study examines the impact of prioritizing sustainability at the national level on the profitability of Fortune 500 companies in Europe. Two comparable sectors, Industrials and Motor Vehicles & Parts, were selected to investigate the hypotheses raised. The findings reveal that prioritizing sustainability can have a negative impact on the profitability of companies in sectors dependent on employee skills, while benefiting companies in asset-dependent sectors. This study confirms that the implementation of the Sustainable Development Goals may have varying impacts on different sectors within the same country and region. The modeling was conducted using the least squares method and EViews software.

Keywords: *SDG, holistic approach, vertical integration, Fortune 500 Europe.*

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