

Sustainable Development in Practice: Case Study of L'Oréal

Pradit Withisuphakorn

NIDA Business School, Thailand

Ishita Batra

Department of Management Studies, Indian Institute of Technology (IIT) Delhi
Hauz Khas, New Delhi, India

Nakul Parameswar

Indian Institute of Management, Jammu
Jammu and Kashmir, India

Sanjay Dhir

Department of Management Studies, Indian Institute of Technology (IIT) Delhi
Hauz Khas, New Delhi, India

Keywords

Sustainable development, triple bottom line, L'Oréal, environment, social, economic

Abstract

Purpose: This paper attempts to analyze sustainable development initiatives undertaken by businesses and discuss them in relation to the literature on sustainable development and triple bottom line. Extant literature lacks studies that provide a detailed account of the application of sustainable development initiatives in the real business case.

Methodology: The paper utilizes a case study methodology to understand the method by which sustainable development is efficiently pursued by an organization. The case of sustainable development efforts pursued by L'Oréal is discussed.

Findings: L'Oréal effectively pursues sustainable development initiatives without compromising on its economic prosperity. Moreover, it is evident that organizations must embed sustainable development principles in all their activities in order to achieve the triple bottom line.

Practical Implications: The paper contributes to the practitioners by providing a detailed account of the ways and means by which sustainable development is efficiently pursued by an organization. This can act as a guideline for decision making in a different business context for taking up sustainable development initiatives.

Research Implications: The paper provides a practical approach for taking up research on sustainable development forward and suggests that future research must incorporate business cases as a method to discuss the implementation of sustainable development activities.

Social Implications: This paper attempts to bring forward a business case wherein sustainable development is pursued and provide evidence to demonstrate that sustainable development is possible.

Originality/Value: This paper is amongst the few papers that go beyond the theoretical and empirical assessment of sustainable development. The case analysis determines that sustainable development must be an organization-wide initiative and requires a long-term commitment to being successful.

Corresponding author: Ishita Batra

Email addresses for the corresponding author: ishita.iitdelhi@gmail.com

First submission received: 14th February 2019

Revised submission received: 20th April 2019

Accepted: 23rd April 2019

Introduction

Corporate sustainable development is an important area of research ever since the World Commission on Economic Development called for Sustainable Development (Bansal, 2005; Diamond, 1996; Dubey et al., 2017). Sustainable development has three guiding principles – Environmental Integrity, Social Equity and Economic Prosperity that make up the important concept of 'Triple Bottom Line' that

governs business in the 21st Century (Chavan, 2005; Gimenez, Sierra, & Rodon, 2012; Hacking & Guthrie, 2008; Jamali, 2008; Norman & Macdonald, 2004). Businesses are striving to gain economic prosperity through value creation, social equity by corporate social responsibility initiatives and environmental integrity by ensuring minimal environment damage in its operations (Bansal, 2005; Dubey, Gunasekaran, & Chakrabarty, 2015; Mohan Das Gandhi, Selladurai, & Santhi, 2006; Sharfman & Fernando, 2008; Stubbs & Cocklin, 2008). Corporate sustainability initiatives are driven either by the resources of the business (Barney, 1991; Sanjay Dhir & Batra, 2018; Eisenhardt & Schoonhoven, 1996; Harrison, Hitt, Hoskisson, & Ireland, 2001) or by the need for societal acceptance (Felin, T, Foss, N.J., Ployhart, 2015; Meyer & Rowan, 1977; Rowley, Shipilov, & Greve, 2017; Scott, 1987). Moreover, sustainable enterprise performance is gained through sustainable corporate development facilitated by dynamic capabilities of the organization (Sanjay Dhir & Dhir, 2015; Swati Dhir & Dhir, 2018; Raisch, Birkinshaw, Probst, & Tushman, 2009; Teece, 2007; Wamba et al., 2017). This further allows businesses to achieve sustainable competitive advantage in the long run – the ultimate aim for organizations (Charles Jr, Schmidheiny, & Watts, 2017a; Sanjay Dhir & Mital, 2013; Dubey, Gunasekaran, Sushil, & Singh, 2015; Parameswar, Dhir, & Dhir, 2017; Saeidi, Sofian, Saeidi, & Saeidi, 2015).

Researchers have scantily explored the methods by which businesses ensure to meet the three guiding principles of sustainable development– environment integrity, social equity and economic prosperity (Charles Jr, Schmidheiny, & Watts, 2017b; Elkington, 1994; Giddings, Hopwood, & G., 2002; Gupta & Racherla, 2018; Redclift, 2005; Swanson & Zhang, 2012). Further, sustainable development is an organization-wide effort, a matter of corporate importance that is provided for by the top management of the organization (Bansal, 2002, 2005; Montiel & Delgado-Ceballos, 2014; Parameswar & Dhir, 2019a; Perrini, Russo, Tencati, & Vurro, 2011). However, such research efforts do not provide a clear understanding of the way businesses strive to gain sustainable development without compromising on any front – profits, environment and society (Elkington, 1994; Dhir, Aniruddha, & Mital, 2014; Hall, Daneke, & Lenox, 2010; Husser, André, Barbat, & Lespinet-Najib, 2012; *Flexibility and Sustainability* pp. 77–87; Parameswar & Dhir, 2019b; Svensson & Wagner, 2011). This paper provides a detailed analysis of the ways and means by which a renowned cosmetics business organization – L’Oréal undertakes sustainable development. The choice of business in the cosmetics industry is driven by two reasons. Firstly, the cosmetics industry is considered to be environmentally unfriendly and highly profitable (Dhir, 2017; Dhir & Mital, 2013a; Kate & Laird, 2000; Parameswar & Dhir, 2018; Sahota, 2014; Secchi, Castellani, Collina, Mirabella, & Sala, 2016). Secondly, there are few businesses in this industry that comply with sustainable development goals and have gained a sustainable competitive advantage. A detailed examination of L’Oréal that has embedded sustainable development in each and every dimension of its working provides an exemplary model for sustainable development that can be adopted by other businesses. The detailed literature review on the need for sustainable development, triple bottom line and sustaining sustainable development allows the reader to comprehend the actions of the business in light of the concepts. Finally, the paper concludes with implications, future research, and limitations.

Literature Review

The word ‘sustainability’ was first used in the literature on forestry, where it means we should not harvest higher than what the forest yields in new growth (Boyko, Cooper, Davey, & Wootton, 2006; Kuhlman & Farrington, 2010; Wiersum, 1995). The concern was about preserving the natural resources for the future. The foundation of sustainability is inferred from its definition – meeting the needs of the present without compromising the ability of future generations for meeting their own needs (World Commission on Environment and Development, 1987). The main principle of sustainability is to secure intergenerational equity (Dhir, 2016a; Gladwin, Kennelly, & Krause, 1995). The same logic applies to business, which is about their attempts to manage the impact of their businesses on the environment (Anbarasan & Sushil, 2018; Grewatsch & Kleindienst, 2017). Extant literature argues that sustainability is related to three shared elements – economic, social and environmental considerations (Dyllick & Hockerts, 2002; Kuhlman & Farrington, 2010; Milne & Gray, 2013; Pawłowski, 2008). These three elements mutually reinforce each other, and economic growth and social well-being are underpinned by environmental concerns, and vice versa (Dhir & Mital, 2012; Kuhlman & Farrington, 2010; Pawłowski, 2008; Wood et al.,

2015). The next aspect of sustainability by the business is the expectation of going over and above regulatory compliance to promote innovation and encourage continuous performance improvement (Dhir, 2016b; Halme & Korpela, 2014; Seyfang & Smith, 2007; Starik & Rands, 1995). Thus, the organization identifies a part of the society, the environment and the economic activities (Proto, Malandrino, & Supino, 2007; Satyro, Sacomano, Contador, Almeida, & Giannetti, 2017). The sustainable enterprise is the one which focuses on these factors of sustainable development rather than the traditional focus on the economic gains (Baumgartner & Rauter, 2017; Benn & Baker, 2009; Leon, 2013). Thus, an organization collectively emphasizing economic, societal and environmental well-being is a sustainable organization (Hart & Milstein, 2003). These three dimensions – economic, social and environmental benefits manifest from the Triple Bottom Line concept (Elkington, 1994). The triple bottom line includes the 3Ps – 'People, Profits, Planet'. The literature argues that the 3Ps are a mechanism of addressing the social, economic and environmental discourse communities (Parameswar, Singh, Malik & Dhir, 2018; Webber, Frost, Line, & 2013, 2004; Wexler, 2009).

The approaches adopted for sustainable development by different firms would be different; however, the underlying intention is the same. One of the modern approaches adopted by firms is stakeholder's theory approach. According to this theory, stakeholders of a firm include internal (employees, management and owners) and external individual/groups (customers, suppliers, and local communities) (Anbarasan & Sushil, 2018; Freeman, 2010). Literature suggests that the responsibility of stakeholders lies in the hands of top management in the form of three dimensions discussed below.

Environmental Factors

The literature on sustainability argues that environment plays a pertinent role in production and consumption pattern (Anbarasan & Sushil, 2018; Giddings et al., 2002; Goodland, 1995). Environment sustainability is related to the maintenance of natural capital. Natural capital denotes assets provided by the environment such as, water, forests, atmosphere, which can be renewable or non-renewable in nature (Dhir & Mital, 2012; Goodland, 1995; Proto et al., 2007). Sustainability in terms of environment is all about maintaining or at least not depleting these assets. It is all about business proactively responding to the problems of the environment. Such an approach would enable businesses to predict the shifts in regulations and reduce the expenditure related to catching up with legislation.

Researchers argue that environment sustainability can be achieved on the source side by putting regulations on the usage of both the types of resources – renewable and non-renewable and on pollution and waste assimilation on the sink side (Anbarasan & Sushil, 2018; Elkington, 1994; Goodland, 1995; Hall et al., 2010; Parameswar, Dhir, & Ongsakul, 2018). Innovating in the field of technology to manage pollution and waste is the demanding force to achieve environmental issues.

Therefore, environment factor is not just about the ecosystem but it is an environment system that contributes to people, planet, and profit simultaneously (Hacking & Guthrie, 2008). Thus, in order to protect the environment, firms strive to manufacture sustainably which requires the usage of sustainable systems and processes. The literature of sustainability advocates that for sustainable production, lean manufacturing practices are being used as a catalyst (Faulkner & Badurdeen, 2014). Firms strive to make suppliers conscious about the environment by including their own growth and development, which will positively impact the environment profile. (Nidumolu, Prahalad, & Rangaswami, 2009). Further, sustainability must be embedded as an important aspect to be considered in the development of the organization or else the efforts put in at present will become futile in the future. Also, environment integrity must be maintained in the day-to-day routine of the organization in order to effectively aid sustainability. Therefore, we propose:

Proposition 1: Innovation by the organization influences the environmental integrity

Proposition 2: Usage of efficient processes and systems by the organization influences the environment integrity

Proposition 3: Developing sustainably by the organization influences the environment integrity

Proposition 4: Living sustainably by the organization influences the environment integrity

Societal factors

Firms in society play a pertinent role in bringing equity into the surroundings (Dhir, & Mital, 2013b; Robèrt et al., 2002). The literature argues that businesses are an important source of providing employment opportunities and ensuring the rights of the employees are protected (Hamid, Islam, & Hazilah, 2014). Businesses as a part of the society, use the resources of the society and end up depleting the natural resources. (Giddings et al., 2002; Missimer, 2017). Education and training institutes provide the manpower that the businesses require. Researchers argue that before resolving the environmental issues, poverty reduction is the supreme objective of developing sustainably (Hart & Milstein, 2003; Redclift, 2002). Firms can identify themselves with the growth and development of society. Therefore, firms are constantly challenged to conduct themselves in a responsible manner towards the environment and society while improving value for shareholders (Joshi and Li, 2016). For instance, HUL has invested extensively in developing the technique for cultivation of agricultural commodities as well as worked with farmers to develop sustainable processes and systems. This resulted in innovating techniques to improve crop yields and seed production and also the upliftment of the farmers (Nidumolu et al., 2009). Sustainable technologies enable mankind to minimize the impact on society while meeting their present needs. Social justice and equality in the distribution of resources are the basis of social equity (Burton, 2000). Hence, it is important to keep in mind the consequences of organization development on society and its norms. Further, the organization functioning in terms of human resource practices/policies adopted, the organization's approach towards stakeholders must also exhibit social equity. Therefore, we propose:

Proposition 5: Innovation by the organization influences the social equity

Proposition 6: Usage of efficient processes and systems by the organization influences the social equity

Proposition 7: Developing sustainably by the organization influences the social equity

Proposition 8: Living sustainably by the organization influences the social equity

Economic factors

Amidst the realities of environmental and societal sustainability, everything boils down to economic factors (Parastoo, So, & Saeidi, 2015). Sustainability is all about maximizing the welfare when viewed through the economic prism. The maximization of welfare has an impact on production and consumption that favors economic returns. Hence, in a sustainable enterprise, profits and responsibilities towards production and the utilization of raw materials are two sides of the same coin. The intergenerational distribution of income is influenced by the provision that each generation makes for its successors (Solow, 1974; Svensson & Wagner, 2015). However, the intergenerational distribution is a choice of policy decision (Howarth & Norgaard, 1993; Solow, 1974). In order to focus on economic prosperity, sustainability in production requires not only the processes and systems but also the manufacturing system and the entire supply chain and product life cycle and innovation (Faulkner & Badurdeen, 2014). Further, the development of the organization should result in economic contribution to all the stakeholders and ensure covering the costs incurred by each of them. The economic prosperity needs to be considered while planning and undertaking organizational growth and development or else the organization will lose its competitive advantage in the long run. Also, economic prosperity needs to be considered as an important aspect in the routine functioning of the organization. Therefore, we propose:

Proposition 9: Innovation by the organization influences the economic prosperity

Proposition 10: Usage of efficient processes and systems by the organization influences the economic prosperity

Proposition 11: Developing sustainably by the organization influences the economic prosperity

Proposition 12: Living sustainably by the organization influences the economic prosperity

Sustaining the sustainability

The institutional theory advocates that enterprises work within a social framework of norms, values, and other assumptions. Scholars of the institutional theory argue that the intention of human behavior is more than that of economic consideration (Oliver, 1997). The motives of human behavior are guided by social justifications and social obligations. Therefore, conformity to social expectations

contributes to firms' success and survival (Baum & Oliver, 1991; Hart & Milstein, 2003; Oliver, 1997). The ultimate objective of sustainability is to support social, economic, and environment systems (Folke et al., 2002; Svensson & Wagner, 2015). Sustainability in terms of economic factor is well-comprehended; however, environmental and social sustainability is sometimes not so clear. These three systems are interconnected as mankind is dependent for wealth and security on services by society. Furthermore, mankind can mutate the environment into more or less desirable conditions. Mankind receives many societal and environmental issues such as clean water and air, food production, fuel, and others (Folke et al., 2002). Thus, for sustainable development, a firm has to base its objective on the premises of the institutional theory

As stated by stakeholders' theory that sustainable development is the responsibility of diverse stakeholders, it requires the participation of the different stakeholders. Therefore, for sustaining sustainability, it is essential for a business to make a contribution to the diverse stakeholder's group as well, as it requires the participation of different stakeholders.

L'Oréal Pursuing Sustainability

L'Oréal was established by Eugène Schueller in 1909 and has been involved in shaping the cosmetics industry in the world. The organization has evolved through four phases in the past century and became number 1 in the beauty industry in the 1984–2000 phase. In the current phase, L'Oréal has laid special emphasis on sustainability while establishing itself as a renowned cosmetics brand. L'Oréal's sustainability program is aimed at achieving sustainability in innovation, production, living and development (L'Oréal, 2017b). Till 2017, the program had a positive impact on carbon footprint reduction, waste management, deforestation, water management, provision of employment, societal development and research (L'Oréal, 2017b). The outcome of sustainability program of L'Oréal is reviewed every year since its inception in 2013 and objectives for each parameter are set for 2020. A detailed account on each parameter of sustainability program is discussed here along with its impact on the key result areas mentioned above.

Innovating Sustainably

Sustainability initiative of 'Innovating Sustainably' by L'Oréal has four action points – reducing environmental footprint, respecting biodiversity, optimizing packaging and zero deforestation. Firstly, in the case of reducing environmental footprint, L'Oréal aims to improve the biodegradability of its products. Cosmetic products are considered to cause major damage to the environment, especially water resources as it uses hazardous and non-biodegradable raw material. L'Oréal is gradually undertaking reduction in the negative impact of its products during usage and at disposal without hampering the product quality and utility. The result of the efforts is evident from the Carbon Footprint Project (CDP) rating of 'A' for sustainable water management in an efficient manner in 2017 (L'Oréal, 2017b). Secondly, L'Oréal is striving to improve on its level of respecting the biodiversity by the use of renewable raw materials and reinforcing their sourcing methodology. An important action within this is the L'Oréal's Carbon Balanced ambition that aims to ensure that L'Oréal contributes back to the environment from which it is drawing raw materials. For instance, L'Oréal undertakes agroforestry program in the Isaan region of Thailand, source of rice bran oil for L'Oréal, to enrich the soil and biodiversity in the region and ensure sustainable raw material availability. Such initiatives allow L'Oréal to respect the principles of green chemistry and ensure that 48% of its products have improved the environmental profile (L'Oréal, 2017a). Thirdly, L'Oréal aspires to optimize its packaging and use recycled material and refillable products. This ensures that the overall packaging costs are reduced along with plastic recycling without compromising on customer need satisfaction. Finally, L'Oréal is committed to ensuring that none of its raw materials and products is linked to deforestation in any way. Raw materials are certified for their production standards such as Roundtable on Sustainable Palm Oil (RSPO) certification for Palm Oil sourcing. The four-pronged action framework is within the ambit of innovating sustainably cumulative attempts to ensure sustainability without compromising on the customer need satisfaction and economic prosperity of L'Oréal.

Producing Sustainably

L'Oréal focuses on the reduction of the environmental footprint of its manufacturing units and distribution centers by 60% in 2020 as compared to 2015 (L'Oréal, 2017a). This target is being pursued through three action points – reduction in CO₂ emissions, water consumption, and waste. Reduction in CO₂ is being achieved through improving energy efficiency using energy efficient technologies along with improving building design, insulation and optimizing industrial processes (L'Oréal, 2017b, 2018). This is complemented by the use of a renewable source of energy, especially for electricity in the manufacturing units and distribution centers. L'Oréal has achieved carbon neutrality in nine of its manufacturing units and 15 distribution centers in 2017 (L'Oréal, 2017b). Another major source of CO₂ emission is the transportation of products – from manufacturing units to distribution centers. L'Oréal started 'transport labs' in collaboration with transport companies to develop and implement sustainable transport mechanism. The result of these initiatives is evident by the reduction of greenhouse gas (GHG) in 2017 by 73% as compared to 2005 in absolute numbers (L'Oréal, 2017b). Reduction in water consumption is being pursued by optimizing consumption and water recycling. Sustainable water management efforts have ensured that even though production has increased, L'Oréal's water consumption has reduced considerably. Further, treatment of industrial water prior to being reused/released is allowing L'Oréal to reduce its environmental footprint. The ultimate objective of L'Oréal's manufacturing units is to turn into a 'dry factory' by ensuring complete reuse and recycle of water used. L'Oréal is steadily progressing towards turning all its manufacturing units into a 'dry factory' and Burgos unit in Spain has already achieved this standard (L'Oréal, 2017b). Finally, L'Oréal intends to reduce waste generated from its manufacturing units by 60% as compared to 2005. In order to achieve this target, L'Oréal is targeting at minimizing its waste generation across various streams of activities undertaken by the organization. One notable effort in this direction is the 'wall to wall' production packaging production units run by a supplier is set up within L'Oréal's unit with an aim of reducing the transport of packaging and generation of waste in transport packaging (L'Oréal, 2017a). Further, L'Oréal undertakes to recover from residual waste by even producing energy out of it and attempts to create industrial synergy in collaboration with its suppliers in the cosmetics industry.

Living Sustainably

This dimension of business sustainability pursued by L'Oréal aims to empower consumers in the cosmetics industry by provision of information about the impact of products on environment and society, appraising the footprint of each brand, raising awareness amongst consumers and thereby facilitating choice by consumers. L'Oréal implemented the Sustainable Product Optimization Tool (SPOT) to assess the social and environmental performance of its products (L'Oréal, 2017b). This tool is integrated into the product design process and provides feedback on the product's social and environmental performance beyond economic performance. The output of this tool is intended to be informed to the consumers and equip them with sustainability-related information. Periodically, L'Oréal organizes consumer awareness campaigns in an attempt to raise awareness amongst its customers and consumers. Generally, these campaigns are run along with a cause like prevention of musculo-skeletal disorder and thereby contributing to a social cause. These initiatives reinforce L'Oréal's image and reputation amongst the various stakeholders resulting in enhanced cooperation, commitment, and understanding.

Developing Sustainably

L'Oréal aspires to include its internal and external stakeholders in its growth and development. It strongly believes that social inclusion ensures the sustenance of an organization in the long run (L'Oréal, 2017b). Solidarity sourcing program is an important initiative wherein L'Oréal undertakes a proportion of its global purchase from suppliers who provide employment to underprivileged communities. Generally, such supplier firms do not participate in the major international call for tenders and majorly consist of micro-enterprises. L'Oréal provides training under 'Beauty for a Better Life' program to beauticians on hairdressing and make-up and upskills them to gain better employment opportunities in the industry. People with disabilities are an integral part of L'Oréal and the organization is an active member of the International Labour Organization's Global Business and Disability Network (L'Oréal, 2017b). L'Oréal has been recognized as one of the ten best performing business on Diversity and Inclusion from more than

5000 corporations evaluated by Thomson Reuters (L'Oréal, 2017b). This provides evidence for the efforts of L'Oréal in inclusive and collective growth.

L'Oréal has not restricted sustainable development initiatives just to itself and has promoted its suppliers to adopt sustainable development actions. This ensures that participants in the value chain activities of L'Oréal are motivated to take up actions to meet sustainable development goals as this is an important criterion in supplier selection. L'Oréal goes further to devise an environmental strategy for its suppliers and support them in setting up carbon emission reduction goals under the CDP Supply Chain Program since 2009. Within L'Oréal, employees are provided training, health care and financial information beyond the usual activities undertaken by Human Resources function. Employees are part of the 'L'Oréal Share and Care' program that includes four areas – healthcare services for employees and their families, work-life balance and quality of life at work. Regional efforts by L'Oréal's subsidiary across the globe add on to the group's effort for sustainability development.

Table 1 summarizes the initiatives undertaken by L'Oréal. In the program 'sharing beauty with all', they focus on four pillars of achieving sustainability – innovation, production, living and development, which impact the environment, social and economic dimension of the triple bottom line. By indulging in innovating sustainably, they emphasize on the environment. Firstly, by reducing environmental footprint, in 2017, 52% of products have an improved environmental profile (L'Oréal, 2017a). Secondly, by respecting biodiversity and optimizing packaging, they upgraded the profile of 55% of products due to packaging with a reduced environmental footprint in 2017 (L'Oréal, 2017a). Thereby, as per the L'Oréal case, innovating sustainably influences environmental integrity and social equity.

Table 1: Summary of sustainability initiatives undertaken by L'Oréal and its impact on Environment, Social and Economic dimensions of Triple Bottom Line

Producing sustainably emphasizes on the environment and social elements of the triple bottom line. L'Oréal strives to reduce CO₂ emissions and by 2017 there has been a reduction in CO₂ emissions by 73% from manufacturing and distribution centers of L'Oréal (L'Oréal, 2017a). Reduction in water consumption is being pursued by optimizing consumption and water recycling. In 2017, they attained a lowering of 48% in water consumption in their different centers. Nevertheless, L'Oréal strives to use resources in an optimal manner which is demonstrated in their 2017 progress report, where they reported that there is a reduction in the waste generated from manufacturing centers by 37% (L'Oréal, 2017a). L'Oréal case demonstrates that using efficient processes and systems for manufacturing influences the environmental profile and social equity.

Living sustainably is another initiative which focuses on social and environmental factors. L'Oréal implemented the Sustainable Product Optimization Tool (SPOT) to gauge the social and environmental performance of its products (L'Oréal, 2017b). This tool is integrated into the product design process and provides feedback on the product's social and environmental performance beyond the economic performance, thereby providing information about their products to the customers. L'Oréal conducts consumer awareness campaigns to raise awareness amongst its consumers. Thus, L'Oréal indicates that focusing on living sustainably influences environmental integrity and social equity.

Developing sustainable initiatives requires a focus on the economic and social dimensions. L'Oréal aims to include its internal and external stakeholders in its growth and development. Conducting solidarity sourcing program for its suppliers is an initiative wherein L'Oréal undertakes a proportion of its global purchase from suppliers. For employees, L'Oréal aspires to provide training under 'Beauty for a Better Life' program. For the community as a whole, they have undertaken various initiatives, for instance, in 2017, 1042 disabled people worked for L'Oréal (L'Oréal, 2017a). Hence, it is demonstrated by the case of L'Oréal that developing sustainably influences economic prosperity.

Parameters / Dimensions of L'Oréal	Innovating Sustainably	Producing Sustainably	Living Sustainably	Developing Sustainably
Environment	Reducing environmental footprint, respecting biodiversity, optimizing packaging and zero deforestation	Reduction in CO₂ emissions, water consumption, and waste	Implementation of Sustainable Product Optimization Tool (SPOT)	Focus on inclusive growth and sustainable economic prosperity
Social	The focus is on innovation and reinforcement of existing products with an emphasis on minimal environment degradation	Optimal use of resources	Empower consumers in the cosmetics industry by provision of information	Solidarity sourcing program
Economic	Major emphasis on environment profile	Activities focused on minimizing environmental degradation and inclusive in nature affect the pricing of the product	Image of the business is enhanced and the business gains market legitimacy	Supplier management, engagement, and development for sustainable business

Source- (L'Oréal, 2018)

Discussion and Implications

This paper is amongst the few studies that go beyond the usual theoretical and empirical assessment of sustainable development and discusses practical business initiatives undertaken by an organization for sustainability. Therefore, it is not based on theoretical and empirical grounds, rather it is based on reality. Sustainability is a paradigm which encompasses the three main principles – Environmental Integrity, Social Equity, and Economic Prosperity. It was found that even in a real business scenario, economic and social dimensions are synergetic to environment dimension. For L'Oréal, the most important change is towards low carbon business model. They have able to reduce the carbon dioxide level emissions by 77% between 2005 and 2018 and increased production by 38%. L'Oréal has proved that it is certainly possible to combine growth with keeping in mind the environment. The progress has to be concomitant with the change in the structure so that the initiatives are undertaken within the scope of the company. These synergies guaranteed consistency be between exemplary business activities and an

exemplary positive contribution to society. One cannot proceed without the other within our vision of global corporate responsibility.

Hence, comparing to the other works, this work provides a holistic view for looking at sustainability and practical execution by an organization. This study provides critical implications for practitioners, academicians, and policymakers. Practitioners must understand that sustainable development needs to be embedded in the organization's activities in order to be successfully achieved. L'Oréal's way of managing diverse activities across different domains have sustainable development as a prime concern. The mere pursuance of activities aimed at reducing environmental footprint which is considered as the most important aspect of the triple bottom line will not fulfill the achievement of sustainable development. Practitioners must consider the environment, economic and social aspects of sustainable development in the decision-making process. Until the practitioners take up sustainable development as part of their day-to-day activities, sustainable development will remain an elusive term that will be discussed by the top management and never put into action. Academicians must take up further research endeavor in discussing a practical approach to undertake sustainable development. This research paper is an attempt to fill the gap of the scarcity of studies that examine the pursuance of sustainable development goals in real business cases. Such studies will provide much-needed information for other businesses to take up sustainable development initiatives. The policymakers are appraised on the way an organization is undertaking sustainable development. Policymakers must support organizations to take up sustainable development initiatives by providing incentives. Sustainable development is understood by organizations differently, the policymakers must respond in such a way that organizations understand the meaning of sustainable development that is beyond the sustenance of the business.

Conclusion

The aim of this paper was to explore sustainable development initiatives undertaken by an organization of international repute without compromising on any dimension – environment, society, and profits. The literature on sustainable development has rarely explored the practical aspect of making sustainable development work by depicting it in practical case-based research. This paper attempts to fill in this gap by undertaking case-based research and validating few propositions developed through literature review. The paper discusses the gains to the firm and the ecosystem if the firm goes beyond the expectations of regulation to promote innovation and motivate constant performance in a sustainable manner. L'Oréal's initiatives for addressing the environmental and social issues by focusing on carbon footprint reduction, waste management, deforestation, water management, provision of employment and societal development positively impacts the firm's image, its business and the industry ecosystem. The detailed account on L'Oréal demonstrates how organization-wide effort including supply chain partners contributes to the achievement of sustainable development. Further, L'Oréal's efforts are implemented across the globe and integration amongst them allows for the adoption of best practices, quick decision making, and collaboration. L'Oréal represents a balanced business model that acts as a means for long-term profitability with due respect to environment and society (L'Oréal, 2017a). The literature argues that the firms that address environmental issues can positively affect their financial performance and competitive position (Albertini, 2013; Andrew A. King & Michael J. Lenox, 2001; Parastoo et al., 2015; Post & social, 1992; Zahra, 1993). This is evident from the fact that in terms of sales, L'Oréal is one of the top ranked cosmetics organizations with sales of \$28.6 billion (L'Oréal, 2017a; WWD, 2017). Other organizations in the cosmetics industry, as well as other industries, can take cues from the measures undertaken by L'Oréal for sustainable development. Moreover, this study through L'Oréal's case provides significant inputs to practitioners on the way forward to take up sustainable development as an embedded component in their everyday activities.

Limitations and Future Work

The study is subject to a few limitations; the most prominent one is that this paper is based on a discussion of a single organization. Future studies can undertake a discussion of multiple organizations. This paper lacks a quantitative analysis that links factors that impact sustainable development initiatives.

Future studies can undertake quantitative analysis. Keeping in view the increasing call for research on the practical viability of sustainable development, researchers can take up studies that incorporate both quantitative and qualitative methods. Such studies will not only be focused on identifying cause and effect relationship based on quantitative methods but also take its findings to a real practical setting and examine it.

References

- Albertini, E. (2013). Does Environmental Management Improve Financial Performance? A Meta-Analytical Review. *Organization & Environment*, 26(4), 431–457.
- Anbarasan, P., & Sushil. (2018). Stakeholder Engagement in Sustainable Enterprise: Evolving a Conceptual Framework, and a Case Study of ITC. *Business Strategy and the Environment*, 27(3), 282–299.
- Andrew A. King, & Michael J. Lenox. (2001). Does It Really Pay to Be Green? An Empirical Study of Firm Environmental and Financial Performance. *Journal of Industrial Ecology*, 5(1), 105–116.
- Bansal, P. (2002). The corporate challenges of sustainable development. *Academy of Management Perspectives*, 16(2), 122–131.
- Bansal, P. (2005). Evolving sustainably: A longitudinal study of corporate sustainable development. *Strategic Management Journal*, 26(3), 197–218.
- Barney, J. (1991). Firm Resources and Sustained Competitive Advantage. *Journal of Management*, 17(1), 99–120.
- Baum, J. A. C., & Oliver, C. (1991). Institutional Linkages and Organizational Mortality. *Administrative Science Quarterly*, 36(2), 187–218.
- Baumgartner, R. J., & Rauter, R. (2017). Strategic perspectives of corporate sustainability management to develop a sustainable organization. *Journal of Cleaner Production*, 140(1), 81–92.
- Benn, S., & Baker, E. (2009). Advancing Sustainability Through Change and Innovation: A Co-evolutionary Perspective. *Journal of Change Management*, 9(4), 383–397.
- Boyko, C. T., Cooper, R., Davey, C. L., & Wootton, A. B. (2006). Addressing sustainability early in the urban design process. *Management of Environmental Quality: An International Journal*, 17(6), 689–706.
- Charles Jr, O. H., Schmidheiny, S., & Watts, P. (2017b). *Walking the talk: The business case for sustainable development*. Routledge.
- Chavan, M. (2005). An appraisal of environment management systems: A competitive advantage for small businesses. *Management of Environmental Quality: An International Journal*, 16(5), 444–463.
- Dhir, S. (2016a). Global competitiveness of informal economy organizations. In *Flexible work organizations* (pp. 209–224). Springer, New Delhi.
- Dhir, S. (2016b). Practice-oriented insights on creative problem solving. *Journal of Management and Public Policy*, 7(2), 5.
- Dhir, S. (2017). Flexibility in modification and termination of cross-border joint ventures. *Global Journal of Flexible Systems Management*, 18(2), 139–151.
- Dhir, S., Aniruddha, & Mital, A. (2014). Alliance network heterogeneity, absorptive capacity and innovation performance: a framework for mediation and moderation effects. *International Journal of Strategic Business Alliances*, 3(2-3), 168–178.
- Dhir, S., & Batra, I. (2018). Comprehending Ambidexterity in the Emerging Market Context: The Moderating Role of Learning Capability and Environmental Dynamism on e-Commerce Firm's Performance. *Journal of Global Business Advancement*, 11(4), 1–41.
- Dhir, S., & Dhir, S. (2015). Diversification: Literature Review and Issues. *Strategic Change*, 24(6), 569–588.
- Dhir, S., & Dhir, S. (2018). Organizational Capability and Performance Improvement : A Study of e-Commerce Firms in Indian Context. *International Journal of Global Business and Competitiveness*, 13(1), 35–51.
- Dhir, S., & Mital, A. (2012). Decision-making for mergers and acquisitions: the role of agency issues and behavioral biases. *Strategic Change*, 21(1-2), 59–69.
- Dhir, S., & Mital, A. (2013a). Asymmetric motives in Indian bilateral cross-border joint ventures with G7 nations: Impact of relative partner characteristics and initial conditions. *International Journal of Strategic Business Alliances*, 3(1), 69–92.
- Dhir, S., & Mital, A. (2013b). Value Creation on Bilateral Cross-Border Joint Ventures: Evidence from India. *Strategic Change*, 22(5–6), 307–326.
- Diamond, C. P. (1996). Environmental management system demonstration project: Final report. *Ann Arbor, MI: NSF, Inc.*
- Dubey, R., Gunasekaran, A., & Chakrabarty, A. (2015). World-class sustainable manufacturing: Framework and a performance measurement system. *International Journal of Production Research*, 53(17), 5207–5223.

- Dubey, R., Gunasekaran, A., Papadopoulos, T., Childe, S. J., Shibin, K. T., & Wamba, S. F. (2017). Sustainable supply chain management: framework and further research directions. *Journal of Cleaner Production*, 142, 1119–1130.
- Dubey, R., Gunasekaran, A., Sushil, & Singh, T. (2015). Building theory of sustainable manufacturing using total interpretive structural modelling. *International Journal of Systems Science: Operations & Logistics*, 2(4), 231–247.
- Dyllick, T., & Hockerts, K. (2002). Beyond the Business Case for Corporate Sustainability. *Business Strategy and the Environment Bus. Strat. Env*, 11(2), 130–141.
- Eisenhardt, K., & Schoonhoven, C. (1996). Resource-Based View of Strategic Alliance Formation: Strategic and Social Effects in Entrepreneurial Firms. *Organization Science*, 7(2), 136–150.
- Elkington, J. (1994). Towards the Sustainable Corporation: Win-Win-Win Business Strategies for Sustainable Development. *California Management Review*, 36(2), 90–100.
- Faulkner, W., & Badurdeen, F. (2014). Sustainable Value Stream Mapping (Sus-VSM): methodology to visualize and assess manufacturing sustainability performance. *Journal of Cleaner Production*, 85, 8–18.
- Felin, T, Foss, N.J., Ployhart, R. E. (2015). The microfoundations movement in strategy and organization theory. *The Academy of Management Annals*, 9(1), 575–632.
- Folke, Carpenter, Elmqvist, Gunderson, Holling, & Walker. (2002). Resilience and Sustainable Development: Building Adaptive Capacity in a World of Transformations. *AMBIO: A Journal of the Human Environment*, 31(5), 437–440.
- Freeman, R. E. (2010). *Strategic management : a stakeholder approach*. Cambridge University Press.
- Giddings, B., Hopwood, B., & G., O. (2002). Environment, economy and society: fitting them together into sustainable development. *Sustainable Development*, 10(4), 187–196.
- Gimenez, C., Sierra, V., & Rodon, J. (2012). Sustainable operations: Their impact on the triple bottom line. *International Journal of Production Economics*, 140(1), 149–159.
- Gladwin, Kennelly, & Krause. (1995). Shifting Paradigms for Sustainable Development: Implications for Management Theory and Research. *The Academy of Management Review*, 20(4), 874–907.
- Goodland, R. (1995). The Concept of Environmental Sustainability. *Annual Review of Ecology and Systematics*, 26(1995), 1–24.
- Grewatsch, S., & Kleindienst, I. (2017). When Does It Pay to be Good? Moderators and Mediators in the Corporate Sustainability–Corporate Financial Performance Relationship: A Critical Review. *Journal of Business Ethics*, 145(2), 383–416.
- Gupta, S. K., & Racherla, U. S. (2018). Interdependence among dimensions of sustainability: evidence from Indian leather industry. *Management of Environmental Quality: An International Journal*, 29(3), 406–415.
- Hacking, T., & Guthrie, P. (2008). A framework for clarifying the meaning of Triple Bottom-Line, Integrated, and Sustainability Assessment. *Environmental Impact Assessment Review*, 28(2–3), 73–89.
- Hall, J. K., Daneke, G. A., & Lenox, M. J. (2010). Sustainable development and entrepreneurship: Past contributions and future directions. *Journal of Business Venturing*, 25(5), 439–448.
- Halme, M., & Korpela, M. (2014). Responsible innovation toward sustainable development in small and medium-sized enterprises: A resource perspective. *Business Strategy and the Environment*, 23(8), 547–566.
- Hamid, M. S. A., Islam, R., & Hazilah, A. M. N. (2014). Malaysian graduates' employability skills enhancement: an application of the importance performance analysis. *Journal for Global Business Advancement*, 7(3), 181–197.
- Harrison, J. S., Hitt, M. A., Hoskisson, R. E., & Ireland, R. D. (2001). Resource complementarity in business combinations: Extending the logic to organizational alliances. *Journal of Management*, 27(6), 679–690.
- Hart, S. L., & Milstein, M. B. (2003). Creating sustainable value. *Academy of Management Perspectives*, 17(2), 56–67.
- Howarth, R. B., & Norgaard, R. B. (1993). Intergenerational Transfers and the Social Discount Rate. *Environmental and Resource Economics*, 3(4), 337–358.
- Husser, J., André, J. M., Barbat, G., & Lespinet-Najib, V. (2012). CSR and sustainable development: Are the concepts compatible? *Management of Environmental Quality: An International Journal*, 23(6), 658–672.
- Jamali, D. (2008). A stakeholder approach to corporate social responsibility: A fresh perspective into theory and practice. *Journal of business ethics*, 82(1), 213–231.
- Joshi, S., & Li, Y. (2016). What Is Corporate Sustainability and How Do Firms Practice It? A Management Accounting Research Perspective. *Journal of Management Accounting Research*, 28(2), 1–11.
- Kate, K. Ten, & Laird, S. A. (2000). Biodiversity and Business: Coming to Terms with the ' Grand Bargain '. *International Affairs*, 76(2), 241–264.
- Kuhlman, T., & Farrington, J. (2010). What is Sustainability? *Sustainability*, 2(11), 3436–3448.
- L'Oréal. (2017a). L'Oréal in Figures. Retrieved from <https://www.loreal.com/keyfigures>
- L'Oréal. (2017b). Progress Report: Sharing Beauty With All. Retrieved from <https://www.loreal.com/loreal-sharing-beauty-with-all>
- L'Oréal. (2018). L'Oréal. Retrieved from <https://www.loreal-finance.com/eng/annual-report>

- Leon, R.-D. (2013). From the Sustainable Organization to Sustainable Knowledge-Based Organization. *Economic Insights – Trends and Challenges, II(2)*, 63–73.
- Meyer, J. W., & Rowan, B. (1977). Institutionalized Organizations : Formal Structure as Myth and Ceremony. *American Journal of Sociology, 83(2)*, 340–363.
- Milne, M. J., & Gray, R. (2013). W(h)ither Ecology? The Triple Bottom Line, the Global Reporting Initiative, and Corporate Sustainability Reporting. *Journal of Business Ethics, 118(1)*, 13–29.
- Missimer, M. (2017). A strategic approach to social sustainability – Part 1: exploring the social system. *Journal of Cleaner Production, 140(1)*, 32–41.
- Mohan Das Gandhi, N., Selladurai, V., & Santhi, P. (2006). Unsustainable development to sustainable development: A conceptual model. *Management of Environmental Quality: An International Journal, 17(6)*, 654–672.
- Montiel, I., & Delgado-Ceballos, J. (2014). Defining and Measuring Corporate Sustainability: Are We There Yet? *Organization and Environment, 27(2)*, 113–139.
- Nidumolu, R., Prahalad, C. K., & Rangaswami, M. R. (2009). Why Sustainability Is Now the Key Driver of Innovation. *Harvard Business Review, 87(9)*, 57–64.
- Norman, W., & Macdonald, C. (2004). Getting to the Bottom of " Triple Bottom Line ". *Business Ethics Quarterly, 14(2)*, 243–262.
- Oliver, C. (1997). Sustainable Competitive Advantage : Combining Institutional and Resource-Based Views. *Strategic Management Journal, 18(9)*, 697–713.
- Parameswar, N., & Dhir, S. (2018). Technology Transfer and Innovation in Global International Joint Ventures Emerging Markets' Perspective. In *Global Value Chains, Flexibility and Sustainability* (pp.77-87). Springer, Singapore.
- Parameswar, N., & Dhir, S. (2019a). Global marketplace strategy and choice of interaction after termination of international joint venture. *Strategic Change, 28(3)*, 177-184.
- Parameswar, N., & Dhir, S. (2019b). Post termination interaction in international joint ventures (IJV). *foresight, 21(2)*, 200-215.
- Parameswar, N., Dhir, S., & Dhir, S. (2017). Banking on Innovation, Innovation in Banking at ICICI Bank. *Global Business and Organizational Excellence, 36(2)*, 6–16.
- Parameswar, N., Dhir, S., & Ongsakul, V. (2018). Purpose of international joint venture and interaction post termination. *Journal for Global Business Advancement, 11(6)*, 687-705.
- Parameswar, N., Singh, A., Malik, R., & Dhir, S. (2018). efin Recruiters: at the crossroads of the Indian RPO Industry. *Emerald Emerging Markets Case Studies, 8(1)*, 1-23.
- Parastoo, S., So, S., & Saeidi, P. (2015). How does corporate social responsibility contribute to firm financial performance? The mediating role of competitive advantage , reputation , and customer satisfaction. *Journal of Business Research, 68(2)*, 341–350.
- Pawłowski, A. (2008). How Many Dimensions Does Sustainable Development Have? *Sustainable Development, 16*, 81–90.
- Perrini, F., Russo, A., Tencati, A., & Vurro, C. (2011). Deconstructing the relationship between corporate social and financial performance. *Journal of Business Ethics, 102(1)*, 59-76.
- Post, J., & social, B. A.-. (1992). Models of corporate greening: How corporate social policy and organizational learning inform leading-edge environmental management. *Research in Corporate Social Performance and Policy, 13(1)*, 3–29.
- Proto, M., Malandrino, O., & Supino, S. (2007). Eco-labels: a sustainability performance in benchmarking? *Management of Environmental Quality: An International Journal, 18(6)*, 669–683.
- Raisch, S., Birkinshaw, J., Probst, G., & Tushman, M. L. (2009). Organizational Ambidexterity: Balancing Exploitation and Exploration for Sustained Performance. *Organization Science, 20(4)*, 685–695.
- Redclift, M. (2002). *Sustainable Development: Exploring the contradictions*. Routledge.
- Redclift, M. (2005). Sustainable development (1987–2005): an oxymoron comes of age. *Sustainable development, 13(4)*, 212-227.
- Robèrt, K.-H., Schmidt-Bleek, B., Aloisi De Lardere, J., Basile, G., Jansen, J. L., Kuehr, R., ... Wackernagel, M. (2002). Strategic sustainable development – selection, design and synergies of applied tools. *Journal of Cleaner Production, 10(3)*, 197–214.
- Rowley, T. J., Shipilov, A. V., & Greve, H. R. (2017). Board reform versus profits: The impact of ratings on the adoption of governance practices. *Strategic Management Journal, 38(4)*, 815–833.
- Saeidi, S. P., Sofian, S., Saeidi, P., Saeidi, S. P., & Saeidi, S. A. (2015). How does corporate social responsibility contribute to firm financial performance? The mediating role of competitive advantage, reputation, and customer satisfaction. *Journal of Business Research, 68(2)*, 341–350.
- Sahota, A. (2014). *Sustainability: how the cosmetics industry is greening up*. John Wiley & Sons, Ltd.

- Satyro, W. C., Sacomano, J. B., Contador, J. C., Almeida, C. M. V. B., & Giannetti, B. F. (2017). Process of strategy formulation for sustainable environmental development: Basic model. *Journal of Cleaner Production*, 166, 1295–1304.
- Scott, W. R. (1987). The Adolescence of Institutional Theory. *Administrative Science Quarterly*, 32(4), 493–511.
- Secchi, M., Castellani, V., Collina, E., Mirabella, N., & Sala, S. (2016). Assessing eco-innovations in green chemistry: Life Cycle Assessment (LCA) of a cosmetic product with a bio-based ingredient. *Journal of cleaner production*, 129, 269–281.
- Seyfang, G., & Smith, A. (2007). Grassroots innovations for sustainable development: Towards a new research and policy agenda. *Environmental Politics*, 16(4), 584–603.
- Sharfman, M. P., & Fernando, C. S. (2008). Environmental risk management and the cost of capital. *Strategic Management Journal*, 29(6), 569–592.
- Solow, R. . (1974). Intergenerational Equity and Exhaustible Resources. *The Review of Economic Studies*, 41, 29–45.
- Starik, M., & Rands, G. P. (1995). Weaving an Integrated Web: Multilevel and Multisystem Perspectives of Ecologically Sustainable Organizations. *Academy of Management Review*, 20(4), 908–935.
- Stubbs, W., & Cocklin, C. (2008). Conceptualizing a “Sustainability Business Model.” *Organization & Environment*, 21(2), 103–127.
- Svensson, G., & Wagner, B. (2011). A process directed towards sustainable business operations and a model for improving the GWP-footprint (CO₂e) on Earth. *Management of Environmental Quality: An International Journal*, 22(4), 451–462.
- Svensson, G., & Wagner, B. (2015). Implementing and managing economic, social and environmental efforts of business sustainability. *Management of Environmental Quality: An International Journal*, 26(2), 195–213.
- Swanson, L. A., & Zhang, D. D. (2012). Perspectives on corporate responsibility and sustainable development. *Management of Environmental Quality: An International Journal*, 23(6), 630–639.
- Teece, D. J. (2007). Explicating dynamic capabilities: the nature and microfoundations of (sustainable) enterprise performance. *Strategic management journal*, 28(13), 1319–1350.
- Wamba, S. F., Gunasekaran, A., Akter, S., Ren, S. J. fan, Dubey, R., & Childe, S. J. (2017). Big data analytics and firm performance: Effects of dynamic capabilities. *Journal of Business Research*, 70, 356–365.
- Webber, W., Frost, G., & Adams, C. (2013). Triple Bottom Line: A Review of the Literature. In *the Triple Bottom Line* (pp. 39–47). Routledge.
- Wexler, M. N. (2009). Strategic ambiguity in emergent coalitions: the triple bottom line. *Corporate Communications: An International Journal*, 14(1), 62–77.
- Wiersum, K. F. (1995). 200 years of sustainability in forestry: Lessons from history. *Environmental Management*, 19(3), 321–329.
- Wood, R., Stadler, K., Bulavskaya, T., Lutter, S., Giljum, S., de Koning, A., ... Tukker, A. (2015). Global sustainability accounting-developing EXIOBASE for multi-regional footprint analysis. *Sustainability*, 7(1), 138–163.
- Brundtland, G. H. World Commission on Environment and Development (1987), *Our Common Future*, Vol. 383.
- WWD. (2017). L’Oréal Gets Top Spot on WWD Beauty Inc.’s 2016 Top 100. Retrieved from <https://wwd.com/beauty-industry-news/beauty-features/loreal-gets-top-spot-on-wwd-beauty-inc-s-2016-top-10866993>
- Zahra, S. A. (1993). Environment, corporate entrepreneurship, and financial performance: A taxonomic approach. *Journal of Business Venturing*, 8(4), 319–340.