

Insights from Companies Research: Sustainability Matters

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Abstract

This research examines in an exhaustive manner state of the art in the field of financial sustainability, with a focus on global companies, over the period 2011-2020. We aim to identify both micro and macroeconomic factors that influence the companies' financial sustainability by applying a Bibliometric analysis. This research methodology provides relevant evidence on the topic and the trends in research outputs.

Key words: financial sustainability, corporate performance, government policy

J.E.L. classification: G32, G38, G30

1. Introduction

This research examines in an exhaustive manner state of the art in financial sustainability, with a focus on global companies, over the period 2011-2020. Companies' economic sustainability exhibits a significant connection with the socio-economic environment in the 'new reality, marked by digitalization and circular trends. How the intrinsic and extrinsic barriers to digitalization affect Industry 4.0 adoption by the firms; how these barriers influence the linkage between digitalization and the firm's performance regarding its supply chain competency and operational performance. Study the influence of digitalization in companies from all over the world.

We want to offer a clear perspective on the plurality of conceptual foundations in research and to identify the principles associated with organizational change processes and how business transformation is achieved. In this regard, we have examined a wide variety of relevant indicators that can support the method of quantifying their impact on financial sustainability.

2. Theoretical background

The field literature indicates the theoretical pillars of the corporate sustainability concept, namely: sustainable development (which implies the study of micro and macro elements) and the stakeholder theory, creating the connection with corporate governance domain (including ethics/accountability) and C.S.R. approaches).

Hermelinmeier V., in a recently published article, 2021, mentions the B.T.S., which allows the identification of learning principles associated with business transformation. Three principles are the starting point for triggering the company's transformation processes. Thus, the managerial strategy evolves beyond organizational boundaries.

The utility of research in the economic area is for improving the companies' sustainability. Another point that caught our attention is the usefulness of research in the economic area to improve companies' sustainability. Therefore, the focus is on Industry 4.0, which improves operational performance and supply chain competence and exemplifies the evolution of the new reality.

3. Research methodology

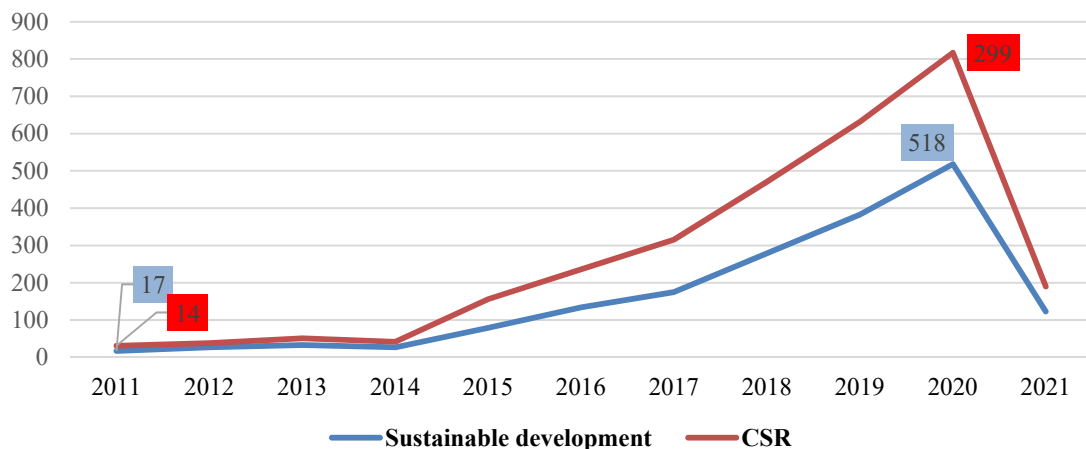
We aim to identify both micro and macroeconomic factors that influence the companies' financial sustainability by applying a Bibliometric analysis. This research methodology provides relevant evidence on the topic and the trends in research outputs.

From over 3100 articles generated following the searches of the four keywords, considering criteria such as open access, publication year, language, document type, we analyzed 90 articles. The relevance of the selection of the articles was analyzed through the determination of the search criteria, considering concepts underlying corporate sustainability. More than seventy articles extracted from Web of Science – Core Collection were reviewed. The analysis was complemented by analyzing documents extracted from scientific Web browsers such as Wiley Journals, Scopus, Academic Google, ScienceDirect, and MDPI, summing up a total of ninety-five documents. The relevance of the selection of the articles was analyzed through the determination of the search criteria, considering variables factors with potential influence on the company's financial sustainability. Our study includes a wide selection of independent variables as controls, covering issues from all areas of business. Furthermore, we applied a Bibliometric analysis methodology that provides relevant evidence on the topic and the trends in research outputs. We covered all areas of business over the period 2011-2020.

4. Findings

As we mentioned earlier, our research is based on over 3100 scientific articles selected according to interest criteria. As a result, analyzing the publication period, we have the following products:

Figure no. 1 Publications evolution in time



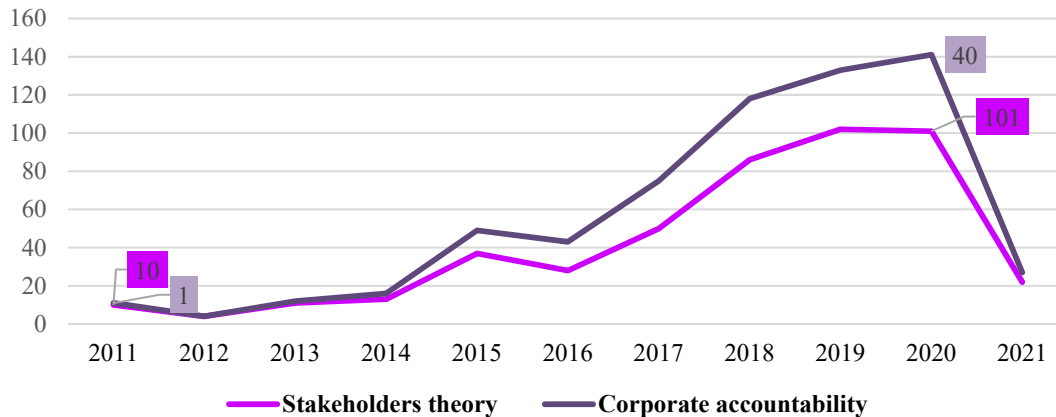
Source: Graph made by the author based on the analyzed articles, 2021. Articles extracted from Web of Science – Core Collection, Wiley Journals, Scopus, Academic Google, ScienceDirect, and MDPI.

As figure 1 indicates, research (scientific article) related to Sustainable development topic has registered a sharp evolution (increasing), namely from 17 articles published in 2011 to 518 articles published in 2020. Also, the C.S.R. topic has an increasing evolution from 14 articles published in 2011 to 299 articles published in 2020.

Considering over 90 papers from the Web of Science Core Collection, categorized as research articles and book chapters, results indicate that research is mainly focused on two areas. First, a significant number of papers refer to financial performance measures relating to financial sustainability, using performance methods and internal procedures of the companies. The results indicate that methods of enhancing corporate performance rely on factors such as the scope of activity, firm size and age, leverage, social environment, corporate governance variables: board competency, gender, age.

Secondly, a considerable part of the literature is based on macroeconomic factors towards sustainable development, such as country financial stability, efficiency and stability of fiscal and monetary policies, and their impact on the private sector, inflation rate, interest rate, gross domestic product (G.D.P.) growth rate, and the exchange rate. The approach used in the paper could be of practical benefit to young researchers, corporate specialists, and even public decision-makers for building national or regional strategies for implementing sustainability programs.

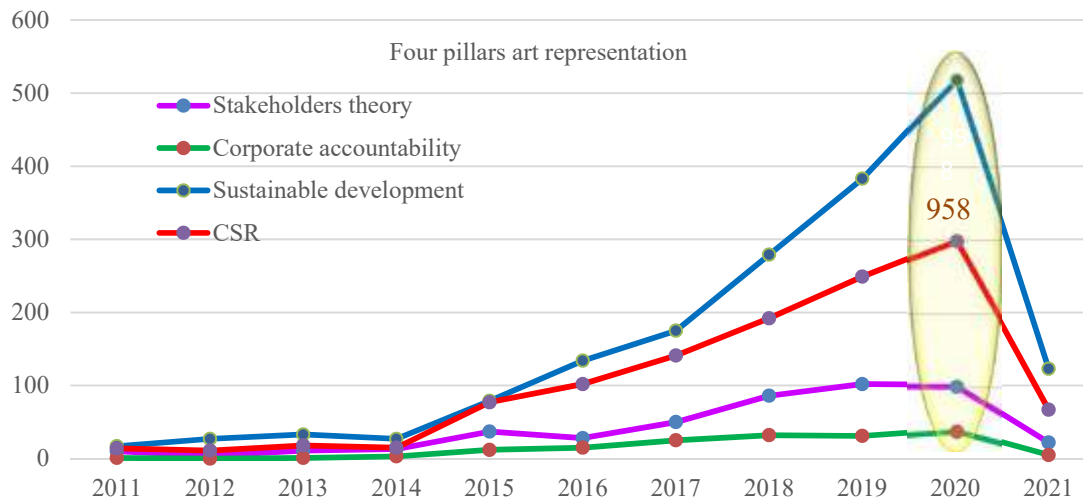
Figure no. 2 Publications evolution in time.



Source: Graph made by the author based on the analyzed articles, 2021. Articles extracted from Web of Science – Core Collection, Wiley Journals, Scopus, Academic Google, ScienceDirect, and MDPI.

As figure 2 indicates, research (scientific article) related to the Stakeholders theory topic has registered a sharp evolution (increasing), namely from 10 articles published in 2011 to 101 articles published in 2020. Also, the Corporate accountability topic has an increasing evolution from 11 articles published in 2011 to 40 articles published in 2020.

Figure no. 3 Publications evolution in time, height.



Source: Graph made by the author based on the analyzed articles, 2021. Articles extracted from Web of Science – Core Collection, Wiley Journals, Scopus, Academic Google, ScienceDirect, and MDPI.

Of the 3,100 articles, a total of 958 articles were published in 2020. As can be seen, the evolution of publications is upward and much more accurate. As a parenthesis, already in 2021, 217 articles were published for the four pillars, given that 2011 has no more than 42 articles.

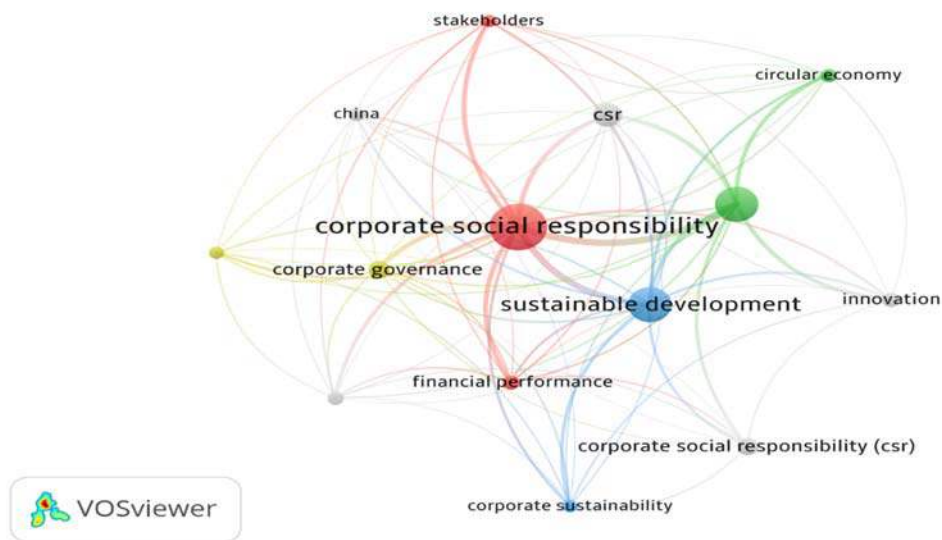
The article we analyzed used various methodology research to evaluate the determinants of firm performance in the North American S.M.E.s/probit model. Regression analysis, Another method that caught our attention is the one used by the author Buer, S.-V. It uses the two-way analysis method by sending questionnaires to 212 Norwegian companies. Emphasizing that large companies have a much higher level of digitalization than small and medium-sized companies (S.M.E.s). We see the difference between production environments and digitalization aspects.

We study the article published in 2018 conducted by Beleiu H. G. on electricity management. This study case on electricity management is a point of view on companies in the production sector made for eight companies from the EU during two years. Thus, several variables were taken into accounts, such as equipment failures, power outages, low energy efficiency, low productivity, indirect costs, and other process disruptions with significant economic effects.

The Mamdani Fuzzy Controller and the financial risk analysis was the one that caught our attention in the article published by Bolos, M. I. in 2019, regarding a simulation on the ski slopes. According to his data, any activity is subject to individual risk of sustainability, so the risks must be measured individually using the fuzzy controller, and financial sustainability will be indirectly affected. Investments will have to be made that no longer add value to the company.

Aharon, D.Y. et al., in the article published in 2019, emphasizes the financial impact on the systematic risk of shareholders. They developing a hypothesis about the estimates of the consumer market and the accounting measurements for them, proposing the continuation of the research towards an evaluation of the debt market.

Figure no. 4 The most used keywords.

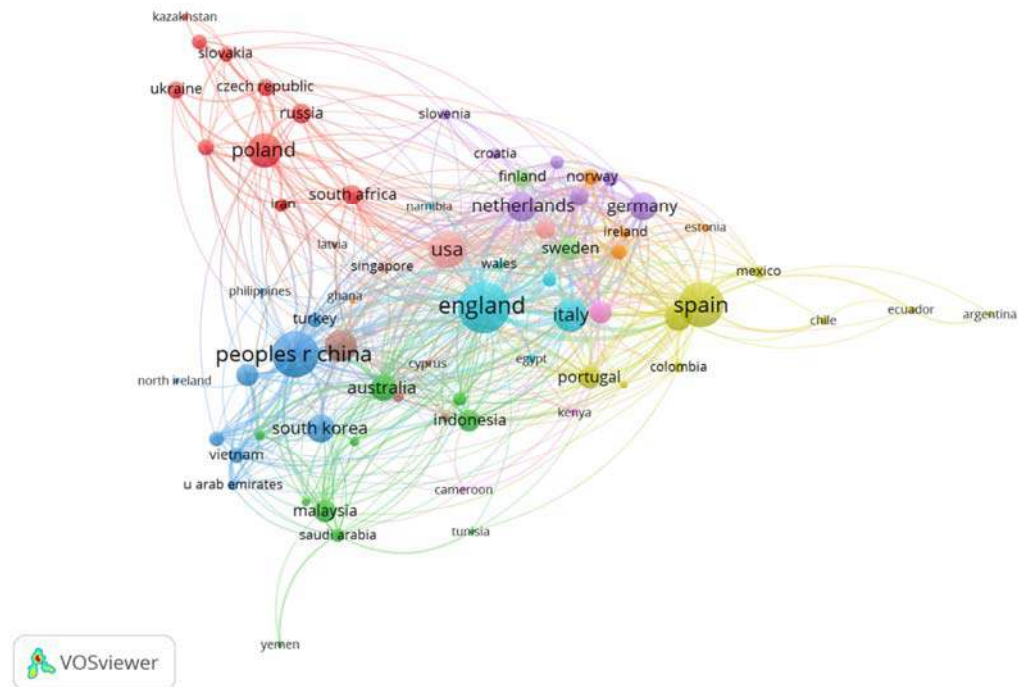


Source: Graph made by the author based on the analyzed articles using the VOSviewer, 2021.

With the help of VOSviewer, we created maps to understand the connection between the targeted items. Using the method of co-occurrence with the Author keywords, we set a minimum number of occurrences of a key to 50. From 8654 keywords, 409 meet the threshold, and we reduce to the top 14 keywords. In figure 4. we have the most used keywords in articles such as Corporate social responsibility (C.S.R.), sustainable development, corporate governance, stakeholders, innovation, circular economy.

A significant number of papers refer to firm performance measures relating to corporate sustainability, using the companies' performance methods and internal procedures.

Figure no. 5 Citing connections between countries.



Source: Graph made by the author based on the analyzed articles using the VOSviewer, 2021.

Figure number 5 indicates the citing connections between countries. From 514 links and 39 items, it results in 12 clusters. The most recent cited papers are from countries like China, Spain, Poland, England, U.S.A., Italy, Germany, Netherland.

5. Conclusions

Considering the four main pillars of corporate sustainability, namely: human, social, economic, and environmental, we aim to identify both micro and macroeconomic factors that influence the companies' financial sustainability by applying a Bibliometric analysis. The results indicate that methods of enhancing corporate performance rely on factors such as the scope of activity, firm size and age, leverage, social environment, corporate governance variables: board competency, gender, age. Secondly, a considerable part of the literature is based on macroeconomic factors towards sustainable development, such as country financial stability, efficiency and stability of fiscal and monetary policies, and their impact on the private sector, inflation rate, interest rate, gross domestic product (G.D.P.) growth rate, and the exchange rate.

Digital and environmental orientation positively affect product and process innovation; companies need to invest in sustainability procedures and processes so that the complementary financial effects are positive. Regardless of the sector of activity, each company must have a long-term strategy of gradual implementation and alignment with foreign policies. Therefore, future studies can continue to examine articles more deeply and see the impact of each fact for every country.

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