

## Sustainable Development in Organization: A Literature Review

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**ABSTRACT:** The current study aimed to review previous scholarly efforts to understand the concept of sustainable development, its practices, and its significance for public institutions. The study focuses on the dimensions of sustainable development—environmental, social, and economic—within public institutions. Sustainable development allows these institutions to balance environmental protection, economic growth, and social justice, ensuring the prosperity of both current and future generations. Furthermore, sustainable development is crucial for maintaining organizational performance. The review bridges knowledge gaps related to sustainable development and utilizes an analytical approach, surveying previous studies on the topic. The selected studies highlight the importance of sustainable development as it recognizes the interconnectedness between economic growth, social well-being, and environmental protection.

**KEYWORDS:** Sustainable Development, Environmental Sustainability, Economic Sustainability, Social Sustainability.

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### INTRODUCTION

The current study aims to provide a comprehensive review of previous research and intellectual efforts in the field of sustainable development and its practices, aiming to understand its concept, importance, and how public institutions can benefit from it. The study specifically focuses on the dimensions of sustainable development—environmental, social, and economic—within public institutions.

Through sustainable development, public institutions can achieve an optimal balance between environmental protection, economic development, and social justice, ensuring prosperity for both current and future generations. Furthermore, the concept of sustainable development plays a vital role in maintaining organizational performance effectiveness.

To achieve the study's objectives, an analytical approach was adopted, relying on a survey of a number of previous studies on sustainable development. This review was conducted by carefully selecting a variety of studies from different environments to highlight various aspects of sustainable development and the experiences of many institutions in different settings.

Sustainable development is not merely an objective in itself but an important process to maintain the organizational performance of public institutions. When public institutions adopt sustainable development principles and ensure their integration into strategies and processes, they enhance efficiency, reduce negative environmental impacts, and promote communication and collaboration with the local community.

The study concluded that sustainable development is of great importance because it acknowledges the close relationship between economic growth, social welfare, and environmental protection. The review also focused on the role of the three main actors in sustainable development from a new and integrated perspective.

### Concept of Sustainable Development Review:

The concept of sustainable development has gained increasing global importance across all sectors and industries, making sustainable development a standard report for companies and governments (Thiel, 2015:183). Hence, monitoring sustainable development practices is one of the major trends adopted by many governments in developed countries. The International Auditing and Assurance Standards Board (IAASB) has developed international standards specifically for auditing sustainable development practices, providing guidelines on how to assess and evaluate an organization's commitment to sustainable development principles (Thabit et al., 2019:1). Sustainable development integrates environmental, social, and economic aspects to achieve the greatest social welfare while preserving natural resources and causing minimal environmental damage (Khudair & Ali, 2021:45). Sustainable development seeks to implement radical plans that enable society to interact and balance with the natural system (Saleh & Mahdi, 2019:19). Therefore, sustainable development is the optimal and efficient use of all environmental resources, social life, and economic foresight, focusing on a better, high-quality life for every individual in society now and in the future, as it is the active tool that can meet the needs of the present without compromising the abilities of future generations (Majid, 2017:117). Moreover, as Mohammed & Elameer (2019) explained, the Sustainable Development Goals (SDGs) are a comprehensive set of interconnected

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global goals that the world seeks to achieve by 2030, emphasizing the importance of collaborative partnerships between countries to address the three dimensions of sustainable development: economic growth, environmental sustainability, and social inclusion. The concept of sustainable development has expanded from focusing solely on economic growth to a broader concept that benefits progress and welfare, including all choices for current societies and future generations (Mutlak, 2022:139). Kazem & Hafidh (2020:40) noted that sustainable development is the optimal and effective use of environmental resources, social life, and the economy for the long-term, with a focus on a better life with high value for every individual in society now and in the future. Sustainable development implies equality and justice between generations. Hashimi & Jabouri (2018:63) noted that sustainable development entails making changes in all aspects of economic life, represented by an increase in the average real income per capita while also preserving both renewable and non-renewable natural resources through their rational exploitation. The current study contributes to the literature on management regarding the concept of sustainable development by addressing aspects overlooked by previous studies, such as the source of sustainable development or highlighting its dimensions. To achieve the objectives of this study, the researchers reviewed several important studies addressing the variable of sustainable development, such as:

- Renko (2018), which discussed the concept of sustainable development and distinguished between two key concepts: weak and strong sustainability, which were widely discussed in previous literature and research. Weak sustainability involves maintaining total capital, including economic capital (machines, labor, and knowledge) and natural capital (resources, the environment, and nature). From this perspective, natural resources and manufactured capital are considered interchangeable, with no significant differences in the welfare they generate. As long as adequate compensation is made through mechanisms and methods like roads and ports, the use of non-renewable resources or CO<sub>2</sub> emissions into the atmosphere is deemed acceptable. Strong sustainability, on the other hand, requires maintaining each type of resource separately, recognizing that natural resources cannot easily be replaced by industrial or human capital. This approach highlights environmental integrity and considers the risks associated with changes in natural capital. According to strong sustainability, natural capital is not merely a stock of resources but includes critical elements for human well-being. Renko (2018) also identified the three key dimensions of sustainable development: environmental sustainability, economic sustainability, and social sustainability, which are interrelated and require attention and action from communities, companies, and individuals. The primary goal of sustainable development is to achieve a fair balance between these three dimensions.

Renko's (2018) study emphasizes the integration between these three dimensions and the need to consider them together to address the sustainability issue effectively. The researchers note that Renko's study provides useful classifications to facilitate the understanding of sustainable development; however, the binary classification of sustainable development may lose some of the complexity and diversity that exist in reality. Renko also pointed out that natural resources can easily be replaced by industrial or human capital in the case of weak sustainability.

On the other hand, Gagnidze (2015) clarifies the concept of sustainable development, which means ensuring that the needs of the current generation are met without compromising the ability of future generations to meet their own needs. The concept of sustainable development integrates different fields, including environment, society, culture, and economy. Studying sustainable development across different countries is a relatively new field. Gagnidze's study discusses two models of sustainability: weak and strong sustainability. The classical model of weak sustainability deals with the economy, environment, and society as separate fields with limited overlap, while the strong sustainability model emphasizes the interconnection between society, economy, and environment. In the strong model, a healthy environment is considered essential for the functioning of society and the economy. The hierarchical sustainability model aligns with strong sustainability, stressing the interdependence between the different fields. The researchers affirm that Gagnidze's (2015) study highlights the hierarchical model of sustainability that connects these different fields. However, this model may face criticism for oversimplifying the relationships between the fields and not considering the diversity and complexity that may exist in these relationships.

In contrast, Ozili (2022) examined the relationship between financial inclusion and sustainable development, as both financial inclusion and sustainable development have significant impacts on society and the environment. Financial inclusion refers to providing affordable formal financial services to all individuals and companies. It also aims to ensure that individuals and businesses have access to basic financial services at affordable prices in the formal financial sector. On the other hand, sustainable development focuses on meeting current needs without compromising the ability of future generations to meet their own needs. It includes economic, environmental, and social dimensions. Ozili's (2022) study sheds light on the relationship between financial inclusion and sustainable development by exploring the economic and social benefits that financial inclusion brings to individuals, companies, and governments in the pursuit of sustainability. Financial inclusion policies are implemented through existing economic and social structures, which are crucial for achieving sustainable development. Using data from the World Development Indicators and Google Trends database, Ozili (2022) found a unidirectional causal relationship between global interest in internet information on sustainable development and financial inclusion after the global financial crisis but before the COVID-19 pandemic. The study also revealed positive correlations between financial inclusion and renewable energy production, industrial productivity, adult literacy

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rates, and renewable electricity production. Conversely, financial inclusion was negatively correlated with the decline in renewable energy sources and combustible waste.

The researchers note that Ozili's (2022) study relied on data from the World Development Indicators and Google Trends to examine the relationship between financial inclusion and sustainable development. However, issues related to the accuracy and representativeness of this data might exist, making it difficult to generalize the results globally based on these specific datasets.

Nikolic et al. (2020) studied the role of higher education in achieving sustainable development, with increasing attention paid to this role since the United Nations Conference on the Human Environment in 1972. Higher education institutions are recognized as significant players in spreading knowledge and research in the field of sustainable development. There has been a rise in academic programs related to sustainability worldwide. Higher education institutions have the capacity to integrate various types of knowledge and promote social change. In promoting sustainable development, these institutions aim to equip students with knowledge about sustainability, develop their skills for sustainable behavior, and enhance personal and emotional traits that drive sustainable actions. The goal of this study is to promote sustainable living in all aspects of students' lives, including their personal and professional environments. Despite the evolution of higher education for sustainable development over the years, its principles have not yet become common practice. Gaps remain in adapting teaching methods to different subjects and integrating sustainable development into all curricula. Higher education remains conservative and organized around specialized fields of knowledge and traditional disciplines. Successfully integrating sustainable development into university curricula requires a shift in thinking, behavior, and teaching methods. Resistance to change stems from disrupting existing educational structures and the need for a different mindset. Moreover, students' understanding of the concept and importance of sustainable development, as well as their motivations for sustainable behavior, pose significant challenges, as students demonstrate varying levels of awareness and attitudes towards sustainability. Communication gaps between university administration and students may contribute to a lack of awareness. Environmental aspects of sustainability tend to dominate students' perceptions, and there is a need to bridge the gap between awareness and action. In the context of higher education in Serbia, efforts to implement sustainable development have begun, primarily focusing on environmental education.

The researchers note that Nikolic et al.'s (2020) study mainly focuses on universities in Serbia and their efforts to implement sustainable development. However, it does not take into account the various cultural and social aspects that may influence the application of sustainable development concepts in other educational environments. The study would benefit from including a variety of universities and cultures to obtain more generalizable and applicable results. The researchers also highlight resistance to change and the need for a shift in thinking, behavior, and teaching methods in educational institutions. Practical challenges and factors affecting the adoption of sustainable development concepts in universities should be clarified, and practical actions to overcome these challenges should be identified.

Similarly, Franco and Tracey (2019) explored the concept of community capacity building for sustainable development (CSD) and its impact on local communities. Although the concept of CSD has been widely covered in the literature, there is limited research on its operation and impact at the community level. Franco and Tracey's (2019) study aims to fill this gap by examining the effectiveness of CSD initiatives, identifying priority areas for CSD, and exploring how higher education institutions and stakeholders can have a greater impact on communities through CSD. The study adopts a bottom-up approach, viewing the community as the unit of analysis, involving various stakeholders, including higher education institutions, corporate representatives, government, and community members engaged in CSD actions.

The researchers stress that Franco and Tracey's (2019) study highlights the importance of clarifying the methods used for data collection and analysis, which would increase the reliability and validity of the results if strong research methodologies and appropriate analytical procedures are applied.

Similarly, **Takala and Korhonen-Yrjänheikki (2019)** discussed the state of sustainable development in engineering education in Finland, particularly focusing on the progress made by Finnish universities in fulfilling their sustainability commitments. In 2008, the Finnish National Cooperation Group for Engineering Education emphasized the mission of engineering education to benefit people and the environment through knowledge, skills, research, and innovations. As a result, a study on sustainable development in engineering education was conducted, and proposed actions were suggested in 2009. All seven universities offering engineering education in Finland participated in the group, indicating their commitment to developing engineering education from a sustainable development perspective. However, it is important to assess the progress Finnish universities have made in fulfilling their sustainability commitments. The study examines sustainable development in Finnish engineering education at both the institutional level (universities) and the societal level (the engineering community). The aim is to determine whether Finnish engineering education has effectively implemented sustainable development principles and achieved its sustainability goals. The study acknowledges the contributions of interviewees, the Finnish engineering education community, and anonymous reviewers who provided valuable insights and comments.

The researchers note that **Takala and Korhonen-Yrjänheikki's (2019)** study could help identify clear benchmarks and criteria for evaluating the impact and verifying the commitment of universities to sustainable development principles. It would be useful to

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analyze the actual impact of Finnish engineering education on the engineering community and the environment, which may require further study of the results and impacts achieved through sustainable engineering practices and innovations.

**Franco and Tracey (2019)** recognize the potential of higher education institutions to drive sustainable development by addressing key issues such as environmental change, resource scarcity, inequality, and technological advancement. CSD initiatives supported by higher education institutions can provide sustainable solutions to pressing sustainability challenges and empower local communities. The involvement of multiple actors, including educational institutions, businesses, administrative bodies, and civil society organizations, is essential for advancing sustainability research and innovation. Collaboration and coordination among stakeholders are crucial to avoid duplication and maximize the impact of CSD efforts. The study emphasizes the CSD's ability to promote a comprehensive and empowering approach to education for sustainable development. It concludes with recommendations for higher education institutions and stakeholders to enhance their impact on communities through CSD and emphasizes the need for further research and exploration in this field to overcome barriers and promote sustainable outcomes.

The researchers stress the importance of clarifying the strength of the evidence upon which **Franco and Tracey's (2019)** study is based, and how this evidence was used in the study's recommendations. The recommendations should be grounded in strong and reliable evidence to ensure their acceptance and application by educational institutions and stakeholders.

Meanwhile, **Lazaretti et al. (2019)** examined the relationship between innovation and sustainability in organizations, highlighting the tension between economic growth and environmental conservation, particularly in industries such as chemicals. **Lazaretti et al. (2019)** intensified their focus on sustainability due to climate change, which has driven organizations to adopt sustainable technologies and practices. Sustainable innovation is seen as a means to drive change in businesses and society, with the potential to transform technologies, products, and markets, providing entrepreneurial opportunities and acting as a force for "creative destruction." However, achieving sustainability requires radical innovation, which may pose a challenge for some organizations that may only adopt compensatory actions to offset their environmental and social impacts. Sustainability is considered a critical management trend that plays a key role in organizational strategy, reflected in innovative practices. However, integrating sustainability into strategies requires further exploration, as the link between innovation and sustainability is essential for environmental, economic, and social development. **Lazaretti et al. (2019)** pointed out the lack of comprehensive reviews of the literature on innovation and sustainability, conducting a systematic review of recent studies and the most cited articles from 2009 to 2018, with the goal of identifying the most relevant articles and gaining insight into trends in this field.

The researchers note that **Lazaretti et al.'s (2019)** study focused on the period between 2009 and 2018, which may limit the representativeness of the literature and studies included in the systematic review. Expanding the time frame for research on sustainable development would be beneficial.

On the other hand, **Singla et al. (2018)** took a different approach, examining the effectiveness of technology push strategies in achieving sustainable development in manufacturing industries. This study discusses the different definitions and concepts related to technology and sustainable development, highlighting that technology involves the use of methods to provide essential goods and includes methodologies applied in different fields with both hardware and software elements. The relationship between technology and change is also explained, as new technologies often replace older ones and act as a catalyst for change. The concept of a technology push strategy (TP) refers to innovation driven by science that stimulates technological development. This study emphasizes the importance of sustainable development in achieving societal well-being, recognizing that industrial growth alone may not be sufficient. Sustainable development aims to strike a balance between economic progress, resource use, technological advancement, and social equality. Sustainable development is described as a way to progress that aligns resource use, investment decisions, technological development, and corporate revolutions with current and future needs. **Singla et al. (2018)** highlight the challenges facing manufacturing industries and the need to adopt innovative methods and sustainable manufacturing practices, including increasing productivity while using fewer resources and reducing waste. The study also considers factors such as product design for recyclability and reducing the use of hazardous materials.

The researchers note that **Singla et al.'s (2018)** study may be unbalanced in its focus on certain aspects of technology and sustainable development. Other important aspects may not have been sufficiently discussed or analyzed in the study. There may also be a lack of scientific evidence to support the conclusions and recommendations provided in the study. This could affect the strength of the arguments presented and reduce their ability to guide policies and practices.

Lastly, **Latysheva et al. (2020)** highlight the need to implement a sustainable development strategy at various levels of management and organization, stressing the importance of evaluating economic, environmental, and social sustainability criteria. The study emphasizes that sustainable development must view economic sustainability as one of its main components since the absence of financial resources can affect social and environmental aspects. **Latysheva et al. (2020)** explore the relationship between economic development and other dimensions of sustainability. The study examines the impact of implementing green innovation strategies on the sustainable development of institutions and the opportunities to reduce pressure on economic stability. It also highlights the importance of factors such as corporate social responsibility, risk assessment, work performance, exchange rates, and individual, organizational, and institutional factors in promoting economic sustainability. To analyze and evaluate sustainable development, a range of different methods and tools has been proposed, such as the Enterprise Sustainability Evaluation Tool (E-SET), various

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methods based on environmental management, economic models, and the use of indicators and econometric modeling to assess the economic sustainability of machine-building institutions. The study proposes an environmentally-driven development model to enhance competitiveness, emphasizing the interconnection between economic, social, and environmental aspects in achieving sustainable development in the context of machine-building institutions. The quantitative methods proposed aim to model the level of sustainable development and evaluate sustainability in Ukrainian companies.

The researchers note that **Latysheva et al.'s (2020)** study relied heavily on Ukrainian companies as a model for applying the concept of sustainable development, which may make it difficult to apply the findings to other business environments or at different times. Further geographical and sectoral diversity in future studies is needed to broaden the scope of possible applications. The researchers also highlight the challenges in analyzing the causal relationship between economic development and other sustainability dimensions, noting that determining this relationship may require advanced statistical analyses and the use of additional tools to clarify this relationship. According to the study by Thiel (2015), which addresses the issue of knowledge fragmentation in the social domain of corporate social responsibility and sustainability, the social domain remains underdeveloped and less discussed. The lack of a unified definition and understanding of the social domain hinders progress in sustainable development. To address this issue, Thiel (2015) conducts a systematic review of the literature, academic journals, and books in this field. The review reveals that current definitions of the social domain contribute to a fragmented understanding of sustainability and corporate social responsibility. Additionally, fragmented knowledge in many academic publications contributes to the division of knowledge in the field of sustainable development. The social domain of sustainable development is critical to achieving progress in sustainability and creating a competitive advantage for companies, governments, and local communities.

The researchers in Thiel's study (2015) highlight the scattered knowledge in academic publications, which leads to the fragmentation of knowledge in sustainable development. It is crucial to overcome this fragmentation and enhance integration and cooperation among specialists and researchers in this field to achieve more effective sustainable development. The researchers also emphasize the importance of the social domain in sustainable development for driving progress and creating a competitive advantage for companies, governments, and local communities.

## CONCLUSIONS

The researchers arrived at a set of conclusions by reviewing several studies:

1. **Franco & Tracey (2019)** showed that sustainable development aims to balance economic progress, resource use, technological advancement, and social equality.
2. **Latysheva et al. (2020)** demonstrated the need for implementing a significant strategy at various levels of management and organization in governments, public institutions, and business organizations.
3. **Thiel (2015)** emphasized the importance of corporate social responsibility, risk assessment, and individual, organizational, and institutional factors in promoting economic sustainability.
4. **Singla et al. (2018)** showed that sustainable development pushes organizations to adopt sustainable technologies and practices due to changes in the external environment.
5. **Franco & Tracey (2019)** adopted a bottom-up approach involving multiple stakeholders, including higher education institutions, corporate representatives, government, and the community.
6. **Renko (2018)** confirmed that the three key dimensions of sustainable development are environmental, economic, and social sustainability.

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