From Sustainability to Profitability: The Role of SDGs in Malaysian Companies

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ABSTRACT

The high initial costs of sustainable efforts and the challenges in assessing long-term returns make it difficult to link profitability with the Sustainable Development Goals (SDGs). This study investigates the relationship between SDGs and profitability in Malaysian listed companies. According to the Resource Dependency Theory, companies can enhance profitability and market positioning by strategically managing external dependencies to obtain resources and support, aligning with SDGs. Such alignment will help secure essential resources and improve operational efficiency. The study analyzed data from 73 Malaysian companies during 2021-2022. SDGs data were obtained from official company websites, while other variables company size, debts, liquidity, and profitability were sourced from annual reports. Regression results indicate a negative relationship between SDGs and profitability. While SDGs like environmental and social initiatives may increase costs and reduce short-term profits, they offer long-term benefits, such as improved reputation and customer loyalty. The study recommends that companies align SDGs with their core strengths and seek government support to mitigate financial burdens. Policymakers should provide incentives, such as tax breaks and subsidies, to encourage SDGs adoption. Finally, the study emphasizes the importance of balancing profitability with sustainability to ensure long-term success and societal impact.

Keywords: Resource dependency theory, sustainability, Sustainable Development Goals, disclosure, performance, profit

INTRODUCTION

The introduction of Sustainable Development Goals (SDGs) has had a significant impact on the field of corporate responsibility and sustainability (FallahShayan et al., 2022). The SDGs, launched by the United Nations in 2015, seek to tackle worldwide issues such as poverty, inequality, climate change, environmental degradation, and justice. Companies globally have been incorporating these objectives into their corporate plans, acknowledging that sustainability may stimulate innovation, expand market opportunities, and boost reputational worth. Nevertheless, the effect of implementing SDGs on company profitability is a complex matter that deserves comprehensive investigation.

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When companies commit to the SDGs, they begin a journey that has the potential to increase their profitability through many means (Camilleri, 2018). Companies can enhance resource efficiency by using sustainable practices. This can result in decreased expenses for energy, water, and raw materials, so directly enhancing their financial performance. Furthermore, sustainable practices frequently align with advancements in product and process technologies, leading to increased efficiency and improved quality. This, in turn, attracts a wider range of consumers who prioritize ethical and sustainable company practices.

Nevertheless, the initial capital required for implementing sustainable technology and practices can be significant, and the profitability of this investment can differ based on the business, size, and geographic location. Companies frequently encounter difficulties in accurately measuring the financial gains of adopting SDG-related strategies, as certain benefits, including brand development and consumer loyalty, may accumulate gradually over an extended period (Zhan & Santos-Paulino, 2021). Hence, although there is a considerable opportunity for enhanced profitability, achieving it necessitates a strategic approach to sustainability, wherein economic advantages are harmonized with environmental and social objectives. This alignment can provide significant benefits in recruiting investment from a growing market that values companies that effectively manage sustainability risks.

Studies conducted on Malaysian publicly listed companies (PLCs) indicate a positive inclination toward integrating SDGs into their reporting systems (Hamad et al., 2023). These companies are becoming increasingly aware of the significance of sustainable measures. Malaysian PLCs show their dedication to aligning their operational plans with global sustainability goals by incorporating SDG-related information into their reports.

Malaysia's adoption of the SDGs not only shows a dedication to social and environmental progress but also shows how many business possibilities the SDGs create in the country (Business and Sustainable Development Commission, 2017). The Better Business, Better World report stated that Malaysian companies can reach a world market worth up to US$12 trillion by working with the SDGs. This alignment not only encourages sustainable practices, but also puts Malaysian businesses in a good position to take advantage of the growing need for solutions that address the SDGs. This will lead to new ideas, make them more competitive, and help the region's economy grow and prosper in the long run.

In contrast to the previous analysis conducted by Benjamin et al. (2022), this study specifically eliminates companies that do not engage in the SDGs and instead focuses solely on those that do. The study attempts to measure the direct consequences and benefits of Sustainable Development Goal (SDG) involvement on company practices and performance more accurately by only including companies that participate in SDG. This methodology ensures a clear understanding of how SDG commitments influence various aspects of a company, such as environmental sustainability, social responsibility, and economic growth, without the confounding effects that might arise from including non-participating companies. This refined focus helps in isolating the specific contributions and challenges of SDG adoption within the corporate sector.

Based on the above discussion, this study aims to examine the relationship between SDGs and financial profitability. It also seeks to examine the relationship between company characteristics and financial profitability.

LITERATURE REVIEW

Resource Dependency Theory (RTD)

Resource dependency theory is a widely recognized concept in the domains of management and economics that explains the connection between an organization and its external environment. According to this idea, the existence and profitability of enterprises rely on external resources, such as suppliers, customers, and government restrictions (Pfeffer, 1987). There has been an increasing interest in exploring how resource dependency theory might elucidate the attainment of Sustainable Development Goals (SDGs) and profitability for firms in recent years.

Resource interdependence is one way that resource dependency theory explains how the SDGs are being achieved. This refers to the idea that businesses depend on outside resources to accomplish their aims and

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objectives (Scharlemann et al., 2020). Regarding the SDGs, businesses must cooperate and engage with other stakeholders to solve global issues and accomplish sustainable development, such as governments, NGOs, and communities. Companies can improve their capacities and more effectively support the SDGs' accomplishment by using outside resources.

Resource dependency theory further emphasizes how crucial resource scarcity is to determining company behavior. Resources scarcity, such as energy and raw materials, can seriously affect the profitability of a company. Companies can lower their expenses and enhance their financial performance in the framework of the SDGs if they can efficiently manage and save resources (Scharlemann et al., 2020). This can also result in a favorable reputation and enhanced client loyalty, hence further enhancing profitability.

Another crucial element of resource dependency theory is the notion of resource dependence. This pertains to the extent to which an organization depends on external resources for its operations. Within the framework of SDGs, firms that rely largely on external resources may encounter difficulties in attaining their objectives, as their accomplishments are strongly dependent on the activities of external stakeholders. Hence, it is imperative for enterprises to broaden their resource portfolio and diminish their reliance on a solitary resource in order to guarantee the attainment of SDGs and sustained profitability in the long run (FallahShayan et al., 2022).

SDGs and Profitability

Under Resource Dependency Theory (RDT), organizations strive to manage their dependence on critical external resources to enhance survival and performance. In this context, the integration of Sustainable Development Goals (SDGs) offers several avenues through which companies can increase profitability by strategically securing vital resources and strengthening stakeholder relationships.

First, Khaled, Ali, and Mohamed (2021), in the Journal of Cleaner Production, emphasize that firms aligning sustainability practices with SDGs are better positioned to optimize resource use. For example, companies prioritizing SDG 6 (clean water and sanitation) often invest in innovative water conservation technologies. These initiatives not only contribute to global water sustainability but also mitigate operational disruptions stemming from water scarcity. Similarly, alignment with SDG 7 (affordable and clean energy) encourages investment in renewable energy, reducing dependence on volatile fossil fuel markets and shielding firms from regulatory risks related to carbon emissions. These actions reflect a strategic response to external resource dependencies central to RDT by securing essential inputs like water and energy for long-term operational resilience.

Second, adopting SDGs enhances a company’s relationship with key stakeholders by projecting commitment to global sustainability goals. This fosters reputational capital and strengthens a firm’s social license to operate, crucial for accessing political, social, and economic resources. As Murphy and Stott (2021) suggest, publicly committing to SDGs signals transparency and accountability, traits valued by governments, communities, suppliers, and customers. Aligning with sustainability goals builds stakeholder trust, facilitates smoother regulatory interactions, and attracts ethically-minded consumers. From an RDT perspective, these strengthened relationships represent strategic adaptations to external forces, allowing firms to reduce uncertainty and dependency on volatile stakeholder expectations.

Third, incorporating SDG 12 (responsible consumption and production) into business strategy enhances supply chain sustainability and adaptability. According to Jevremović (2022), viewing value chains through the SDG 12 lens helps companies identify vulnerabilities tied to resource scarcity and geopolitical instability. By conducting thorough assessments and collaborating with suppliers to improve transparency, firms not only fulfill sustainability mandates but also establish resilient, resource-secure networks. This directly supports RDT’s assertion that firms must manage interdependencies within their operating environment to maintain continuity and competitiveness.

Fourth, integrating SDGs attracts socially responsible investors who prioritize long-term value and ethical governance. Paetzold, Busch, and Utz (2022) find that firms aligning with specific SDGs are more likely to secure capital from investors focused on proactive risk management and sustainability. This alignment signals that a firm is adept at navigating emerging regulatory landscapes and social expectations. In line with RDT, companies gain access to financial resources by demonstrating strategic foresight and responsiveness to external stakeholder demands.

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Finally, firms that embed SDG 9 (industry, innovation, and infrastructure) into their operations gain a competitive edge through sustainable innovation. The United Nations ESCAP (2023) highlights that digital advancements such as AI-driven analytics and blockchainare reshaping value creation. These technologies not only improve efficiency but also align with consumer preferences for transparency and environmental responsibility. From an RDT viewpoint, such innovations reduce dependency on outdated systems and position firms to thrive in dynamic, resource-constrained environments. By offering differentiated, sustainability-oriented products and services, companies strengthen their market position and mitigate external pressures.

There are inconclusive findings regarding the relationship between the Sustainable Development Goals (SDGs) and corporate profitability. While studies by Buniamin et al. (2022), Ozili (2023), and Bose et al. (2024) reported a positive relationship between SDG implementation and profitability, Khan et al. (2022) found a negative relationship. Several factors may explain why the alignment with SDGs does not always translate into immediate financial gains. First, initiating SDG-related projects often requires significant upfront investment, and the financial returns may take time to materialize. Second, prioritizing the interests of multiple stakeholders can lead companies to sacrifice short-term profits in favor of long-term social and environmental goals. Third, integrating the social dimensions of the SDGs such as reducing inequality or ensuring quality education into daily business operations can be complex and may not yield direct financial benefits in the short run.

METHODOLOGY

Sample Description and Data Collection

The total number of companies listed on Bursa Malaysia is 787. However, after examining all the companies through online sources, approximately 100 companies were found to practice SDGs reporting. Therefore, the initial sample for this study consisted of 100 companies across various industries over a two-year period from 2020 to 2021, as illustrated in Table 1. Nevertheless, 27 Malaysian companies were excluded from this research due to data unavailability. Some of the financial data are not available in the Eikon database and negative profit values cannot be transformed using log base 10. Financial data such as profit and total asset values need to be transformed to normalize the data and reduce the impact of extreme values, making statistical analysis more reliable and interpretable. The final sample consists of 73 companies with sufficient and comprehensive data required for this investigation. Keller and Warrack (2005) assert that a sample is considered representative of the population if it includes a minimum of 30 companies. The financial data is sourced from Eikon, whilst the non-financial data, particularly the SDG data, is acquired from the official website of each company.

Description	Number of companies
The original sample	100
Minus: Unavailability of data	(27)
Final Sample	73

Table 1: Summary of sample

Regression model

Regression modeling is a statistical technique employed to illustrate the relationship between a dependent variable and one or more independent variables mathematically. The primary objective of this method is to forecast the value of the dependent variable using the values of the independent variables. The following is a summary of the regression models utilized in this study:

$Profitability_{it}$	=	$\beta_0 + \beta_1 SGDs_{it} + \beta_2 Control\_variables + \varepsilon_{it}$
Where		
SDGs	=	Sustainability Development Goals

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Profitability	=	Profitability
Control_variables	=	Control Variables
i	=	company
t	=	time

Measurement of Variables

Dependent Variable

Profitability

Profitability refers to a company's capacity to produce profit about its revenue or assets. Measuring profitability using log10 of net profit converts raw profit statistics into a logarithmic scale, facilitating the analysis and comparison of companies with significantly disparate profit levels (Aremo&Ayorinde, 2022). A positive log10 profit value signifies that the company is profitable, with greater profits yielding higher values. A log10 profit number of zero or negative is indeterminate, indicating that the company is either not generating profit or incurring a loss.

Profitability = log10 net profit

Independent Variable

Sustainability Development Goals SDGs

The variable of the SDGs is determined by the percentage of implementation of SDG items. A score of 1 was assigned for each Sustainable Development Goal, encompassing SDG 1 through SDG 17. Subsequently, the cumulative marks awarded by each company will be divided by 17 (representing all SDG elements). This research resulted in an equation:

$$SDGs_i = \sum \frac{X_i}{n_i}$$

Where; -

n_i= number of items expected for icompany, $n_i \leq 17$

X_i = 1 if the item is disclosed, whereas 0 if the item is not disclosed.

So that $0 \leq SDGs_i \leq 1$

No	SDGs Item
1	No Poverty: End poverty in all of its forms on a global scale.
2	Zero Hunger: Encourage the end of hunger, achieve improved nutrition and food security, and support the growth of sustainable agriculture.
3	Good Health and Well-Being: Encourage people of all ages to have the best possible health and well-being.
4	Quality Education: Encourage high-quality, inclusive, and fair education while creating opportunities for lifelong learning for people from all walks of life.

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5	Gender Equality: Strive for the empowerment of women and girls and the achievement of gender equality.
6	Clean Water and Sanitation: Ensuring that water and sanitation services are administered sustainably and accessible to everyone.
7	Affordable and Clean Energy: Encourage widespread access to modern, affordable, reliable, and sustainable energy sources.
8	Decent Work and Economic Growth: Promote full and efficient employment, steady, all-encompassing, and sustainable economic growth, and fulfilling employment opportunities for all.
9	Industry, Innovation, and Infrastructure: Promote the construction of strong infrastructure, enable sustainable and inclusive industrialization, and foster an innovative culture.
10	Reduced Inequality: Reduce economic disparity on a global and national level.
11	Sustainable Cities and Communities: Encourage cities and human settlements to be more inclusive, safe, resilient, and sustainable.
12	Responsible Consumption and Production: Encourage the use of sustainable production and consumption methods.
13	Climate Action: Take prompt action to mitigate climate change and its effects.
14	Life Below Water: To attain sustainable development, encourage the protection and prudent use of the seas, oceans, and marine resources.
15	Life on Land: Protect, restore, and encourage the sustainable use of terrestrial ecosystems, treat trees with care, combat desertification, halt and reverse land degradation, and prevent biodiversity loss.
16	Peace, Justice, and Strong Institutions: For long-term development, promote inclusive and peaceful societies; guarantee that everyone has access to justice; and establish successful, responsible, and inclusive institutions at all levels.
17	Partnerships for the Goals: Restart the global collaboration for sustainable development and enhance the implementation of solutions.

Table 2: Sustainability Development Goals Items

Control Variables

Size

According to Lam et al. (2012), a company's size is based on how many assets it has. Compared to smaller businesses, big companies do more things that have a big impact on society. This is how you measure the size of a company:

Size = log10 (Total Assets)

Debts

Debt is a financial duty that occurs when one entity, termed the debtor, owes a responsibility to another entity, identified as the creditor. The debt is computed via the below formula:

Debts = Total Debt / Total Equity

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One measurement used to assess the balance between a company's total debt and equity is the debt-to-equity ratio (Nukala & Prasada, 2021). It indicates the ratio of debt to equity in the capital structure of the company.

Liquidity

Liquidity refers to a company's ability to quickly convert its assets into cash to meet its short-term financial obligations. Liquidity is measured by using the current ratio (Djohan, 2023). The statistic provides insight into a company's liquidity and its ability to meet its short-term financial obligations. The formula is as follows:

Liquidity = Current Assets / Current Liabilities

RESULT AND DISCUSSION

Number of Companies Addressing SDGs

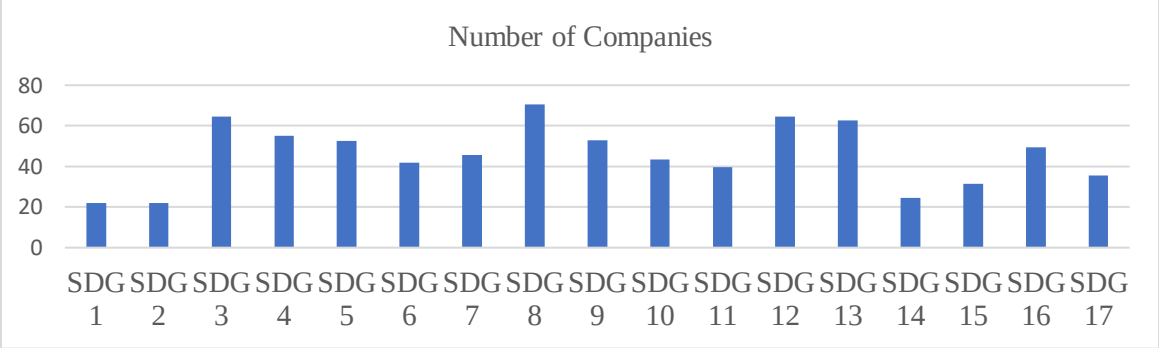

Table 3: Number of Companies addressing SDGs

Table 3 shows the number of companies from the study's sample addressing SDGs for the period 2021-2022. It indicates that companies prioritize specific Sustainable Development Goals (SDGs), with SDG 8 (Decent Work and Economic Growth) at 70.5 companies, followed by SDG 3 (Good Health and Well-being) and SDG 12 (Responsible Consumption and Production), each at 64.5 companies. SDG 13 (Climate Action) also garners significant attention with 62.5 companies. Moderate focus is observed on SDGs 4 (Quality Education), 5 (Gender Equality), and 9 (Industry, Innovation, and Infrastructure), with 52.5 to 55 companies involved. However, SDG 1 (No Poverty), SDG 2 (Zero Hunger), and SDG 14 (Life Below Water) receive the least attention, with company involvement ranging from 22 to 24.5. This shows a significant corporate focus on goals directly connected to economic growth and sustainability, while goals addressing social inequality and environmental protection are prioritized.

Descriptive Statistics

Variable	Minimum	Maximum	Mean	Std. Deviation
Profitability	.00	9.89	6.218	3.451
SDGs	2.00	17.00	10.726	3.417
Size	8.17	11.26	9.504	.750
Debts	.00	4.57	.679	.757
Liquidity	.35	20.95	2.583	2.728

Table 4: Descriptive Statistics

Table 4 displays the descriptive statistics for five variables: Profitability, SDGs, Size, Debts, and Liquidity. Profitability ranges from 0.00 to 9.89, with a mean of 6.22 and a standard deviation of 3.45, reflecting heterogeneity in companies' profit levels. The SDGs variable ranges from 2.00 to 17.00, with a mean of 10.73 and a standard deviation of 3.42, indicating moderate alignment with sustainable development goals among the sample. The size varies from 8.17 to 11.26, with a mean of 9.50 and a low standard deviation of 0.75, indicating that most companies are of comparable size. Debts range from 0.00 to 4.57, with an average of 0.68 and a high

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standard deviation of 0.76, signifying considerable variability in the companies' debt levels. Finally, liquidity varies from 0.35 to 20.95, with a mean of 2.58 and a standard deviation of 2.73, indicating considerable disparity in the companies' capacity to fulfill short-term liabilities.

Correlations

Variable		Profitability	SDGs	Debts	Liquidity	Size
Profitability	Pearson Correlation	1				
	Sig.					
SDGs	Pearson Correlation	-.108	1			
	Sig.	.196				
Debts	Pearson Correlation	-.046	.027	1		
	Sig.	.580	.748			
Liquidity	Pearson Correlation	-.005	-.031	-.402***	1	
	Sig.	.952	.707	.000		
Size	Pearson Correlation	.136	.158*	.282***	-.310***	1
	Sig.	.102	.056	.001	.000	

***. Correlation is significant at the 0.01 level, *. Correlation is significant at the 0.10 level, Table 5: Correlations

The correlation coefficients in table 5 indicate a lack of significant multicollinearity among the variables. Although the correlations among the majority of variables are rather weak, notable correlations exist, specifically between Debts and Liquidity (-0.402**) and between Debts and Size (0.282**), both of which are statistically significant at the 0.01 level. Size also positively correlated with SDGs at 0.10 significant levels. The strength of these correlations does not signify significant collinearity, as they fall below the conventional thresholds of 0.7 or 0.8 which would imply concerning multicollinearity. Consequently, multicollinearity is improbable to pose a substantial problem given these correlation findings.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.249[a]	.062	.036	3.409

Table 6: Model Summary

a.	Dependent Variable: Profitability
b.	Predictors: (Constant), SDGs, Size, Debts, Liquidity

The Model Summary in Table 6 provides essential statistics for a regression model forecasting profitability based on the variables SDGs, Size, Debts, and Liquidity. An R score of 0.249 signifies a weak positive linear correlation between the predictors and profitability. An R Square value of 0.062 indicates that 6.2% of the variability in profitability is accounted for by the independent variables in the model. The Adjusted R Square value of 0.036 considers the quantity of predictors in the model. The Standard Error of the Estimate (3.409) signifies the average deviation of the observed values from the regression line, reflecting the degree of prediction error.

Anova

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	112.645	4	28.161	2.424	.051[ab]*

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	Residual	1707.987	147	11.619		
	Total	1820.631	151			
*. Correlation is significant at the 0.10 level. a. Dependent Variable: Profitability						
b. Predictors: (Constant), SDG,Size, Debts, Liquidity						

Table 7: Anova

The ANOVA as stated at Table7 evaluates the overall relevance of the regression model in elucidating the variability in profitability. The regression sum of squares is 112.645, indicating the variation elucidated by the predictors SDG, Size, Debts, and Liquidity. The regression's degrees of freedom (df) is 4, and the mean square for the regression is 28.161. The F statistic is 2.424, with a significance value (Sig.) of 0.051, indicating statistical significance at the 0.10 level. This signifies a substantial correlation between the predictors and profitability. The residual sum of squares (1707.987) signifies the unexplained fluctuation, whereas the total sum of squares (1820.631) denotes the overall variation in profitability.

Regression Results

Table 8 displays a regression analysis with profitability as the dependent variable, examining the impact of multiple predicting factors. The constant term, with a coefficient of 0.390, lacks significance, indicating that baseline profitability is not statistically different from zero when other variables are excluded.

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.390	3.844		.102	.919
	SDGs	-.152	.083	-.148	-1.829	.069*
	Debts	-.608	.313	-.166	-1.941	.054*
	Liquidity	.001	.114	.001	.011	.991
	Size	.827	.400	.177	2.067	.041**
**. Correlation is significant at the 0.05 level and *. Correlation is significant at the 0.10 level. a. Dependent Variable: Profitability						

Table 8: Coefficients

The Sustainable Development Goals (SDGs), as the independent variable, exhibit a negative relationship with profitability, indicated by a coefficient of -0.152. This relationship is marginally significant at the 0.10 level and is consistent with the findings of Khan et al. (2022). Not all SDGs immediately enhance profitability, and in some cases, the pursuit of specific SDGs may negatively affect a company's financial performance in the short term. For instance, goals related to environmental sustainability such as reducing carbon emissions (SDG 13) or conserving ecosystems (SDG 15) often require substantial upfront investments in new technologies, operational adjustments, and compliance with environmental regulations. These changes can lead to increased operational costs that negatively impact short-term profitability. Similarly, social SDGs such as promoting decent work (SDG 8) and reducing inequalities (SDG 10) may necessitate higher wages, improved working conditions, and broader welfare programs, further increasing expenses. Although these initiatives may bring long-term benefits such as enhanced reputation, customer loyalty, and better market positioning, they do not necessarily translate into immediate financial gains. This is particularly challenging for companies operating in highly competitive or low-margin sectors.

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Therefore, the negative and barely significant relationship between SDGs and profitability suggests that, in this context, the findings do not fully support Resource Dependency Theory (RTD), which assumes that strategic adaptation to external pressures, such as sustainability demands, should enhance organizational performance.

Debts exhibit a negative relationship, with a coefficient of -0.608, and are also marginally significant at the 0.10 level as a control variable. The result is consistent with Nguyen, Pham, and Nguyen (2024). This negative relationship may be attributed to increased financial risk and interest obligations associated with higher debt levels, which can reduce profit margins.

Liquidity, a control variable with an almost minuscule coefficient, is entirely insignificant and does not substantially affect profitability.

The size, indicated by a positive coefficient of 0.827, significantly enhances profitability at the 0.05 level, establishing it as a reliable positive predictor of profitability in this model. According to Ahmed et al., larger companies have ability to achieve economies of scale, access better financing options, and exert greater market influence, all of which can enhance profitability.

CONCLUSION AND IMPLICATION OF THE STUDY

In this study, the SDGs have negative relationship with profitability. Some SDGs such as the environmental goals can lower short-term earnings because they involve significant upfront expenses for technology, procedures, and compliance. Higher pay and improved working conditions are two other ways that social goals may raise costs. Even though these initiatives can eventually increase consumer loyalty and reputation, they might not instantly increase profitability, particularly for businesses operating in competitive industries. Overall, even though the SDGs will benefit society in the long run, they may present short-term financial difficulties.

There are several implications of the study. For companies, the study suggests that pursuing certain SDGs might involve a trade-off between short-term financial performance and long-term sustainability objectives. To lessen possible negative financial effects, companies may need to carefully evaluate which SDGs align with their core competencies and competitive advantage. Companies experiencing financial strain as a result of sustainability expenditures may need to look into other options, such as coming up with creative ways to incorporate sustainability without sacrificing profitability or requesting government assistance in the form of subsidies and incentives.

For policymakers, the study highlights the need for a more integrated approach to corporate governance and regulatory frameworks. Governments might consider creating policies that encourage companies to adopt SDGs while balancing the financial burden. This could include tax incentives, subsidies for green technologies, or regulatory frameworks that make it easier for companies to align with SDGs without being penalized for short-term financial setbacks. Additionally, the study could also guide future research into understanding how companies can transition towards sustainable business models without risking profitability, creating a broader business case for the SDGs.

From a societal perspective, the negative relationship between SDGs and profitability might raise concerns about the speed at which companies are willing to invest in sustainable practices. It may lead to a discussion on the responsibility of firms to balance profit motives with their role in contributing to global sustainability, raising questions about whether the current capitalist model sufficiently incentivizes long-term environmental and social benefits.

Theoretically, the results contradict Resource Dependency Theory (RTD), which holds that companies gain from securing vital resources and adjusting to outside demands. In this instance, despite being strategically driven, meeting global sustainability standards does not always translate into increased profitability. This implies that the benefits of adapting to external dependencies, like the SDGs, might be more nuanced and situation-specific than RDT presumes. To improve the long-term business case for the SDGs, future research should look into how companies may create sustainable business models that strike a balance between resource demands and financial viability.

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RECOMMENDATIONS FOR FUTURE RESEARCH

Future research is encouraged to use a larger and more recent sample size to enhance the robustness of the findings. This is because of the growing number of businesses participating in SDGs. A larger dataset would yield more thorough and broadly applicable conclusions as company plans increasingly incorporate sustainability initiatives. Future research would therefore be more accurate and relevant if it included the most recent data.

This study may be expanded by integrating others variables beyond company characteristics when analysing the relationship with SDGs. Exclusively depending on firm characteristics may restrict the comprehension of additional significant aspects that affect sustainability operations. Future research may consider governance quality, ownership structure, institutional pressure, industry competition, or ESG performance as potential drivers. Expanding the range of variables would provide a more comprehensive understanding of the factors influencing SDGs reporting and strengthen the explanatory power of the research model.

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