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The United Nations' Sustainable Development Goals: Pros and Cons for Managers of Multinationals

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The UN Sustainable Development Goals (SDGs) are becoming a crucial mechanism for coordinating governments' efforts to address global challenges. However, their implementation by managers is challenging. In this article, we offer an overview of the pros and cons of the SDGs as mechanisms for managers of multinationals to help contribute to sustainable development. On the pro side, the SDGs are comprehensive and actionable. On the con side, they are vague, complex and may lend themselves to "rainbow-washing." We provide suggestions for managers to help them respond to these challenges by avoiding cherry-picking SDGs, using the SDGs to assess sustainability, and pursuing SDG projects via partnerships.

INTRODUCTION

In 2015, the United Nations launched the 2030 Agenda, a global action plan composed of 17 Sustainable Development Goals (SDGs), 169 targets, and 232 indicators to advance sustainable development by 2030 (United Nations, 2015). The 17 SDGs, illustrated in [Figure 1](#), are (1) no poverty; (2) zero hunger; (3) good health and well-being; (4) quality education; (5) gender equality; (6) clean water and sanitation; (7) affordable and clean energy; (8) decent work and economic growth; (9) industry, innovation, and infrastructure; (10) reducing inequalities; (11) sustainable cities and communities; (12) responsible consumption and production; (13) climate action; (14) life below water; (15) life on land; (16) peace, justice, and strong institutions; and (17) partnerships for the goals. The SDGs are the successors of the Millennium Development Goals (MDGs). These were established in 2000 to be achieved by 2015 and consisted of eight goals with 21 targets (United Nations, 2000). They were designed to help the least-developed countries address the root causes of poverty and accelerate growth. The SDGs go beyond the MDGs by expanding the set of targets to include social, economic, and environmental objectives and by including all countries.

The SDGs include expectations that multinationals will contribute to achieving these goals, but this is challenging because of the SDGs' country-level focus and complexity (Montiel, Cuervo-Cazurra, Park, Antolín-López, & Husted, 2021). To clarify how multinationals can contribute to the SDGs, we engaged in an Oxford-style debate at the Academy of International Business 2021 Annual Meeting. In it, one set of speakers defended the motion that "the United Nations' Sustainable Development Goals matter for multinationals," and another set spoke against it. In this article, we summarize these views to help managers of multinationals understand the SDGs and their implementation. We outline

the pros and cons of the SDGs for managers of multinationals and provide suggestions for implementing them.

THE PROS OF THE SDGS FOR MANAGERS OF MULTINATIONALS

The pros of the SDGs for multinationals are based on the view that they represent a comprehensive social contract that brings attention to sustainable development. They provide a classification and categorization system that helps managers of multinationals implement them.

(1) THE SDGS ARE A COMPREHENSIVE GLOBAL SOCIAL CONTRACT FOR SUSTAINABLE DEVELOPMENT THAT ENABLES MANAGERS OF MULTINATIONALS TO FOCUS THEIR ACTIVITIES ON SUSTAINABILITY

The SDGs incorporate a broad range of social, environmental, and economic goals with specific targets and indicators that can be applied in all countries. Unlike the MDGs, the SDGs consider the potential contribution of firms toward their achievement. Some are explicit on this, like SDG 8 on decent work and economic growth, SDG 12 on responsible consumption and production, or SDG 17 on partnerships for the goals. Thus, managers of multinationals can use the SDGs to redirect their firms toward sustainable development. It helps reinforce the social contract between the multinationals and stakeholders in the multiple communities in which they operate, acting as a common language that facilitates cooperation toward sustainability among multinationals, governments, and society.



Figure 1. The United Nations' Sustainable Development Goals.

Source: United Nations (2019), reproduction granted.

(2) THE SDGS ARE A GLOBAL CATEGORIZATION SYSTEM OF THE GRAND CHALLENGES OF OUR TIMES THAT HELP MANAGERS OF MULTINATIONALS GUIDE THE SUSTAINABILITY ACTIONS OF THEIR FIRMS

The SDGs have quickly become a global classification system of the grand challenges humanity faces, providing a common language in the form of a global hashtag system for sustainable development (e.g., #SDG1, #SDG13). Grand challenges such as climate change require identifying areas in which various actors can contribute their efforts. The SDGs provide a wide array of organizations worldwide with opportunities to better prioritize global, national, and sub-national grand challenges and align their sustainable development efforts and beliefs with the 2030 Agenda. More than 70% of the world's largest companies claim to contribute to the SDGs (PwC, 2019). The World Economic Forum has been tracking, measuring, and assessing more than 8,500 companies in the MSCI and rating their progress and alignment with the SDGs (Neufeld, 2021). Managers of multinationals can use the SDGs to address sustainability by identifying those areas in which their firms can have the highest impact. They can also use them to facilitate connections between organizations, working with those who have self-identified as working toward achieving a similar goal.

(3) THE SDGS ARE RELEVANT, CRITICAL, AND ACTIONABLE GOALS FOR MANAGERS OF MULTINATIONALS

The SDGs are relevant because they provide managers of multinationals with a clarifying framework for achieving sustainability. From climate action and life below water to world hunger and good health, the SDG framework identifies objectives and provides tangible targets and indicators. These help managers of multinationals better under-

Table 1. The United Nations Sustainable Development Goals: Pros and cons for managers of multinationals

	Pros	Cons
What the SDGs are	Global social contract	Voluntary code
What the SDGs achieve	Categorization system	Rainbow-washing
How the SDGs are implemented	Actionability	Complexity

stand and align their firm-level sustainability metrics with these country-level goals. Moreover, the SDGs are critical for multinational activities because they summarize grand challenges and ask for urgent action from managers of multinationals. The 2030 deadline provides a relatively near-term target in sustainability terms, not a long-term projection. It helps focus effort on activities for today rather than plans for tomorrow. Finally, the SDGs are actionable for multinationals because the United Nations received input from business and civil society organizations during their design. Thus, the goals were designed with the contribution of multinationals in mind. Third parties have developed tools that facilitate firms' implementation of the SDGs, such as the SDG Compass – co-developed by the Global Reporting Initiative, the United Nations Global Compact, and the World Business Council for Sustainable Development – and the SDG Action Manager, designed by the non-profit B Lab in collaboration with the United Nations Global Compact. This allows managers of multinationals to benchmark their achievements in comparison to other firms and ensure progress.

THE CONS OF THE SDGS FOR MANAGERS OF MULTINATIONALS

The cons side of the SDGs notes the potential for managers of multinationals to adopt the SDG framework lightly. Managers can use them as a symbolic set of broad objectives that improve their firms' image without substantive changes to operations.

(1) THE SDGS ARE ANOTHER VOLUNTARY CODE THAT DO NOT FORCE SUBSTANTIVE CHANGES TOWARD SUSTAINABILITY BY MANAGERS OF MULTINATIONALS

The SDGs are voluntary goals with no enforceability. Managers of multinationals can freely use the SDG framework, logos, and colors in their communications without any external validation. They can easily misuse the SDGs as a mere signal of good intentions with no need to take them seriously. Voluntary codes issued by international organizations seem to be ineffective tools to drive the substantive changes needed to advance sustainable development agendas across the globe. For example, the United Nations Global Compact introduced ten principles in 2000 to improve firms' behavior in the areas of human rights, labor, environment, and corruption. However, its lack of external validation and punishment seems to have perpetuated the status quo for sustainable development worldwide. Multinationals with a track record of human rights violations have nevertheless endorsed the United Nations Global Compact (Fiaschi, Giuliani, & Nieri, 2015).

(2) THE SDGS ENABLE MANAGERS OF MULTINATIONALS TO USE "RAINBOW-WASHING" TO IMPROVE THE IMAGE OF THEIR FIRMS

The SDGs can become the epitome of window dressing as they are colorful, eye-catching, and visually attractive. The use of the SDGs by multinationals – as a reporting tool to brand their sustainability efforts – is part of a long tradition of using sustainability to improve the firms' image. The original "greenwashing" (i.e., making unsubstantiated environmental claims without any substantive changes toward improving operations) evolved for some firms into "bluwashing" (i.e., embracing the United Nations' blue flag color and its codes of conduct for ethical and socially responsible behavior, like the United Nations Global Compact, in a symbolic way). The symbolic adoption of the SDGs' colorful framework can lead to what some term as "rainbow-washing" – the adoption of the language and rainbow colors of the SDGs without any substantive changes toward becoming a more sustainable firm. Managers of multinationals can use the SDGs as a mere communication tool to overstate their positive contribution to some SDGs while ignoring their negative impact on others, as well as not actually adapting to sustainability strategies. In fact, just 0.2% of companies evaluated by the World Economic Forum were strongly aligned with the SDGs (Neufeld, 2021).

(3) THE SDGS ARE COMPLEX AND UNWORKABLE GOALS FOR MANAGERS OF MULTINATIONALS

The SDGs are overly complex for managers of multinationals to implement in their firms. The 17 SDGs have 169 targets and 232 indicators. It is overwhelming for any manager to embrace the expansive dimensions of the SDGs and design strategies that integrate them into activities. Indeed, there is a very uneven integration of the SDGs by firms (van Zanten & van Tulder, 2018). In some ways, the SDGs are exceedingly complex and unworkable for managers of multinationals. The SDGs require different actions depending on the context of operations of the multinational. Implementing a large variety of goals across operations dispersed in multiple locations may be unworkable. Managers of multinationals may resort to selecting easy SDGs in which their firms have already made progress and ignoring the most challenging ones.

SOLUTIONS FOR MOVING FORWARD TOWARD THE 2030 AGENDA

We provide three recommendations for managers of multinationals to move from symbolic implementation toward substantive contributions to the SDGs. These are practical solutions to the tension between the pros and cons of the SDGs.

(1) MANAGERS OF MULTINATIONALS SHOULD AVOID CHERRY-PICKING THE SDGS AND USING THEM AS A RAINBOW-WASHING EXERCISE

Managers of multinationals should not select those SDGs that are easier for their companies to achieve or have already been achieved, leading the SDGs to become a rainbow-washing exercise. Interest groups, non-governmental organizations, and the general public quickly notice whether multinationals have a credible commitment toward sustainability or are merely disguising their operations. Instead, managers can assess the main externalities generated by the operations and use the SDG framework as guidance toward sustainability. They can evaluate the impact of their core activities and global operations on each SDG and identify those SDGs that are more material to the multinational's operations.

Schneider Electric, the French multinational that provides energy automation digital solutions, is a valuable example of how an MNE determines which SDGs are material to its core business activities. For its effective SDG efforts, the company has centered its commitment to SDG 7 on affordable and clean energy to reduce its negative externalities and positive ones.¹

(2) MANAGERS OF MULTINATIONALS CAN USE THE SDGS AS AN UMBRELLA FRAMEWORK TO ASSESS CORE SUSTAINABILITY STRATEGIES

Managers of multinationals can use the SDG framework to determine their current contribution and the impact measurement of the existing sustainability strategy. Managers can use the SDG framework to assess whether the core

strategies of their multinationals are well-aligned with sustainability. They can also use them to identify new targets where their companies have the most potential to contribute to achieving the SDGs by 2030. To achieve this, managers need to choose key performance indicators in line with specific SDG targets within each of the 17 SDGs related to the core strategies. Finally, they need to monitor the progress made in implementing the multinational's SDG efforts to ensure the commitment to sustainability.

One example of how to align core sustainability strategies with the SDGs is the Colombian food multinational Grupo Nutresa. It has implemented a 15-year plan that includes programs, methodologies, and metrics toward making substantive contributions to the SDGs with a particular emphasis on poverty, hunger, and human health.²

(3) MANAGERS OF MULTINATIONALS CAN DRAW ON PARTNERS' COMPLEMENTARY RESOURCES TO PURSUE SDG PROJECTS

Managers of multinationals do not need to aim to implement the SDGs alone. They can contribute to the SDGs by joining forces with partners that have the needed expertise in each of the goals. Most multinationals are unable to address many SDG targets because they lack expertise in the topics. Instead of avoiding those SDGs, managers can identify external partners with the expertise needed to accelerate progress within and across the SDGs. Potential partners include governmental agencies, intergovernmental organizations, international and domestic non-governmental organizations, and local research centers and universities. These cross-sector partnerships can be very effective for achieving the sustainability agenda.

One example of such partnership is the collaboration between the British pharmaceutical company GlaxoSmithKline and the international non-governmental organization Save the Children. GlaxoSmithKline combined its research and development, supply chain, and vaccination capabilities with Save the Children's experience working with the most vulnerable children in developing countries. As a result, the partnership improved access to basic healthcare and developed kid-friendly medicines that reached nearly 3 million under-five children in 46 countries in 2020.³

CONCLUSIONS

We identified the pros and cons of the United Nations' Sustainable Development Goals to illustrate the polar views on the SDGs and their use by managers of multinationals. First, this helps managers of multinationals who consider integrating the SDGs into their core strategy understand the debate on the goals and the challenges in their imple-

mentation. In addition, this debate and suggestions for the implementation of the SDGs can help international business scholars investigate how multinationals are incorporating the 2030 Agenda in their strategy and operations. Finally, the ideas can also be used for classroom discussions on the role of the SDGs in the management of multinationals.

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1 See Schneider sustainability impact 2021-2025 program, https://download.schneider-electric.com/files?p_Doc_Ref=SSI_2021_25.

2 See Grupo Nutresa and its commitment to the Sustainable Development Goals 2020, <https://informe2020.gruponutresa.com/pdf/Commitment-to-the-Sustainable-Development-Goals.pdf>

3 See GlaxoSmithKline and Save the Children partnership, <https://www.gsk.com/media/2756/save-the-children-partnership-progress-brochurepdf.pdf>

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