A Research Survey on Economic Management in Indorsing Sustainable Business Observes & Growth

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Abstract- This study basically suggests how economic management is authoritative in the sustainability process. The research is based on the necessity of expose of sustainability reports, basing economic decisions on corporate sustainability in principal accounting and related aspects and the dimension as well justification of sustainability dangers. The connect between economic development and sustainability is provided as well as case study of the Islamic and Western economic model systems fragmented down for the study of the significance of the concepts in the real world. Finally, the research expands a analytical model guideline for distress identification and assessment in various firms for various interest parties as a function of noneconomic and macroeconomic elements.

Keywords: Economic management, Economic Growth and Sustainability, Islamic Finance, Analytical Model, Noneconomic, Macroeconomic Elements.

1. INTRODUCTION
Economic management is one of the most important concepts in finance. This research paper is based on the establishment of a proper economic management framework in the analysis of the importance of sustainability and the attainability of simultaneous economic and sustainable outcomes. The study further extends on research on how sustainability can be preserved and the subsequent case research analysis on the application of sustainability in the dynamic economic industry environment.

2. LITERATURE REVIEW
2.1 Existing corporate sustainable reporting disclosures and firms’ value.
Habek and Wolniak (2015) state that corporate sustainability reporting and disclosure is based on the principles of evaluating company performance in present time and in the future. There has been an increased need for the formation of better more agile and environmentally considerate methods of evaluating companies’ performance. The ideal situation has been the creation of a way in which company success can be determined as a matter of economic performance and social or environmental performance. Corporate disclosures that are pegged on sustainability reporting are largely based on the voluntary approach and legitimacy approach. Corporate firms in most jurisdictions globally have no mandatory requirement to have a corporate sustainable disclosure made therefore making the decision by specific companies to adopt sustainability reporting voluntary (Gnanawee & Kunori, 2018). The legitimacy theory is based on the decision by firms to adopt corporate sustainability reporting is propelled by the intention of the firms to appear legitimate or credible to the stakeholders and shareholders. There has been an increasing need for companies to upgrade their reporting from a economic model to an integrated economic and environmental reporting model. This approach has been observed and experimented on and found to have a positive impact on the company as a function of increased shareholder and stakeholder value. Some of the values that have been attached to the legitimacy theory include social values, community service, legislative compliance, environmental advocacy, environmental audits, and related conservation efforts (Patten, 1992). Corporate sustainable disclosures can be based on the following:
• Environmental conservation efforts and the related areas worked on
• Efforts towards the reduction of the carbon emissions
• Adoption of renewable sources of energy
• Investment in environmental research programs
• More conformity and adoption of environmental accounting or reporting
• The illustration of the inherent links between environmental reporting or disclosure and economic management (Tuwajri et al., 2004).
Ellili and Nobanee, (2016); (Alshehhi et al., 2018) examined the impact of sustainability practices on corporate economic performance. The study conducted by Graham et.al ,2005 identifies that efforts by corporate firms towards corporate economic reporting not only create individual firm value but shared value across industries. More companies become acquainted with different environmental aspects and incorporate these aspects into their reporting frameworks. The aggregation of sustainable approaches by different entities and companies across various industries in a country for instance results to an overall reduced carbon footprint. The essence of such a corporate effort is the creation of more shareholder and stakeholder value. More specifically companies’ adoption of sustainable approaches ensures that despite the traditional economic performance focuses on by different company stakeholders, there is also more value creation through the more protected environment.

Technically more environmental consciousness enables the continual positive health of people and a conducive environment within which to work thus the development of the term’s sustainability (Pablo et al., 2019). Over the years people have become more knowledgeable and acquainted with sustainable concepts through published research. Therefore, there has been an increasing trend or rate of attaching value to sustainable measures by various stakeholders and shareholders to various companies. The element of actualization of sustainable approaches being adopted by firms and the subsequent disclosure of the sustainable efforts and results to shareholders elicits approval which translates to value from shareholders and stakeholders. As time moves more company economic performance reported shall be expected to be backed by commensurate sustainable approached by firms reported concurrently (Graham et. al. ,2005).

### 2.2 Conceptual Building

#### Sustainability and related key economic decisions

Economic decisions are crucial and are the main results of economic management. Effective and efficient economic management is normally manifested by successful economic outcomes. The main determinants for sustainable outcomes can be linked to economic management decisions. Economic management is based on concepts that seek to optimize the shareholder returns or maximize both shareholder and stakeholder returns through strategic decisions made by managers. In terms of capital budgeting sustainability considerations can be incorporated in economic decisions made through the selection and approval of projects that have environmental aspects or efforts as a means of achieving sustainability in light of the sustainability goals set. A good example can be the selection and approval of a project that seeks to change the main sources of energy of a firm from emissive traditional sources of energy such as coal power plants to renewable energy sources. Renewable energy sources can refer to the use of solar power energy being harvested, the use of wind power or even the use of hydropower (tidal or ocean power). The capital budgeting process involves the decision matrix process of selection of the best projects with the most plausible and viable investment returns. The capital budgeting process in economic management enables the cost versus returns comparison which then allows for the selection of the project with the highest positive returns(Yilmaz & Flouris, 2010).

Brewer, Garrison and Noreen (2005) further define the capital budgeting process is composed of the superior economic indices of the net present value (NPV) and the internal rate of return (IRR) as some examples. The net present value is a function of the total returns minus the initial cost of capital and the higher and positive the net present value the more likely for project selection (Arslan & Zama, 2015). The net present value returns are discounted and summed up as functions of expected future returns discounted to present value terms using conventional standard discounting factors to have a more realistic analysis of project outcomes. The internal rate of return using the same concepts as the net present value method of calculation except for the condition of net cash flows used. The internal rate of return uses undiscounted projected cash flows minus the initial costs of capital to get the final value. The internal rate of return is indicative of project selection if the calculated value is higher than the project rate of return. However, the net present value model is more superior than the internal rate of return in project determination and project selection. In order to link the economic methods for project selection with sustainability aspects, an additional project evaluation metric can be included in the economic evaluation to represent environmental conservation concurrently with the economic viability of projects. An alternative approach can also include the appropriation of part of the initial costs of capital to budget for sustainability initiatives in the event of one project, therefore, ensuring that the environmental aspects are considered in the project (Arslan & Zama, 2015).

The cost of capital is the return rate which shall be obtained by a firm. Therefore, undercapital budgeting economic decisions, corporate companies can select a project which has requisite sustainability approaches in line with the present demands from company shareholders and stakeholders. Therefore, the selection of an intended project can be based on the projects that have one; environmental sustainability approaches in their implementation model and two; the project that has the highest return. Therefore, the economic decision process is improved as a result of prioritizing the sustainability aspect or plans in companies before the economic return objectives.

Previous research on sustainability reporting has linked corporate social responsibility with company economic performance. The main aim of the study was to determine the correlation between economic performance as the
dependent variable and corporate social responsibility as one of the independent variables Boston College Centre study results showed that the incorporation of sustainability aspects improved the reputation of companies as the first effect. The second effect or impact was increased employee loyalty which means firms had better higher chances for the retention of the labor force, a positive outlook. Thirdly, there was increased consumer loyalty which meant that there was a higher chance for the return of clients which meant that the firm had a better position in the market when sustainability approaches were adopted. The fifth observation was that there was an increase in waste reduction which can be linked to recycling efforts, re-use steps and even the creation of more employment opportunities. On the flip side, the study also contained observed results on the reduction of accuracy of the sustainability reports for corporate companies as the requirement for sustainability reporting was not mandatory. This observation makes sense in terms of companies wanting to obtain consumer confidence and commitment as proof of stakeholder value through creative environmental reporting (Schaltegger & Wagner, 2006).

In terms of profitability, prior research has shown that firms that have actual sustainability approaches have higher profitability and have a larger firm size compared to firms that have not adopted these approaches. The sustainability approaches, in this case, are firms with well-developed models for corporate social responsibility. Firm size specifics refer to the market capitalization or share capital, the value of total assets or the value of total annual turnover. These results, therefore, add relevance to the hypothesis that there are more effective economic decisions that lead to higher successful company outcomes in companies that are sensitive to sustainability aspects in their annual performance reporting. (Cheng et al., 2014)

2.3 Islamic finance: Sustainability
Islamic banking has been analysed in Malaysia and there has been a proposed method through which sustainability can be integrated as per a study was done on the Islamic banking model on sustainability (Chong & Liu 2009). Environmental sustainability is consistent with Islamic religion which therefore forms part of Sharia law and is culturally appropriate for incorporation within the confines of Islamic banking. The study analysed proposes the Islamic banking conservation can be done at the banking level through compliance with all environmental regulations, awareness campaigns and at the operational level. The second point where sustainability initiatives can be forged within the Islamic economic system is at the national level through appropriate guidelines and policies. The third point is at the international level through compliance with international provisions on sustainability as well as voluntary approaches adopted towards sustainable growth (Aliyu et al., 2017).

As per the information provided by a research conducted by Deloitte Inc on Islamic financing funding for social aspects and governance which encompasses sustainability was an issue at some point due to the tight capital markets. However, the case for South East Asia in Malaysia, for instance, there has been a positive reception of sustainability under Islamic finance as a function of the increased demand from conventional market investors and the demand for green assets as well (Hisham et al., 2019). Moreover, studies conducted by (Nobanee and Ellili, 2017) results show that there is also insignificant effect of the degree of the overall corporate risk disclosure on performance of all UAE banks, conventional and Islamic banks. Also substantial disparities in the total corporate risk disclosure, as appropriately as all the sub-risks disclosure between conventional and Islamic banks (Nobanee and Ellili 2017). The correlation between sustainability and Islamic finance, for instance, has been demonstrated through the issue of Sukuk bonds worth $282 Million in 2015 for the Sukuk Ihsan program. Therefore, there have been calls for more green and sustainable initiatives within Islamic finance as the international finance industry changes dynamically over time (Mensi, 2017).

2.4 Economic distress prediction and sustainable growth
Corporate bankruptcy or economic distress of a firm can be predicted through the analysis of the economic variables, the non-economic variables, and the macroeconomic factors. A study done and published in the sustainability journal provides information on the accuracy of economic distress prediction based on firm-specific variables study provides that the economic distress can be more accurately predicted based on firm-specific aspects of economic, non-economic and macroeconomic variables. The study also further postulates that predictability of bankruptcy in firms also more precise based on consideration of the macroeconomic aspects and the non-economic aspects compared to the economic variables only. The study is case specific for the Hong Kong Growth Enterprise Market (GEM) and provides the above information as useful to regulators within the Hong Kong capital markets as well as investors or analysts who are potential investors in the Hong Kong Capital markets. By extrapolation, the study results and findings can be applied in other capital markets with more emphasis or focus is placed on all three variables of economic, non-economic and macroeconomic factors that determine more accurate bankruptcy prediction (Opler & Titman, 1994).
3. RESULTS
From the previous studies, it shows that percent distribution of periodicals across the time periods demonstrations a stable and steady increase in the research on sustainability impact on corporate economic performance. However, sustainable reporting creates much individual firm value and shared value across industries as more accountability is attached to companies’ operations, more ethical compliance, more risk management is factored thus leading to high company performance. As per the research conducted the conceptual economic management constructs of sustainable based actions and subsequent risk management propel affirm to higher success levels.

4. CONCLUSION
In conclusion, the relationship between economic growth and sustainability is provided as well as a case analysis of the Islamic and Western economic model systems broken down for analysis of the relevance of the concepts in the real world. Finally, the research elaborates a predictive model guideline for distress identification and evaluation in various firms for various interest parties as a function of non-economic and macroeconomic elements. A proper comprehension of the relationship between sustainability and economic growth has been well represented in the case studies of the Western economic systems and the Islamic economic models under the sustainability heading. As a function of sustainability bankruptcy prediction has also been observed to be fundamental to investors, analysts and the regulators in capital markets given the economic, on economic and macroeconomic variables that underscore the principles of economic management in sustainability measurement.

REFERENCES: