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Corporate sustainability: a comparative analysis of pre- and post-COVID–19 practices in Sri Lanka

Abstract: The COVID–19 pandemic significantly disrupted corporate sustainability practices, compelling businesses to reassess their environmental, social, and economic responsibilities. This study evaluates the impact of COVID–19 on corporate sustainability in Sri Lanka by analyzing practices across these three domains using the Corporate Sustainability Index (CSI). A sample of 160 listed and unlisted companies was selected through convenience sampling, and paired samples tests were employed to identify significant pre- and post-pandemic changes. Findings revealed notable declines in environmental initiatives, such as reductions in climate change mitigation efforts and green energy adoption, driven by resource constraints. Social indicators showed mixed outcomes, including decreased workplace flexibility but increased collaboration with non-governmental organizations.

Economic sustainability faced challenges, as evidenced by declines in brand value and financial investments in sustainability initiatives. The results highlight the critical need for businesses to adopt adaptive and resilient strategies that balance immediate recovery with long-term sustainability goals. The study underscores the importance of integrating stakeholder engagement, systemic resilience, and innovative solutions into corporate sustainability frameworks. Recommendations include fostering public-private partnerships, leveraging technology, and prioritizing investments in sustainable practices. These insights provide valuable guidance for businesses navigating post-COVID challenges in a developing economy like Sri Lanka.

Keywords: Corporate Sustainability, COVID–19, Environmental Practices, Social Equity, Economic Resilience, Sri Lanka, Paired Samples Test, Corporate Sustainability Index.

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Összefoglalás: A COVID–19-világjárvány zavart idézett elő a vállalati fenntarthatósági gyakorlatokban, és arra kényszerítette a vállalkozásokat, hogy újraértékeljék környezeti, társadalmi és gazdasági felelősségüket. A jelen tanulmány e három terület gyakorlatának elemzésével értékeli a COVID–19 hatását a Srí Lanka-i vállalati fenntarthatóságra a Corporate Sustainability Index (CSI) segítségével. Egy 160 tőzsdén jegyzett és nem jegyzett vállalatból álló mintát választottak ki kényelmi mintavételezéssel, és páros mintás teszteket alkalmaztak a pandémia előtti és utáni jelentős változások azonosítására. Az eredmények azt mutatják, hogy a környezetvédelmi kezdeményezések – például az éghajlatváltozás mérséklésére irányuló erőfeszítések csökkenése és a zöld energia bevezetése – jelentős visszaesést mutatnak az erőforrások korlátai miatt. A társadalmi mutatók vegyes eredményeket prezentáltak, a munkahelyi rugalmasság csökkenését, azonban figyelemre méltó a nem kormányzati szervezetekkel (NGO) való együttműködés fokozódása. A gazdasági fenntarthatóság kihívásokkal szembesült, amit a márkavérték csökkenése és a fenntarthatósági kezdeményezésekbe történő pénzügyi befektetések bizonyítása is mutat. Az eredmények rávilágítanak arra, hogy a vállalkozásoknak olyan alkalmazkodó és rugalmas stratégiákat kell alkalmazni, amelyek egyensúlyt teremtenek az azonnali fellendülés és a hosszú távú fenntarthatósági célok között. A tanulmány kiemeli az érdekelt felek bevonásának, a rendszerszintű rugalmasságnak és az innovatív megoldások vállalati fenntarthatósági keretekbe történő integrálásának fontosságát. Az ajánlások között szerepel a köz- és a magánszféra közötti partnerségek előmozdítása, a technológia kiaknázása, valamint a fenntartható gyakorlatokba való befektetések előtérbe helyezése. Ezek a betekintések értékes útmutatást adnak azoknak a vállalkozásoknak, amelyek a COVID utáni kihívások között navigálnak olyan fejlődő országok gazdaságaiban, mint Srí Lanka.

Kulcsszavak: Vállalati fenntarthatóság, COVID–19, környezetvédelmi gyakorlatok, társadalmi méltányosság, gazdasági rugalmasság, Srí Lanka, páros mintavizsgálat, vállalati fenntarthatósági index.

Introduction

The COVID–19 pandemic has changed societies and economies around the globe and influenced corporate sustainability activities and traditions [1]. For Sri Lanka as a developing economy highly dependent on environmental resources and com-

munity-level business involvement, the pandemic led to both challenges and development enablers. In this research, the authors seek to understand changes in the level of corporate sustainability activities between the pre- and post-COVID-19 eras in both the environmental, social, and economic contexts. In this study, employing a paired sample test, certain trends, issues, as well as future prospects for improvement are revealed.

This paper examines the corporate sustainability practices of firms in Sri Lanka before and after the COVID-19 outbreak. It does this by comparing and analyzing transformative transitions in the environmental (ENV), social (SOC), and economic (ECO) domains and the strategies adopted by corporates to promote sustainability as well as the enduring impact on sustainable frameworks. The primary objective of this research is: To compare pre- and post-COVID-19 practices in environmental (ENV), social (SOC), and economic (ECO) domains based on paired samples tests. At the same time, this analysis focuses on the identification of the key variations to the chosen sustainability indicators, the examination of the potential reasons for these variations, and the suggestions for the improvement of the resilience of corporate practices in question.

Conceptualization of Corporate Sustainability

Sustainability in any organization has gone through various changes over the years, this is due to increasing dynamism in the management of economic, social and responsibilities. This notion stems from the vision put forward by [2], known as the Triple Bottom Line, which also failed to provide much in the way of specific guidance when it comes to handling tensions between various elements of the three dimensions. Ordering the sustainable value chain by [3] decided for stakeholders' perspectives focusing on the existing and future needs. Nevertheless, the definition believed that the stakeholder businesses have mutual objectives, which often might not be so in real life.

Wilson (2003) built on this by connecting business development to the use concept meaning, -profitable that combined profits, protection of the environment, and equal implementation justice. It is, however, practical and reasonable, but silent on how the aforesaid objectives are to be reconciled in case of conflict. Furthermore, [4] provided a systemic approach to corporate sustainability focusing on the changes in philosophy that is required.

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This approach corresponds with current expectations for radical change, but calls for comprehensive frameworks that will allow for enforcement. The three definitions outlined above provide a foundation on which the development of corporate sustainability has been built and show the complexity of what is required of today's business management solutions.

Accordingly, Corporate Sustainability defined as the integration of the business performance expectations including economic, social, and environmental sustainability.

- The term "economic sustainability" refers to policies that enable long-term economic growth without adversely affecting the social, environmental, or cultural components of the community.
- The term "social sustainability" refers to identifying and managing both the positive and negative consequences of business organization systems and processes on individuals and social life.
- The term "environmental sustainability" refers to protecting the natural world, with a focus on conserving the ability of the environment to support human life, which is the goal of environmental policy.

Methodology

This research also uses a quantitative method to measure the variations in sustainability initiatives concerning the environmental, social, and economic sustainability practices of Sri Lanka. The target sample of the study is 160 companies both the listed and unlisted which are operating in Sri Lanka. Convenience non-probability sampling technique was used in the selection of firms where the authors could easily access and or where the firms readily agreed to participate in the study thus satisfying the basic requirement of adequacy of sample of the study. It also helped in collecting data within the time constraint and getting views from different settings within the organisations.

The environmental, social, and the economic aspects were employed as sub-indices to measure corporate sustainability. These sub-indices provide a comprehensive framework for evaluating corporate sustainability practices. For the assessment of the companies on the sustainability front the CSI was used which was similar in measurement and methodology to the one used in [5] and [6].

For the purpose of comparing corporate sustainability practices in both pre and post COVID-19 periods, a paired sample test has been employed. The use of this method also enabled the comparison of differences in the sustainability indicators and guidance on the changes that companies applied in terms of direction and operation during the pandemic. The results of the test specified changes within all the three dimensions around sustainability to shed light on the effects of the pandemic.

This methodology provides a strong foundation for the assessment of changes in sustainable practices because the paired test increases the significance of this study for the Sri Lankan context despite the selected convenience sample.

Findings and Analysis

ENVIRONMENTAL SUSTAINABILITY

The pandemic created both positive and negative environmental impacts. While short-term reductions in pollution were noted due to lockdowns, resource constraints affected the continuity of long-term sustainability initiatives. This study found that significant reduction in initiatives related to Climate Change Mitigation Efforts (-0.143, $p = 0.000$). In addition, decline in investments and adoption rates related to Green Energy Adoption (-0.255, $p = 0.000$).

The reduction in environmental initiatives highlights the challenges of maintaining eco-friendly practices amidst financial pressures and disrupted supply chains. All other practices have not observed changes in this period.

SOCIAL SUSTAINABILITY

The social dimension experienced mixed outcomes, reflecting the dual pressures of addressing immediate social crises and maintaining long-term social sustainability goals. This study observed reduction in opportunities for flexible work arrangements (-0.132, $p = 0.001$), likely due to logistical challenges in adapting to remote work. In addition, economic disruptions disproportionately affected vulnerable groups, increasing the Gini coefficient by an average of 6% in developing economies.

On the other hand, increase in collaboration with non-governmental organizations (0.170, $p = 0.000$), showcasing heightened community support and philanthropic activities. All other practices have not observed changes in this period.

ECONOMIC SUSTAINABILITY

Economic sustainability indicators showed significant strain, reflecting the financial challenges faced by corporations during the pandemic. This study observed decline in brand value (-0.096 , $p = 0.025$), driven by reduced marketing budgets and shifting consumer priorities. In addition, Resource reallocation toward immediate recovery efforts limited long-term investments in sustainable practices. All other practices have not observed changes in this period.

The pandemic exposed the fragility of environmental initiatives, with corporations scaling back due to budget constraints. While some areas like NGO engagement improved, others, such as workplace flexibility, suffered due to operational challenges. Financial pressures were evident across all sectors, highlighting the need for robust economic sustainability frameworks.

Conclusion

COVID-19 has disrupted corporate sustainability strategies because it has brought changes that make companies reconsider their goals. From the result presented in this study, it shown that there are changes in environmental social economical and other factors where Crisis means adaptability and resilience. The corporate world should thus emulate best sustainable practices that are well balanced and also prepared for future shocks, mostly emanating from the sustainability indicators to enable all the stakeholders achieve the best outcome.

IMPLICATION AND RECOMMENDATION

The pandemic has revealed that the previous practices of institutions and organizations when it comes to sustainability must incorporate resilience. Another factor that explains why new forms of policies are required is that policy needs to be adaptive to cope with situations that contain various sources of uncertainty and disruption.

Recommendations include equitable distribution of resources, privatisation and; application of technology and capacity building and sensitisation. Investments in environmental, social and economic sustainability needs to be platforms to ensure corporations attain capacity to adapt.

Moreover, create partnerships with business, government, and non-governmental organisations to improve sustainability performance. Subsequently, it is also important to take advantage of Information technology to minimize operational cost, support work-from-home, and monitor the environment. Lastly, Spread more knowledge among the stakeholders toward sustainable practices in the company to ensure people start thinking on sustainable manners.

Thus the implication of the findings transcend the Sri Lankan context. The pandemic has brought to the surface the weaknesses of sustainability in corporate frameworks across the world, and the importance of learning from one another. However, the SLM transition to low-carbon and sustainable growth models illustrates that Sri Lanka and other developing countries should follow innovation and disaster risk reduction approaches.

Sustainability should continue to act as a key focus as the world's economy strives to bounce back from the adverse health effects of the COVID-19 pandemic. The experience of the COVID-19 period highlights the need and prospects for configuring goals and objectives to stimulate new development strategies and create sustainable long-term growth that takes into account the nations' social needs, economic prosperity, and environmental concerns.