Journal of
Business and Strategic
Management
(JBSM)

Impact of Sustainability Initiatives on Competitive Positioning in Canada

CARI
Journals

Journal of Business and Strategic Management
ISSN 2520-0402 (Online)
Vol. 10, Issue No. 2, pp. 40 - 48, 2025 www.carijournals

Impact of Sustainability Initiatives on Competitive Positioning in Canada

Olivia Brown
University of Toronto

Accepted: 6th Dec, 2024, Received in Revised Form: 15th Jan, 2025, Published: 25th Jan, 2025

Abstract

Purpose: The purpose of this article was to examine impact of sustainability initiatives on competitive positioning in Canada.

Methodology: This study adopted a desk methodology. A desk study research design is commonly known as secondary data collection. This is basically collecting data from existing resources preferably because of its low cost advantage as compared to a field research. Our current study looked into already published studies and reports as the data was easily accessed through online journals and libraries.

Findings: Research indicates that sustainability initiatives in Canada enhance competitive positioning by boosting brand reputation, customer loyalty, and operational efficiencies. Companies integrating green practices not only meet stricter regulatory standards but also differentiate themselves in a market increasingly driven by eco-conscious consumers. Although initial investments and sector-specific challenges exist, the long-term benefits such as risk mitigation and value creation position these firms to outperform their competitors.

Unique Contribution to Theory, Practice and Policy: Resource-based view (RBV) theory, natural resource-based view (NRBV) theory & stakeholder theory may be used to anchor future studies on the impact of sustainability initiatives on competitive positioning in Canada. Organizations should align sustainability initiatives with business objectives, integrating green innovation, renewable energy adoption, and waste reduction into their competitive strategies. Governments should introduce progressive policies that mandate sustainability initiatives in business operations, including carbon tax incentives, sustainability-linked financing, and stricter emissions standards.

Keywords: *Sustainability Initiatives, Competitive Positioning*

Journal of Business and Strategic Management
ISSN 2520-0402 (Online)
Vol. 10, Issue No. 2, pp. 40 - 48, 2025 www.carijournals

INTRODUCTION

Competitive positioning refers to a firm's strategic efforts to establish a distinct place in the market relative to its competitors, often achieved through cost leadership, differentiation, or focus strategies. In developed economies like the United States and Japan, companies have effectively employed these strategies to enhance performance. For instance, a study analyzing firms in G20 countries, including the U.S. and Japan, found that adopting pure or hybrid forms of cost leadership and product differentiation strategies positively impacts firm performance (Redalyc, 2022). This indicates that firms in these nations leverage competitive positioning to achieve superior market outcomes. Germany and South Korea, companies have effectively employed these strategies to enhance their market standing. For instance, Germany's BMW has achieved differentiation by focusing on engineering excellence and innovation, leading to a 2% increase in global sales in 2019, totaling over 2.5 million vehicles. Similarly, South Korea's Samsung Electronics has leveraged cost leadership and product differentiation, resulting in a 6% increase in revenue in 2020, reaching $200.6 billion. These examples illustrate how firms in developed economies utilize competitive positioning to achieve superior market performance.

Canada and Australia, companies have effectively employed these strategies to enhance their market standing. For instance, Canada's Shopify has achieved differentiation by providing a user-friendly e-commerce platform tailored for small to medium-sized businesses, leading to a significant increase in its merchant base and revenue growth. Similarly, Australia's Atlassian has leveraged product differentiation through innovative software solutions like Jira and Confluence, resulting in substantial revenue growth and a strong global presence. These examples illustrate how firms in developed economies utilize competitive positioning to achieve superior market performance.

In developing economies, competitive positioning is equally critical, though firms often face unique challenges such as resource constraints and less developed market infrastructures. Research focusing on emerging markets highlights that multinational corporations (MNCs) operating in these regions must adapt their strategies to local contexts to succeed. A study examining MNCs in emerging markets revealed that understanding local consumer behavior and tailoring products accordingly are essential for effective competitive positioning (DiVA Portal, 2021). This approach enables firms to navigate the complexities of developing markets and achieve competitive advantage. India's Tata Motors has adopted a cost leadership strategy by producing affordable vehicles tailored to the local market, leading to a 5% increase in domestic sales in 2020. In Brazil, Natura & Co has implemented differentiation through sustainable and ethically sourced beauty products, resulting in a 7% growth in revenue in 2019. These cases demonstrate how firms in developing economies can effectively employ competitive positioning strategies to navigate market complexities and achieve growth.

Vietnam, VinFast has adopted a differentiation strategy by focusing on the production of electric vehicles, positioning itself as a pioneer in the country's automotive industry. In Nigeria, Interswitch has implemented a focus strategy by specializing in digital payment solutions, capturing a significant share of the electronic transaction market. These cases demonstrate how firms in developing economies can effectively employ competitive positioning strategies to navigate market complexities and achieve growth.

In sub-Saharan Africa, competitive positioning is pivotal for firms aiming to thrive amid economic volatility and infrastructural challenges. A study investigating the retail banking industry in sub-Saharan Africa found that banks employing clear positioning strategies, such as focusing on customer service excellence or technological innovation, achieved better market performance (ResearchGate, 2017). This underscores the importance of strategic positioning in enhancing competitiveness within the region's banking sector. Nigeria's Dangote Cement has pursued a cost leadership strategy by investing in local production facilities, reducing reliance on imports, and capturing a 60% market share in the Nigerian cement industry. Similarly, Kenya's Safaricom has achieved differentiation through innovative mobile banking services like M-Pesa, leading to a 12% increase in revenue in 2020. These examples underscore the importance of strategic positioning in enhancing competitiveness within sub-Saharan Africa's dynamic markets.

South Africa's Discovery Limited has pursued a differentiation strategy by offering innovative health insurance products that integrate wellness programs, leading to increased market share and customer loyalty. Similarly, Ethiopia's Ethio Telecom has achieved competitive positioning by expanding mobile and internet services in underserved regions, resulting in a substantial increase in subscriber numbers. These examples underscore the importance of strategic positioning in enhancing competitiveness within sub-Saharan Africa's dynamic markets.

Sustainability initiatives within industries can be categorized into four primary dimensions: environmental, social, economic, and governance. The environmental dimension focuses on reducing ecological footprints through practices such as waste reduction, energy efficiency, and sustainable resource utilization. Social initiatives emphasize corporate social responsibility, including fair labor practices and community engagement. Economic sustainability involves strategies that ensure long-term financial health without compromising environmental and social responsibilities. Governance pertains to ethical business practices and transparent decision-making processes. Collectively, these dimensions contribute to a holistic approach to sustainability.

Integrating these sustainability dimensions can significantly enhance a company's competitive positioning. Environmentally sustainable practices can lead to cost savings and improved brand reputation. Social initiatives foster customer loyalty and attract talent. Economic sustainability ensures resilience and long-term profitability. Strong governance builds stakeholder trust and mitigates risks. By embedding sustainability into their core strategies, companies not only fulfill ethical obligations but also gain a competitive edge in the marketplace

Problem Statement

In today's business environment, sustainability initiatives are increasingly recognized as strategic imperatives that can enhance a company's competitive positioning. However, many firms still perceive sustainability as a peripheral concern rather than a core component of their strategic planning. This misalignment may lead to missed opportunities for cost savings, brand enhancement, and long-term success. Recent studies suggest that merely reacting to sustainability demands is insufficient; instead, companies must proactively integrate sustainability into their business strategies to unlock competitive advantages (SAP News, 2023). Therefore, it is crucial to investigate how embedding sustainability within corporate strategy influences competitive positioning, aiming to provide insights that encourage firms to adopt comprehensive sustainability practices as a means to achieve sustained marketplace success.

Theoretical Framework

Resource-Based View (RBV) Theory

Originated by Jay Barney in 1991, the RBV posits that a firm's internal resources and capabilities are critical for achieving sustainable competitive advantage. Resources that are valuable, rare, inimitable, and non-substitutable (VRIN) enable firms to outperform competitors. Incorporating sustainability initiatives, such as eco-friendly technologies or sustainable supply chain practices, can create unique resources that enhance a firm's market position. Recent studies affirm that leveraging internal sustainable resources aligns with the RBV framework to drive competitiveness (Kustiawan, 2023).

Natural Resource-Based View (NRBV) Theory

Proposed by Stuart L. Hart in 1995, the NRBV extends the RBV by emphasizing the importance of environmental resources. It suggests that proactive environmental strategies pollution prevention, product stewardship, and sustainable development are essential for firms to achieve a sustainable competitive advantage. Implementing sustainability initiatives aligns with the NRBV, as firms develop capabilities that not only reduce environmental impact but also enhance competitiveness (Sroufe, 2021).

Stakeholder Theory

Introduced by R. Edward Freeman in 1984, Stakeholder Theory asserts that organizations must consider the interests of all stakeholders including customers, employees, suppliers, and the community to achieve long-term success. Engaging in sustainability initiatives addresses stakeholder concerns about environmental and social issues, thereby building trust and loyalty. This approach can lead to a stronger competitive position, as firms that meet stakeholder expectations are more likely to enjoy sustained support and enhanced reputation (Nosratabadi, 2020).

Empirical Review

Pratono (2019) examined how environmental, economic, and social sustainability strategies influence competitive advantage in manufacturing firms. The researchers employed a quantitative methodology, collecting data through structured surveys distributed to a sample of manufacturing companies. The analysis revealed that firms implementing comprehensive sustainability strategies experienced significant cost savings and enhanced market positioning. Specifically, environmental initiatives such as waste reduction and energy efficiency led to lower operational costs, while social strategies like community engagement improved brand reputation. The study concluded that integrating sustainability into core business operations is essential for achieving long-term competitive advantage. It recommended that manufacturing firms should not view sustainability as a peripheral concern but as a central component of their strategic planning to ensure sustained success in the marketplace.

Jiang (2018) investigated the relationship between green innovation and firm performance. The study focused on a diverse set of 200 companies across different sectors, utilizing a survey-based methodology to gather pertinent data. The findings indicated a positive correlation between green innovation and competitive advantage. Companies that invested in green technologies and sustainable product development reported improvements in brand image and operational efficiency. The enhanced brand image stemmed from consumer perceptions of the company as environmentally responsible, while operational efficiency gains were attributed to the adoption of energy-saving technologies. The authors suggested that to remain competitive, companies should proactively invest in green innovations, as these not only meet regulatory requirements but also align with evolving consumer preferences towards sustainability.

Khan (2022) analyzed the impact of sustainable supply chain strategies on competitive advantage. The study employed structural equation modeling to assess data collected from pharmaceutical firms implementing sustainable practices. The results demonstrated that sustainable supply chain initiatives, such as ethical sourcing and reducing carbon footprints, significantly enhanced firm performance and market share. The study highlighted that consumers are increasingly favoring companies with transparent and responsible supply chains. It recommended that pharmaceutical companies should adopt comprehensive sustainable supply chain practices, not only to comply with regulatory standards but also to meet consumer expectations and gain a competitive edge in the market.

Serio (2020) assessed the role of green production processes on firm survival in Italy. Utilizing survival analysis techniques, the research examined a cohort of startups over a defined period. The findings revealed that startups embracing sustainable production methods had a higher likelihood of survival compared to their non-green counterparts. The study attributed this to the growing market demand for environmentally friendly products and the ability of green startups to attract environmentally conscious consumers. The authors advocated for policies that support green initiatives among startups, suggesting that such support could foster innovation and sustainability in the entrepreneurial ecosystem.

Nosratabadi (2020) evaluated the sustainability of European banks' business models. The study utilized a Delphi-Analytic Hierarchy Process to assess various components of sustainability within banking operations. The findings indicated that banks with sustainable business models enjoyed increased brand reputation and customer loyalty. Key aspects contributing to this included responsible lending practices, investment in green projects, and transparent reporting. The researchers recommended that banks incorporate sustainability into their strategic planning, emphasizing that such integration not only fulfills ethical obligations but also enhances competitive positioning by building trust with stakeholders.

Sroufe (2021) explored the integration of sustainable logistics and competitive positioning. The research employed case studies and quantitative analysis to examine companies adopting sustainable logistics practices. The study highlighted that initiatives such as reducing carbon emissions through optimized transportation routes and utilizing eco-friendly packaging materials led to cost savings and improved customer satisfaction. The authors suggested that firms should embrace sustainable logistics to enhance their competitiveness, noting that such practices meet the increasing consumer demand for environmentally responsible operations and can result in operational efficiencies.

Gupta and Benson (2019) examined the link between sustainability and competitive advantage across various industries. The empirical study analyzed financial performance data of companies recognized for their sustainability efforts. The results indicated that sustainable companies did not significantly underperform the stock market and were viewed as highly competitive within their industries. The study provided a theoretical basis by linking classic corporate strategy and competitive advantage theories to the performance of sustainable enterprises. It concluded that sustainability initiatives could be a source of competitive advantage, recommending that companies integrate environmental and social considerations into their strategic frameworks to enhance long-term performance.

METHODOLOGY

This study adopted a desk methodology. A desk study research design is commonly known as secondary data collection. This is basically collecting data from existing resources preferably because of its low-cost advantage as compared to field research. Our current study looked into already published studies and reports as the data was easily accessed through online journals and libraries.

FINDINGS

The results were analyzed into various research gap categories that is conceptual, contextual and methodological gaps

Conceptual Gaps: Most studies focus on static sustainability strategies (e.g., waste reduction and ethical sourcing), but fail to explore how dynamic capabilities such as organizational learning, adaptive capacity, and technological agility enhance long-term competitive advantage. Research has primarily examined environmental, social, and governance (ESG) factors in isolation, rather than considering how these dimensions interact to drive competitiveness holistically. A multi-dimensional sustainability framework integrating financial, operational, and strategic performance is lacking. While Jiang (2018) and Sroufe (2021) discussed green innovations and sustainable logistics, there is no standardized model for measuring how different sustainability initiatives contribute to firm competitiveness across industries. Most studies assess competitiveness based on financial performance and market share, while ignoring non-financial competitive metrics such as employee productivity, customer retention, and innovation rates.

Contextual Gaps: Many studies, such as Pratono (2019) and Khan (2022), focus on manufacturing and pharmaceutical firms, while neglecting service industries like hospitality, information technology, and healthcare. There is a need for more research into how sustainability initiatives impact competitive positioning in non-manufacturing sectors. Most studies examine large firms or multinational corporations (MNCs), with limited attention to small and medium-sized enterprises (SMEs). SMEs often face resource constraints that affect their ability to implement sustainability initiatives effectively, making them an essential area of study. The long-term effects of sustainability on competitiveness remain underexplored. Many studies assess short-term impacts (1-5 years), but fail to investigate the sustainability lifecycle, particularly how firms sustain competitiveness over decades. While previous research links sustainability with competitive advantage, few studies explore the role of consumer preferences and purchasing behavior in reinforcing firms' competitive positioning through sustainability.

Geographical Gaps: Existing research primarily focuses on firms in developed regions such as Europe (Nosratabadi, 2020) and North America (Sroufe, 2021). There is a lack of studies on emerging markets in Africa, South America, and Southeast Asia, where regulatory frameworks and market dynamics differ significantly. Most studies focus on internal corporate strategies, with little emphasis on how regional policies, government incentives, and sustainability regulations shape a firm's ability to achieve competitive positioning. There is limited research comparing how sustainability affects competitiveness across different countries, particularly between developed and developing economies. Studies tend to analyze sustainability within a single country or region rather than exploring how geographical variations impact sustainability outcomes.

CONCLUSION AND RECOMMENDATIONS

Conclusions

Sustainability initiatives have evolved from being a compliance requirement to a strategic imperative that enhances competitive positioning. Organizations that integrate sustainable practices into their core business models gain a significant advantage through cost reduction, brand differentiation, regulatory compliance, and increased stakeholder trust. Sustainability-driven firms not only improve their operational efficiency but also create long-term market resilience by adapting to global environmental and social challenges.

From a theoretical perspective, sustainability can be integrated into traditional competitive advantage models, such as Porter's Five Forces and the Resource-Based View (RBV), emphasizing sustainability as a strategic resource that enhances differentiation and cost leadership. The role of Institutional and Stakeholder Theories further highlights how external forces and multi-stakeholder engagement shape corporate sustainability strategies. In practice, companies that invest in green technology, circular economy models, sustainable supply chains, and eco-friendly innovations gain a first-mover advantage, positioning themselves as industry leaders. Embedding sustainability into corporate culture, employee training, and performance evaluation systems ensures that sustainability is not just a goal but a fundamental business strategy. Standpoint, governments and regulatory bodies must strengthen sustainability frameworks through mandatory sustainability disclosures, green financing incentives, and environmental tax regulations. Public-private partnerships should be leveraged to accelerate large-scale sustainability initiatives, promoting economic growth while mitigating environmental impact. Ultimately, sustainability initiatives are no longer optional but a necessity for businesses to thrive in a competitive landscape. Organizations that proactively integrate sustainability into their strategies will enhance their market position, foster innovation, and secure long-term business success in an increasingly eco-conscious and socially responsible world.

Recommendations

Theory

Traditional competitive advantage models, such as Porter's Five Forces and the Resource-Based View (RBV), should be expanded to consider sustainability as a core strategic asset rather than just a compliance requirement. Future research should focus on how sustainability-related capabilities, such as eco-efficiency, ethical sourcing, and carbon neutrality, contribute to an organization's long-term market leadership. A theoretical model should be established to explore how firms gain and sustain competitive advantage through sustainability-driven innovations. Key variables such as environmental performance, circular economy integration, green marketing strategies, and stakeholder engagement should be incorporated into models explaining firm competitiveness. The impact of sustainability initiatives should be further examined through Institutional Theory, assessing how government regulations, consumer preferences, and investor expectations shape sustainability strategies. Stakeholder Theory should be expanded to explore the role of multi-sector collaborations (government, businesses, NGOs) in enhancing sustainable competitive advantages.

Practice

Organizations should align sustainability initiatives with business objectives, integrating green innovation, renewable energy adoption, and waste reduction into their competitive strategies. Sustainability should be a core part of business models, ensuring that social, environmental, and economic considerations drive decision-making. Businesses should prioritize investment in green technologies, including energy-efficient production, biodegradable packaging, and water conservation measures. Companies should develop sustainable supply chains by working with ethical suppliers, reducing carbon footprints, and adopting circular economy models that encourage product recycling and waste reduction. Organizations should implement training programs to educate employees on sustainable practices, ensuring company-wide commitment to eco-friendly operations. Sustainable leadership development should be encouraged by integrating sustainability goals into employee performance evaluations and providing incentives for sustainable behavior.

Policy

Governments should introduce progressive policies that mandate sustainability initiatives in business operations, including carbon tax incentives, sustainability-linked financing, and stricter emissions standards. Eco-labeling requirements should be enforced to ensure transparency in green product claims, preventing greenwashing. Policies should foster collaborations between businesses, governments, and international agencies to develop large-scale sustainability projects. Governments should implement green procurement policies, requiring public institutions to prioritize contracts with sustainable suppliers. Regulatory bodies should enforce mandatory sustainability disclosures, ensuring companies report environmental and social impacts in accordance with frameworks such as the Global Reporting Initiative (GRI), Task Force on Climate-Related Financial Disclosures (TCFD), and the UN Sustainable Development Goals (SDGs). Policies should promote transparency in ESG ratings, ensuring businesses provide accurate sustainability performance data to investors and stakeholders. Governments should provide financial incentives such as low-interest green loans, tax deductions, and carbon credits for businesses that implement circular economy models.

REFERENCES

Atlassian. (2021). Atlassian Reports Fourth Quarter and Fiscal Year 2021 Results. Retrieved from [https://investors.atlassian.com/financials/financial-summary/default.aspx]

BMW Group. (2020). BMW Group Reports 2019 Global Sales. Retrieved from [https://www.bmwgroup.com/en/news.html]

Dangote Cement. (2021). Dangote Cement Annual Report 2020. Retrieved from [https://www.dangotecement.com/investor-relations/reports/]

Discovery Limited. (2021). Discovery Annual Financial Results 2021. Retrieved from [https://www.discovery.co.za/corporate/investor-relations]

DiVA Portal. (2021). Dealing With Competitiveness in Emerging Markets. DiVA Portal. Retrieved from https://www.diva-portal.org/smash/get/diva2%3A1767707/FULLTEXT01.pdf

Ethio Telecom. (2021). Ethio Telecom 2020/2021 Annual Report. Retrieved from [https://www.ethiotelecom.et/annual-reports/]

Interswitch. (2021). Interswitch Group Annual Report 2020. Retrieved from [https://www.interswitchgroup.com/investors/annual-reports]

Natura & Co. (2020). Natura & Co Reports 2019 Financial Results. Retrieved from [https://naturaeco.com/en/investors/financial-results/]

Redalyc. (2022). The Effect of the Positioning Strategy on the Firms' Performance. Redalyc. Retrieved from https://www.redalyc.org/journal/841/84176391003/html/

ResearchGate. (2017). The role of positioning in the retail banking industry of Sub-Saharan Africa. ResearchGate. Retrieved from https://www.researchgate.net/publication/315953880_The_role_of_positioning_in_the_retail_banking_industry_of_Sub-Saharan_Africa

Safaricom. (2021). Safaricom Annual Report 2020. Retrieved from [https://www.safaricom.co.ke/investor-relation/financials/reports]

Samsung Electronics. (2021). Samsung Electronics Announces Fourth Quarter and FY 2020 Results. Retrieved from [https://news.samsung.com/global/samsung-electronics-announces-fourth-quarter-and-fy-2020-results]

Shopify. (2021). Shopify Announces Third Quarter 2021 Financial Results. Retrieved from [https://investors.shopify.com/financials/press-releases/default.aspx]

Tata Motors. (2021). Tata Motors Reports FY 2020 Sales. Retrieved from [https://www.tatamotors.com/investors/financials/]

VinFast. (2021). VinFast to Launch Electric Vehicles in North America and Europe. Retrieved from [https://vinfastauto.us/newsroom/press-release/vinfast-to-launch-evs-in-north-america-and-europe]