



Lisbon School
of Economics
& Management
Universidade de Lisboa

MASTER
MANAGEMENT AND INDUSTRIAL STRATEGY

MASTER'S FINAL WORK
DISSERTATION

**STRATEGIC TRADE-OFFS: BALANCING SHORT-TERM PROFITABILITY
AND LONG-TERM SUSTAINABILITY IN CORPORATE STRATEGY**

PATRÍCIA JUSTINO CAIRRÃO

JULY - 2025



Lisbon School
of Economics
& Management
Universidade de Lisboa

MASTER MANAGEMENT AND INDUSTRIAL STRATEGY

MASTER'S FINAL WORK DISSERTATION

**STRATEGIC TRADE-OFFS: BALANCING SHORT-TERM PROFITABILITY
AND LONG-TERM SUSTAINABILITY IN CORPORATE STRATEGY**

PATRÍCIA JUSTINO CAIRRÃO

**SUPERVISION:
MANUEL DUARTE MENDES MONTEIRO LARANJA**

JULY - 2025

ACKNOWLEDGMENTS

I am sincerely thankful to my supervisor, Manuel Laranja, for the invaluable support, insightful feedback, and encouragement throughout the development of this dissertation. Your guidance was essential to shaping both the structure and depth of this research.

To my family, thank you for your unconditional love, patience, and motivation during every stage of this journey. Your support gave me strength even in the most challenging moments.

A special thanks to my ISEG colleagues and friends, whose companionship, ideas, and shared efforts made this experience both enriching and memorable.

Finally, I extend my appreciation to ISEG - Lisbon School of Economics and Management, for providing an inspiring academic environment and contributing significantly to my personal and professional growth.

To all of you, thank you.

ABSTRACT

This dissertation explores how medium-sized enterprises can balance short-term profitability with long-term environmental and social sustainability. Grounded in the Triple Bottom Line and Stakeholder Theory, the research asks: How can companies strategically align financial performance with sustainable practices, particularly through internal stakeholder engagement?

A qualitative case study was conducted using semi-structured interviews with four decision-makers from a Portuguese business group operating in Portugal, Mozambique, and Angola. Thematic analysis was used to examine how sustainability is integrated into strategic decisions and governance structures.

Findings indicate a growing recognition that employee well-being, long-term planning, and social responsibility are essential to sustainable value creation. The company demonstrates progress in embedding sustainability into its business model, despite challenges related to short-term financial pressures.

This study contributes to the literature by illustrating how stakeholder-oriented practices and internal sustainability strategies can be implemented in medium-sized firms. It highlights the role of internal governance and human capital as key drivers of sustainable profitability.

Keywords: sustainability, stakeholder theory, triple bottom line, strategy, medium-sized enterprises

RESUMO

Esta dissertação analisa como empresas de média dimensão podem equilibrar a rentabilidade de curto prazo com a sustentabilidade ambiental e social de longo prazo. Com base no Triple Bottom Line e na Teoria dos Stakeholders, a investigação procura responder à questão: *Como podem as empresas alinhar estrategicamente o desempenho financeiro com práticas sustentáveis, através do envolvimento dos stakeholders internos?*

Foi realizado um estudo de caso qualitativo, com entrevistas semiestruturadas a quatro decisores de um grupo empresarial português com operações em Portugal, Moçambique e Angola. A análise temática permitiu examinar a integração da sustentabilidade nas decisões estratégicas e estruturas de governação.

Os resultados mostram uma crescente valorização do bem-estar dos colaboradores, do planeamento a longo prazo e da responsabilidade social como elementos essenciais para a criação de valor sustentável. Apesar dos desafios impostos pelas pressões financeiras de curto prazo, a empresa evidencia progressos na incorporação da sustentabilidade no seu modelo de negócio.

Este estudo contribui para a literatura ao ilustrar como empresas médias podem implementar práticas orientadas para os stakeholders e estratégias internas de sustentabilidade.

Palavras-chave: sustentabilidade, teoria dos stakeholders, Triple Bottom Line, estratégia, empresas de média dimensão

TABLE OF CONTENTS

Acknowledgments	i
Abstract.....	ii
Resumo	iii
Table of Contents.....	iv
1. Introduction	6
2. Literature review.....	10
2.1. Introduction to Profitability vs. Sustainability	10
2.2. Theoretical Frameworks	10
2.2.1. Triple Bottom Line	10
2.2.2. Stakeholder Theory.....	14
2.3. Strategic Approaches to Balancing Profitability and Sustainability	17
2.4.Synthesis and Research Gap.....	18
3. Research methodoly	21
3.1. Research Design	21
3.2. Research Strategy and data collection	21
4. Interview results	23
4.1. Governance & Strategic Direction	23
4.2 Stakeholder Integration.....	24
4.3 Short-Term vs. Long-Term Trade-Offs.....	24
4.4 Sustainability in Practice	25
4.5 Internal Alignment & Culture.....	26
4.6 Future Outlook & Recommendations.....	26
5. Results discussion.....	27
6. Conclusions	29

7. References	33
8. Glossary	37
9. Appendices	38

1. INTRODUCTION

In today's rapidly evolving global economy, businesses are increasingly being challenged to rethink the foundations of corporate success. Environmental degradation, climate change, and growing social inequalities have brought forward a new era in which financial performance alone is no longer a sufficient measure of organizational excellence. Stakeholders, including consumers, employees, communities, and investors are demanding accountability not only for economic outcomes, but also for a company's social and environmental impact. Within this context, the concept of sustainable profitability, the ability to achieve financial performance while simultaneously generating long-term social and environmental value, has emerged as a critical concern for both academic inquiry and strategic management.

Historically, the dominant approach to corporate governance practices prioritized short-term financial returns and shareholder value maximization (Lazonick & O'Sullivan, 2000). However, new perspectives argue that companies must shift toward a more holistic vision of success, balancing financial performance with social responsibility and environmental stewardship. This shift is supported by two foundational theoretical frameworks: the Triple Bottom Line (TBL) and Stakeholder Theory. These frameworks propose that businesses should be accountable not only to shareholders but to a wider network of stakeholders, and that they should pursue performance across three interconnected dimensions: profit, people, and planet.

The TBL (Elkington, 1994) redefines corporate performance by including environmental and social criteria alongside traditional financial indicators. Citing (Elkington, 2018) “The triple bottom line wasn’t designed to be just an accounting tool. It was supposed to provoke deeper thinking about capitalism and its future.”. It encourages organizations to consider how their operations effect the planet and society in addition to their profitability. In parallel, (R. Edward Freeman, 2010) challenges the assumption that shareholder interests should dominate corporate decision-making. Instead, it asserts that management involves actively addressing and coordinating the organization’s relationships with key stakeholder groups in a deliberate and strategic manner and it must be considered and integrated into strategic governance and planning.

These concepts have gained relevance in response to the growing need for businesses to demonstrate not only compliance with regulations, but also purpose-driven leadership and commitment to long-term viability. However, while large multinational corporations often have formal structures to support sustainability reporting and stakeholder engagement, less attention has been paid to how medium-to-large enterprises adopt and internalize these principles. Especially in companies where governance structures are less formalized or concentrated in the hands of a few decision-makers, the path to sustainable profitability may take different forms, influenced by leadership values, internal culture, and strategic vision.

This thesis explores these dynamics through a case study of a medium-to-large enterprise group headquartered in Portugal, with operations extending into international markets such as Angola and Mozambique. The group encompasses multiple companies and has demonstrated a strong commitment to human capital development, employee well-being, and long-term organizational culture aspects that are often underexplored in

traditional financial analyses but may play a key role in building sustainable value over time. These internal social practices, when aligned with governance structures and stakeholder expectations, may offer an alternative pathway to balancing short-term financial demands with long-term societal and environmental commitments.

The primary aim of this research is to investigate how such a company navigates this balance. More specifically, it focuses on the role of internal governance structures, stakeholder relations, and organizational values in promoting strategies that aim for both profitability and positive social/environmental impact.

Research Question

How can companies balance the need for short-term financial performance with long-term sustainable profitability, particularly through governance structures and stakeholder relations that prioritize social and environmental outcomes?

To address this question, the study adopts a qualitative, single-case research design, centered on semi-structured interviews with key organizational actors. This approach allows for an in-depth understanding of the reasoning, motivations, and internal processes that shape strategic decisions in a real-life context.

The findings are intended to contribute to both theory and practice. On a theoretical level, the research explores the relevance of the TBL and Stakeholder Theory in a context that does not always fit neatly into conventional corporate models. On a practical level, it aims to provide insights into how companies with less formal Environmental, Social and Governance (ESG) infrastructure can still foster responsible, long-term value creation through culturally embedded practices and inclusive governance.

The structure of this thesis is as follows: Chapter 2 presents the literature review and theoretical framework, expanding on the concepts of sustainable profitability, the TBL, Stakeholder Theory, and governance dynamics. Chapter 3 outlines the research methodology, including case selection, data collection methods, and analysis strategy. Chapter 4 presents the case study findings, and Chapter 5 discusses their implications in light of existing theory. The thesis concludes by summarizing key contributions.

In essence, this work contributes to the ongoing conversation about the future of business, a future where sustainability is not a trade-off, but a prerequisite for resilience and relevance.

2. LITERATURE REVIEW

2.1. INTRODUCTION TO PROFITABILITY VS. SUSTAINABILITY

Today's businesses must strike a balance between immediate financial gain and long-term viability. (Epstein et al., 2015) claims that managers often face resource allocation trade-offs between financial, environmental, and social objectives. Similarly, (Haessler, 2020) defends that sustainability has become a central concern in both academic and business contexts, requiring companies to rethink their long-term strategies. To respond to evolving societal expectations, firms are increasingly expected to embed environmental and social considerations into their products, services, and strategic decision-making processes. Despite adopting proactive policies, companies still struggle to balance sustainability with business goals, as it requires internal development and stakeholder alignment (Buysse & Verbeke, 2003).

2.2. THEORETICAL FRAMEWORKS

The complex relationship between financial profitability and long-term sustainability has been widely discussed in academic literature. Two main theoretical frameworks offer essential foundations for understanding how companies can integrate sustainability into corporate strategy: the Triple Bottom Line (TBL) and Stakeholder Theory (ST). Both frameworks challenge the traditional shareholder-centric model by expanding the scope of corporate responsibility and value creation.

2.2.1. *Triple Bottom Line*

The concept of Triple Bottom Line (TBL) was firstly proposed by John Elkington in 1994 as a response to growing dissatisfaction with the narrow financial lens

traditionally used to evaluate corporate success (Elkington, 1994) and “wasn’t designed to be just an accounting tool. It was supposed to provoke deeper thinking about capitalism and its future” (Elkington, 2018).

For decades, companies had been primarily assessed based on their ability to maximize short-term financial returns for shareholders. However, this single-dimensional approach increasingly came under criticism for ignoring the broader social and environmental consequences of corporate activities, arguing that long-term organizational success and legitimacy depend on balancing economic, social and environmental dimensions, as (Norman & MacDonald, 2004) defends.

Elkington's TBL framework proposes that corporate performance should be measured across three interdependent pillars: economic viability (profit), social responsibility (people), and environmental stewardship (planet). These dimensions reflect the multiple forms of value that businesses generate, or potentially destroy, through their activities. (Slaper & Hall, 2011) claims that by acknowledging these three areas, TBL reframes corporate success as not simply achieving financial growth but doing so in a way that contributes to both societal well-being and ecological sustainability.

Unlike approaches that address sustainability through isolated or peripheral initiatives, the TBL framework emphasizes that sustainability should be fully integrated into the core governance structures, strategic planning, and daily operations of the organization (Milne & Gray, 2013). Through this internalization, companies are better positioned to proactively identify long-term risks, capitalize on emerging opportunities, and enhance their competitive advantage, according to (Porter & Kramer, 2011). For example, as (Epstein & Buhovac, 2014) said, firms that prioritize employee well-being

often benefit from increased productivity, greater workforce stability, and improved talent retention, while companies that actively manage their environmental impact may reduce regulatory exposure and strengthen brand reputation among increasingly conscious consumers.

TBL remains one of the most widely cited frameworks for understanding how firms can align business success with broader societal objectives. In the context of this research, the TBL framework provides a valuable lens for analyzing how organizations, particularly those that emphasize internal stakeholders such as employees, may strategically balance financial performance with long-term social and environmental goals.

As was previously mentioned, the TBL framework is structured around three interdependent dimensions that collectively define sustainable corporate performance: economic, social, and environmental.

According to (John, 1997) The economic dimension (profit) emphasizes the necessity for businesses to remain financially viable. Profitability remains essential for organizational survival, enabling firms to sustain operations, invest in innovation, and generate returns for shareholders. However, within the TBL framework, profit is not regarded as the sole objective but rather as one component of a broader value creation process that includes responsibilities to society and the environment (Slaper & Hall, 2011).

The social dimension (people) highlights the organization's responsibility to act ethically and fairly toward its internal and external stakeholders. Among which are employees, customers, suppliers, communities, and society at large. (Epstein & Buhovac,

2014) defend that this dimension encompasses fair labor practices, employee well-being, diversity and inclusion, opportunities for professional development, and engagement with the communities where companies operate. Firms that invest in their human capital not only fulfill ethical obligations but may also enhance employee satisfaction, loyalty, and long-term productivity.

The environmental dimension (planet) requires companies to minimize their ecological footprint and actively contribute to environmental sustainability. This includes the efficient use of natural resources, reduction of emissions and waste, adoption of environmentally friendly technologies, and support for broader efforts in preserving ecosystems and addressing climate change. Managing environmental responsibilities proactively can also mitigate regulatory risks and enhance the firm's long-term resilience (Milne & Gray, 2013).

Together, these three dimensions of the Triple Bottom Line create a comprehensive model for evaluating corporate sustainability, emphasizing that true organizational success involves not only financial growth but also positive contributions to society and the environment.

Using the TBL framework matters for strategic management for several reasons. (Porter & Kramer, 2011) argue that it enhances the corporate reputation and legitimacy by aligning business practices with societal expectations. In another note (Milne & Gray, 2013) claims that increases organizational resilience through proactive management of environmental and social risks. Improves employee motivation, engagement, and retention as a result of investments in social well-being and human capital development as (Deepalakshmi et al., 2024) claims. It also brings greater access to sustainable

financing, as investors increasingly prioritize companies that demonstrate strong performance across environmental, social, and governance (ESG) criteria (Alam et al., 2023).

2.2.2. Stakeholder Theory

Stakeholder Theory, originally articulated by (Freeman, 1984), challenges the dominant shareholder primacy model by proposing that companies must consider the interests of all individuals or groups that can affect or are affected by corporate actions. Freeman's foundational work, *Strategic Management: A Stakeholder Approach*, redefined the purpose of the firm from one focused solely on maximizing shareholder returns to one that balances a broader range of stakeholder interests. Stakeholders include not only investors and employees, but also customers, suppliers, communities, regulators, and even the natural environment, all of which are interdependent with the organization's long-term success.

(Freeman, 1984) argued that companies do not operate in a vacuum; rather, they are part of a complex web of relationships. These relationships must be actively managed in an ethical, strategic, and mutually beneficial way. In contrast to the shareholder view, which sees the firm as the property of its owners, stakeholder theory treats the firm as a nexus of relationships where the purpose of the organization is to create value for all stakeholders (Freeman et al., 2007). This reconceptualization calls for governance structures and strategic decision-making processes that take into account a plurality of values and impacts, going beyond mere profit generation.

Stakeholder theory encompasses both normative and strategic dimensions. Normatively, it is rooted in ethical reasoning, the belief that all stakeholders have intrinsic value and a moral right to be considered in corporate decisions (Donaldson & Preston,

1995). Strategically, it argues that effective stakeholder management can lead to superior performance outcomes. According to (Greenwood et al., 2011) Firms that maintain trust-based, transparent, and reciprocal relationships with key stakeholders tend to experience greater legitimacy, long-term stability, and adaptability in dynamic environments.

Stakeholder salience theory (Mitchell et al., 1997) deepens this framework by categorizing stakeholders according to their power, legitimacy, and urgency. This helps firms prioritize engagement strategies and allocate resources effectively. In turn, proactive stakeholder management has been shown to reduce conflict, enhance reputation, and improve innovation capacity, particularly in sustainability-driven firms, according to (Post et al., 2002).

Stakeholder theory is inherently aligned with sustainability, as (Parmar et al., 2010) argue, because it acknowledges the legitimacy of non-shareholding groups including local communities, future generations, and the natural environment as essential to corporate decision-making. (Donaldson & Preston, 1995; Parmar et al., 2010) claims that while traditional business logic has often regarded environmental and social initiatives as costs, this perspective is challenged by stakeholder-oriented governance, which views such initiatives as strategic investments in long-term value creation. Consequently, firms that adopt stakeholder principles are more likely to incorporate environmental, social, and governance (ESG) concerns into their core strategy, aligning their practices with broader sustainability frameworks such as the (John, 1997) and the Shared Value approach (Porter & Kramer, 2011).

A growing body of empirical research reinforces the connection between stakeholder-oriented practices and long-term business resilience. (Greenwood et al., 2011) highlight that companies investing in employee well-being, inclusive governance, and community engagement tend to benefit from stronger retention rates and organizational resilience. Similarly, (Eccles et al., 2014) show that such firms often gain improved access to ESG-focused capital markets. These stakeholder-driven initiatives also contribute to building trust and legitimacy, while simultaneously reducing risks related to regulatory pressure, social activism, and reputational damage, as noted by (Jensen, 2002).

Within the scope of this dissertation, stakeholder theory offers a vital lens through which to examine how companies attempt to balance short-term financial performance with long-term social and environmental sustainability. As (Parmar et al., 2010) emphasize, the theory positions stakeholders, not only shareholders, as central to value creation, reinforcing the idea that organizations operate within a network of relationships that must be ethically and strategically managed. Rather than portraying sustainable profitability as a purely normative obligation, stakeholder theory underscores its strategic dimension by highlighting how firms can align with evolving stakeholder expectations in a dynamic economic and regulatory context (Freeman et al., 2007). This research applies stakeholder theory to explore whether, and in what ways, companies, particularly those that prioritize internal stakeholders such as employees, implement governance structures and strategic practices that demonstrate a long-term commitment to sustainable value creation (Eccles et al., 2014).

2.3. STRATEGIC APPROACHES TO BALANCING PROFITABILITY AND SUSTAINABILITY

One of the central tensions in corporate strategy today lies in reconciling the pursuit of short-term financial performance with the need for long-term sustainability. Scholars have long warned that an excessive focus on immediate returns can distort strategic decision-making and undermine future value creation. (Bebchuk & Stole, 1993) argue that short-term pressures often lead firms to underinvest in areas critical for sustained growth, such as innovation, employee development, and sustainability initiatives. Similarly, (Rappaport, 2005) highlights how shareholder-driven short-termism fosters strategic myopia, shifting managerial focus away from the broader stakeholder landscape.

This dynamic is further explored by (Lavery, 2004), who frames short-termism as a systemic issue embedded in organizational and market structures. Supporting this view, Graham, Harvey, and (Graham et al., 2005) provide empirical evidence that managers frequently defer or cancel long-term projects in order to meet quarterly earnings targets, decisions that can limit resilience, reduce innovation capacity, and compromise ethical governance.

(Jensen, 2002) adds that when companies concentrate too heavily on short-term financial gains, they risk misaligning with stakeholder interests, which can result in reputational damage and reduced strategic coherence. In contrast, organizations that adopt a long-term orientation, particularly those that integrate environmental, social, and governance (ESG) concerns, tend to perform better over time. (Eccles et al., 2014) demonstrate that sustainability-oriented firms are more likely to attract responsible capital, foster stakeholder trust, and outperform their peers in the long run.

(Porter & Kramer, 2011) reinforce this perspective through their concept of Shared Value, which suggests that addressing social and environmental challenges can simultaneously enhance competitiveness. Rather than treating sustainability as a trade-off, they argue that aligning business models with societal needs unlocks new sources of innovation and growth.

Overall, these contributions point to the need for strategic frameworks that go beyond quarterly metrics. Achieving a balance between profitability and sustainability requires long-term vision, stakeholder-oriented governance, and a redefinition of corporate success, one that embraces shared value creation as a pathway to competitive advantage.

2.4. SYNTHESIS AND RESEARCH GAP

The literature reviewed thus far reveals a growing consensus on the importance of reconciling short-term financial goals with long-term sustainability objectives. Theoretical contributions such as the Triple Bottom Line (John, 1997) and Stakeholder Theory (Parmar et al., 2010) have provided foundational models that reframe organizational success as a multidimensional construct encompassing profit, people, and the planet. Strategic perspectives further warn of the risks associated with short-termism, including weakened innovation, reduced resilience, and stakeholder misalignment (Eccles et al., 2014; Graham et al., 2005; Jensen, 2002).

Despite these insights, there remains a notable gap in understanding how these frameworks are operationalized in practice, particularly within medium-sized enterprises, which often face limited resources but play a crucial role in regional economies and social development. Much of the existing literature focuses either on large multinational

corporations or takes a normative approach without sufficiently exploring how sustainability is embedded in internal decision-making and governance structures.

Moreover, while several studies highlight the importance of employee well-being and stakeholder engagement, few delve into how organizations strategically treat internal stakeholders, such as human capital, as a lever for long-term sustainable profitability. The interaction between social investments (e.g., employee satisfaction, inclusive governance) and financial resilience remains underexplored in real-world organizational settings.

This dissertation aims to address this gap by investigating how a medium-sized business implements strategic practices that reflect a stakeholder-oriented and sustainability-aligned approach. Specifically, it will explore whether and how internal governance structures and long-term thinking enable firms to balance profitability with environmental and social responsibility. By grounding this investigation in a real company context, the research contributes both theoretically and practically to the ongoing dialogue on sustainable profitability.

This study is guided by two main frameworks: the Triple Bottom Line (TBL) and Stakeholder Theory. Together, they support the idea that companies must move beyond short-term financial goals and integrate social and environmental responsibilities into their strategy.

TBL suggests that organizational performance should be measured across three pillars, profit, people, and planet emphasizing long-term value creation. Stakeholder Theory adds that firms must consider the needs and expectations of a broad group of stakeholders, especially internal ones such as employees.

This framework will guide the analysis of how a medium-sized company uses governance structures and employee-focused strategies to balance financial performance with long-term sustainability, aligning business success with broader societal goals.

3. RESEARCH METHODOLOGY

This chapter aims to explore and describe the methodological choices for the development of the work as well as the justifications.

3.1. RESEARCH DESIGN

For this study I had chosen to implement a qualitative, exploratory case study design, which is appropriate for depth understanding of the practices in the organizational level, in real life context (Yin, 2014). Qualitative study because it intends to understand a particular social phenomenon and it is useful for situations and processes that are difficult to quantify, but critical to understanding how sustainability is embedded with governance and strategic decision making (Creswell, 2013).

This case study approach will enable the examination of the different practices in the company environment as well as capturing the views and perceptions across different organizational levels. This design aligns with the research question and the exploration of the strategic frameworks mentioned before: The TBL and the Stakeholder Theory.

3.2. RESEARCH STRATEGY AND DATA COLLECTION

For the data collection strategy I will be conducting semi-structured interviews, selected for their flexibility to generate rich and detailed insights (Kvale & Brinkmann, 2009). With this strategy, it allows the interviewed the chance of giving open answers enriched by their individual experience and viewpoints.

A purposive sampling strategy will be used to choose the participants who are directly involved in or impacted by the company's sustainability practices and financial decision-making. This study will include the insights of four participants representing different organizational roles and hierarchical levels:

- The Co-Founder and Managing Partner, Frédéric Frère
- The Head of Group Management Control and Business Analyst, Sérgio Saraiva
- Divisional Leader Portugal & Africa, Sérgio Almeida
- Divisional Leader Congresses, Corporate & Pharma Events, Patrícia Belchior

The interviews will be conducted via Teams and each interview is expected to last between 30 and 45 minutes and will follow an interview guide developed in alignment with the research objectives. With the consent of the participants, the interviews will be audio-recorded and subsequently transcribed for analysis.

3.3. Company Context

The Embrace Group is a Portuguese medium-sized business group that operates in corporate travel management, event organization, luxury leisure services, and digital platforms. With six companies and activity in Portugal, Angola, and Mozambique, Embrace offers integrated solutions that support how people meet, work, and live in increasingly sustainability-focused environments.

As an affiliate of American Express Global Business Travel, Embrace reaches over 130 countries, serving multinational clients with international support. It was among the first companies to receive the ESG Engagement Stamp from Turismo de Portugal, reflecting its commitment to sustainable practices across operations and client services.

Positioning itself as a purpose-driven organization, Embrace combines adaptability, technology, and sustainability to create long-term value. Its innovative and responsible approach makes it a relevant and compelling case for this research.

4. INTERVIEW RESULTS

This chapter presents the main findings derived from the semi-structured interviews conducted with four key figures. The interviews were structured around six central themes aligned with the research question: Governance & Strategic Direction, Stakeholder Integration, Short-Term vs. Long-Term Trade-Offs, Sustainability in Practice, Internal Alignment & Culture and Future Outlook & Recommendations.

4.1. GOVERNANCE & STRATEGIC DIRECTION

Across interviews, governance emerged as a foundational enabler of sustainable profitability. The Co-Founder emphasized that the company's inception was rooted in a human-centered vision, inspired by his dissatisfaction with impersonal corporate cultures. This vision shaped both the brand and internal culture, placing employee well-being and social responsibility at the forefront. While environmental concerns were not initially prioritized, they have increasingly been integrated as external pressures, especially from clients, grew.

At the control level, ESG goals have progressively entered financial planning processes, reinforcing long-term value orientation.

The Divisional Leaders reinforced this by pointing out that sustainability is now embedded in commercial strategy. ESG objectives are integrated into sales pitches and client relationship management. Decisions regarding supplier selection, travel policies, and event design are increasingly influenced by ESG considerations. They highlighted that balancing cost efficiency with client expectations around sustainability is a daily reality and requires agile governance.

4.2 STAKEHOLDER INTEGRATION

Stakeholder alignment was repeatedly identified as a critical dimension in balancing short- and long-term goals. The Co-Founder described a governance model that seeks equilibrium between shareholder expectations, employee satisfaction, client loyalty, and supplier reliability. For example, capital allocation is used not only to generate financial returns but also to determine employee variable compensation, thereby aligning internal incentives with financial sustainability.

The Head of Group Management Control echoed this alignment, stating that clients and suppliers are the most influential external stakeholders. Their expectations directly shape revenue models and cost structures, especially when they demand compliance with ESG frameworks. Internally, employees play a crucial, though often underestimated, role. Their engagement is seen as pivotal in executing cost-saving measures and embedding sustainability into the company's financial DNA.

The Divisional Leaders for instance, now factors ESG audits into the procurement process, selecting partners who align with the company's sustainability goals and local realities.

4.3 SHORT-TERM VS. LONG-TERM TRADE-OFFS

The balance between the short-term financial performance and long-term sustainability was a recurring concern. The Co-Founder admitted that, historically, short-term results often took precedence. However, mounting client demands for ESG alignment have begun to recalibrate priorities. Failure to meet sustainability criteria can now result in exclusion from tenders, making long-term ESG compliance essential for securing future business.

Divisional input supported this shift. The investment in Sustainable Aviation Fuel (SAF) while modest, was cited as a deliberate strategic choice to reinforce environmental commitment. Despite its cost, the initiative has had no negative effect on profitability and has differentiated the company in a competitive market.

4.4 SUSTAINABILITY IN PRACTICE

Numerous concrete initiatives were highlighted as part of the company's sustainability practices. These include tracking CO₂ emissions per client, switching from plastic promotional items to sustainable gifts, and integrating social or environmental experiences into client events. Internal actions include reducing office resource consumption, offering flexible working models, and maintaining inclusive employment practices.

The Head of Group Management Control detailed specific metrics used to monitor the financial impact of these initiatives, including return on investment for digitalization, employee travel frequency, energy efficiency in office usage, and supplier ESG performance. These indicators not only measure impact but also inform future budget planning and strategic investment.

The Divisional Leaders highlighted regional-specific adaptations, such as using local suppliers for events to reduce transportation emissions and boost community impact. In Mozambique and Angola, partnerships with local NGOs are leveraged to embed social responsibility into event planning. These examples illustrate how divisions tailor the broader sustainability strategy to local contexts, reinforcing both social impact and business alignment.

4.5 INTERNAL ALIGNMENT & CULTURE

Culture plays a central role in ensuring internal alignment with sustainability objectives. The rebranding from “Travelstore” to “Embrace” in 2024, was used as a strategic tool to embed ESG values in the company’s identity. Sustainability training, team-building, and regular internal communication further support alignment.

Divisional leaders emphasized that sustainability is now part of the commercial discourse, present in client proposals and embedded in operational language.

The finance function also contributes to this alignment by sharing performance indicators across teams and framing cost-efficiency controls as enablers of smarter, long-term-oriented decision-making.

4.6 FUTURE OUTLOOK & RECOMMENDATIONS

Looking forward, interviewees pointed to the need for deeper integration of ESG metrics into financial and operational reporting. The Co-Founder suggested that sustainability indicators should be part of monthly management dashboards, allowing for closer monitoring, internal accountability, and corrective action.

The Head of Group Management Control outlined a financial strategy that increasingly aligns capital allocation and risk management with ESG goals. This includes structured ESG budgeting, standardization of reporting, and long-term investments in resource-efficient technologies. Ultimately, finance is viewed not just as a reporting function, but as an active driver of sustainable transformation.

Together, these insights illustrate how governance structures, stakeholder relations, and internal culture are interwoven to support a balance between financial performance and long-term sustainable profitability.

5. RESULTS DISCUSSION

This chapter critically examines the interview findings considering the theoretical frameworks mentioned in the literature review.

The case company demonstrates a strong cultural foundation rooted in human-centered values, particularly visible through the Co-Founder's leadership vision and the company's early commitment to employee well-being. While formal ESG structures are still evolving, this foundational governance approach aligns with Stakeholder Theory's emphasis on leadership accountability and inclusive decision-making. However, the current absence of systematized governance tools and sustainability Key Performance Indicators (KPI) suggests a gap between intentional values and measurable, strategic execution, potentially limiting the organization's ability to track progress and drive accountability over time.

Stakeholder relationships are clearly prioritized. Clients influence sustainability strategies through Request for Proposal (RFP) requirements and performance audits, while suppliers are evaluated based on ESG criteria. Employees are engaged through culture-building initiatives and internal feedback mechanisms. These practices are consistent with Stakeholder Theory, which frames stakeholder responsiveness as essential to long-term value creation.

Nevertheless, the strategy appears reactive in some instances, responding to external pressure rather than proactively shaping ESG standards. This reflects a partial alignment with the TBL framework, particularly in the environmental dimension, which is acknowledged as a more recent and externally driven priority.

Interviewees frequently acknowledged the challenge of managing short-term financial pressures. Despite this, the company implements initiatives, such as the adoption of sustainable aviation fuel or selection of eco-certified venues for events, that indicate a willingness to prioritize long-term impact when strategically viable.

This behavior echoes (Lloret, 2016) notion of "strategic sustainability," where organizations reconcile financial and non-financial goals through adaptive planning. Yet, such efforts are not yet universally embedded across all business units or supported by integrated scenario planning.

The increasing use of sustainability indicators, such as CO₂ tracking, digital efficiency gains, and supplier ESG ratings demonstrates a move toward institutionalizing TBL metrics. These developments align with the environmental and operational dimensions of TBL but are still in the early stages of becoming strategic levers.

For full alignment with the best practices, sustainability metrics should be integrated into regular financial dashboards and tied to long-term incentive structures, something which the interviewees themselves identify as a forthcoming challenge.

One of the case study's strengths is the role of culture in fostering sustainability. Rather than relying solely on top-down mandates, grassroots initiatives and team involvement contribute to ESG progress. This is particularly impactful in a service-based organization, where people are central to value creation.

From the TBL lens, the company strongly fulfills its social objectives, creating a supportive internal environment. However, the environmental pillar is still evolving and could benefit from more structured strategic integration.

6. CONCLUSIONS

This research set out to explore a pressing question in modern business strategy: “How can companies balance the need for short-term financial performance with long-term sustainable profitability, particularly through governance structures and stakeholder relations that prioritize social and environmental outcomes?” To address this question, the study combined the theoretical foundations of the Triple Bottom Line (TBL) and Stakeholder Theory with a qualitative case study methodology. Semi-structured Interviews with key partners across different strategic and operational levels in the company provided insights into how these frameworks are, or are not, being realized in practice.

The case company, a corporate travel and event services provider, offered a compelling example of a service-based organization navigating the tensions between financial demands and sustainability objectives. Notably, the company demonstrated a strong cultural foundation grounded in human-centered leadership. The Co-Founder's vision of building a "human company" is not merely aspirational, it has been operationalized through practices like open-door communication, employee recognition, and an emphasis on internal cohesion. This leadership style reflects a core tenet of Stakeholder Theory: that sustainable value creation emerges through inclusivity, accountability, and responsiveness to internal stakeholders.

From a governance perspective, the company has developed a participatory decision-making culture and implemented incentive mechanisms that align service quality and customer satisfaction with financial rewards. However, while social sustainability appears to be embedded organically in its governance structures, environmental sustainability remains less mature. The latter is largely shaped by external

pressures, such as RFP requirements from clients and ESG audits conducted by international partners. This reactive posture highlights a key challenge in balancing long-term ESG goals with immediate financial imperatives.

The Triple Bottom Line framework emphasizes the need for companies to pursue profit, people, and planet in tandem. The case study shows that the “people” pillar is strongly integrated into daily operations and strategic thinking. Employee engagement, skill development, and cultural cohesion are not only present but seen as fundamental to financial success. Similarly, client satisfaction and supplier partnerships are carefully managed with a long-term view, supporting the idea that relational capital is as vital as financial capital.

The “planet” pillar, however, still shows room for development. While the company tracks CO₂ emissions and promotes sustainable supplier practices, these measures have yet to be fully embedded in financial planning and governance systems. There is a growing awareness of the importance of integrating environmental KPIs into monthly dashboards, scenario planning, and capital allocation decisions, but these aspirations remain aspirational rather than institutionalized.

Importantly, the company recognizes that sustainability is not a separate agenda but a strategic pathway toward long-term resilience. Interviewees across different levels acknowledged that environmental and social responsibility are increasingly linked to competitiveness, client retention, and risk mitigation. This convergence of financial and non-financial considerations marks an important shift where ESG is not a parallel track, but an embedded dimension of strategy.

The study also confirmed that stakeholder relationships serve as critical levers in navigating trade-offs. Clients, employees, suppliers, and international partners all influence the company's sustainability trajectory. Rather than viewing these pressures as constraints, the company uses them as feedback mechanisms that help guide its evolution. The case exemplifies what (Freeman, 1984) describes as "balancing stakeholder interests," where strategic decisions aim to reconcile different demands rather than prioritize one stakeholder group over others.

Nevertheless, challenges remain. The absence of formal ESG governance structures, underdeveloped environmental KPIs, and limited resource allocation for sustainability signal a gap between intent and execution. The firm's success in embedding social responsibility stems largely from its cultural DNA and leadership tone, but future progress may require more robust systems to institutionalize these values beyond individual leadership influence.

To move forward, the company could adopt a more integrated ESG management framework, such as (Lloret, 2016) strategic sustainability model alignment of CSR with innovation and performance. Doing so would enable the firm to elevate sustainability from a value-based orientation to a measurable strategic advantage. The inclusion of sustainability metrics in financial reporting, the alignment of ESG performance with executive incentives, and the formalization of sustainability roles or committees could further close the gap between vision and implementation.

In sum, this case illustrates that even in industries with lower environmental footprints, companies can meaningfully engage in sustainable profitability by leveraging governance, culture, and stakeholder responsiveness. A strong social foundation,

complemented by growing environmental awareness, positions the company to pursue long-term value in alignment with both TBL and Stakeholder Theory. However, to sustain and scale this balance, future success will depend on more structured ESG governance, clearer accountability mechanisms, and a proactive approach to integrating sustainability into every aspect of decision-making.

This research contributes to the growing literature on sustainability in service-based industries and provides practical implications for business leaders aiming to align purpose and profit. It also reinforces the view that long-term viability does not arise from financial performance alone, but from a company's ability to respond to its ecosystem, adapt governance practices, and evolve with stakeholder expectations.

7. REFERENCES

- Alam, Md. M., Ashrafuzzaman, G. S. U., Ahmed, D. K., & Sarker, J. K. (2023). Advancing green finance: A review of sustainable development. *Environmental Science and Pollution Research*, 11526–11538. <https://doi.org/10.1007/s44265-023-00020-3>
- Bebchuk, L. A., & Stole, L. A. (1993). Do Short-Term Objectives Lead to Under- or Overinvestment in Long-Term Projects? *The Journal of Finance*, 48(2), 719–729. <https://doi.org/10.1111/j.1540-6261.1993.tb04735.x>
- Buysse, K., & Verbeke, A. (2003). Proactive environmental strategies: A stakeholder management perspective. *Strategic Management Journal*, 24(5), 453–470. <https://doi.org/10.1002/smj.299>
- Creswell, J. W. (2013). *Qualitative Inquiry and Research Design: Choosing Among Five Approaches* (3.^a ed.). SAGE Publications.
- Deepalakshmi, Dr. N., Tiwari, Dr. D., Baruah, Dr. R., Seth, A., & Bisht, R. (2024). Employee Engagement And Organizational Performance: A Human Resource Perspective. *Educational Administration: Theory and Practice*, 5941–5948. <https://doi.org/10.53555/kuey.v30i4.2323>
- Donaldson, T., & Preston, L. E. (1995). *THE STAKEHOLDER THEORY OF THE CORPORATION: CONCEPTS, EVIDENCE, AND IMPLICATIONS*.
- Eccles, R. G., Ioannou, I., & Serafeim, G. (2014). The Impact of Corporate Sustainability on Organizational Processes and Performance. *Management Science*, 60(11), 2835–2857. <https://doi.org/10.1287/mnsc.2014.1984>

- Elkington, J. (1994). Towards the Sustainable Corporation: Win-Win-Win Business Strategies for Sustainable Development. *California Management Review*, 36(2), 90–100. <https://doi.org/10.2307/41165746>
- Elkington, J. (2018). 25 Years Ago I Coined the Phrase «Triple Bottom Line.» Here's Why I'm Giving Up on It. *Harvard Business Review*. <https://hbr.org/2018/06/25-years-ago-i-coined-the-phrase-triple-bottom-line-heres-why-im-giving-up-on-it>
- Epstein, M. J., & Buhovac, A. R. (2014). *Making Sustainability Work: Best Practices in Managing and Measuring Corporate Social, Environmental, and Economic Impacts* (2^o). Berrett-Koehler Publishers.
- Epstein, M. J., Buhovac, A. R., & Yuthas, K. (2015). Managing Social, Environmental and Financial Performance Simultaneously. *Long Range Planning*, 48(1), 35–45. <https://doi.org/10.1016/j.lrp.2012.11.001>
- Freeman, R. E. (1984). *Strategic Management: A Stakeholder Approach* (1.^a ed.). Pitman Publishing.
- Freeman, R. E., Harrison, J. S., & Wicks, A. C. (2007). *Managing for Stakeholders: Survival, Reputation, and Success*. Yale University Press.
- Graham, J. R., Harvey, C. R., & Rajgopal, S. (2005). The economic implications of corporate financial reporting. *Journal of Accounting and Economics*, 40(1–3), 3–73. <https://doi.org/10.1016/j.jacceco.2005.01.002>
- Greenwood, M., Freeman, R. E., & Philosophy Documentation Center. (2011). Ethics and HRM: The Contribution of Stakeholder Theory. *Business and Professional Ethics Journal*, 30(3), 269–292. <https://doi.org/10.5840/bpej2011303/413>

- Haessler, P. (2020). Strategic Decisions between Short-Term Profit and Sustainability. *Administrative Sciences*, 10(3), 63. <https://doi.org/10.3390/admsci10030063>
- Jensen, M. C. (2002). Value Maximization, Stakeholder Theory, and the Corporate Objective Function. *Business Ethics Quarterly*, 12(2), 235–256. <https://doi.org/10.2307/3857812>
- John, E. (1997). *Cannibals with Forks: The Triple Bottom Line of 21st Century Business*. Capstone Publishing.
- Kvale, S., & Brinkmann, S. (2009). *InterViews: Learning the Craft of Qualitative Research Interviewing*. SAGE Publications.
- Laverty, K. J. (2004). Managerial myopia or systemic short-termism?: The importance of managerial systems in valuing the long term. *Management Decision*, 42(8), 949–962. <https://doi.org/10.1108/00251740410555443>
- Lazonick, W., & O’Sullivan, M. (2000). Maximizing shareholder value: A new ideology for corporate governance. *Economy and Society*, 29(1), 13–35. <https://doi.org/10.1080/030851400360541>
- Lloret, A. (2016). Modeling corporate sustainability strategy. *Journal of Business Research*, 69(2), 418–425. <https://doi.org/10.1016/j.jbusres.2015.06.047>
- Milne, M. J., & Gray, R. (2013). W(h)ither Ecology? The Triple Bottom Line, the Global Reporting Initiative, and Corporate Sustainability Reporting. *Journal of Business Ethics*, 118(1), 13–29. <https://doi.org/10.1007/s10551-012-1543-8>
- Mitchell, R. K., Agle, B. R., & Wood, D. J. (1997). TOWARD A THEORY OF STAKEHOLDER IDENTIFICATION AND SALIENCE: DEFINING THE

PRINCIPLE OF WHO AND WHAT REALLY COUNTS. *Academy of Management Review*, 22.

Norman, W., & MacDonald, C. (2004). Getting to the Bottom of “Triple Bottom Line”. *Business Ethics Quarterly*, 14(2), 243–262.
<https://doi.org/10.5840/beq200414211>

Parmar, B. L., Freeman, R. E., Harrison, J. S., Wicks, A. C., Purnell, L., & De Colle, S. (2010). Stakeholder Theory: *The State of the Art*. *Academy of Management Annals*, 4(1), 403–445. <https://doi.org/10.5465/19416520.2010.495581>

Porter, M. E., & Kramer, M. R. (2011). Creating Shared Value. *Harvard Business Review*, 89(1/2), 62–77.

Post, J. E., Preston, L. E., & Sachs, S. (2002). Managing the Extended Enterprise: The New Stakeholder View. *California Management Review*.

R. Edward Freeman. (2010). *Strategic Management: A Stakeholder Approach* (Reprint edition (originally published in 1984)). Cambridge University Press.

Rappaport, A. (2005). The Economics of Short-Term Performance Obsession. *Financial Analysts Journal*, 61(3), 65–79. <https://doi.org/10.2469/faj.v61.n3.2729>

Slaper, T., & Hall, T. (2011). *The Triple Bottom Line: What Is It and How Does It Work?*

Yin, R. K. (2014). *Case Study Research: Design and Methods*. SAGE Publications.

8. GLOSSARY

TBL – Triple Bottom Line

ESG – Environmental, Social and Governance

ST – Stakeholder Theory

SAF – Sustainable Aviation Fuel

KPI – Key Performance Indicator

RFP – Request for Proposal

9. APPENDICES

Use of AI Tools

AI tools, specifically ChatGPT by OpenAI, were used occasionally to improve clarity and structure. All content was critically reviewed and edited by the author to ensure academic integrity.

Appendix A – Interview Scope

Interview questions organized by theme and participant role. Each theme addresses a dimension relevant to the research question.

Theme	Co-Founder	Head of Group Management Control	Divisional Leader	Divisional Leader
Governance & Strategic Direction	From your perspective as co-founder, how has the company evolved in balancing financial objectives with social and environmental concerns?	How does financial planning accommodate both profitability and sustainability metrics?	How does your unit contribute strategically to aligning profitability with sustainability?	How does your unit contribute strategically to aligning profitability with sustainability?
			What are the key challenges you face when implementing the group's broader sustainability strategy at the operational level?	What are the key challenges you face when implementing the group's broader sustainability strategy at the operational level?

Stakeholder Integration	How are stakeholder interests (internal and external) integrated into governance and decision-making?	Which stakeholders most influence financial planning, and how are their expectations balanced?	In your daily activities, how do you consider the expectations of internal stakeholders, and external stakeholders?	In your daily activities, how do you consider the expectations of internal stakeholders, and external stakeholders?
Short vs. Long-Term Trade-Offs	How does the company navigate the tension between short-term financial pressures and long-term sustainability goals?	What are the main financial pressures when prioritizing long-term sustainability investments?	Can you recall a situation where you had to prioritize immediate business targets and long-term sustainability commitments?	Can you recall a situation where you had to prioritize immediate business targets and long-term sustainability commitments?
Sustainability in Practice	What practical initiatives have the group implemented to promote environmental or social responsibility?	What indicators are used to monitor sustainability-related financial outcomes?	Can you provide examples of sustainability practices or policies that have been embedded in your division?	Can you provide examples of sustainability practices or policies that have been embedded in your division?
Internal Alignment & Culture	How is the culture of sustainability promoted internally among different teams?	Do financial incentives or controls support long-term thinking within teams?	To what extent do you feel that employees across your teams are aligned with the company's sustainability goals?	To what extent do you feel that employees across your teams are aligned with the company's sustainability goals?

Future Outlook & Recommendations	What do you envision as the next steps to further strengthen the integration of sustainability and profitability?	How do you see financial strategy evolving to better align with ESG goals?	From your role, what improvements or opportunities do you see to make sustainability more actionable and aligned with long-term profitability?	From your role, what improvements or opportunities do you see to make sustainability more actionable and aligned with long-term profitability?
---	---	--	--	--

Appendix B – Interview Resumed Transcription

B.1. Governance & Strategic Direction

Divisional Leaders

How does your unit contribute strategically to aligning profitability with sustainability?

Patrícia: In events, we use recyclable materials and try to reuse what we can. A key concern is food waste so we partner with suppliers that properly package leftovers and deliver them to institutions.

Sérgio: Though not a polluting business, Embrace acts responsibly. We reduce paper, maintain recycling points, advise clients on greener travel (e.g., direct flights), and buy SAF (sustainable aviation fuel) yearly. SAF comes from renewable sources and reduces CO₂ emissions. We also issue emission reports and support clients' “green travel budgets.” These efforts have not affected our profitability.

What are the key challenges you face when implementing the group's broader sustainability strategy at the operational level?

Sérgio: The first challenge is understanding generic recommendations and best practices, which gained visibility after the UN launched its sustainability goals. These have triggered cascading pressures, including from clients requiring ESG compliance in tenders sometimes extending to third-tier suppliers. Our approach involves identifying our current position, prioritizing feasible and cost-effective goals (whether financial or operational), and ensuring alignment with our values. Sometimes we must choose between maintaining our core practices or adopting recommended but potentially conflicting changes.

Patrícia: It's about understanding which 2030 goals apply to our business. Even small daily practices must tie into a macro strategy. Educating suppliers and executing systematically are significant hurdles.

Co-Funder

From your perspective as co-founder, how has the company evolved in balancing financial objectives with social and environmental concerns?

Frédéric: From the start, the company was built around a human-centered culture, driven by my negative experiences in multinational corporations. The original branding emphasized care for employees and clients. Social responsibility has always been embedded, while environmental awareness became a stronger focus in recent years due to increasing external pressures. ESG compliance is now essential to remain competitive and meet client expectations.

Head of Group Management Control

How does financial planning accommodate both profitability and sustainability metrics?

Sérgio Saraiva: Financial planning connects economic performance with sustainability by integrating ESG into both services and internal operations. CO2 emissions, travel data, and supplier sustainability are tracked to support client transparency and inform procurement. Internally, remote work, energy use, and digitalization are aligned with both cost-efficiency and environmental impact. ESG is embedded in financial reports and scenario analyses to guide long-term value creation.

B.2. Stakeholder Integration

Divisional Leaders

In your daily activities, how do you consider the expectations of internal stakeholders, and external stakeholders?

Patrícia: Embrace was ahead of its time. We've been paperless for over 15 years and eliminated plastic from meeting rooms. Socially, we've signed a declaration against modern slavery, especially important in Angola and Mozambique and participated in the Santa Casa "Valor T" inclusion program. External pressure mainly comes from clients and our partner, American Express GBT, which sets strict guidelines.

Sérgio: We often feel more pressure from clients than regulations. Some multinationals demand full ESG reporting before contracts.

Co-Funder

How are stakeholder interests (internal and external) integrated into governance and decision-making?

Frédéric: The company balances the interests of shareholders, clients, employees, and suppliers. Shareholders' interests are reflected in variable remuneration tied to capital use. Client satisfaction is prioritized but must be balanced with profitability. Employees' views are gathered through internal surveys, and their proximity to leadership is maintained. Suppliers are seen as strategic allies and international partners like American Express regularly audit ESG practices.

Head of Group Management Control

Which stakeholders most influence financial planning, and how are their expectations balanced?

Sérgio Saraiva: In financial planning, clients and suppliers are the most influential external stakeholders due to their impact on revenue and costs. While client behavior can't be directly controlled, understanding helps forecast demand and guide strategic decisions. Supplier selection balances cost and sustainability. Internally, employees are key to executing cost-saving and improvement initiatives, making their engagement essential. Financial planning is ultimately an exercise in aligning external expectations with internal capabilities to support both profitability and sustainability.

B.3. Short vs. Long-Term Trade-Offs

Divisional Leaders

Can you recall a situation where you had to prioritize immediate business targets and long-term sustainability commitments?

Sérgio: Every year, we invest €5,000 in SAF. It's a modest cost, but it signals our environmental commitment. We're the only Portuguese agency doing this, reinforcing our ESG positioning without harming profitability.

Co-Funder

How does the company navigate the complex relationship between short-term financial pressures and long-term sustainability goals?

Frédéric: Short-term financial performance often takes precedence, but there's growing pressure from clients to meet environmental standards. Social responsibility is well established, while environmental actions are still developing. Compliance with ESG criteria is now a factor in winning or losing clients. This dynamic encourages internal alignment and pushes the company to hold suppliers to the same standards.

Head of Group Management Control

What are the main financial pressures when prioritizing long-term sustainability investments?

Sérgio Saraiva: Clients and suppliers strongly influence financial planning, shaping revenue and cost structures. While external behavior can't be controlled, understanding helps forecast demand. Internally, employee engagement is crucial teams

execute cost-saving and sustainability strategies. Financial planning constantly balances client demands with internal capacity for long-term results.

B.4. Sustainability in Practice

Divisional Leaders

Can you provide examples of sustainability practices or policies that have been embedded in your division?

Patrícia: All printers default to double-sided printing. We replaced plastic bottles with personal stainless-steel ones. Socially, we support flexible work, remote-first policies, 35-hour weeks shorter, eight additional Friday afternoons off, and performance-based annual bonuses. Geography isn't a hiring barrier.

Sérgio: These are “drops in the ocean,” but they shape internal culture. We also host awareness lunches with clients and external speakers, like the UN Global Compact, on ESG topics. This builds awareness internally and among clients.

Co-Funder

What practical initiatives have the group implemented to promote environmental or social responsibility?

Frédéric: The company tracks CO₂ emissions for business travel to help clients meet climate targets. Internally, it has replaced plastic gifts with sustainable alternatives

and organizes environmental actions like beach clean-ups and tree planting. International clients are offered team-building experiences that support social and environmental causes.

Head of Group Management Control

What indicators are used to monitor sustainability-related financial outcomes?

Sérgio Saraiva: Key indicators include: CO₂ emissions per passenger, kilometers traveled, employee trip frequency, office energy use, productivity from digital tools, ESG-based supplier evaluations, ROI of green initiatives, and sustainability cost ratios. These metrics connect environmental actions with economic performance, improving efficiency and competitiveness.

B.5. Internal Alignment & Culture

Divisional Leaders

To what extent do you feel that employees across your teams are aligned with the company's sustainability goals?

Sérgio: Our commercial teams are well-trained in sustainability and include it in client proposals and presentations. It's part of our business values, though we recognize our limits as a service company.

Co-Funder

How is the culture of sustainability promoted internally among different teams?

Frédéric: Sustainability is part of internal training and coaching. The company rebranded to “Embrace” to reflect its ESG values, embedding diversity and environmental goals into its visual identity. This branding reinforces the company's commitment and creates pressure to act accordingly.

Head of Group Management Control

Do financial incentives or controls support long-term thinking within teams?

Sérgio Saraiva: Yes, incentives are designed to reward both profit and customer satisfaction. Regular sharing of KPIs keeps teams aligned with strategic goals. Training and upskilling reinforce long-term capacity. Financial controls are framed as enablers of smarter, sustainable decisions rather than restrictions.

B.6. Future Outlook & Recommendations

Divisional Leaders

From your role, what improvements or opportunities do you see to make sustainability more actionable and aligned with long-term profitability?

Patrícia: Sustainability and profitability are not incompatible. The main cost is time. We can improve internal communication about what's being done and continue investing in social aspects like financial rewards and annual performance reviews.

Sérgio: A future challenge could be if a high-value client requests costly sustainability measures. We might have to reassess margins, but so far, this hasn't been a barrier.

Co-Funder

What do you envision as the next steps to further strengthen the integration of sustainability and profitability?

Frédéric: The next goal is to include sustainability metrics in monthly management reports. Monitoring these indicators would allow for better tracking, accountability, and improvement, making ESG a more formalized part of strategic decision-making.

Head of Group Management Control

How do you see financial strategy evolving to better align with ESG goals?

Sérgio Saraiva: Three main trends: ESG is now central to planning, budgeting, and investment decisions; reporting is becoming more data-driven and standardized, promoting internal accountability; and capital is increasingly allocated to long-term ESG-focused initiatives like digital transformation. Finance plays an active role in advancing ESG, not just reporting on it.

