A Critical Evaluation of the Contribution of Transnational Corporations the Achievement of Global Sustainable Development: The Case of Home Depot

Ziwei Kang *
Faculty of Humanities and Social Sciences, University of Xi'an Jiaotong Liverpool, Suzhou, Jiangsu, China

* Corresponding author Email: 2656432397@qq.com

Abstract: This paper reviews and evaluates Home Depot's 2022 annual report as well as its 2022 ESG report by examining the company's contribution to the realization of the United Nations' 2030 Agenda and Goals for Sustainable Development. The analysis found that Home Depot is doing very well in sustainability in terms of products and services, business operations, and home depot's current sustainable development in its industry, but it should also pay attention to the practice of SDG in terms of no poverty, zero hunger, and quality education.

Keywords: ESG; Home Depot; Sustainable Development.

1. Introduction

With the current intensification of CSR and the UN 2030 Agenda for Sustainable Development, it is increasingly important to examine the contribution of multinational corporations (TNCs) to the achievement of global sustainable development as the source of many challenges facing humanity today, which helps us to recognize the contributions and shortcomings of TNCs in sustainable development and how to make sustainable development better. This paper focuses on CSR and TNC at Home Depot. The first part is a short review of the academic literature on the relationship between business and sustainable development; the second part is an introduction to Home Depot; the third part analyses Home Depot's contribution to SDG by looking at three points; products and services, business operations and social contribution; the fourth part is an assessment and analysis of the basic strategic approach to corporate social responsibility and sustainable development; part five is how Home Depot can benefit more from complying with the UN's Sustainable Development Goals and recommendations.

2. A Short Review of the Academic Literature on the Relationship Between Business and Sustainable Development

The relationship between business and sustainable development is a complex and multi-faceted topic. While business activity is an important driver of economic development, it can also have negative social and environmental impacts such as depleting resources, emitting pollution, damaging ecology, and increasing inequality [1]. Therefore, Hayford scholars refer to the need for businesses to take on corporate social and environmental responsibility while pursuing profits to achieve sustainable economic, social, and environmental development [2]. Scholar Berning states that businesses can contribute to sustainable development by innovating business models and improving resource efficiency [3]. Business models are an important part of sustainable development and should be reconstructed to achieve the goals of sustainable development. At the same time, innovation in business models needs to overcome various barriers, including financial, organizational, and cultural aspects. Van Zanten and Van Tulder further discusses in the article that businesses should adopt an institutionalized approach to advance the achievement of sustainability goals, including collaboration with stakeholders, the establishment of integrated sustainability strategies, the implementation of sustainability plans, and monitoring and reporting on sustainability performance [4]. In this process, companies should work with governments, NGOs, and other stakeholders to ensure effective contributions to the achievement of the SDGs. Sustainability reporting and assurance has now become an important tool for corporate sustainability, and its development has moved from an initial ethical obligation to a strategic management tool. However, research has also found that the implementation of sustainability reporting and assurance still varies in some countries and regions, and that action is needed on the policy and regulatory fronts to facilitate its development [5]. As the 2030 Agenda for Sustainable Development enters the Decade of Action, businesses need to better align themselves with the SDGs. The article highlights the need for companies to take an integrated approach to sustainable development [6]. In-depth, it is found that multinational corporations (MNCs), as a very important part of business, have global significance in terms of their corporate social responsibility and that MNCs are not only an important force in driving economic globalization but also a political actor in the international community that cannot be ignored [7]. However, in a study by Ishak et al. scholars stated that the sustainability strategies of MNCs are influenced by both internal resource capacity and external institutional pressures and that MNCs should take a more proactive, systematic, and strategic approach to engage in sustainable development [8].

3. Home Depot Company Profile

Home Depot is an American multinational company founded in 1978 and headquartered in Atlanta [9]. Home
Depot is the world's largest home improvement retailer and the seventh largest retailer in the world, with more than 2,300 shops in the United States, Canada, and Mexico, integrated online and offline, offering more than one million products across 14 categories. It offers more than 1 million products across 14 categories. Currently, the company employs approximately 475,000 people and operates primarily in North America, where it holds half of the home building market. Home Depot reported revenue of US$157.4 billion in fiscal 2022, up 4.1% year-on-year, and fourth quarter revenue of US$35.8 billion, up 0.3% year-on-year. Earnings per share increased by 7.5% and, beginning in the first quarter of fiscal 2023, invested US$1 billion in annual compensation for front-line employees to attract the best talent. The company also launched electronic online sales, as well as an app and online shopping platform to make it easier for consumers [10].

The company took a special interest in corporate social responsibility in its early days on the market in 1981, committing to giving back to the community, especially to help veterans and communities affected by natural disasters. It also entered the international market in 1994 with the acquisition of Intermix, the largest home improvement chain in Mexico, which it renamed Home Depot Mexico. Since then, Home Depot has continued to establish operations in Canada, China, and other countries, and has gradually become a major player in the global home improvement retail industry. In response to the demands of the digital age, Home Depot has also toughened its electronic online sales and launched an app and online shopping platform to make it more convenient for consumers. In recent years, other home improvement and retail companies such as Home Depot’s main competitors Lowe's, Walmart, and Ace Hardware have also been increasing their focus on product sustainability, responsible sourcing, community and operations, promoting economic recycling, and community philanthropy. Home Depot is Home Depot, as the largest furniture retailer, has a strong environmental, social, and corporate governance (ESG) focus in its selection of materials, production, and operations, which has a significant impact on current sustainability and serves an important role model for companies in its industry in terms of sustainability and corporate social responsibility. The study of Home Depot’s contribution to sustainability is therefore an important perspective for the current sustainability of multinational companies.

4. **Home Depot’s Contribution to the Achievement of the UN 2030 Agenda and Goals for Sustainable Development**

The 2030 Agenda for Sustainable Development is a global consensus adopted by the United Nations in 2015 to drive action on global sustainable development [11]. The Agenda sets out 17 Sustainable Development Goals (SDGs) covering a wide range of economic, social, and environmental areas, intending to achieve sustainable development by 2030. These goals include poverty eradication, zero hunger, quality education, gender equality, clean water and sanitation, affordable energy, economic growth, sustainable industry, and innovation, reducing inequality, sustainable cities and communities, climate action, ecosystem protection, etc.

4.1. **Products, Services, and Sustainability**

According to the Home Depot 2022 ESG Report, some examples of sustainable products and services are listed below. In terms of sales, Home Depot helps protect the nation’s water resources by selling products that are designed to conserve water. It works with suppliers to encourage the production of water-efficient products to offer to its customers and encourages customers to use energy-efficient products. Older ones are replaced by installing shower heads and taps with the WaterSense label. Faucets and aerators with WaterSense-labeled models can save almost 13,000 gallons per year on toilets [12]. By 2021, customer purchases of WaterSense products could help reduce annual water use by more than 66 billion gallons, saving a total of more than $87.3 billion in water bills. Smart irrigation water point drops are also being promoted, reducing the amount of water used to irrigate landscapes by 29% compared to conventional systems. This contributes to the achievement of SDG6 (clean water and sanitation) and SDG7 (affordable and clean energy). In terms of total sales figures, $9.38 billion of energy and water-efficient products were sold to customers in 2021, which contributed to advancing SDG11 (Sustainable Cities and Communities). At the same time, Home Depot is addressing the chemistry in its products by certifying materials for health through third-party transparency in production, free of hazardous substances such as formaldehyde and heavy metals, and requiring suppliers to continually improve product chemistry by not allowing the addition of deformities as plasticizers. Home Depot works with many suppliers to improve the quality of indoor air in categories that have Home Depot is also committed to producing or sourcing PVC-free materials, improving indoor air quality by 29% compared to conventional systems. This contributes to the achievement of SDG11 (Sustainable Cities and Communities). At the same time, Home Depot is addressing the chemistry in its products by certifying materials for health through third-party transparency in production, free of hazardous substances such as formaldehyde and heavy metals, and requiring suppliers to continually improve product chemistry by not allowing the addition of deformities as plasticizers. Home Depot works with many suppliers to improve the quality of indoor air in categories that have Home Depot is also committed to producing or sourcing PVC-free materials, improving indoor air quality by 29% compared to conventional systems. This contributes to the achievement of SDG11 (Sustainable Cities and Communities).

<table>
<thead>
<tr>
<th>SDG</th>
<th>Product/Service</th>
<th>Developmental benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td>SDG6</td>
<td>Shower heads, aerators and taps</td>
<td>Domestic water uses saving. Save nearly 13,000 gallons</td>
</tr>
<tr>
<td>SDG7</td>
<td>Intelligent irrigation water, spot aerators and taps</td>
<td>29% reduction in water for irrigation landscapes</td>
</tr>
<tr>
<td>SDG9</td>
<td>Supply chain reform</td>
<td>Increase delivery speed and reduce supply chain mileage</td>
</tr>
<tr>
<td>SDG11</td>
<td>Smart irrigation water point drip</td>
<td>Energy-saving and water-saving products</td>
</tr>
<tr>
<td>SDG12</td>
<td>Research on modified materials, third party transparency certification</td>
<td>Health products, Skin friendly, Free from formaldehyde and heavy metals, Improving indoor air quality</td>
</tr>
<tr>
<td>SDG15</td>
<td>Packaging Innovations</td>
<td>Except for 274600 cubic feet of EPS and 1119700 square feet of PVC</td>
</tr>
</tbody>
</table>

In addition, when it comes to packaging, Home Depot aims to reduce its packaging footprint by using sustainable materials to package the private label products it sells. From 2017-2021, the company innovates in packaging, reducing sizes and materials and replacing them with more easily recyclable materials, such as film-based pulp and paper. In 2021, 274,600 cubic feet of EPS and 1,119,700 square feet of PVC are removed from private label packaging, which contributes to SDG15 (Life on Land). In the supply chain, Home Depot has also reduced the cost of doing business and the environmental impact of product distribution by...
improving supply chain efficiency. The addition of distribution centers has increased speed and reduced supply chain miles traveled. This contributes to SDG9 (Industry, Innovation, and Infrastructure). Table 1 shows the main elements of the product and service contributions to SDG.

4.2. Commercial Operations and Sustainability

Operationally, Home Depot has reduced its operational costs and impact on the company’s environment by conserving resources. The main use of solar energy has been developed through the expansion of partnerships with wind and solar farms, with the hope of purchasing enough environmentally friendly energy to power several Home Depot shops. This has been achieved through SDG7 (affordable clean energy) and 12 (responsible consumption and production), which have reduced electricity consumption in the US by 50% since 2010. In addition, the company employs around 500,000 people worldwide and its supply chain has an economic impact on millions of employees worldwide, driving economic development, which contributes to SDG8 (decent work and economic growth).

Table 2. Contribution of Home Depot’s commercial operations to SDG

<table>
<thead>
<tr>
<th>SDG</th>
<th>Product/Service</th>
<th>Devlopental benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td>SDG3</td>
<td>Personal finance education, employee stock purchase plan, free AllClear ID identity repair service anti-theft</td>
<td>Good corporate atmosphere</td>
</tr>
<tr>
<td>SDG5</td>
<td>Provide resources for female employees, paid parental leave and breastfeeding services, Collaborating with the National Committee for Women's Business Enterprises</td>
<td>Gender equality, Promoting women's rights</td>
</tr>
<tr>
<td>SDG7</td>
<td>Wind and solar power generation</td>
<td>clean energy, Reduced electricity consumption in shopping malls by 50%</td>
</tr>
<tr>
<td>SDG8</td>
<td>Hiring millions of employees</td>
<td>Promoting economic development</td>
</tr>
<tr>
<td>SDG12</td>
<td>Wind and solar power generation, Collaborating with the National Committee for Women's Business Enterprises</td>
<td>clean energy, Low environmental impact</td>
</tr>
<tr>
<td>SDG15</td>
<td>Procurement of sustainable forestry</td>
<td>Create sustainable forestry</td>
</tr>
</tbody>
</table>

In terms of its management of suppliers, Home Depot has a strong focus on ethical sourcing and supporting the management of sustainable supply chains, placing extra emphasis on suppliers and manufacturers supporting sustainable forestry in its timber sourcing policy and working to guide suppliers in understanding and practicing sustainable forestry globally. It also works with North American timber companies that are partnered with sustainable forest management organizations. This is an important safeguard for achieving SDG15 (life on land.) Home Depot also requires suppliers to document attributes that prove their environmental impact is less than that of comparable products and has introduced third-party certification bodies that are responsible for verifying environmental claims. There is also a focus on working with the National Council of Women Business Enterprises to promote gender diversity among suppliers, which practices SDG12 (responsible consumption and production) and SDG5 (gender equality) and provides some important ways to implement them.

Home Depot also takes extra care of its employees by offering them a range of lifestyle benefits, including access to personal finance education, an employee stock purchase program, free AllClear ID identity restoration services to prevent theft, and family support such as adoption assistance and back-up care, which play an important role in achieving SDG3 (health and well-being). In addition, the company’s efforts to create a fair workplace, eliminate prejudice and provide female employees with the resources they need in public service, containing paid parental leave for women, lactation services, etc., contribute to SDG5 (gender equality). Table 2 provides a summary of the main contributions of business operations to SDG.

4.3. Social Contribution and Sustainability

Table 3. Home Depot Social Contribution and Sustainability

<table>
<thead>
<tr>
<th>SDG</th>
<th>Product/Service</th>
<th>Developmental benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td>SDG9</td>
<td>Train technical and trade personnel</td>
<td>Drive creativity and innovation, Cultivating Talents</td>
</tr>
<tr>
<td>SDG10</td>
<td>Collaborate with countries, Expand the 'Restructuring Your School' project, Providing employment opportunities for Harvard Business School and students</td>
<td>Improving social equity, narrow the gap between the rich and the poor and Promoting Education for All</td>
</tr>
<tr>
<td>SDG11</td>
<td>Investing over $400 million to support veterans, invest over 7 million US dollars in disaster relief and allocate 2.7 million US dollars to the Hippo Fund</td>
<td>Cultivating corporate social responsibility, Caring for Veterans, Reducing the impact of natural disasters</td>
</tr>
</tbody>
</table>

Home Depot has always been conscious of its corporate social responsibility and has been committed to giving back to the community since the early days of the company's IPO in 1981, especially to help veterans and communities affected by natural disasters. In Home Depot's annual ESG report for 2022, the Home Depot Foundation is still investing more than $400 million in support of veterans and more than $7 million in disaster relief through 2021. Secondly, the company is also allocating $2.7 million to the Hippo Fund in 2021 to support employees affected by natural disasters in 2021, (“The Home Depot ESG Report,” n.d.) which all contribute significantly to SDG11 (Sustainable Cities and Communities). At the same time, Home Depot continues to work with local and national partners on the community front. In 2023, it will expand its “Restructure Your School” program and strengthen its commitment to Harvard Business School and its students, including career development opportunities. And the multinational company is also committed to improving social equity, pledging more than $45 million to narrow the gap between rich and poor and advance education for all. This promotes SDG10 (Reducing Inequality). In addition, since 2018, the Home Depot Foundation’s skilled trade training program has committed $50 million to train the next generation of skilled trade workers, including military, youth,
academy, and scholarship programs, and has introduced more than 15,000 people to the skilled trades and trained more than 5,000 trade workers. These developments practice and contribute to SDG9 (Industry, Innovation, and Infrastructure). Table 3 provides a summary of the social contributions to SDG-related contributions.

5. Home Depot's Basic Strategic Assessment of Corporate Social Responsibility and Sustainability

The assessment in this section is mainly based on the framework of the four approaches to CSR assessment proposed by Van Tulder and Van der Zwart [13].

In terms of the scale of corporate responsibility, home depot is one of the largest home decorators in the world, and its stakeholders include shareholders, employees, customers, suppliers, communities, governments, and the environment. Home depot values communication and cooperation with all stakeholders, satisfying customer needs by providing quality products and services at low prices, motivating employees by offering competitive compensation and benefits and training and development, and supporting community development. We motivate our employees and demonstrate our role as a corporate citizen by supporting community development and environmental protection.

At the corporate responsibility level, home depot not only complies with the laws and regulations of each country and region but also actively fulfills its economic, ethical, and charitable responsibilities. Home Depot is committed to reducing energy consumption and carbon emissions, promoting renewable energy and the circular economy, and promoting a diverse and inclusive corporate culture. Home depot is also committed to reducing energy consumption and carbon emissions, promoting renewable energy and the circular economy, and promoting a diverse and inclusive corporate culture that respects and supports employees, customers, and suppliers of all genders, races, ages, and faiths. It also donates millions of dollars each year through The Home Depot Foundation to improve the housing conditions of low-income people and to support charitable causes such as veterans, disaster victims, and skills training.

In terms of areas of corporate responsibility, home depot demonstrates its responsibility in several areas or topics, including product quality, human rights, labor standards, environmental protection, and more. Through strict quality control and testing, it ensures that the products it sells meet safety and health standards; it also works with third-party organizations to monitor human rights and labor conditions in its supply chain to prevent issues such as child labor, forced labor, discrimination, or harassment. Home depot also reduces energy consumption and carbon emissions in its operations through the use of energy-efficient lighting, solar panels, and other means. And, the home depot also helps its customers choose more energy-efficient, recyclable, and environmentally friendly products by introducing environmentally friendly product lines. In addition, a strict supplier policy has been established, which strictly requires suppliers to follow sustainability and eliminate fraud or other unethical practices.

In terms of corporate responsibility management, home depot implements its responsibility strategy and actions by establishing an effective organizational structure and processes. Home depot has established a responsibility committee comprising executives and board members to develop and monitor its responsibility objectives and plans. Home depot has also established a responsibility team comprising cross-departmental representatives to implement and coordinate its responsibility actions. And Home Depot also discloses its responsibility for performance and progress to the public through regular environmental, social, and governance (ESG) reports.

By analyzing and evaluating the four dimensions described above, it is clear that Home Depot is very active in corporate social responsibility and sustainability, receiving the assessment that Proactive puts social responsibility and sustainability into practice and at the forefront. The focus is on environmental protection, energy efficiency, community development, and employee welfare. The current development strategy can be continued and improved.

6. How Home Depot can Benefit More from Complying with the UN's Sustainable Development Goals and Recommendations

6.1. Reasons Why the UN 2030 Agenda for Sustainable Development has not been Fully Embraced

Home Depot's 2022 ESG report shows that the company has not yet fully implemented SDG1 (No Poverty), SDG2 (Zero Hunger), SDG4 (Quality Education), SDG16 (Peace, Justice, and Strong Institutions), and SDG17 (Partnerships for Goal Achievement) of the 17 targets set out in the UN Sustainable Development Agenda.

Of these, no poverty and zero hunger, and quality education are important issues that remain difficult for the world to address today, and with the arrival of the new crown epidemic in 2019 making the current state of society even more challenging, the world will not be able to achieve the goal of eradicating poverty by 2030. As Home Depot's main business is home improvement supplies, there are fewer activities and processes related to the production, distribution, and consumption of food supply chains, and therefore have relatively little impact in the fight against poverty and hunger. Secondly, Home Depot's main markets are North America and Europe, where the problems of poverty and hunger are relatively mild and education levels and standards are relatively high, and sub-Saharan Africa and South Asia, and Latin America, which are the regions with the most severe problems, where Home Depot has less operational coverage and investment. And the company has focused more on areas such as environmental protection, climate change, veterans' housing, and skills training in its corporate social responsibility and sustainability strategy while paying relatively little attention and investment to poverty and hunger, and education issues.

In addition to this, SDG16 (Peace, Justice, and Strong Institutions) and SDG17 (Partnerships for Goal Achievement) usually require the cooperation of multiple parties, including governments, international organizations, and legal institutions, and involve political and global governance aspects, and Home Depot's role at this level is limited. Secondly, due to the 2019 outbreak of the new crown epidemic, foreign direct investment has fallen sharply, especially to poorer regions, which has also deterred Home Depot's outward investment. Partnerships have also been
difficult to develop.

6.2. Analysis and Recommendations for Complying with SDG and Benefitting more from it

First of all, the development goals of no poverty, zero hunger and quality education have important implications for the development of CSR. This can improve the social responsibility and ethical reputation of the company, and by supporting the development of education, professionally it can improve the quality and productivity of employees and open up new markets and business opportunities [14]. At the same time, by reducing social instability and conflict caused by poverty and hunger, it reduces the risks and costs for businesses, protects natural resources and the environment, and improves the sustainability and efficiency of supply chains. Due to the media's interest in ethical business activities, positive publicity and media opportunities are also generated. Secondly, Home Depot's development of peace, justice, and strong institutions and partnerships for goal achievement will help the business build stronger relationships with stakeholders such as governments, NGOs, and communities, creating a better business environment for Home Depot. Therefore, Home Depot can start by working with communities to fight poverty, supporting the basic needs of poor families and disadvantaged groups, providing material assistance such as food, water, and hygiene supplies, and preventing and resolving conflicts. Secondly, promote employee volunteering and donation activities, and participate in projects and organizations that address hunger and malnutrition, such as the Food and Agriculture Organization of the United Nations and the World Food Programme, to build a better public image. Support educational opportunities and quality of education, provide training and learning resources for employees and communities, sponsor schools and teachers, establish Home Depot branded schools, reward outstanding students and educators, build partnerships with other businesses, governments, NGOs, and UN agencies to promote the Sustainable Development Goals, share experiences, and resources, and engage in dialogue and advocacy activities. There should also be a focus on corporate integrity and transparency, compliance with laws and regulations, combating corruption and bribery, and establishing robust monitoring reports.

At the same time, sustainable products and services and business operations that companies are already doing well should continue to be promoted and improved. The development and use of artificial intelligence systems can be promoted, with optimized technology and accurate calculations used in the cutting and processing of raw materials to maximize the use of raw materials and minimize energy wastage in production. Water-saving features of products are constantly being enhanced, more use is made of environmentally friendly energy sources such as solar and wind power, and awareness of sustainability among production staff is being raised. At the same time, companies can establish a sustainability management system, a commitment to sustainable long-term growth, ensure mutual trust, transparency, and effective management of cooperation with multinational companies, shareholders, and other stakeholders, and should also focus on ethical aspects of leadership.

7. Conclusion

This report focuses on Home Depot's 2022 Annual Report and 2022 ESG Report by examining the company's contribution to achieving the United Nations 2030 Agenda and Goals for Sustainable Development. The analysis found that Home Depot is doing very well in sustainability in terms of products and services, business operations, and social contributions. The role and contribution from a production and service perspective are mainly in terms of reducing greenhouse gases, focusing on environmental protection, supporting renewable energy, and other developments. We produce low-energy products and guide consumers and industry towards a more environmentally friendly lifestyle. In terms of business operations, the main roles and contributions are to adopt low energy consumption equipment in operations, focus on supply chain management, adhere to sustainable supplier community building and assistance, improve supply chain transparency, reduce costs and risks, and focus on employee health and welfare. In terms of contribution to society, the establishment of the Foundation, concern for veterans, concern for fires, and assistance to society. Concerning Home Depot's strategic assessment in CSR and TNC: Proactive, I strongly agree with home depot's current sustainable development in its industry, but it should also pay attention to the practice of poverty-free, zero hunger, quality education in SDG, etc. And, Home Depot is the world's largest home improvement retailer and the seventh largest retailer in the world. Its supply chain involves multiple countries and regions and therefore has a significant environmental and social impact. It is strongly represented among multinational companies and is where the eyes of the industry converge. The study of Home Depot's sustainability contribution is therefore of great importance to our study of the sustainability of multinational companies and should continue to be studied to promote sustainability.

Acknowledgments

After this period of continuous study and writing of my dissertation, I have learned a lot, even many gains that I did not expect, and I am grateful for my perseverance and continuous pursuit of knowledge. At the same time, I would like to thank my friends who accompanied me on this path together, and we discussed the problems of our respective essays with each other. In the future, I will practically do my work and work hard to make my family all the happier!

References
