"Promising Green Shoots – issues and implementation of corporate sustainability initiatives in Indian companies"

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Abstract

Background: We have been observing increasing problems in all the three spheres of life- Social, environmental and economic. The root cause of these problems is the excessive recourse use by humans and excessive industrial activity on the face of earth. Corporate sustainability initiatives is an umbrella that attempts to bridge the divide between economic growth and environmental protection, while taking into account other issues traditionally associated with development .Organizations have been working on these three issues by strategically implementing sustainability initiatives. The survival of businesses depends upon the continued demand from the society, continuous supply of the resources from the environment to feed the emerging demand and ability to remain solvent financially by managing the business processes efficiently and effectively.

Aims: to understand 1) Sustainability initiatives undertaken by Indian companies. 2) Implementation strategies adopted by them for such initiatives. 3) Expectations and issues faced by these companies in implementing sustainability initiatives.

Methodology: This study is an exploratory research undertaken with the help of survey responses collected from 250 companies, out of which 196 Indian companies listed on Bombay Stock Exchange are included in the analysis, from different industrial sectors.

Findings and conclusion: The study indicated that increasing number of Indian companies of all sizes and from different industrial sectors is taking up various sustainability initiatives and they are facing issues related to implementation, measurement, and reporting their corporate sustainability actions.

Key words: corporate sustainability initiatives, Issues faced by Indian companies, sustainable development.

1.Introduction

The business organizations have to maintain a delicate balance between managing scares resources, reducing their operational impact on society and environment without compromising the economic viability as a business firm. This balancing act is influenced by the manner in which the business is governed in the three ESG (environment, social and governance) dimensions. The main contributors to effective governance are the leaders, decision makers, and the implementers of the sustainability policies and initiatives related to these three dimensions

1

We have been observing increase in problems in all the three spheres of life-Social, environmental and economic. These are considered as vital indicators for assessing "human Life quality" in the world. As we observe the indicators blinking a red light of caution for the entire humanity to take strong and decisive steps to eradicate these problems. The root cause of these problems is the excessive recourse use by humans and excessive industrial activity on the face of earth. This leads to the issue of sustainable development. Sustainable development has three broad goals: environmental stewardship, social responsibility and economic prosperity, for both the organization and its stakeholders.

Corporate sustainability initiatives is an umbrella that attempts to bridge the divide between economic growth and environmental protection, while taking into account other issues traditionally associated with development .organizations have been working on these three problems by strategically implementing sustainability initiatives.

Businesses today are facing multiple challenges not only in maintaining its current position but also surviving in the downturn of economy. The survival depends upon the continued demand from the society, continuous supply of the resources from the environment to feed the emerging demand and ability to remain solvent financially by managing the business processes efficiently and effectively.   .

Many organizations have adopted numerous initiatives in these dimensions. In this study twenty nine such initiatives are discussed and analyzed. There is an argument whether these activities impact on competitiveness of the firm and helps mangers to achieve the goal of improving the firm's economic worth and enhancing its image in the society. Due to the numerous measurements and reporting frameworks adopted by the companies it is difficult to generalize the impact of sustainability initiatives undertaken on the organizational outcomes and its competitiveness.

All the same there is an agreement among the corporate world that there is a positive impact of these activities on the image of the firm. There were various initiatives undertaken by the surveyed companies out of 29 listed initiatives as under 1)Existence of sustainability /Green policy 2)Use of "Resource Reduce-Reuse- recycle" principle 3)Pollution control 4)Water management 5)Energy conservation/use renewable source 6)Tree plantation/ Forestation 7)Green building 8)Employee commuting 9)Operations efficiency 10)Paper usage 11)Waste Management 12)Eco packaging 13)Carbon Foot printing 14)Carbon Credits 15)Sponsoring green initiatives 16)Partnering with Govt. / NGOs 17)Environment awareness for public/ employees 18)Environment/ energy audit 19)Procurement from green suppliers 20)Use of Clean/ Green Technology 21)clean energy patent 22)corporate sustainability reporting 23)Employee telecommuting 24)"Environmental financial impact 25)Green IT 26)Green office space 27)Environment Audit 28)Environment Studies 29)Waste/ fleet impact

These sustainability initiatives were studies in this paper to find out which initiatives were adopted by majority companies and which were not much adopted.

2

The study shows a positive trend towards some initiatives like1) Existence of sustainability /Green policy 2) Use of "Resource Reduce-Reuse- recycle" principle 3) Pollution control 4) Water management 5) operational efficiency6) Partnering with Govt. / NGOs and Environment awareness for public/ employees

There were some initiatives not much adopted like 1) Eco packaging2) Carbon Foot printing3) Carbon Credits4) Environment Audit5) Environment Studies6) Waste/ fleet impact 7) procurement from green suppliers.

There were five implementation strategies listed in the survey like 1) Process improvement 2) Collaboration3) Innovations 4) Technology and 5) Sustainability Reporting which can be adopted by the companies. The paper studied which were adopted majorly by the surveyed companies and which were less adopted.

The Expectations and issues faced by these companies in implementing sustainability
initiatives were another study objective.

The Expectations & Support require from GOVT./Regulatory authorities included requirement of 1)Appropriate and stringent Law 2)Guidelines/Framework for implementing sustainability initiatives 3)Standards set up for outcome of sustainability initiative 4)Measurement tools/techniques required for sustainability initiative 5)Steering and monitoring authority to oversee corporate sustainability implementation 6)Availability of existing norms/legal frameworks/requirements. The most desirable expectations were studied in this paper

Under the Issues/Concerns faced by companies in implementing sustainability initiatives following concerns were studied -1) Casual approach by the employees 2)Low awareness about sustainability issues 3)Difficulty in motivating employees 4)Busy schedules of managers allows very less time 5) It is not a priority for them in their work life. The trend for important issues and concerns was studied in this paper

2. Literature Review

There are on-going debates regarding the meaning of sustainability in a corporate context and many definitions of corporate sustainability have been offered. For example, Dyllick and Hockerts (2002) have defined corporate sustainability as: "meeting the needs of the firm's direct and indirect stakeholders (such as shareholders, employees, clients, pressure groups, communities, etc.), without compromising its ability to meet future stakeholder needs as well." In another representative definition, van Marrewijk (2003) explained that corporate sustainability refers to "demonstrating the inclusion of social and environmental concerns in business operations and in interactions with stakeholders" (van Marrewijk 2003). Like many others, these definitions build on stakeholder theory (Freeman 1984), which is one of the most widely applied theoretical frameworks for research on corporate sustainability. Stakeholder theory implies that corporations have obligations to individuals and groups both inside and outside of the corporation, including shareholders, employees, customers, and the wider community. In recent years, corporations, especially large ones, have become a key focus of attention in the sustainability debate (Cannon 1994; Hart 2000; Elkington 2002,

3

2005). Increasingly corporations and their leaders are recognizing the relations and inter-dependences of economic, environmental and social aspects,(CEC 2001; Elkington 2002) and the short-, long- and longer-term effects (Lozano 2008b): that is, the four dimensions of sustainability (economic, environmental, social and time) and their interactions.

Although the corporation's fundamental obligation is to ensure its own survival, it has to do this by benefiting and balancing the needs of multiple stakeholders (Farmer and Hogue 1973; Freeman 1984; Hill and Jones 2001; Freeman *et al.* 2004). Stakeholders can be internal (e.g. stockholders and employees, including management) and external (e.g. customers, suppliers, banks, environmentalists and government) (Freeman 1984; Argadoña 1998; Biscaccianti 2003; Freeman *et al.* 2004; Verdeyen*et al.* 2004). Stakeholders can also be divided into primary and secondary (McIntosh *et al.* 1998; Lindfelt 2002). According to McIntosh *et al.* (1998), the corporation has responsibilities that 'go beyond compliance with legislation, economic prudence, ethical behavior and philanthropy

3. Methodology

In this exploratory study, the survey questionnaire method is used to collect the responses from the 250 Indian companies, of which 196 were listed on Bombay Stock exchange. The study focused on three aspects1) Sustainability initiatives undertaken by surveyed Indian companies, 2) Implementation strategies adopted by them for such initiatives, and 3) Expectations and issues faced by these companies in implementing sustainability initiatives.

There were 29 different sustainability initiatives listed in the study and the responses given to the importance attached to implementing these initiatives by managers are recorded on 7 point scale. These dimensions were also analyzed across the 13 sectors of industry.

3.1 Research Objectives

This study is an exploratory research undertaken with the help of survey responses collected from more than 250 Indian companies 196 listed on Bombay Stock Exchange) from different industrial sectors, to understand
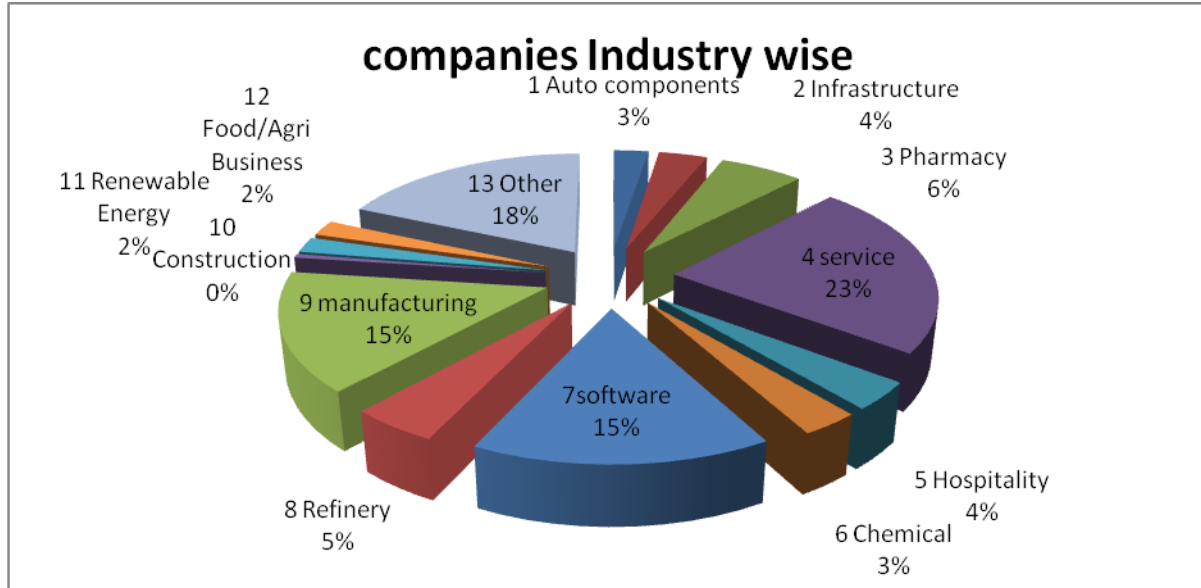
1. Sustainability initiatives undertaken by surveyed Indian companies.

2. Implementation strategies adopted by them for such initiatives.

3. Expectations and issues faced by these companies in implementing sustainability initiatives.

3.2 Data

In this study, the responses were collected randomly, through survey questionnaire from Indian companies by approaching the respondents working at managerial positions. The BSE 500 listed companies were chosen initially to draw the list of companies to whom the survey was sent then the search was broaden to include all responses from even non listed companies.
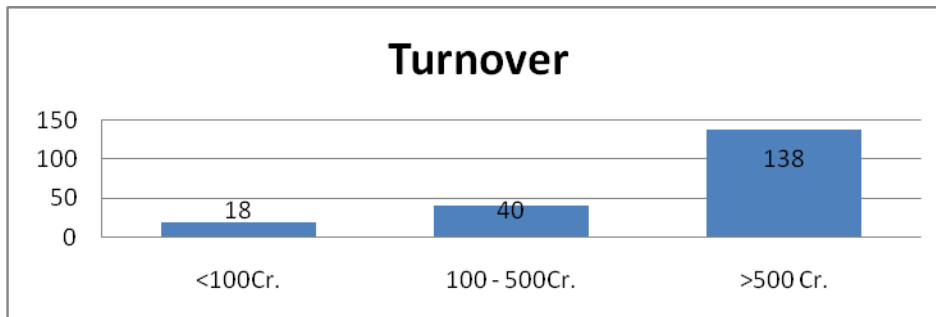
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4. Results/Findings

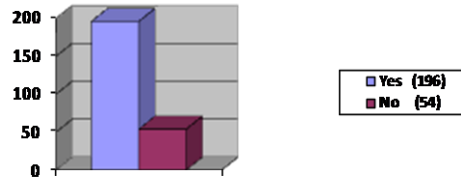**Figure 1.Industry/ sector- wise classification of companies surveyed**

Total number of respondents companies was 196, these were listed on Bombay Stock Exchange (BSE), and they were categorized in 13 industry/sectors as shown in the table. The chart shows the percentage of companies belonging to each sector was observed that highest no. of companies (45) were from service sector (23%). 30 companies (15%) each belong to software and manufacturing sector.36 companies (18%) were from "other" category, which include Technology, Media, Textile, Entertainment, Broking, Finance, Banking, Publishing, Power utility, Airport Authority, R&D, Oil Gas, Energy, Transport, communications Etc.

Figure2. Turnover of the company

The above table shows that there are18 companies in the bracket of less than 100 Crore (9%), 40 companies in the bracket of 100 to 500 Crore (20 %), and 138companies (71 %) in the bracket of more than 500 Crore.

5

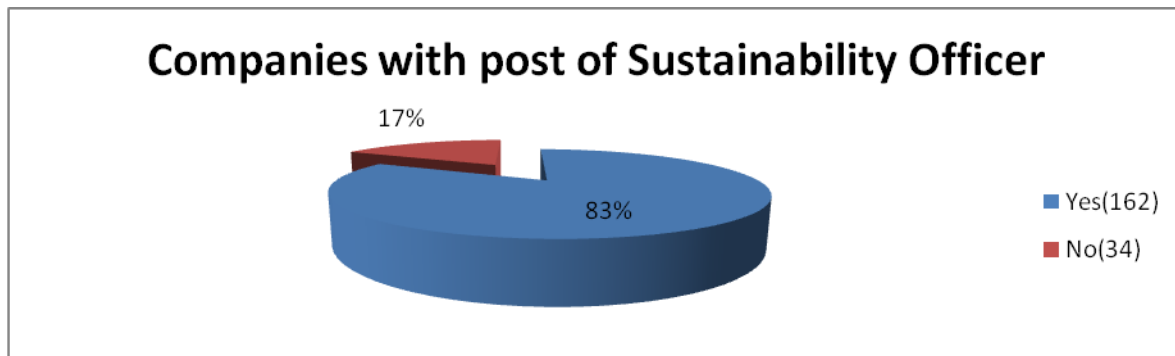**Figure 3.companies listed on Bombay Stock exchange**

Out of total 250 respondent companies ,there were 54 (22%) companies not listed on Bombay Stock Exchange (BSE) and 196 (78%) companies were listed on BSE.

Companies with the post of Sustainability Officer

In the table given below, 162 companies (83%) said that they had sustainability officer's post while 34 companies (17%) said they did not have the post of sustainability officer in their organization.

Figure 4.Post of sustainability officer in the companies

1) Sustainability initiatives undertaken by surveyed Indian companies

The following 29 sustainability initiatives were listed in the survey. The comparison of ranking for overall and Industry sector-wise is as follows: (5 highest (rank 1 to 5) and 5 Lowest (rank 25 to 29) indicated)

6

Table 1. Sustainability Initiatives Ranking

Sustainability Initiatives	Overall Rank	Service Rank	Software Rank	Manufacturing Rank	Other Rank
Existence of sustainability /Green policy	3	1	4	5	
Use of "Resource Reduce-Reuse- recycle" principle	4		1		
Pollution control	2		5	1	2
Water management	1			3	1
Energy conservation/use renewable source					
Tree plantation/ Forestation					
Green building				27	
Employee commuting					
Operations efficiency		2		2	4
Paper usage		5			
Waste Management					
Eco packaging			26		25
Carbon Foot printing	27	27	27		28
Carbon Credits	29	29		29	29
Sponsoring green initiatives					
Partnering with Govt. / NGOs			2		5
Environment awareness for public/ employees	5		3	4	3
Environment/ energy audit					
Procurement from green suppliers	26	28	28		
Use of Clean/ Green Technology			25		
clean energy patents					
corporate sustainability reporting		3	25		

7

Employee telecommuting		4			
Environmental financial impacts					
Green IT				26	26
Green office space					
Environment Audit				25	
Environment Studies	27	25	29		27
Waste/ fleet impact	25	26		28	

It is observed from the above comparative table that-

1. Water management, pollution control, green policy and "reduce-reuse-recycle" principle is ranking in first four for the surveyed companies. Environment awareness came on rank 5 in overall observation.

2. Carbon credits ranked last (rank 29) in all sectors except for software sector (environment studies), as well as carbon foot-printing was ranked second lowest (rank 27)

3. Environment audit, Environment studies, waste/fleet impact, green IT, procurement from green suppliers were the low ranking initiatives.

4. Energy conservation/use of renewable source (rank 10   ) ,Tree plantation/ Forestation, (rank 9)Employee commuting (rank 14) ,Waste Management (rank 8) , Sponsoring green initiatives(rank 22), Environment/ energy audit(rank 11), clean energy patents(rank23), Environmental financial impacts(rank 19), Green office space(rank 16) were ranked in-between.

2) Implementation strategies adopted by them for such initiatives

Implementation Strategies

1. **Process improvement -** The focus of the companies using this strategy is on improving its processes, internal systems and operative functions so that optimum resource utilization is made possible and the sustainability principle of "reduce, reuse and recycle".

2. **Collaboration- Under** this strategy companies strive to collaborate with the external entities like Government authorities, Regulatory bodies, NGO's, and other environmental Agencies to gain the knowledge, skill or capability to build sustainability advantage.

3. Innovation- This strategy is important for most of the companies who want to survive in the competitive markets to remain viable in business and acquire competitive advantage over rival firms.

8

4. Technology- This is the key to businesses to grab the advantage of economies of scale and scale up the business activities to global level.

5. Sustainability Reporting- This strategy is adopted by companies making conscious efforts towards being sustainable which help them in brand building and positive image creation in the minds of stakeholders, which ultimately creates goodwill and wealth for the companies.

Table 2. Rank Order for overall implementation strategies ranking adopted by companies.

1. Process improvement	2. Collaboration	3 innovation	4. Technology	5. Sustainability Reporting	Implementation strategies
5.281437	5.152047	5.392045	5.488372	5.025862	Average
3	4	2	1	5	Rank

As the above table shows the ranking as follows: Rank 1.Technology strategy, Rank 2 Innovation strategy, Rank 3 process improvement strategy, Rank 4 collaboration strategy and Rank 5 sustainability Reporting strategy

Table 3. Implementation strategies (all sector wise analysis)

Rank	overall	Service Sector	Software	Manufacturing	Other sectors
1	4	3	4	4	3
2	3	1	1	3	1 & 5
3	1	4	3	2	-
4	2	2	2	1	4
5	5	5	5	5	2

From the comparative table above shows that software and manufacturing sector gives highest importance to Technology strategy, while service and others give first rank to innovation strategy. Second rank is given to process improvement strategy by service, software and other sector while manufacturing sector rates innovation at second position. Others indicate that the process improvement and sustainability reporting strategy are of equal importance at 3rd position in the ranking order. In the service, software and manufacturing sectors sustainability reporting comes as the least important strategy. In the overall analysis the Technology strategy ranked 1, Innovation strategy is ranked no. 2; process improvement came on rank 3, collaboration strategy on rank 4 and sustainability Reporting came last.

3) Expectations and issues faced by these companies in implementing sustainability initiatives.

A) Expectations &Support require from GOVT. /Regulatory authorities

The options listed in the survey were:1) Appropriate and stringent Law 2)Guidelines/Framework for implementing sustainability initiatives 3) Standards set up for outcome of sustainability initiative 4) Measurement tools/techniques required for sustainability initiative 5) Steering and monitoring authority to oversee corporate sustainability implementation and   6) Availability of existing norms/legal frameworks/requirements

Table 4. Overall Analysis for Expectations & Support require from GOVT./Regulatory authorities

5.144654	5.201183	5.293413	5.276074	5.310976	5.103659	Average
5	4	2	3	1	6	Rank
1	2	3	4	5	6	Support Required

The above table shows that companies have ranked expectations as follows:

Rank 1**-** Steering and monitoring authority to oversee corporate sustainability implementation

Rank 2 - Standards set up for outcome of sustainability initiative

Rank 3 - Measurement tools/techniques required for sustainability initiative

Rank 4 - Guidelines/Framework for implementing sustainability initiatives

Rank 5 - Appropriate and stringent Law   and

Rank 6- Availability of existing norms/legal frameworks/requirements

Table 5.Sector wise analysis for Expectations & Support require from GOVT./Regulatory authorities

Rank	overall	Service Sector	Software	Manufacturing	Other sectors
1	5	3	3	4	4
2	3	5	5	5	5
3	4	2	4 &1	3	2
4	2	6	-	1	3
5	1	1	2	2	6
6	6	4	6	6	1

1. The comparative table for Support require from GOVT./Regulatory authorities indicate that service & software industry give rank 1 to Standards set up for outcome of sustainability initiative , while manufacturing and other sector prefer having Measurement tools/techniques required for sustainability initiative.

2. For software& manufacturing sector Availability of existing norms/legal frameworks/requirements are ranking last and for service sector Measurement tools/techniques required for sustainability initiative stood at last rank.

B) Issues/Concerns faced by companies in implementing sustainability initiatives

The options listed in the survey were- 1) Casual approach by the employees   2)Low awareness   about sustainability issues 3)Difficulty in motivating employees   4) Busy schedules of managers allows very less time   5) It is not a priority for them in their work life.

Table 6.Rank Order Analysis for Issues/Concerns faced by companies (overall)

0.460227	0.465116	0.494186	0.47093	0.348837	Average score
4	3	1	2	5	Rank
1 Casual approach towards green issues by the employees	**2 Low awareness about sustainability issues**	**3 Difficulty in motivating employees**	**4 Busy schedules of managers allows very less time**	**5 Sustainability is not a priority for them in their work life.**	**Concerns faced by companies**

The above table shows following Ranks for Concerns faced by companies in implementing sustainability initiatives: Rank

1. Difficulty in motivating employees

2. Busy schedules of managers allows very less time

3. Low awareness about sustainability issues

4. Casual approach towards green issues by the employees

5. Sustainability is not a priority for them in their work life.

Table 7.The Sector wise analysis of Concerns faced by companies

Rank	Service Sector	Software	Manufacturing	Other sectors	overall
1	3	5	1	5	3
2	4	1	2	4	4
3	5	3	5	2	2
4	1	2	3	3	1
5	2	4	4	1	5

1. In the above table it is observed that the major concern for software and other sectors that implementing sustainability initiatives is not a priority for them in their work life. Service sector as major concern finds motivating employees for this issue is difficult, for other sectors it is not a priority in their work life.

2. On the lowest rank busy schedules of the executives does not allow them time for these activities is a concern for software and manufacturing sector.

5. Conclusion

1) In Sustainability initiatives undertaken by surveyed Indian companies there is not much difference in overall and industry/sector wise ranking Water management, pollution control, green policy and "reduce-reuse-recycle principle and Environment awareness first five ranking initiatives in overall observation, while Carbon credits ranked last (rank 29) in all sectors except for software sector (environment studies), as well as carbon foot-printing was ranked second lowest (rank 27) and Environment audit, Environment studies, waste/fleet impact, green IT, procurement from green suppliers were the low ranking initiatives

2) In the Implementation strategies adopted by the surveyed companies indicated in the overall analysis ranking priority was - Rank 1.Technologystrategy, Rank 2 Innovation strategy, Rank 3 process improvement strategy, Rank 4 collaboration strategy and Rank 5 sustainability Reporting strategy.

Software and manufacturing sector gives highest importance to Technology strategy, while service and others give first rank to innovation strategy. Second rank is given to process improvement strategy by service, software and other sector while manufacturing sector rates innovation at second position.

Others indicate that the process improvement and sustainability reporting strategy are of equal importance at 3rd position in the ranking order. In the service, software and manufacturing sectors sustainability reporting comes as the least important strategy.

3) In Expectations and issues faced by these companies in implementing sustainability initiatives.

The overall expectation was for the "Steering and monitoring authority" to oversee corporate sustainability implementation, Standards set up for outcome of sustainability initiative, Measurement tools/techniques required for sustainability initiative while requirement for stringent law, Guidelines and framework was the least preferred requirement by surveyed companies.

The comparative table for Support require from GOVT./Regulatory authorities indicate that service & software industry give rank 1 to Standards set up for outcome of sustainability initiative , while manufacturing and other sector prefer having Measurement tools/techniques required for sustainability initiative. There is not much difference between overall and sector wise expectations from the surveyed companies.

The overall concerns show that there are motivation issues; busy schedules and low awareness hinder the adoption and implementation of sustainability initiatives in the surveyed companies. There were a lot of variations in the concerns faced by different sectors. No priority (for software and other sectors), motivation (for service sector) and casual approach were indicated for manufacturing sector as primary concern areas. Software and manufacturing sectors considered busy schedules of managers as least concern issue.

4) This study indicated that increasing number of Indian companies of all sizes and from different industrial sectors is taking up various sustainability initiatives and they are facing issues related to implementation, measurement, and reporting their corporate sustainability actions. The study throws light on these issues and expectations from Indian companies

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13

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