



“Value Creation through Sustainability: A Suggestive Measure for Business Houses”

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Abstract

In today's competitive era, business houses are turning from profit maximisation to wealth maximisation with the help of value creation strategies also. But for achieving competitive advantage and long term growth, value creation is not an end itself. Viewing present globalised competitive era, the living conditions of society and exploitation of resources, one essentially has to be linked value creation strategies with the sustainable development. It is only possible if industry grows sustainably by conservation of natural resources, produce less waste, support energy efficiency, reduce GHG emissions, complying with ISO standards. In this direction the present paper is throwing light on the industrial green practices like green production, green marketing, green purchasing, offering green products etc. to create value in their products and services sustainably.

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1. Introduction:

The [performance](#) of [actions](#) that increase the [worth](#) of [goods](#), services or even a [business](#) is known as value creation. Many business [operators](#) now focus on [value](#) creation both in the [context](#) of creating better value for [customers](#) as well as for [shareholders](#) who [want](#) to see their stake appreciate in value.

In today's competitive era to cope up with the competition business houses are developing new competitive strategies like, introducing variety products, offering products at cheap /discounted prices, product differentiation etc. On the other side, this race of competition has shown many non-sustainable practices (such as wastage of resources, low quality products, non-fulfilment of social responsibilities of the business, high level pollution, spoiling of water of sacred rivers, garbage, ground water loss, environment degradation etc.) those are becoming challenge for the future, hence this situation demands sustainable growth of business. It refers to a mode of

human development in which resource use aims to meet human needs while preserving the environment so that these needs can be met not only in the present, but also for generation to come. Hence, we should work in such a manner that needs of the future generation should not be compromised due to present time's working conditions. In this direction the present paper has been thrown light on the possible green practices adopted by many companies in India too, to create value in products and services sustainably. For this paper following **objectives** has been designed:

1. To focus on the importance of sustainability in today's competitive era
2. To suggest possible ways to business houses for creating value sustainably

The process of **collection of data** has been based on secondary sources only. The background or secondary material based data, required for this research study is gathered from following sources:

- Relevant research papers.
- Project reports.
- Websites.
- Survey reports.

2. Review of Literature

H.S.Oza (2003) in his study titled as “Corporate Environmental Responsibility: Legal Aspects, Accounting and Auditing” examines that how the operations of the business enterprises are affecting society. Further he analysed the emerging issues in environment and then identified that the sustainable development is the only solution to overcome environmental problems and to maintain ecological balance for better future. Thus main contribution of this research work is to pinpoint that the responsibility of business is not for only to make profit but it also to maintain a balance between quality of life and ecological damages.

Guo and Ma, (2008), Whether the development of economy or protecting environment goes hand in hand or is a pair of contradiction? The answer depends on the economy development stage as in the developed country, the development of economy and protection of environment is not a pair of contradiction, because environment improves

along with the economic structure, but in the developing country it presents a contradiction because the environment worsens rapidly when the economy progresses.

Chaudhury, Suman Kalyan (2010) in his paper on, "Environment Management" identified the problem that rapid industrialization and fast growing population in India have been demanding more environment infrastructure and natural resources. In such a situation, a well developed EMS can help a firm in managing, measuring and improving the environmental aspects of its business activities

Thapak et al (2011), in their study "Use of technology to save environment by saving paper in an online era" have suggested that Paper industry is a one of the largest user of wood for which trees are cut, leading to detrimental effect on the environment. In spite of technology offering an environment friendly alternative the use of paper has not reduced in the Indian context. In some developed countries the online technology has helped to reduce the consumption of paper. The study emphasised on substitution of technology with print outs in organizations and academic institutes. It further suggested that technology has come to the aid of mankind whenever there has been a problem. As now a day, online technology is very much developed and capable of handling almost all kinds of transaction related to every organization.

A review of related studies revealed that the healthy environment is the need of the day. Second, environmental protection is the collective responsibilities of the state, society and interested groups working for it. Business houses can create value through sustainability by reducing their negative environmental impacts on the society. It is equally important to incorporate sustainable practices into planning and operations of the organisation if it wants to sustain in the future. Environment protection and profitability should go hand in hand.

Before investigating the reasons need to be addressed regarding the importance of sustainability in today's competitive environment every business house should fix its priorities between these two:

- 1) Economic development/ business growth (at any cost) because India is lagging behind. or
- 2) Environment protection at the cost of economic development/ business growth.

Many business houses are in this conflicting situation that which one to choose. And the answer is that both are essential for sustainable growth. But how it is possible to cope up with these two? To come out of this dilemma this research paper has been focused on 1) stakeholders expectations, 2) benefits of green practices adopted by top ten companies, and 3) environmental SWOT analysis.

3. Stakeholder's expectations:

Increased awareness of Environmental degradation in customers, investors, public and employees means it is critical for every company to understand its impact on climate change and to make the necessary changes to improve its environmental profile. Many companies from various industries have realised the importance of sustainable development due to

1. Customers' awareness: Increased media coverage and governmental pressure on environment protection all add to consumers' awareness about environmental dangers of climate change and will become a determining factor in terms of consumer buying decisions.

2. Competition by green companies: Companies improving their corporate profile through environmental initiatives can help attract new customers as well as retain customer loyalty in this increasingly environmentally-aware world. Companies perceived as not being environmentally concerned may find barriers to entry to certain markets.

3. Reduction in cost: Employing energy efficient methods can reduce the cost of the product. Reductions in electricity and heating usage will add up to significant savings for companies as the price of fossil fuels continues to increase.

4. Investors expectations: Investors too, are becoming increasingly aware of environmental issues. The socially responsible managed funds will all help to heighten the awareness of corporate environmental initiatives, or lack of, as the case may be.

5. Environmentally conscious employees: Environmentally-conscious employees will benefit from knowing their employers are doing their part to improve the global environment and this will ultimately help to attract like-minded high-calibre employees in the future.

6. Legislation enforcement: Various acts like environment protection act 1986, Water Prevention and Control Pollution Act, 1974, The Water Prevention and Control Pollution Rules 1977, The Air Prevention and Control Pollution Act 1981 etc. are forcing corporate to assume their responsibility towards environment.

7. Economic Sense: Companies improving their environmental profiles and make economic sense, enabling their business to protect its share price, drive revenue and reduce costs.

Above discussion shows that there is a direct need to realise the importance of sustainability in business as, it

- is a trend, not a fad in this competition era;
- applies to all industry sectors, even small or large; and
- sustainable strategies if properly applied, is simply a smart business.

4. Green Practices

Many companies are getting benefits of green practices by adopting eco friendly products/ services by changing their product features, such ten top companies of them are discussed here:

1. **Suzlon Energy:** The world's fourth largest wind-turbine maker is among the greenest and **best Indian companies** in India. Tulsi Tanti, the visionary behind Suzlon, convinced the world that wind is the energy of the future and built his factory in Pondicherry to run entirely on wind power. Suzlon's corporate building is the most energy-efficient building ever built in India.
2. **ITC Limited:** ITC strengthened their commitment to green technologies by introducing 'ozone-treated elemental chlorine free' bleaching technology for the first time in India. The result is an entire new range of **top green products and solutions:** the environmentally friendly multi-purpose paper that is less polluting than its traditional counterpart.
3. **Tata Metaliks Limited (TML):** Every day is Environment Day at TML, one of the **top green firms in India**. A practical example that made everyone sit up and take notice is the company's policy to discourage working on Saturdays at the corporate office. Lights are also switched off during the day with the entire office depending on sunlight.
4. **Tamil Nadu Newsprint and Papers Limited (TNPL):** Adjudged the best performer in the 2009-2010 Green Business Survey, TNPL was awarded the Green Business Leadership Award in the Pulp and Paper Sector. The initiatives undertaken by this **top green firm in**

India includes two Clean Development Mechanism projects and a wind farm project that helped generate 2,30,323 Carbon Emission Reductions earning Rs. 17.40 Crore.

5. **Wipro Technologies:** The list of **top 10 green Indian companies** is never complete without Wipro which climbed to the top five brand league in Green peace's 'Guide to Greener Electronics' ranking. Despite the global financial crisis, Wipro held fast to its commitment towards energy efficiency and was lauded for launching energy star compliant products in the market.
6. **HCL Technologies:** This IT major may be considered as the icon of **Indian green initiatives**, thanks to the “go green” steps taken in solving the problem of toxics and e-waste in the electronics industry. HCL is committed to phasing out the hazardous vinyl plastic and Brominated Flame Retardants from its products and has called for a Restriction on Hazardous Substances (RoHS) legislation in India.
7. **Oil and Natural Gas Company (ONGC):** India’s largest oil producer, ONGC, is all set to lead the list of **top 10 green Indian companies** with energy-efficient, green crematoriums that will soon replace the traditional wooden pyre across the country. ONGC’s Mokshada Green Cremation initiative will save 60 to 70% of wood and a fourth of the burning time per cremation.
8. **IndusInd Bank:** Green banking has been catching up as among the **top Indian green initiatives** ever since IndusInd opened the country’s first solar-powered ATM and pioneered an eco-savvy change in the Indian banking sector. The bank is planning for more such initiatives in addressing the challenges of climate change.
9. **IDEA Cellular:** One of the **best Indian companies**, IDEA, paints India green with its national ‘Use Mobile, Save Paper’ campaign. The company had organized Green Pledge campaigns at Indian cities where thousands came forward and pledged to save paper and trees. IDEA has also set up bus shelters with potted plants and tendril climbers to convey the green message.
10. **Hero Honda Motors:** Hero Honda is one of the largest two-wheeler manufacturers in India and an equally responsible **top green firm in India**. The company’s philosophy of continuous innovation in **green products and solutions** has played a key role in striking the right balance between business, mankind and nature.

Above discussed top ten companies proved that there are number of ways to create value in the product/service sustainability; and environmental SWOT analysis, one of them.

5. Environmental SWOT analysis:

In General SWOT analysis is the assessment of company's strengths, weaknesses, in the light of external environment based opportunities and threats. In this paper we suggested factor analysis of company's strengths, weaknesses, in the light of environmental sustainability related opportunities and threats present in the external environment.

- **Strengths** are characteristics of the business or project that can give it an advantage over others in the form of adoption of green practices.
- **Weaknesses** are characteristics that place the team at a disadvantage relative to others if not in the position to adopt green practices.
- **Opportunities** are elements that the project could exploit in the market by creating value sustainably in their products and services.
- **Threats** are elements in the business environment that could cause trouble for the business or project while implementing green strategies.

6. How to meet corporate social responsibility:

CSR is no longer about risk mitigation and “doing no harm.” It is not only about being a responsible corporate citizen, paying taxes, developing employees or reducing carbon emissions. This kind of CSR activity may be a necessary stepping stone to sustainability but now its return is limited. There is only so much money you can save by reducing your water consumption and only so many stakeholders you can appease by expanding your community outreach. The real prize is when the corporation moves beyond CSR, it means rethinking about green purchasing, production processes, marketing etc., and ultimately producing the green products and services.

So, before buying any products or services every organisation needs to rethink on following issues:

- ✓ Is the product or service required?
- ✓ Can the need be met in another way?
- ✓ Is a suitable product available elsewhere in the institution?
- ✓ Can the requirement be met by renting or sharing, rather than purchasing?
- ✓ Is the quantity requested essential?
- ✓ Can the product serve and useful purpose after its initial use?

This practice is helpful in saving the nation's resources rather than wastage or exploitation of them.

In the next part of the paper, various examples of criteria suggested for key purchasing, production and marketing activities are listed here. This will help every person and organisation for moving steps towards green practices.

Examples of Criteria to be considered while purchasing below mentioned items:

- Cleaning materials - e.g. Favour biodegradable, non-toxic
- Decorating materials - e.g. Favour organic paints
- Energy - e.g. favour renewable, efficiency
- Equipment (for example, computers) - e.g. Favour energy efficient products, clean manufacturing processes
- Food - e.g. favour organic, local, fair trade
- Furniture - e.g. If wooden favour forest stewardship council (FSC) certified
- Paper - e.g. Favour recycled, chlorine free
- Vehicles - e.g. Favour three-way catalytic converters, fuel-efficiency
- Fit for the purpose and provide value for money
- Energy and resource efficient
- Minimum use of virgin materials
- Maximum use of post consumer materials
- Non (or reduced) polluting
- Durable, easily upgraded and repairable
- Reusable and recyclable.

Here are the criteria (about production and marketing) to be considered when determining potential impacts on society of goods and services produced and manufactured:

- Biodegradability
- Design for disassembly
- Energy and water efficiency
- Ethical credentials of supplier
- Fault controls to prevent unnecessary waste
- Health and safety standards
- Local production
- Maximum durability, reparability, reusability and recyclability
- Minimum packaging
- Minimum use of no-renewable resources
- Minimum use of toxic chemicals, CFCs, ozone and other pollutants
- Use of recycled/re-used materials

Thus, green production and marketing incorporates a broad range of activities, including product modification, changes to the production process, packaging changes, as well as modifying advertising.

7. **Conclusion:**

CSR is not what it used to be. Long gone are the days when managing the carbon emissions and contributing to the community were good enough. But, today, the talk is about sustainable value creation. Is this a realistic objective for most companies? Yes, it is. As business house can run sustainably in today's time by produce less waste, support energy efficiency, and reduce GHG emissions, support biodiversity and complying with ISO standards. Beside this environmental SWOT analysis, change in features of the products or services (i.e. green products or services) green purchasing, green marketing and cost reduction etc. can lead a business towards sustainable value creation through business houses.

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