

# A Study of Integrating Sustainability Into Business Practices Aiming For Sustainable Development

Pallavi Chandwaskar

Dr. V.N. Bedekar Institute of Management Studies, Thane (W) - 400 601.

pchandwaskar@vpmthane.org

**Abstract:** The United Nations Conference on Environment and Development (UNCED), held in Rio de Janeiro in 1992 also focused on integrating environmental protection with economic development to bring about sustainable development. During this Earth summit it was first highlighted that business and industry should play a crucial role in bringing about sustainable Development (United Nations Environment Programme, sustainable business, 1998). In today's world of looming environmental, economic and social challenges, businesses are making a step-change in the way they function to realize the ambition of sustainable development by incorporating suitable sustainability strategy into their business practices to ensure long term future success of the organizations. The current study aims at exploring this integration of sustainability into business practices of FMCG and service (IT and banking) sector firms in India. This is a study of 32 organisations from the above mentioned sectors for empirical and qualitative findings on sustainability integration into their business through sustainable supply chain policies, renewable energy management, waste management, water management, inclusive business practices, sustainable sourcing, identifying the various components, practices, barriers and their confrontation strategies and emergent innovations in products and processes are identified which can act as guiding light to the industry.

**Keywords:** Environment, sustainable development, sustainability strategy, business practices

## Introduction

Sustainable Development was defined by the Brundtland Commission (WCED 1987:43) as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs.” Sustainable business/marketing is a holistic approach with the aim of satisfying the wants and needs of the customers while putting equal emphasis on environmental and social issues, thus generating profit in a responsible way. This study aims to explore the current scenario of sustainability across FMCG and IT and banking service sectors in India, through empirical study and qualitative analysis of data obtained from 32 organisations about their business practices which integrates environmental sustainability and takes ecological consciousness to a next level while doing their businesses.

## Objectives Of The Study

1. To understand corporate perspective on the relevance and importance of sustainable development in current market scenario and identify green branding/ marketing initiatives in this direction
2. To study the existing sustainable business practices in the select industries i.e. FMCG and service sector (IT and Banking) To identify whether there is difference between these sectors regarding sustainability practices
3. To identify the various challenges faced by the organisations while integrating sustainability into their business strategy

4. To develop Business Model archetype for sustainability integration into business practices of the respective sectors considered for the study undertaken

## Literature Review

Petrini Maira, Pozzebon Marlei (2010) in their paper “Integrating Sustainability into Business Practices: Learning from Brazilian Firms” published in *Brazilian Administration Review*, proposes a conceptual model to facilitate incorporation of sustainability into business practices, learning from the context of companies operating in Latin America – more specifically, in Brazil – that excel in terms of sustainability initiatives. Five large companies recognized as leaders in sustainability practices were studied using the grounded theory method.

Kotler P. (2011) in his article highlights view that with the growing recognition of finite resources and high environmental costs, marketers need to reexamine their theory and practices. They need to revise their policies on product development, pricing, distribution, and branding.

*Adams, Frost (2008)* examines the process of developing key performance indicators (KPIs) for measuring sustainability performance and the way in which sustainability KPIs are used in decision-making, planning and performance management.

Shrivastava P. (1995) examines the implications of ecologically sustainable development for corporations. It articulates corporate ecological sustainability through the concepts of (a) total quality environmental management, (b) ecologically sustainable competitive strategies, (c) technology transfer through technology-for nature-swaps,

and (d) reducing the impact of populations on ecosystems.

Achrol P. and Kotler P. (2001) developed a three-tiered explanation of the emerging field of marketing—its sub-phenomena (consumer experiences and sensory systems), its phenomena (marketing networks), and its super-phenomena (sustainable development). Porter M. and Kramer M. (2006) propose a fundamentally new way to look at the relationship between business and society that does not treat corporate growth and social welfare as a zero-sum game.

Bocken N.M.P, Short S.W., Rana P., Evans S. (2014) introduced sustainable business model archetypes to describe groupings of mechanisms and solutions that may contribute to building up the business model for sustainability.

**Methodology**

The study deploys descriptive methodology, hypothesis testing and grounded theory approach for qualitative analysis. Data is collected through a structured questionnaire with 18 different questions about various aspects of integrating sustainability from 32 organisations predominantly IT, FMCG and banking firms which consciously implement sustainability into their business practices and the sampling method was Non-Probability Purposive Judgment sampling. For the purpose of data analysis, first coding was done, then reliability and validity was assessed through Cronbach’s alpha, Descriptive statistics by Mean, Standard deviation, variance, hypothesis testing via Goodness of fit Chi-square test and Contingency table Chi-square test and Independent sample t-test. Numeric data entry and analysis is done through SPSS 23.0. Qualitative Analysis carried via Grounded theory approach. Grounded theory is a form of qualitative research that seeks to generate new theories by using basic elements: concepts, categories and properties. This approach rely upon following principles (Glaser & Strauss, 1967): (1) the main thrust of the method is to construct a theory, not merely to codify and analyze data; (2) as a general rule, the researcher must not define a conceptual framework before beginning research (so as to allow concepts to emerge without predefined frames); and (3) analysis and conceptualization are realized through the process of collecting data, which are constantly compared with emerging categories, thereby enriching them, establishing relationships among them or originating a new one.

**Results and Discussion**

**1. Perception of Sustainability into business:** First hypothesis about the expected understanding of sustainability among organizations is substantiated.

**H1<sub>0</sub>:** Organizational perception of sustainability into

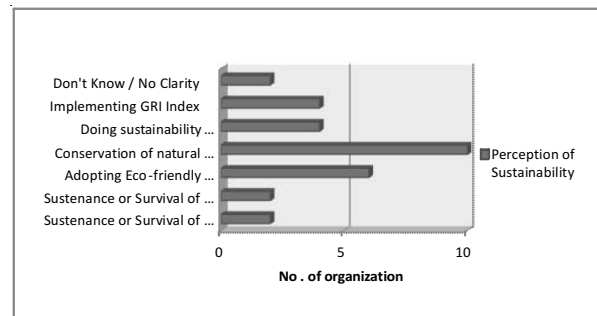
business practices is not as per expected

**H1<sub>A</sub>:** Organizational perception of sustainability into business practices is as per expected opinions, clear and adequate.

Test Statistics	
	What do you perceive out of "Sustainabiiti" in a business practice?
Chi-Square	2.792 <sup>a</sup>
Df	3
Asymp. Sig.	.425

a. 1 cells (25.0%) have expected frequencies less than 5. The minimum expected cell frequency is 3.2.

Chi-squared value of 2.792 is not significant for degrees of freedom 3 at .05 % significance level. So there is no significant difference in the observed and expected frequencies for the various perceptions on sustainability. We therefore reject null hypotheses and accept alternative hypotheses as stated above. Thus first hypothesis is substantiated.



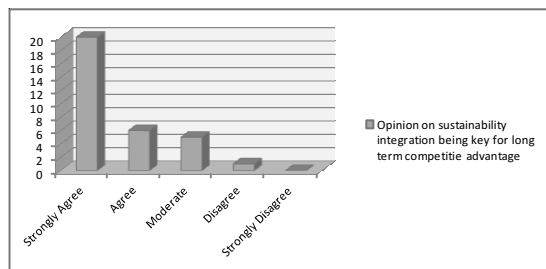
**Fig.1. Perception of sustainability**

**2. Integration of sustainability into business as long term competitive advantage:** The second hypothesis i.e.

**H2<sub>0</sub>:** “Both FMCG and Service Sector firms do not have similarity in their opinion on integration of sustainability into business as a long term competitive advantage to business”

**H2<sub>A</sub>:** “Both FMCG and Service Sector firms have similarity in their opinion on integration of sustainability into business as a long term competitive advantage to business”

Tested through independent sample t-test, hypothesis is substantiated indicating that firms whether manufacturing based or service, pay equal attention towards sustainability integration for gaining long term competitive advantage into their business.

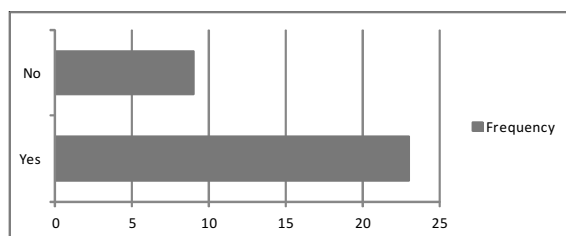


**Fig.2. Opinion on sustainability integration being key for long term competitive advantage**

3. **Sustainable supply-chain policy:** Hypothesis i.e. “There will be a relationship between the existence of sustainable supply-chain policy for the organization and the type of business (sector of the organization whether FMCG or service)” tested through contingency table chi-square test, is not substantiated, indicating that sustainable supply chain policy is independent of sector.

**H3<sub>0</sub>:** Existence of sustainable supply-chain policy and type of business are independent

**H3<sub>A</sub>:** There will be a relationship between the existence of sustainable supply-chain policy for the organization and the type of business (sector of the organization whether FMCG or service)



**Fig.3 Existence of Sustainable Supply-chain Policy**

4. **Conscious efforts in reducing firm’s environmental impact by reducing its GHG emissions:** As hypothesis 4 is substantiated, i.e. “There will be difference between the sectors in the efforts of reducing their environmental impact. FMCG sector firms take more efforts in reducing its environmental impact by controlling its GHG emissions.” Hypothesis 4 tested using t-test

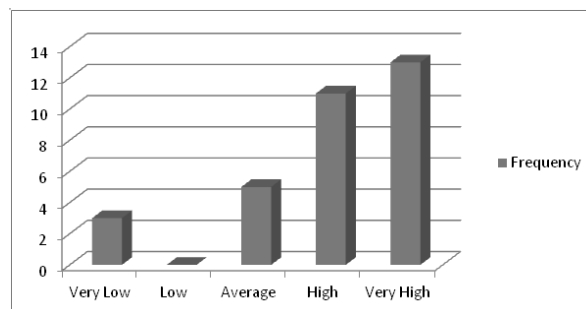
**H4<sub>0</sub>:** There will be no difference between FMCG and Service sectors in the efforts of reducing their environmental impact

Statistically expressed: **H4<sub>0</sub>** is:  $\mu_F = \mu_S$

**H4<sub>A</sub>:** There will be difference between the sectors in the efforts of reducing their environmental impact. FMCG sector firms take more efforts in reducing its

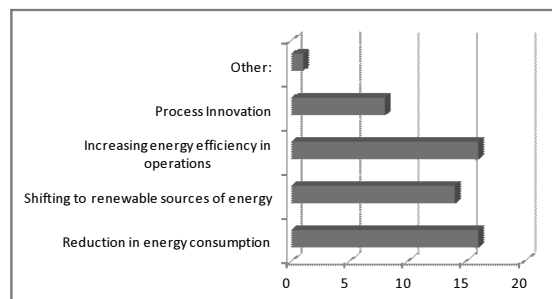
environmental impact by controlling its GHG emissions. Statistically expressed: **H4<sub>0</sub>** is:  $\mu_F > \mu_S$

A t-test indicated that the efforts taken for reduction of GHG emissions by FMCG sector firms are significantly different than for service sector firms.



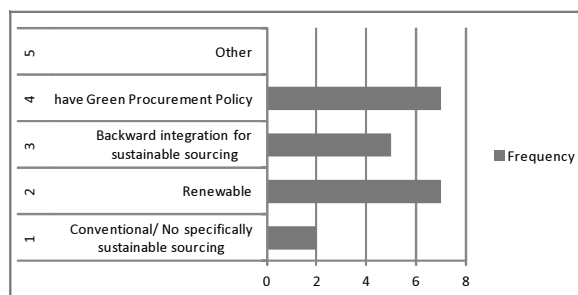
**Fig.4 Efforts in reducing environment impact by reducing GHG emissions**

5. **Renewable energy management:** Manufacturing firms (FMCG sector) are focusing on recycling waste and generating energy through its biomass waste, while service sector has its focus on reducing its energy consumption in its operations and trending LEED certified facilities are replacing the traditional workplaces.



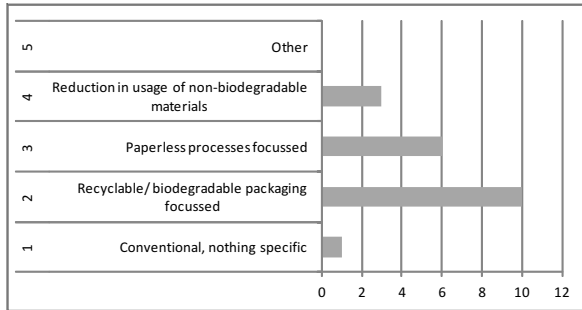
**Fig.5. Measures for Renewable energy management**

6. **Sustainable sourcing of raw materials:** A wide majority of firms equally opt for renewable sources and green procurement policy by working with their suppliers and having supplier’s code of conduct while many giant MNCs sustainably source through backward integration for their raw materials.



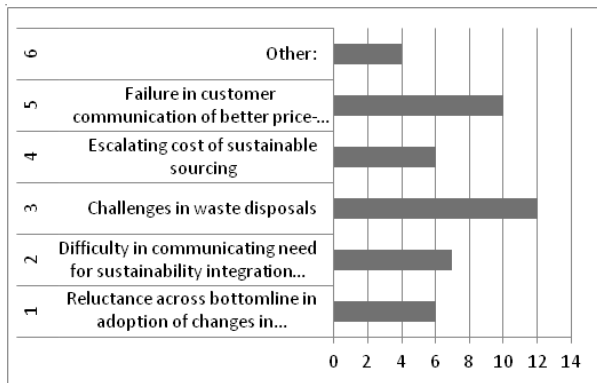
**Fig.6. Sustainable sourcing practices**

**7. Sustainable material management to promote recyclables:** Majority manufacturing firms adopt use of recyclable and biodegradable components in packaging or take measures to reduce usage of non-biodegradable packaging materials of their existing products while service sector is reinforcing paperless processes and focusing on electronic transactions and electronic data management.



**Fig.7. Material management practices to promote recyclables**

**8. Barriers in sustainability integration:** Challenges in waste disposal, failure in customer communication of better price/value proposition of eco-friendly product/services, and difficulty in communicating the need for sustainability integration across the organization are identified as top three barriers to sustainability integration in business practices.



**Fig.8. Barriers in sustainability integration**

**9. Approaches of organisations towards barriers:** Findings to the open-ended question it was found that organisations overcome the above barriers by:

- a. Carrying major process innovations for waste disposal and recycling and.
- b. To improve upon customer communication, organizations are taking increasing efforts by creative media usage and reinforcing the messages with increased frequency and reach.

c. For communicating among internal stakeholders in organizations, firms adopt policy of constant enlightenment and engagement of employees in the awareness programs on sustainability integration.

**10. Product / Process innovation for sustainability:** exploration of the sixth hypothesis which is not substantiated shows that there is no difference among FMCG and service sectors in the extent of product/process innovation.

A qualitative analysis of the different innovations reveals the following emerging themes:

FMCG (manufacturing sector)	IT and Banking (Service sector)
Light-weighting of packaging solutions	Smart and central energy management systems
Packaging from biomass waste & energy generation from biomass	Document digitization and digitized banking solutions
Supply chain efficiency innovations	Green financing services and green bonds
Life cycle assessments for eco labeling	Green IT/Data Centers
Sustainable sourcing	Low cost micro ATMs

**11. Customer and stakeholders’ communication for carbon-footprint reduction:** A qualitative analysis of findings through Grounded theory approach reveals following emergent themes about how do companies carry customer and stakeholder communication for carbon-footprint reduction:

Promotion through website, mailers, newsletters, posters, signage awareness messages

Reaching consumers through conservation messaging through on package information

Tree plantation drives

Idea bank and blogs

Awareness creation and support to Clean India Mission by government

Promotion of paperless banking; mobile and e-banking among retail banking customers

Reduction in usage plastic carry-bags (communicating this by making carry-bags chargeable) for customers

Supplier engagement programmes (for B-to-B customers)

Sustainable lending businesses (for B-to-B customers)

Green Quiz

Natural capital Olympiad for students – young consumer awareness

Think Eco Act Eco fair

Free sapling sale to promote plantations

Cleanliness drives

- 12. Green marketing Initiatives:** A qualitative analysis of findings through grounded theory approach reveals following emergent green marketing initiatives by leading organizations:

Communicating sustainably sourced ingredients on packaging

Providing sustainable choices for customer in product portfolio

Communicating and promoting tree plantation drives

Paperless banking platforms

Promoting environmentally sustainable investments

Green credit facilities

Eco-friendly products in paper category

Biodegradable packaging materials

Communication about packaging material optimization and light-weighting

Supporting and promoting sustainable farming

### Conclusion

Global conglomerates better understand the significance of integrating sustainability into long term corporate objectives. Thus there are implications for many local firms as well, to take a serious consideration of sustainability and incorporate relevant strategies into its vision and mission.

To begin with their journey towards sustainability, firms can start complying with regulatory norms and follow reporting standards which provide comprehensive guidelines on various holistic aspects of sustainability.

Implications for regulatory and legislative bodies to generate greater awareness among all industrial sectors whether it is medium, small or micro enterprises. In Indian scenario, reporting standards needs to get more stringent with their regulations and periodically updated with global standards.

Adoption of sustainable supply-chain policies is strongly recommended as it not only begins with raw material supplies but spans across distributors and retailers as well to ensure sustainability across entire value chain.

Periodic employee trainings to remove reluctance

across bottom line in adoption of changes in conventional practices, conduct programmes and promote awareness in alliance with regulatory bodies.

Increasing energy efficiency in operations was identified as progressive initiative towards carbon footprint reduction thus it is recommended for the companies to invest more on related technologies

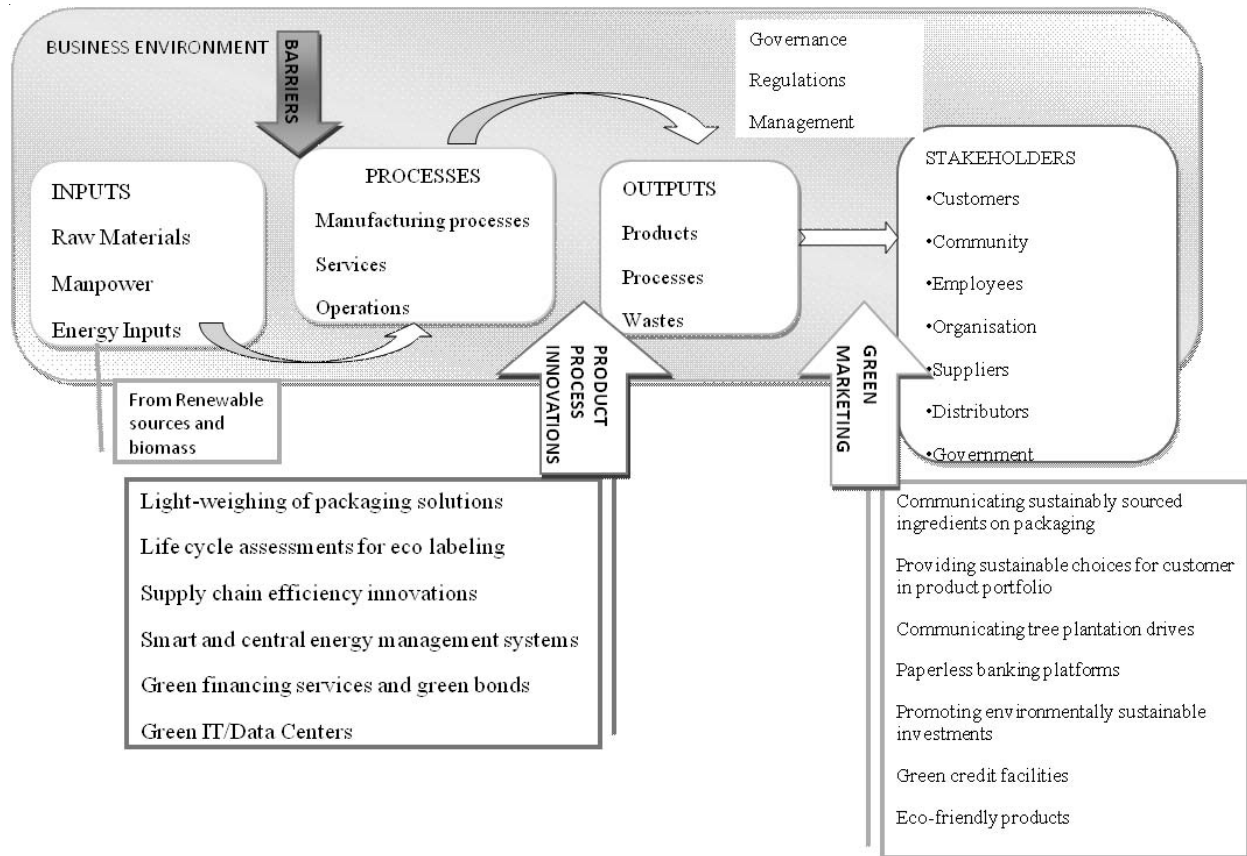
As the major barrier for sustainability integration was found to be 'difficulty in communication across organizations and among customer groups' thus it is recommended that regulatory bodies need to extend their functions to awareness creating, imparting adequate knowledge, conducting requisite trainings through the organizations form merely generating regulations and performing audits.

Recommendations regarding customer communication to reduce their carbon footprint are to conduct more engaging drives, organizing contests and reward and recognition can serve as more resulting initiative.

1. Recommendations for Green marketing of their businesses firms:
2. Eco-labels
3. Eco product portfolios
4. Plantation drives
5. Paperless processes
6. Promoting environmentally sustainable investments
7. Green credit facilities
8. Eco-friendly products

Regarding sustainable sourcing firms go for either green procurement policy which ensures collaboration with suppliers to work on production of sustainable raw materials.

It can be concluded that the sustainable business model archetype evolved out of this study (depicted below) can be successfully emulated by organizations aspiring to integrate environmental sustainability into their business.



**Fig.9 Sustainable business model archetype**

### Acknowledgement

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