

ABSTRACT

Topic

CSR: SUSTAINABLE DEVELOPMENT BY GOING GREEN

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ABSTRACT

CSR: SUSTAINABLE DEVELOPMENT BY GOING GREEN

The world has been living far beyond its means. And in the process, the future has been seriously compromised. The global economic model has perpetuated a system of rewards that focuses only on the generation of financial returns. In such an environment, the source of competitiveness for business is derived from a relatively narrow purpose of expanding consumer franchise and enhancing shareholder value. Conventional Balance Sheets and Profit & Loss Statements also do not take into account the cost burden of social inequities and ecological destruction. Unfortunately, such an approach has left a deferred cost burden to be borne by society and future generations. And that cost is today spiralling out of control, threatening future economic progress.

Corporate Social Responsibility (CSR), is about businesses considering the interests of society by taking responsibility for the impact of their activities on everything and everyone they touch, including the environment. Green is a philosophy and social concern for the conservation and improvement of the environment. While much of the drive for Sustainability / Green / CSR has come from regulatory directives, research has shown that if implemented constructively, these initiatives can drive business performance improvements in many areas. Business software applications are now emerging to help companies achieve these goals by providing capabilities to eliminate waste, reduce energy consumption, use alternative materials, and optimize the supply chain and other initiatives

The trounce today's problem of over consumption and human development, it needs a shift from unsustainable consumption patterns towards a sustainable consumption pattern with a clear and vigilant Green CSR policy in the mainstream of corporate strategy.

Green CSR is an initiative by organisations to pass the message of sustainable consumption among consumers, employees and society at large. It all promotes green behaviour is society.

This paper highlights the points Going to Green, The Tips for going Green, Green Philosophy- A Sustainable approach and some of the examples.

The objectives of the study are

- To analyse the global competitive environment.
- To study the survival of the business houses during the recessionary trend with special reference to Green Philosophy.
- To explain the sustainable approach to Green CSR.

Key words: Sustainable, Green, CSR, Society, Environment.

PAPER

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INTRODUCTION

The year gone by has indeed been one of the most challenging for the world economy. The unprecedented financial crisis, acknowledged today as the worst since the Great Depression, has brutally shaken the foundations of some of the strongest economies in the world. Nearly 40 million jobs have been lost. Cumulative losses from bankruptcy, closures and failed businesses are pegged at trillions of dollars. Though Governments across continents have responded speedily and in rare unison, the path to recovery is expected to be long and arduous.

This impending reality will progressively change the rules of the game. It requires businesses to shape a totally new paradigm of competitiveness – a strategic shift that will require businesses to build capabilities to address the stringent demands of a low carbon global business environment. For a country like India with millions below the poverty line, and nearly 12 million people entering the job market every year, a competitive low carbon strategy of growth will also have to generate incremental employment and livelihoods. Therefore, for Indian business, this new paradigm of competitiveness will not only require the creation of “green businesses”, but also the generation of “green livelihoods”. Corporate Social Responsibility and Green philosophy hold the key to sustained development in these times of strife as they not only ensure recovery from the present situation but also ensure that the future is equally promising.

Sustainability was defined by the Brundtland Report CE 1987, as *development that meets the needs of the present without compromising the ability of future generations to meet their own needs*. Corporate Social Responsibility (CSR), is about businesses considering the interests of society by taking responsibility for the impact of their activities on everything and everyone they touch, including the environment. Green is a philosophy and social concern for the conservation and improvement of the environment. While much of the drive for Sustainability / Green / CSR has come from regulatory directives, research has shown that if implemented constructively, these initiatives can drive business performance improvements in many areas. Business software applications are now emerging to help companies achieve these goals by providing capabilities to eliminate waste, reduce energy consumption, use alternative materials, and optimize the supply chain and other initiatives.

OBJECTIVES

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METHODOLOGY:-

Information has been sourced from books, articles, various websites. This research paper is based on secondary data for finalization of views and opinions. The business model is also illustrated as a case study in the research because their marketing strategy can be followed by other corporate in the world.

THE NEW PARADIGM FOR DEVELOPMENT

The recent global financial meltdown is indeed an important wake up call for the world economy. It is more than evident today that Economic Growth and Sustainable Development are not necessarily the same thing. The last century and a half, since the Industrial Revolution, has witnessed unparalleled material development. Unfortunately, such material development has come at a significant cost.

For decades, the growth process has paid scant attention to replenishing the rich natural resources inherited over many generations. As a consequence, in less than half a century, the world has lost a fourth of its topsoil and a third of its forest cover. In the last 35 years alone, a third of global bio-diversity was forfeited. Scientific evidence today confirms that humanity's demand on the planet's living resources now exceeds its regenerative capacity by a wide margin. The current global economic model is clearly unsustainable.

Indeed, the world has been living far beyond its means. And in the process, the future has been seriously compromised. The global economic model has perpetuated a system of rewards that focuses only on the generation of financial returns. In such an environment, the source of competitiveness for business is derived from a relatively narrow purpose of expanding consumer franchise and enhancing shareholder value. Conventional Balance Sheets and Profit & Loss Statements also do not take into account the cost burden of social inequities and ecological destruction. Unfortunately, such an approach has left a deferred cost burden to be borne by society and future generations. And that cost is today spiralling out of control, threatening future economic progress.

One way or the other, the post Copenhagen era will bring in new challenges - challenges that can significantly change the context of competitiveness for business. Emission reduction targets in developed nations will invariably get translated through their businesses. This would eventually incentivise businesses in those countries to adopt low carbon strategies. Moreover, growing environmental concerns of consumers and the "greening" of business by responsible corporations will also compel products and supply chains to become more carbon-sensitive.

This will create new competitive pressures on business. No longer will cost, quality and efficiency be the only factors determining competitiveness. The ability of a business corporation to adopt low carbon operations as well as sustainable business practices will be one of the key determinants of competitiveness in the years to come.

GREEN TO GOLD: CORPORATE ADVANTAGES

An Eco-Advantage Mindset, supported by the right tracking tools, a focus on redesign, and a culture of environmental stewardship, is the foundation for turning green to gold. But the real action lies in the strategies that create value, the Green-to-Gold Plays. Like any other business strategy, our Green-to-Gold Plays aim to reduce the downsides a business faces (cost and risk) or increase the upsides (revenue and intangible value). Unlike many others, though, these plays don't sacrifice responsibility in the pursuit of profit — or profit in the pursuit of responsibility. Our Wave Rider companies offer proof every day that doing good and doing well can be symbiotic..

Not surprisingly, most green business efforts to date have focused on the lower left box. Cost reduction is extremely low risk, easy to sell internally, and often pays back quickly. It can yield competitive advantage. But our research suggests that, by focusing solely on the cost side, many companies are missing chances to generate broader Eco-Advantage. Most companies have not yet executed all of the plays — they're leaving money on the table.

1. Eco-Efficiency

Cutting pollution and waste makes good business sense. Even highly efficient companies have been shocked to discover savings they had previously overlooked. Over three decades, 3M continues to find new ways to pare costs through its 3P program, Pollution Prevention Pays. Many changes can be very simple. STMicroelectronics, for example, put in larger air-conditioner ducts, which allowed its air-circulating fan to run more slowly. The fan now uses 85 percent less energy. In just one year, with \$40 million invested in changes like these, the company saved \$173 million.

Sometimes the search for eco-efficiency can leapfrog past reduction to outright elimination of a process or resource. Rohner Textil once produced its dyed, woven fibers in the same manner as everyone else in the industry. To make the fibers strong enough to weave, it would coat the yarn with chemicals, which had to be washed off later, creating wastewater problems. While searching for a way to reduce chemical use, Rohner realized that humidity makes the fiber stronger. So the company now skips the chemical coating and simply doesn't dry the yarn quite as much, leaving moisture in the fiber. Rohner cut out one step, shortened another, eliminated the chemicals, reduced energy use, and cut costs; a pretty good day at the eco-efficiency office.

Rohner's efficiency improvements have driven per worker productivity up 300 percent over the past 20 years. During a vicious downturn in its industry, Rohner, unlike many other companies, remained profitable.

2. Eco-Expense Reduction

Efforts to lower direct environmental costs such as landfill fees or regulatory paperwork can also return big dividends. DuPont has saved billions on pollution control, and that's only the *measurable* cost of waste. In one case, the company cut rejects from the Lycra production line from 25 percent of volume to less than 10 percent. That focus on reducing waste saved material, lowered landfill costs, and freed up \$140 million in saleable product. It also meant

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the company could delay building another plant, saving many millions more in capital expense. The ripples from cutting waste and eco-expense can overflow and save money in many ways.

3. Value Chain Eco-Efficiency

Companies that look broadly for environmental gains and use tools like Life Cycle Assessment often find ways to reduce costs throughout their value chains. The play here is to try and capture that value, which can be a difficult task.

4. Eco-Risk Control

With the rise of transparency, the risks to a business and its brand can come from anywhere. A substantial amount of goodwill is tied to corporate reputation. If a distant supplier dumps waste in a river or employs children, the major customer, with an international brand, may well be the one to pay the price. Wave Riders identify potential risks and act on them as early as possible. When McDonald's pushes back on its supply chain to lower antibiotic use in chickens, or asks for documentation that ensures that cattle do not have mad cow disease, it's lowering the risk of contaminating its brand. Intel spends millions to ship its hazardous waste from some developing countries to the United States so it can be disposed of properly. Why? Intel doesn't trust the waste-handling system in some countries where it operates. And company officials know they'll be blamed if something goes wrong.

5. Eco-Design

Redesigning processes and products to cut waste and pollution are a big part of Eco-Advantage. Keep in mind, too, that a great deal of potential gain might lie outside the factory gates or your own facilities' doors. Helping customers reduce their environmental problems can strengthen customer loyalty and attract new sales. Reducing a product's energy use or toxicity also can add to customer value. Like Johnson Controls, which sells entire energy management systems, companies that find ways to lower customer burden can profit.

6. Eco-Sales and Marketing

Marketing the green qualities of products can drive sales. When Wausau Paper launched a new brand extension of "away from home" products — paper towels, toilet paper, and the like — it first certified the product line with Green Seal, an NGO specializing in environmental product labels. The company then rebranded the product EcoSoft Green Seal, putting the certification right in the name. In an industry growing only 2 to 3 percent per year, Wausau's sales in this market leapt 44 percent in the first two years.

7. Eco-Defined New Market Space

Environmental Vision can create new market space and value innovation. Toyota set out to redefine the twenty-first-century car and has come pretty close. Many customers now seek a hybrid, not a mid-sized car, and they'll pay a substantial premium or wait months for a particular. For these consumers, there is no substitute.

Looking for environmentally defined market space can seem to lead companies far afield. Take John Deere's recent foray into renewable energy. The tractor maker started up a business unit to help farmers harvest wind energy. Deere will offer financial backing and consulting. This may seem an odd fit, but we see it as an interesting play. A company known for providing farmers with the tools they need is offering to help them survive and find new revenue streams. That's value innovation!

8. Intangible Value

Most companies are worth more than their hard assets, and in some cases much more. Brand value — or corporate reputation, more generally — can be worth many billions of dollars. Any threat to that value has to be taken seriously. From BP to GE to Wal-Mart, a growing number of companies have launched campaigns to build a green element into their brand.

GREEN CSR: A SUSTAINABLE APPROACH

An organisation with a superior Green CSR programme is able to manage and report on the social and environmental impacts of its operations. Corporate responsibility is not just a public relation exercise, but a strategically fundamental driver that safeguards the interest of society and the environment along with business interest. Green CSR is the need of the hour. If we look into the research studies by WWF (World Wide Fund) or UNEP (United Nations Environment Programme), they show heart thrilling facts like: Air Pollution is already responsible for 3,10,000 premature deaths and an average of half of working day is lost to sickness each year across Europe. Likewise, we have many such facts. In simple term, the globalized and competitive business practices promote unsustainable consumption. This will ultimately lead to increase in ecological footprint and are the major cause for inequality in consumption. This amounts to a greater threat to our planet.

The trounce today's problem of over consumption and human development, it needs a shift from unsustainable consumption patterns towards a sustainable consumption pattern with a clear and vigilant Green CSR policy in the mainstream of corporate strategy.

Green CSR is an initiative by organisations to pass the message of sustainable consumption among consumers, employees and society at large. It all promotes green behaviour is society.

Inequality in Consumption

If the present trend of unsustainable and over-consumption continues without change, the problem will worsen. In this regard, statistics by UNDP show that “The real issue is not consumption itself but its patterns and effects”. Note the following facts pertaining to inequalities in consumption across the globe.

Globally, 20% of the world's population in the highest-income countries are responsible for 86% of total private consumption expenditures, whereas the poorest 20% consume a minuscule 1.3%.

More specifically, the richest one fifth.

Consume 45% of all meat and fish, the poorest one fifth 5%.

Consume 58% of total energy, the poorest 5th less than for 4%.

Have 74% of all telephone lines, the poorest 5th 1.5%.

Consumes 84% of all paper, the poorest 5th 1.1%.

Own 87% of the world's vehicles fleet, the poorest 5th less than 1%.

As Scott Keiller, Starbucks Coffee Company (UK) Ltd said “Business can make the customer much more aware of environmental issues to do with products. Stores should be seen as a place for discussion, where employees proactively talk to customers about sustainability. Point-of-sale material should have simple, interesting message so customers feel engaged and encouraged to find out more information”.

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Further, Companies that are using sustainable and green practices by means of usage of resources like energy, water, material, have lower cost bases, make fewer emissions and in the long term, are more successful because there is an increasing awareness towards social, environmental and economic aspects of business activity among customers, suppliers, investors, and the community.

Sustainable CSR - The New Corporate Responsibility

A corporate responsibility approach that demonstrated a company's commitment to sustainable consumption would include:

- Explanation of how the principle of sustainable consumption is shaping their business strategy;
- A focus on the company's product, through an environmental and social analysis of their key life cycle impacts;
- Pro-active engagement with government and NGO's in developing a public policy framework that creates a business case for more sustainable products;
- A research and development strategy that focused on beating the competition at product sustainability- in terms of supply chains and product use- alongside other consumer priorities;
- Designing feature that help consumers use their product or service in a more sustainable way- such as economy wash options on washing machines, and zero energy stand by functions on TV's;
- A serious and intelligent justification for any products offered that have the potential to drive consumption practices in highly unsustainable directions (for example, patio-heaters and domestic air conditioning units);
- Marketing strategies that appeal to people's values and ethics, and a broader sense of well being and avoid creating new unnecessary and unsustainable wants or playing on securities;
- Partnership with innovative enterprises developing more sustainable products or service approaches; and
- Partnership enterprises with NGO's and policy makers, where business expertise and skills can be marred with the skills of the others to bring benefit to all parties;

TIPS FOR GOING GREEN EFFICIENTLY

In today's era of escalating energy costs and climate change, energy efficiency is the most important aspect of greening your business. You can reap immediate savings by lowering your overall energy use and doing so will automatically reduce your business's carbon emission footprint. You can also save money in the areas of waste reduction, equipment use, transportation, and building design.

1. Set a company policy to shut off all lights, machinery, and equipment when not in use, particularly on nights and weekends. Much equipment is idle and unused for up to 90 percent of its life. Simple inexpensive timer devices can be used to accomplish this task easily.
2. Consider using energy-efficient power strips or surge protectors. The latest versions can be found with remote control shut-offs, main shut-offs that can power down peripheral equipment, and motion-detecting shut-offs.
3. Lighting can often account for up to 40 percent of energy costs for many businesses. Install

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motion-sensor and/or automatic dimming switches for all lighting to be certain that you are not inefficiently lighting areas when no one is present.

4. Install programmable thermostats to automate your HVAC system and to significantly scale back your heating and cooling when your business is not in operation. About 6 months of energy savings generally pay the installation and cost of these units, an excellent return on your investment.

5. Always buy Energy Star qualified products for your business. The Energy Star label indicates the most efficient light bulbs, computers, printers, copiers, refrigerators, televisions, windows, thermostats, ceiling fans, and other appliances and equipment.

6. Travel and transportation costs have been rising rapidly as fuel costs increase. Efficiency in transportation is often an effective way to lower your energy costs. If your business has company-owned cars or a fleet of vehicles, consider purchasing vehicles that are hybrid, whenever possible.

7. Develop a company-wide policy to eliminate unnecessary idling of truck engines. One way is by installing auxiliary power units that will heat or cool the truck when stopped, allowing the main engine to be shut down. Wal-Mart installed auxiliary power units on its 6,845 semi tractors and saved \$22 million in 16 months.

8. Many countries are facing rising water and sewer costs. Better water efficiency can be attained with relatively simple and low-cost steps. For example, check your facility carefully for any water leaks. If feasible, shut off all water-using outlets and monitor your water meter. If meter is showing water input, you have leaks in your system. Locate and repair any such leaks.

9. Any waste that your company generates is an unnecessary cost. Waste is simply inefficient. Examine all waste generated by your business and look for ways any current waste products can be reused on-site or by other businesses, eliminated or radically reduced. Brainstorm with the employees who are involved in the generation of the waste for fresh ideas. Look for ways to alter your waste generation so that the waste produced can be reused.

10. You can incorporate green business practices into your supply chain by incorporating green specifications into bid or quote requirements where appropriate. For example, you can specify that products contain no hazardous chemicals, that they do contain post-consumer recycled content, or that all plastic components are not painted or varnished.

11. Consider developing a comprehensive green business plan for your business that encompasses energy and water efficiency, waste reduction, transportation, computing and equipment efficiency, building design, and the design and actual operation of your business. Energy savings of 30 percent are easy and cost-effective to achieve and can reach up to 75 percent with a diligent effort.

ADOPTING GREEN PHILOSOPHY:

Philips Light's CFL

Philips Lighting's first shot at marketing a standalone compact fluorescent light (CFL) bulb was Earth Light, at \$15 each versus 75 cents for incandescent bulbs. The product had difficulty climbing out of its deep green niche. The company re-launched the product as

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"Marathon," underscoring its new "super long life" positioning and promise of saving \$26 in energy costs over its five-year lifetime. Finally, with the U.S. EPA's Energy Star label to add credibility as well as new sensitivity to rising utility costs and electricity shortages, sales climbed 12 percent in an otherwise flat market.

ITC

* ITC has been 'Carbon Positive' three years in a row (sequestering/storing twice the amount of CO₂ than the Company emits).

* 'Water Positive' six years in a row (creating three times more Rainwater Harvesting potential than ITC's net consumption).

* Close to 100% solid waste recycling.

* ITC's Social and Farm Forestry initiative has greened over 80,000 hectares creating an estimated 35 million person days of employment among the disadvantaged.

* ITC's Watershed Development Initiative brings precious water to nearly 35,000 hectares of dry lands and moisture-stressed areas.

Maruti: Greening of Supply Chain

The company has remained ahead of regulatory requirements in pursuit of environment protection and energy conservation at its manufacturing facilities, and in development of products that use fewer natural resources and are environment friendly.

The company credited the 'Just-in-Time' philosophy adopted and internalized by the employees as the prime reason that helped to excel in this direction.

The company has been promoting 3R since its inception. As a result the company has not only been able to recycle 100% of treated waste water but also reduced fresh water consumption. The company has implemented rain water harvesting to recharge the aquifers. Also, recyclable packing for bought out components is being actively promoted.

The company has been facilitating implementation of Environment Management System (EMS) at its suppliers' end. Regular training programs are conducted for all the suppliers on EMS. Surveys are conducted to assess the vendors who need more guidance. The systems and the environmental performance of suppliers are audited.

The green co-efficient of this system is much better than the conventional system

HCL's Environment Management Policy under HCL EcoSafe

In building a system to identify, develop and sustain the maintenance of an environment management system at corporate level we have formulated a program that we proudly refer as **HCL's ecosafe**.

The aim is to encapsulate knowledge, awareness, and key developments on all environmental issues faced by today's world and to incorporate these in HCL's operations assuring our commitment in delivering quality products, solutions and services

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Some more Examples:

* McDonald's restaurant's napkins, bags are made of recycled paper.

* Coca-Cola pumped syrup directly from tank instead of plastic which saved 68 million pound/year.

Road Ahead

In today's (recessionary) context, the road to Green Philosophy can be found by looking for waste reduction and cost reduction, especially where it pertains to the use of energy and natural resources by looking at managing risks and uncertainties around energy and natural resources. The regulatory environment will probably define the busiest route to Green Philosophy in the coming few years.

The pressure is on businesses worldwide to be more environmentally conscious and reduce their carbon footprints. Today, manufacturing and services operations have to be eco-friendly and be green with regard to their usage of information technology as well. With eco-friendly demands coming in the form of economic issues, government directives and public pressure, organizations that fail to adapt their operations to address environmental issues face the prospects of incurring additional costs, losing business, and damaging their corporate reputation.

Embedding larger sustainability in corporate strategies the company should consciously invest in the future. A promising future by creating competitive and sustainable businesses of tomorrow that will continue to enhance the long term value. The conscious strategy of Green Philosophy adopted by the companies or corporate will put them in a leadership position in sustainable business practices.

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