LEARNING LESSONS FROM CORPORATE GREENING

Dr. Mrudula Trivedi

Assistant Professor, Dept. of Commerce and Business Management,
Faculty of Commerce, the Maharaja Sayajirao University of Baroda, India

ABSTRACT

Today although organizations are growing and registering growth, making huge profits and customer is satisfied but Marketing philosophy has its own limitations. Pollution has contaminated the atmosphere and has restricted our sustainable development. It is observed that in last two decades there is a massive discharge of harmful gases like sulphur dioxide (SO₂), nitrogen oxides (NO_x), and hydrocarbon compounds into the atmosphere. Lead pollution has been linked with impaired brain function in children-emissions from vehicles using leaded petrol are a major source. The challenge facing mega cities is how to reduce the adverse environmental impacts and other negative effects of intense pollution due to industries as well as use of transportation by people. Because the dilemma becomes most pressing under conditions of rapid urban. So, with the aim of bringing down the pollution and to minimise its adverse effects, organizations have shifted from marketing orientation to eco-marketing orientation. Studies indicate that during the 1960's green consumerism emerged and slowly and gradually greener business trends took place world over. Marketing practices and business orientation have started shifting their attention from consumer satisfaction and profitability to consumer satisfaction, profitability & environmental protection. Greening may include developing innovative green product concepts, green concept testing, product development and its marketing, green packaging, paperless communication and green advertising strategies. In this study an attempt is made to study corporate greening practices of selected organisations and how it has helped consumers, organizations and society at large.

Keywords: Pollution, adverse effects of pollution, eco-marketing orientation, green marketing, and corporate greening practices.

Cite this Article: Dr. Mrudula Trivedi, Learning Lessons from Corporate Greening, *Journal of Management (JOM)*, 6 (3), 2019, pp. 29-34.

<http://www.iaeme.com/JOM/issues.asp?JType=JOM&VType=6&IType=3>

1. INTRODUCTION

In simple words, pollution means contamination of atmosphere. Pollution has been defined as 'something present in the wrong place, at the wrong time, and in the wrong quantity'. This may be rather imprecise, but it conveys the basic fact that it is not necessarily the pollutant itself

which is the problem but the quantity of it in relation to the environment's ability to cope with it. Unwanted and potentially harmful changes are the result.

Along with economic growth pollution is also increasing. It is observed that in last two decades there is a massive discharge of harmful gases like sulphur dioxide (SO_2), nitrogen oxides (NO_x), and hydrocarbon compounds into the atmosphere. The main sources of these pollutants have been power stations, various industries and motor vehicles. These pollutants do result into acid rain, acidification of lakes and destroy the forests.

Air pollutants, such as those emitted by motor vehicles, can directly affect human health. SO_2 , NO_x and ozone (O_3) can cause breathing difficulties and many hydrocarbons are carcinogenic. Lead pollution has been linked with impaired brain function in children-emissions from vehicles using leaded petrol are a major source.¹

It was noted in a book titled "*The Leapfrog Factor: Cleaning the Air in Asian Cities*" –by CSE associate director Anumita Roychowdhury, that each year air pollution accounts for 0.8 million deaths and 4.6 million lost life years worldwide; two-third of this occurs in developing Asian countries and India alone accounts for more than 0.1 million premature deaths. The book uncovers the national crisis: a growing number of cities -- many of them non-metro smaller cities -- are turning into pollution hotspots. In 57% of the cities monitored in India, respirable particulates are at critical levels (more than 1.5 times the standards).

The challenge facing mega cities is how to reduce the adverse environmental impacts and other negative effects of intense pollution due to industries as well as use of transportation by people. Because the dilemma becomes most pressing under conditions of rapid urban growth, which is likely to increase the demand of various goods and vehicles significantly.

2. RESEARCH OBJECTIVES

1. To understand air pollution and its adverse effects
2. To develop an understanding of Eco-Marketing Orientation and its benefits
3. To study various practices undertaken by selected organizations

3. METHODOLOGY

This study is analytical in nature and based on secondary data. Here, information is taken from various sources pertaining to green initiatives adopted by selected organizations and attempt is made to find out whether these initiatives really helped them in achieving its objectives. Corporate greening practices are identified and effort is made to which extent it helps organizations to go for greening.

4. MOVING TOWARDS ECO-MARKETING ORIENTATION

Marketing scholars suggest that the movement from production to selling and ultimately to the marketing orientation is typically progressive in nature, starting with production orientation and ending with the marketing orientation.² Kotler (1988) suggests that all business orientations compete for dominance within the organization, implying that typically firms adopt only one of the competing orientations, as their primary orientation.³ Production Orientation is internally focused. Cost reductions, increases in production and logistical efficiencies are of foremost importance to a firm that is production oriented. (Cravens, Hills and Woodruff. (1987)⁴

Sales orientation implies an external focus directed toward increasing sales volume (Zikmund and D'Amico, 1986)⁵ It emphasizes on promotional measures to increase the sales. Organizations with Marketing-orientation focus on twin organizational goals i.e. customer satisfaction and profit maximization. McCarthy and Perreault (1984) propose that well-managed firms have tended to adopt marketing orientation as the dominant underlying business

philosophy. The adoption of a marketing orientation by well -managed firms suggest that the marketing orientation is considered the current “state of the art” business philosophy.⁶

Entrepreneurial-oriented firm’s major focus is to innovate and to exploit the environmental opportunities available, willingness to take the risk for higher rewards. In a 1989 empirical study of the furniture industry, Miles and Arnold (1991) found support for the proposition that an entrepreneurial orientation is indeed a unique fourth business orientation, and not an extension of the marketing orientation.⁷

However, due to consumer’s increased ecological awareness, many firms are attempting to meet latent and long term consumer needs by adopting more ecologically friendly and socially responsive approach to product development, manufacturing, packaging, distribution and promotion. This attempt to meet latent or future consumer needs by marketing management (Kotler, 1973) can be conceptualized as an extension of the marketing orientation augmented by: (1) Innovation, (2) Adaptation and 3) A strong social and ecological conscious.⁸

Studies indicate that during the 1960’s green consumerism emerged and slowly and gradually greener business trends took place world over. Marketing practices and business orientation have started shifting their attention from consumer satisfaction and profitability to consumer satisfaction, profitability & environmental protection. Some visionary organizations took a lead in practicing green marketing. They understood consumer’s growing concern for environment, changing preferences for green products and they successfully exploited it as a new business opportunity.

Top managers of companies like American Airlines, Bell Atlantic, and Coca-Cola have made buying recycled products and investing in green Research and Development a part of their overall business strategies. They have cut down on waste, increased profit margins and truly closed the recycling loop in some cases. (David Biddle 1993)⁹

Thus, environment protection is a serious concern and a challenge for Corporates. Hence, product differentiation can be used as a strategic tool by introducing eco-friendly products and green competitive advantage can be taken to build unique image in the market profitably.

5. SUCCESS STORIES OF BRANDS/ORGANISATIONS WHICH ADOPTED GREEN MARKETING PRACTISES

5.1. The Body Shop

Anita Roddick established the Body Shop on March 27, 1976, in Brighton, England to sell all-natural personal care products.

Both Anita and her husband, Gordon Roddick, have eco centric values and these values are reflected in all major functions such as product design, production, waste management and policies of the organization. Body Shop has adopted an innovative business strategy of making products

Her vision of beauty as vivaciousness, energy, commitment and self-esteem is the basis of a fundamentally different and innovative organizational form. The basic strategy is to make business choices on moral grounds. Doing ethical business of all-natural products without advertising and with franchised body shop of minimal formal structure is noticeable apart from responsibility factor of the company’s culture.

5.2. Innovative Business Strategies for Product Development

The Body Shop makes its own skin and hair related products. Every product has only renewable natural ingredients taken from plants, herbs, fruits, flower, seeds, nuts, oils, soils, water and juices. The Anthropology, Research and Development Department studies skin and hair care rituals of other cultures, such as the Kayapo Indians in the Amazon rain forest and the hill tribes

of the Humla region in Nepal. Anita Roddick travels to these remote destinations to try out new products and indentify local suppliers.

5.3. Product Testing

Unlike most cosmetics companies, the Body Shop actively opposes and campaigns against animal testing. It has also developed safe and humane alternatives to animal testing. All raw materials are microbiologically tested. New products are tested by volunteer members of The Body Shop. After in-house test at the company's Product Evaluations Clinic and then independent test at the University of Wales Laboratories decision to market the product is taken.

5.4. Product Packaging

At Body Shop, customers are encouraged to refill existing containers by offering a 25-cent discount on each refill. Further, all plastic bottles used for packaging have recycling identification. The company uses recycled paper to print all company stationery, brochures, profiles, broadsheets, leaflets and posters, thus saving the raw material requirement of the company.

5.5. The Volvo Car Company

Volvo is a large, diversified, international company, manufacturing cars, trucks, and engineering goods. In 1992, it had whooping revenue of \$11.86 billion and nearly 60,000 employees. The Volvo Car Company tries to manage its environment related problems like air pollution, use of scarce oil and scrap wastes in a systematic and integrated way. It has added element of environment to its strategy. Volvo is now making cars which are environment friendly, fuel efficient and which makes a good business sense as well.

5.6. Volvo's Environmental Policy Pledges To:

- Develop and market products that deliver superior efficiency and contain environmental properties.
- Adoption of manufacturing processes that has minimum negative impact on the environment.
- Undertaking research and development in the field of environment.
- Choosing environmentally compatible and recyclable materials for developing and manufacturing products.
- Continuously strive to attain worldwide environmental standard for processes and products.

5.7. The Environmental Concept Car

Volvo has developed a unique product, the Volvo Environmental Concept Car (ECC). Its design objective was to minimize the total environmental effects of production, operation, and eventual destruction. The Volvo ECC is a hybrid car that runs on both electric motors and gas-turbine engine. It can operate on all currents from 170 to 330 volts in single-phase or three-phase systems.

5.8. Green Japan Incorporation

Highly industrialized Japan was facing severe pollution and congestion problems. For example, mercury poisoning of the Minamata Bay by effluents from the Chisso Chemical Company plant resulted in death and injury to thousands of people. The country's refusal to ban ivory products and thereby protect the African elephant was widely criticized. It continued to use ecologically harmful dragnet fishing and its urban air, rivers and land were highly polluted.

For more than past 20 years Japan struggled to improve its environment. In the process it enacted many stringent laws, developed new technologies and established new approaches to pollution control. It made great progress in the 1970's in cleaning up urban pollution and improving energy efficiency. Now "Green Japan Inc." is leveraging its rich pollution control experiences, huge investment capacity, technical know-how and innovative managerial skills to develop a global environmental strategy.

5.9. Converting Problems into Opportunities

In Japan, technology-based industrialization is considered as the sole option to drive economic growth. To Japan, pollution results from imperfect technologies. Therefore, new and advanced technologies are the answers to these problems. Hence, environmental pollution is a technological problem on one hand and it also offers a market opportunity on the other hand.

Japan's strategy is to target the huge emerging market for pollution control and hazard management technologies. It is developing pollution control equipments and hardware for industries such as steel, waste incineration, waste water treatment, treatment of flue gases, alternative energy, and automobiles. Japan is spending about \$4 billion a year to broaden its already existing edge in environmental technologies over the United States and Europe.

5.10. Technological Innovations

There are numerous examples where Japanese companies gained competitive advantage and made whopping profits by controlling pollution. For example, as cited by *Shrivastava* Japanese steel industry is responsible for 2.5% of greenhouse gas emissions. It has slashed energy consumption per ton of steel by 20% since 1975. In auto industry also, Japanese players likes Honda and Mitsubishi developed "lean burn" engines for cars that can travel up to 100 miles on a gallon of gas. Similarly, The Tokyo Electric Power Company unveiled the highest performing electric car in existence. It can drive for 340 miles at 25mph on a single battery, and can reach a maximum speed of 109 mph.¹⁰ Sanyo, Sharp and Matsushita are global leaders in marketing solar batteries. Matsushita commercialized the first mercury-free alkaline battery.¹¹

Japan has also developed a very effective solid waste management programme. Its nationwide solid-waste recycling program claims to recycle 35 percent of wastes, far more than in the United States, where the figure is about 7 percent.

For Air pollution control, auto manufacturers in Japan are developing high-efficiency catalytic converters and fuel-efficient engines that release much less carbon dioxide than current models. Aggressive research and development work is being undertaken with genetically engineered microorganisms to reduce excess carbon dioxide from the atmosphere.

5.11. Innovative Ways for Risk Sharing

As a high degree of risk is involved in environmental business, Japan innovated several organizational arrangements for distributing risks among various companies. It includes mainly joint ventures with foreign firms, partnership with government agencies such as MITI and the creation of technology consortiums.

In the market related to pollution control solutions, U.S. government agencies (municipal, state, and federal) are big buyers. Tie-ups with U.S. companies provide competitive advantage to Japanese manufacturers. It is important to note here that the tradition of government business partnership has given Japanese companies an edge over others in many industries which include steel, consumer electronics, automobiles, computers etc.

A third organizational innovation used by Japanese companies is the creation of technology consortiums to generate the expensive new technologies needed for environmental

management. Group of companies in a consortium jointly fund the basic research and share research results. These cuts down the time required for technological inventions and reduce the financial risk for individual companies.

6. CONCLUSION

The above stories definitely prove that adoption of green marketing strategies have brought success for them. Here it is important to note that by exploiting this new business opportunities, organizations have enjoyed competitive advantage in the industry. Either you introduce innovation or do product differentiation, design green advertising or go for green packaging. It definitely brings an advantage over rivals and makes good business sense.

REFERENCES

- [1] Greener Marketing, A Responsible approach to business, Edited by Martin Charter, Greenleaf Publishing 1992, P-36.
- [2] Polonsky Michael J., Environmental Marketing, Jaico Publishing House, Mumbai, P- 28.
- [3] Kotler, Philip, Marketing Management, Analysis, Planning, Implementation and Control, Prentice Hall, in Polonsky Michael J., Environmental Marketing, Jaico Publishing House, Mumbai, 1988, P-28.
- [4] Cravens, David W., Gerald E. Hills, and Robert B.Woodruff, Marketing Management, Home Wood, Illinois : Irwin, in Polonsky Michael J., Environmental Marketing, Jaico Publishing House, Mumbai, 1987, P-26.
- [5] Zikmund, William and Michael D'Amico, Marketing, New York: John Wiley and Sons, in Polonsky Michael J., Environmental Marketing, Jaico Publishing House, Mumbai, 1986, P-26.
- [6] McCarthy E. Jerome and William D. Perreault, Basic Marketing, Home wood , Illinois : Richard D. Irwin, Inc., in Polonsky Michael J., Environmental Marketing, Jaico Publishing House, Mumbai, 1984, P-28.
- [7] Miles, Morgan P. and Danny R. Arnold, "The Relationship Between Marketing Orientation and Entrepreneurial Orientation", Entrepreneurship Theory and Practice, in Polonsky Michael J., Environmental Marketing Jaico Publishing House, Mumbai, 1991, P-27.
- [8] Kotler, Philip, "The Major Tasks of Marketing Management" Journal of Marketing, in Polonsky Michael J., Environmental Marketing, Jaico Publishing House, Mumbai, 1973, 37 (October), 42-49,
- [9] David Biddle, Recycling for Profit: The New Green Business Frontier, Harvard Business Review, 71 (November- December), 1993, P-145-156.
- [10] Paul Shrivastava, Greening Business, Thompson Executive press, Ohio, (1996), P-160-161.
- [11] Paul Shrivastava, Greening Business, Thompson Executive press, Ohio, (1996), P-162.