

# GREEN BUSINESS AND ITS IMPORTANCE FOR THE COMPANIES

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## ABSTRACT

Environmental challenges in recent years have increased the trend of “going green” in businesses like never before. “Green business” is gaining popularity day by day. It is the new buzzword in business. Though the concept of green business is not new, but it is becoming increasingly vital in today's business climate. The world is going green and so are the companies. Now going green has become the new success mantra in market to differentiate the products and services from their competition. It has also become a platform for innovation.

Now, more and more organizations are trying to follow the green path either directly or indirectly. They are trying to become socially responsible by adopting principles, policies, and practices that improve the quality of life for their customers, their employees, communities, and the environment. It helps to create a more environmentally friendly and sustainable economy. This paper deals with the concept of “green business” its importance for the companies and functional benefits of using green products on the society as a whole. It focuses on green business certification also and outlines the factors that are driving the need for environmental sustainability and explores the social, economic, and environmental benefits of adopting green business practices. The events that took place in past to make economy more sustainable and the benefits of same have also been discussed. With this it also emphasizes on the future of same. It highlights the steps and methods to be followed for going green.

## Keywords

Green business, Triple bottom line, Green Business Certification

## Introduction

Green business is “smart business”. Natural resources are being depleted at previously unheard of levels, organizations are faced with new challenges in resource and waste management, and consumers are becoming more curious about the origins and environmental footprint left by the products they consume.

In the last twenty five years, the global environmental problems have become paramount. Environmental issues like air pollution, ozone depletion, hazardous waste, water pollution, global warming etc. is now so common that we need to address them as soon as possible to sustain our ecosystem. These environmental concerns have evolved through many different phases (Straughan and Roberts, 1999). It started in the 1960s with the greening concept, concentrating on pollution and energy conservation. Afterward, due to increased social and political pressure, organizations have moved beyond these concepts to follow three R’s: reduce, reuse and recycle

According to a survey conducted by the Boston Consulting Group (BCG) in January 2009, the trend toward buying green continues. More consumers purchased green products in 2008 than in 2007, and more consumers were willing to pay a higher price for green products if they were considered to be of higher quality<sup>(1)</sup>.

## GREEN BUSINESS

The term “green business” describes a holistic business approach with the aim to lower negative effects on the environment, community, society or economy while maintaining a profit. However, there is no standard definition and perhaps the best approach is for each business to define for itself what it means to be a green business and develop a list of actions or standards that it will adhere to. That also includes an economical handling of resources of any kind.

A business looking to describe itself as a “green business” could work towards matching itself against the following three criteria:

1. It incorporates principles of sustainability into each of its business decisions.

2. It supplies environmentally friendly products or a service that replaces demand for non green products and/or services.
3. It has made an enduring commitment to environmental principles in its business operations.

## WHY GO GREEN?

There are a number of important reasons to Go Green with your business. The most significant being that preserving the world's natural resources is the responsibility of every individual both at work and at home. A green business adopts principles, policies, and practices that improve the quality of life for its customers and employees.

In today's business world, leading businesses everywhere is going green because they know that. It helps to:

- Improve Profitability with Cost Savings
- Capitalize on Competitive Advantage
- Mitigate Risk against rising energy prices
- Engage employees and customers
- Make the World a Safer and Healthier Place

## Green business certification

To differentiate the product or service as environmentally sound, it is required to obtain certification from an independent, third-party so that their logo or "ecolabel" can be included on the product's label and other marketing materials. Ecolabeling is important way to market product to green consumers.

In addition to preserving the environment, companies that are authenticated as "Green Business Certified" enjoy a multitude of key benefits and added true business value:

- Initiation into the world community of green businesses
- Enhancement of a company's public and community image
- Increase in customer support and loyalty

- Additional visibility to potential customers
- Reduction of operational and overhead costs
- Employees engagement and pride in their organization
- Increased public awareness in environmental causes by becoming an agent for change

### **Current scenario of Green Business**

A "green shift" could save mankind up to \$2 trillion (Dh7.3 trillion) by 2030 through resource-efficient measures across just three sectors — carbon, steel and iron — in the major economies alone, according to a new World Economic Forum report<sup>(2)</sup>. According to figures available with the Indian Green Building Council (IGBC), part of the Confederation of Indian Industry (CII) - Godrej Green Building Council, in 2008 India had only 18 certified green buildings and 328 projects in the pipeline<sup>(3)</sup>. In 2009, the figure of certified green buildings rose to 52. The number of future projects also went up to 436. A green building is one which uses less water, optimizes energy use, conserves natural resources, generates less waste and provides healthier spaces for occupants. Spending four months in India as an American scholar, **George Wyeth** concerned about global environmental issues found that Indian companies are doing to put themselves on a path toward sustainable growth and the greenest company was Godrej and Boyce. Its programme Good and Green includes (a) greening company operations, (b) developing greener or socially-beneficial products, and (c) supporting educational programmes to train more skilled shop floor workers. Godrej makes energy-efficient air-conditioners, and is one of the first makers in the world to market products with extremely-low-GHG refrigerants. It has "greened" its operations to make maximum reuse of discarded materials, minimize energy and water use, and cut GHG emissions by switching from diesel to biomass fuel. Amul has been rated as the Top Indian Green Brand by the Global Green Brands Study which reveals current consumers' attitudes and perceptions towards green issues. The team behind the public opinion research Cohn and Wolfe, Esty Environmental Partners and Penn Schoen Berland polled over 9,000 people in eight countries from April 2–May 3, 2011 ranking more than 370 brands and determined which companies have the greenest reputation across the world. 1101 respondents from top metros of India were surveyed. As per the research, India is the only country to choose deforestation and

air pollution as the most important green issue. Gujarat Cooperative Milk Marketing Federation (GCMMF) Managing Director R.S. Sodhi said 30 lakh members of Amul had planted eight to nine million saplings in a single day on August 15, across 15,000 villages in the last four years. The International Dairy Federation has also awarded Amul Green movement as the Best Environment Initiative in the “Sustainability category” in 2010<sup>(4)</sup>. SRISHTI GREEN CUBE AWARDS – 2009 are Annual Awards for Good Green Governance for going extra step beyond required compliance this has also been awarded for four consecutive years since 2007. A total of 34 million saplings have been planted so far upto 15th August 2011.

### **Go green and benefit your business**

The “triple bottom line” is a phrase that was coined by John Elkington in 1997. Today, it is one of the benchmarks used to measure whether a business has adopted sound environmental policies and practices <sup>(5)</sup>.

Essentially, the triple bottom line takes ecological and social performance seriously, building it into a three-part organization model that functions along three axes: people, planet, and profit. In other words, rather than considering only profit in measuring a business’ success, the triple bottom line gets companies thinking beyond money to social and environmental factors as well.

The greening of businesses is a great thing for the environment and for the world’s carbon footprint. Methods by which a business might change their manufacturing operations in order to build eco-friendly products are by learning how to follow three **R’s: reduce, reuse and recycle**.

**Method1:** Creating a green strategy for the business

**Method 2:** Reduce the business's overall consumption

- Company’s paper usage.
- Checking of business's appliances and machinery for energy efficiency and ongoing reliability.
- Proper training of employees on using the equipment

- Take energy efficiency into account when buying new equipment.
- Arrange the workspace to make the best use of natural light.
- Keep facilities and utilities in good shape even the things your company isn't using directly to make products or selling can be energy suckers and resource wasters.
- Water conservation
- Identify simple opportunities to reduce waste
- Find out if your state has any 'green rebates' or incentives for energy reduction.

### Method 3: Reuse what you have

Make a list of things around your business that you could easily reuse.

- Paper constitutes about 35 percent of the world's waste <sup>(6)</sup>. And it's so easy to reduce, reuse and recycle. Start a scrap bin for paper, that way people in your office can use paper scraps rather than notebooks.
- Consider staff room, or break room. This area is full of opportunities for reuse.
- Consider getting a battery charger so that workers can reuse the batteries for their work related equipment.

### Method 4: Recycle what you can

- Make recycling easy by placing a well-labeled recycling bin next to every trash can.
- Educating staff on the ways that they can recycle at the office to help in becoming a green business.

### Method 5: Involve staff

- Appointing one green evangelist per department or area of your workplace to pass on the committee's ideas, information and decisions and to generally increase support for greening the business.
- Consider monitoring and rewarding effective environmental performance.

- Get feedback from staff often about green changes. Listen as avidly to the complaints as the praise; you really want to know what is and isn't working.
- Assign specific greening tasks to teams able to get things done within a set time frame.
- Ask employees for suggestions on reducing environmental impact and costs covering the business as a whole, as well as their own individual work activities.

#### **Method 6: Attract customers**

- Identify what customers' environmental or ethical concerns are.
- Identify ways to reduce the environmental impact of products and services produced in the business.
- Publicising the environmental credentials.
- Anticipate changing regulations and customer requirements.

#### **Method 7: Keep learning**

Becoming a green business is a journey without an end destination.

- Create an internal culture that never stops learning and encourages employees to keep giving ideas and implementing things that help your business stay green.
- Stay networked with other green business through online forums
- Keep people updated on your business's experiences through your website and reports.

#### **IMPORTANCE OF GREEN BUSINESS AS AN OPPORTUNITY:**

Generally it has been found that all types of consumers, both individual and industrial are becoming more concerned about the environment. In a 1992 study of 16 countries, more than 50% of consumers in each country, other than Singapore, indicated they were concerned about the environment [Ottman1993]<sup>(7)</sup>.

In turn, it means that the companies selling environment friendly products will have a competitive advantage over other companies. Few examples are:

- Indian Tobacco Company (ITC) has introduced environmental-friendly papers and boards, which are free of elemental chlorine.
- Dell Go Green challenge introduced Recycling discount coupons - to encourage PC recycling among its consumers in India who send their old systems to Dell for free recycling will be eligible for special discount coupons toward the purchase of their next Dell system.
- Rahul Bajaj set up a wind-power generation system that today provides 90% of his plants' energy needs, while realizing savings of \$5 million annually
- Xerox introduced a "high quality" recycled photocopier paper in an attempt to satisfy the demands of firms for less environmentally harmful products.
- Coca-Cola's Replenish initiative aims, by 2020, to "safely return to communities and nature an amount of water equal to what we use in our finished beverages and their production." To meet that goal, the company has engaged in nearly 500 projects and partnerships to protect or improve watersheds, increase access to clean water and raise awareness about water issues. The company estimates that its efforts have improved water access and sanitation for more than 1.8 million people.



Source: [www.cohnwolfe.com/en/ideas—insights/white papers/green-brands-survey-2011](http://www.cohnwolfe.com/en/ideas—insights/white-papers/green-brands-survey-2011)

## IMPORTANCE OF GREEN BUSINESS FOR COMPANIES

Aside from the inherent positives for the planet, taking preventive measures to protect the environment saves the costs of expensive cleanups when things go wrong. Plus, the environmental messages sent out at work spread and multiply and therefore have a larger positive effect.

### WITH ADOPTING SUCH PRACTICES:

They can achieve:

- **SAVINGS IN ENERGY COSTS:** Recycling, energy conservation, energy-efficient office equipment, and water-saving devices all save money by cutting bills.
- **ENERGY AUDITS** provide an assessment of business' energy usage along with recommendations for improvements.

- The reducing consumption part of being green can cut overhead expenses significantly. For example, printing on both sides of paper doesn't cost a business anything and can cut paper supply costs in half.
- **IMPROVED STAFF PRODUCTIVITY:** Getting employees involved in making the business greener and the office and other workplaces more energy-efficient makes them feel like part of the team and motivates them. Greener workplaces also are likely to be healthier and safer, which means that the company loses less money through staff sick time.
- **RETAIN AND ATTRACT THE TOP TALENT:** Becoming known as a green firm can be attractive to potential employees by setting a positive example for employees which boosts morale and company loyalty. Being green means looking after people as well as the environment, and being green may give your company the edge in attracting the best staff.
- Gaining a competitive advantage by differentiating your company as a **GREENIFIED** company
- Introducing telecommuting can cut costs and make staff happier. Employees working from home can reduce employer costs such as parking and make it easier for employees to manage family issues, thus reducing their stress.
- Make the World a Safer and Healthier Place by reducing environmental impacts, practicing corporate social responsibility and building community goodwill.

### CHALLENGES IN GOING GREEN

Companies willing to accept the challenge of going green and adopting green business practices stand to reap the environmental, social, and economic rewards. Many companies currently facing the challenge have survived, and even thrived, to tell about it.

- During a time where environmental awareness is popular, green strategies are likely to be embraced by employees, consumers, and other stakeholders.
- According to many studies, a positive correlation exists between environmental performance and economic performance <sup>(8)</sup>.
- One key for businesses is learning how to follow the three R's: **reduce, reuse and recycle**.
- Becoming green as a business is an on-going endeavour that requires constant learning and revising.
- Many business owners are discovering that looking at their operations through a green lens can help them reduce costs, rethink long-held business practices and open doors to new opportunities.
- The Government is encouraging a greener, more sustainable business economy. Promoting contractors to manage their impact on the environment and commit to environmental initiatives.

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