

Chapter 12

Green Awareness by Corporates and Entrepreneurs in India: A Case Study of Pune City in Maharashtra State

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12.1 Introduction

The Times of India 3rd October 2011 edition (p. 13) reported that the “Europeans will not agree to a second phase of Kyoto Protocol unless emerging economies, such as India, give a date by which they will take on legally binding targets to cut emissions under an international deal.” More and more developed countries are putting the pressure on emerging economies like India to accept legally binding targets of environmentally friendly business practices, and thereby own responsibility towards the creation and maintenance of a green environment (Economist 2008). While CSR is already well established in developed-country firms, it is also becoming important for firms in the developing countries. Extensive research has so far been conducted on CSR in the developed countries; but much less is known about it in the developing countries (Poillon 2000). So far two points about CSR in the developing countries emerge: firstly, firms in developing countries adopt less CSR than their counterparts in the developed world (Welford 2004), and secondly, the main reason for this is their low economic development levels (Baughn et al. 2007). This limited understanding of CSR in the developing economies is a major challenge for both the international community and academics.

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12.2 Literature Review

The rationale behind Corporate Social Responsibility is that since a business derives several benefits from society, it must also in turn return those benefits to society as well. In 1970s there was only one social responsibility of business—to use its resources and engage in activities designed to increase its profits (Baskin 2006). According to Howard Bowen (1953), social institutions shaped economic outcomes; and since business firms are economic outcomes of societal interests, they should also consider the social impact of their activities. According to Bowen, “CSR refers to the obligations of businessmen to pursue those policies to make those decisions or to follow those lines of relations which are desirable in terms of the objectives and values of our society” Howard Bowen (1953). Recently, there has been a drastic increase in health and product safety issues associated with products manufactured in emerging economies, such as the milk and toy scandals in China (Bogdanich 2008). This has not only caused concern worldwide, but has also tarnished the image of the country of origin and the corporate reputation of the firms operating there. Consequently, the international business community needs to understand better the importance of CSR and what affects CSR in the emerging countries (Lal and Jha 1999). It is therefore imperative to know what factors influence firms in the emerging economies to behave in a socially responsible way (Pandve 2007). The internationalization of BRIC firms has led to greater awareness of concerned governments, groups and individuals about issues like pollution, product quality and safety affecting the world at large (Global Information, Inc. 2006; Bogdanich 2008).

Today, CSR is now viewed as a comprehensive business strategy, because of performance considerations and stakeholder pressure (Melnik et al. 2003). Business houses rightly regard the impact of their business on society as significant issues. More companies today see CSR as a critical strategy issue, and therefore are adopting CSR programmes (Rhee and Lee 2003). CSR is basically viewed as a citizenship function with moral, ethical and social obligations that are mutually beneficial to both the organisation as well as society. It is a way of sustaining business as well as protecting the environment through cooperation between businesses and consumers (Sawhney 2004). Among CSR practices, Green Practices (GP) involve developing a production process that conserves energy and other natural resources (Porter and Kramer 2002), creating advertisements and other promotional messages that accurately communicate a company’s commitment to the environment (Kangun et al. 1991), setting prices for Green products that consumers will pay in the interests of environmental safety (Granzin and Olsen 1991), and ensuring a more environment-friendly transportation of products to market (Bohlen et al. 1993). On account of public policy and consumer demand on GP, many restaurateurs have banned smoking in restaurants, introduced recycling practices; they are now offering healthy menu choices, labelling menu items more accurately, adopting energy conservation practices and reducing pollutants (Wilson 2009).

12.3 Research Methodology

In India, there was initially little or no documentation of CSR and GP. In the recent past, there has been a growing realisation on the part of business houses and entrepreneurs of the need for CSR and GP for improving and conserving the environment. They have started realising that the public also favours companies that show genuine socially responsible behaviour, and prefer their goods and services (Lord et al. 2004). Impetus for the “greening” of organisations is increased consumer awareness, as reflected through the environmentally conscious marketplace size (Menon and Menon 1997). Today more and more consumers value how organisations manage their processes irrespective of the quality or performance of products and services sold (Orsato 2006). Although all companies are expected to become “better citizens” by their stakeholders, only some convert environmental investments into sources of competitive advantage (Kathuria and Gundimeda 2002). This is evident from various newspaper reports of fish dying in rivers and busy roads getting water logged due to clogging of gutters by plastic bags.

So on the one hand, multinational companies are implementing a lot of environmentally friendly corporate responsibility practices while, on the other hand, small businesses don't even know the Green Business practices that are to be necessarily adopted as per the law. Companies view Corporate Environmentalism (CE) as either a cost or an investment, depending on whether they take an either proactive or reactive approach. Environment-sensitive organisations view CE as an investment that will yield future returns. But reactive organisations, who are not sensitive to environment, typically implement environment-friendly practices only for compliance reasons; these companies perceive CE as a cost (Coglianese and Nash 2001). Some companies having medium environment sensitivity focus their resources in a narrow decision area. Opportunistic organisations adopt environmental strategy in all areas but which are not advanced.

The authors therefore wished to study the kind of green measures that corporate and entrepreneurs in Pune follow. They wanted to know how aware they are of the need for eco-friendly entrepreneurial systems for maintaining a more sustained environment. The authors administered a structured questionnaire to owners of small businesses in the main busy areas of Pune to find out whether they are aware of global warming and whether they are following green business practices. Both primary and secondary resources were used to learn whether entrepreneurs and business houses are adopting environment-friendly practices.

12.4 Findings

12.4.1 Secondary Sources

The research showed that many corporate houses in India are involved in unethical dealings that grossly attack human rights; the livelihoods of tribals and their right to

decent living by dispossessing them of their lands in the name of mining and other development activities has been done many a times by industrial giants and multinationals. For, e.g. the Vedanta Group was involved the Forest Conservation Act and Environment Protection Act in Orissa in their haste to set up bauxite mines and expand their refineries (Hindustan Times 2010).

At the same time, India has a history of corporate philanthropy, and industrial welfare has been practised since late 1800s. Companies have realised that their activities have an impact on the natural world surrounding them. For example, consumer demand for green or organic goods rose from 2006 to 2008 by 24 % (Mann 2006), and companies are responding to this by both creating environmentally friendly products and also by advertising and marketing both their products and their sustainability practices (Sewell 2010). Some organisations have implemented sustainability practices by employing green information technology (IT). Green IT reviews an organisation's IT policies and finds ways to reduce consumption; the latter can be achieved by changing the organisational culture and behaviour and, by upgrading servers, networks and other IT components to energy-efficient models whilst attempting to recycle the older components (Mukhopadhyay 2002). These IT green initiatives include efforts to make the design, packaging, operation and disposal of IT assets less harmful to the environment through all dimensions like achieving energy efficiency, opting for less use of toxic materials and packaging and easier reuse and recycling of equipment at the end of its useful life. Ideas like alternate and renewable sources of energy, recycling, e-waste management, green architecture, green computing and adoption of eco-friendly solutions are also becoming part of 'Go Green' initiative and gaining priority on corporate agendas. Leaders of business and government organisations around the world have committed themselves to initiatives that address a wide range of green issues. Today, IT used in implementing green initiatives as it saves money and is more environmentally friendly (Smith 2003).

A survey was conducted by students of Symbiosis Institute of Management Studies, Batch of 2011–2013 to find out the extent to which IT companies have adopted the 'going green' policies by increasing the awareness level of the employees and taking green initiatives like taking double-sided printouts (Fig. 12.1).

They also found that many people (88 %) are aware of the current developments taking place in the green IT field. Few of them (12 %) have neutral view of the recent trends (Kumar et al. 2011). This result is in spite of the fact that majority (97 %) have never attended any training/Seminars/Courses (Fig. 12.2).

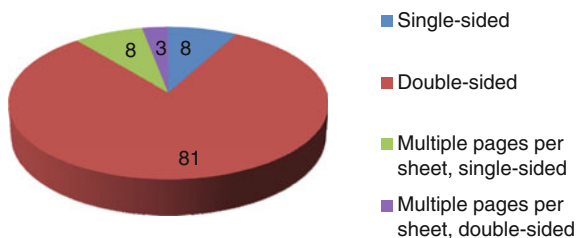
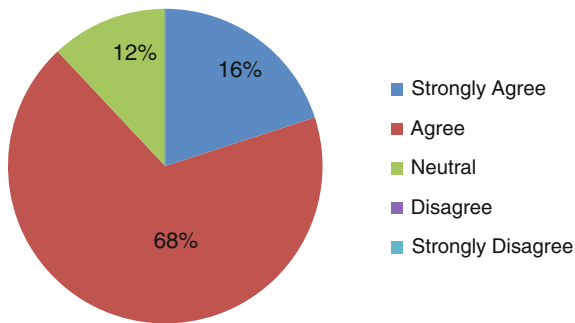


Fig. 12.1 Printing format preferred

Fig. 12.2 Awareness about the green IT

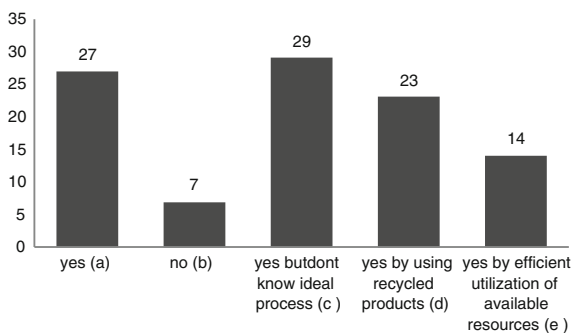


This clearly indicates an increasing awareness amongst software professionals regarding the adoption of ‘green’ IT practices. Many of the software companies like Cognizant, TCS, Infosys, I-Gate, Wipro, etc. are using different green practices (GP) like virtualization, cloud computing, replacement of AC with DC, reducing printing of documents, waste management, rain water harvesting, power-efficient server and storage solutions, reduced plastic usage, mass transport, planting of saplings around campuses, use of LED lighting instead of fluorescent lighting, disposal of e-waste through authorised processor E-Parisara (certified from Pollution Control Board—Form 1), using treated water for landscaping instead of potable water, no smoking zones across campuses thereby reducing pollution and many others. Infosys is set to become carbon neutral by 2012. Many of the companies have gone for Certifications, i.e. LEED (Leadership in Energy and Environment Design).

A study conducted by another group of student managers from Symbiosis Institute of Management Studies, Pune (Batch of 2011–2013) in Atos Origin, Pune showed that all the employees were aware of the current environmental issues around the globe. The survey also showed that people want to be environment friendly but did not know how to go about it (Tiwari et al. 2011). 27 % of them did not know the ideal processes for the same. 23 % opined that wrote “recycled product and efficient use of resources” as the ideal process but none of the respondents could come up with any innovative or enthusiastic responses (Fig. 12.3).

In the field of automobile manufacturing, the first name that comes to one’s mind is that of Tata Motors, Pune. In the year 2009–2010, Tata Motors relooked at their

Fig. 12.3 Environmental preservation issues



sustainability priorities and identified key areas namely Energy and Climate Change, Material and Waste Management, Health and Safety, Sustainable Innovation, and Social Responsibility. In terms of Energy and Climate Change, Tata Motors has initiated development of environment-friendly vehicles. They are focussing on harnessing hydrogen as a source of energy. The company reduced its material intensity by recycling scrap metal generated from operations through cooperative society measures. Last year, the company recycled more than 17,500 MT of metal scrap generated thereby reducing equivalent use of virgin material. The company actively seeks to diversify their energy mix, and its current renewable energy amounts to 4.38 % of its total energy consumption. The company addresses health- and safety-related issues at operations as well as the products levels. It endeavours to ensure safe conditions for all. The company was also the first to develop and introduce airbags in cars. It is the only manufacturer in India to have a crash test facility. A lot of innovation is encouraged to save energy, costs and to improve efficiency. As per the Human Rights Charter, Bharat Nirman Programme and Millennium Development Goals, the company has focussed on health, education, employability and environment. As Mr P.M. Telang mentions in the Tata Motors' Corporate Sustainability Report 2009–2010, "Sustainability is everyday business at Tata Motors, and we are cognizant of the fact that we cannot succeed if we do not incorporate this concept in our decision-making."

Another major player in the manufacturing industry is Mahindra. The company has committed itself to reducing its energy and resource consumption as also its GHG/CO₂ by 5 % by 2014. It has also set itself a 100 % target of spreading sustainability awareness to its stake holders in the same time frame. The company recognises the significance of Climate Change and its ensuing challenges namely, poverty and natural resource constraints. In a world where standard, legacy approaches, are fast leading to economic, social and environmental dead ends, at Mahindra, Alternative Thinking is driving sustainability to the heart of every business decision. It is not only helping them cater to the exponentially rising societal and environmental demands, but also equipping them to harness emerging economic opportunities. For this, the company has set up a new technologically updated manufacturing plant at Chakan, and a research facility at Chennai, South India. The company's 100 million USD investment in the "Mahindra Research Valley" (MRV) which is a fully integrated R&D facility, will focus on constant upgrading of fuel efficiency and alternative fuel technologies in all its future offerings. Scorpio received the Best off-road Vehicle for the Year 2009 and Mahindra received the Environment Initiative of the Year for its unique start-stop technology in 2009. Mahindra bagged the 'Excellence in Sourcing' (Corporate Award) 2009 for its exemplary sourcing initiatives, leading to cost reductions and mitigation of supply risks from the Indian Institute of Materials Management. FES, Nagpur plant received the CII National Award for 'Excellence in Water Management' in 2009. As a progressive company in step with changing times, Mahindra is strategically integrating sustainability in all businesses and making it intrinsic to its decision-making process.

12.4.2 Primary Sources

The authors, as mentioned earlier, also conducted a survey of small businesses and entrepreneurs. The survey showed that many of the small businesses and establishments did not know of many of the green business and production practices that are in vogue and are practised by companies. For, e.g. check of vehicle emissions was found to be one of the most popular Green Practice followed by conservation of energy/electricity and then by planting of trees. It was also interesting to note that two small business establishments, providing components to major companies in Pune that are well known for their sustainability measures also mentioned planting of trees on their business campuses as the only green measure adopted by them (Fig. 12.4).

For many business establishments including doctors, chemists, etc., the garbage was kept out to be collected by the PMC van. Very few of them segregated their garbage into dry and wet, and a still smaller percentage burnt it on accumulation (Fig. 12.5).

A majority of them travel to their place of business by personal vehicle. The concept of carpooling is not popular, the most common reason being given that it is not convenient (Fig. 12.6).

Respondents also opined that the reason for entrepreneurs and small business establishments not implementing Green Practices is basically cost factor followed by lack of knowledge. In fact many of the respondents were hesitant to respond, and a lot more flatly refused to answer the questionnaire though it was a very short, one-worded in very simple language and the authors were willing to translate and explain the questions to them (Fig. 12.7).

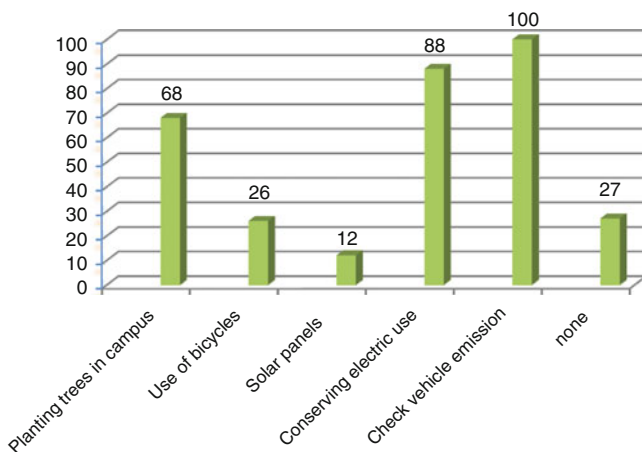


Fig. 12.4 Some green measures adopted

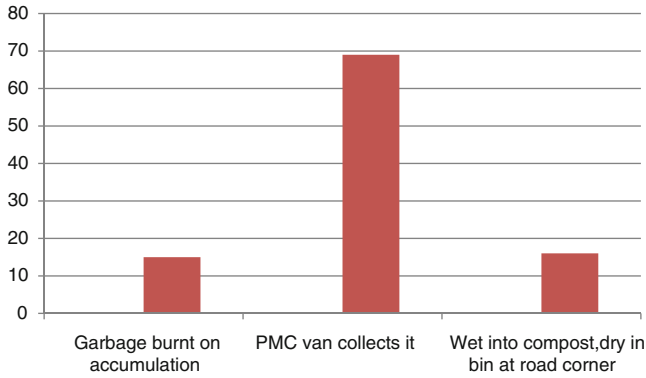


Fig. 12.5 Segregation of waste

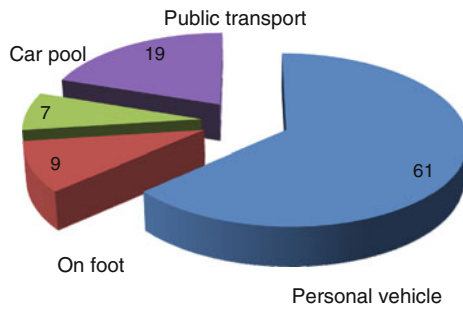


Fig. 12.6 Mode of travel to work

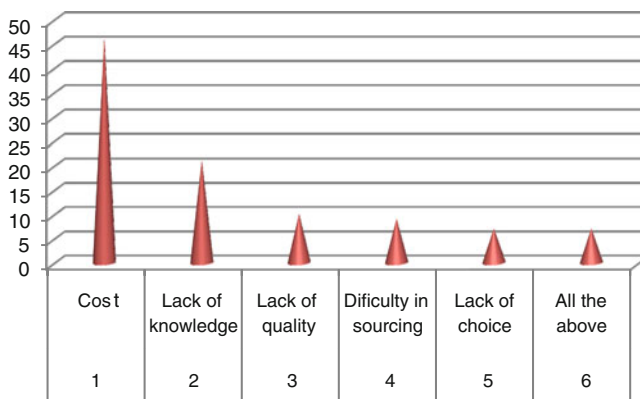


Fig. 12.7 Factors preventing use of environmental friendly products

12.5 Conclusions

It is clear from our secondary and primary research that while the major companies in Pune are adopting various Green Practices and sustainability measures, the small-time entrepreneurs and businesses (chemists, doctors, laboratories, small component manufacturing units, small restaurants, Udipi joints, Xerox shops, etc.) are not very clear about the various ways in which they can be environment friendly. Many of them were under the impression that environment-friendly measures are required and can be practised by big business establishments as they may be more prone to creating waste of various kinds and also because they had both the money to spend as also the fact that they earned big profit margins.

The findings are in a way linked to the findings of the research conducted by the SIMS student managers at Atos Origin wherein they found that while the company itself had implemented many sustainable and green practices, the employees themselves were not very clear as to how they themselves can be environmentally friendly in their individual capacity. The group also found that while the IT companies were environmentally conscious and had implemented green policies to curb the environmental degradation, there were no innovative techniques adopted to increase environmental sensitivity.

The findings thus are an indication of why we get from time to time newspaper reports of river pollutions and flooding of streets due to gutters choked with plastic. It is clear that since most of the businesses are small enterprises, the government and NGOs need to direct their energies to educating and incentivising and to some extent even pressuring this segment of business establishments. Only then can we hope for a more sustainable environment in the near future.

12.5.1 Limitations of the Research

There was first of all a great reluctance on the part of entrepreneurs and small business owners to answer the questionnaire. Establishments like Chitale refused to fill up the questionnaire. Many of them turned away the researchers on grounds of lack of time. Some of them simply avoided returning the questionnaires duly filled in. Some of them had to be explained in Hindi or Marathi the meaning of the questions and their responses had then to be filled in by the researchers themselves in English after getting their replies. Doctors, chemists and owners of small manufacturing units filled in the questionnaire after learning that the data would be presented at the BRIC nations' conference being hosted by IIM (B).

12.5.2 Future Scope of Study

Government agencies/NGOs/researchers can find out the number of small and medium business establishments of different kinds, and how they can be made open to knowing and implementing sustainable and environment-friendly business practices. The ratio of such small enterprises will give a correct estimate of the need to educate this segment of business setups about sustainability and to ensure that they also start implementing Green Practices.

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