

# **GREENING TOMORROW'S MARKETS: AN ADVANTAGE OR A WAY TO HIJACK THE SUSTAINABILITY AGENDA**

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## **ABSTRACT**

This Paper in the first half is focusing on Environment as a major resource centre for all businesses thus highlighting the increasing value of Natural Capital. The second half of the paper is focusing on why the traditional Market-based environmentalism needs to be changed and why the focus should be shifted to achieve corporate environmental sustainability in the era of globalization. Challenges and limitations in the prior studies have been specifically identified for the Green businesses and the concept of an alternative green green business is suggested to overcome the limitations and problems in greening markets. Replacing the old traditional mind set of conventional businesses with a start-up green business is challenging. Further, role of Globalization in greening tomorrow's markets is discussed. This paper can be helpful in providing literature support to those who are entering into this field of research. There is a space for more research on shifting the traditional to green green business.

**Keywords:** Natural Capital, Corporate Environmental Sustainability, Green & Competitive and Globalization

## **1.0 INTRODUCTION**

If goals of sustainability are to be achieved, corporations must be reformed, redesigned, and restructured to minimize their negative ecological impacts or environmental destructions (*Gladwin, 1992; Hart, 1997*). Many environmental sustainability measures for the business have been developed throughout the past two decades though the credibility of the measures is in question.

Technology Change was slow before and industries were relying more on natural resources. So, Comparative advantage in input was enough for success. Now in a globalise world where the raw materials and cheap labour are part of global economy, comparative advantage has become obsolete. The new paradigm for global competitiveness requires the ability to innovate rapidly while preserving the natural resources to last longer (*Porter and Linde, 1999*). Change has to come from the core business principles. Here comes the concept of Green Green Business. The key for corporate sustainability is to bring green-green businesses to a critical mass and thereby

assure global sustainable development. Environmentally responsible businesses come in two basic varieties Green Businesses and Green Green Businesses (*Isaak, 2002*).

Natural Capital Can be either water, air or the ecosystems or else. Ecological sustainability is defined as maintaining the natural capital stock (*Pearce and Turner, 1990; Lovins et al., 1999*). The question that has been answered to an extent through literature review is “how can we maintain the Natural capital?” And is it enough if focus is on sustainability of Natural capital or the corporate world have to think about the limitations prevails with respect to buffering capacity (sustainability between natural and man-made capital) and flows(material input) (*Hinterberger et al., 1997;Femia et al. 2001*).

## **2.0 ENVIRONMENTAL / ECOLOGICAL SUSTAINABILITY TO ACHIEVE CORPORATE SUSTAINABILITY**

Most of the natural capital cannot be substituted and the self-generating (buffering) capacity is slow (*Goodland, 1995*). That is why there is an urgency of environmental sustainability. However, *Geldrop and Withagen, (2000)* have tried to prove the assumption that Natural capital can be increased through human activities and come up with the conclusion that it does not matter if corporations start consumption from a little natural stock (available) or with a big natural stock, the natural stock will remain steady through human activities i.e., simultaneous investment for the protection and use of natural stock. But, this is not reassuring because of decentralization problem.

Ecological sustainability is very important for the environmentalism based markets as it can raise the reputation, it can reduce expenses towards health and safety, and it can increase productivity of natural resources and can bring many other benefits for the businesses (*Shrivastava, 1995*). Ecologically sustainable companies use only natural resources that are consumed at a rate below the natural production (*Dyllick and Hockerts, 2002*) thus giving buffering time. The nature has a limited capacity to adapt to sudden change and therefore while dealing with change it cannot do so over night. According to laws of thermodynamics matter and energy do not disappear but, tend to disperse (*The natural step framework guidebook, 2000*). *Sharma (2003)* suggested that organizations cannot be segregated from the natural environment as they operate within it (*Sharma, 2003*) and there is a need to understand culture and subculture (Green Culture) of the organization in order to achieve corporate sustainability (*Linnenluecke et al., 2007*).

## **3.0 GREENING THE BUSINESSES IS A COMPETITIVE ADVANTAGE**

Some of the corporations believed and seen some of the opportunities in taking measures to reduce resource intensity (as corporate sustainability measure) though most of them shown less concern to environment till today. The opportunities mostly are in financial

terms. Most of the eco-efficiency measures reduces the resource use and recycles for another use. But, none of them is really working towards Zero Waste, thus using the same raw materials derived from wastes. Following are some of the proposed model to achieve corporate environmental sustainability in the literature;

Businesses can contribute towards sustainability through giving emphasis on the benefits for the three bottom line needs. One of them is Environmental needs. (*Sisco and MacAvoy, 2008*). As the society & economy both are dependent on the environment (*Giddings et al., 2002*), focus has been on corporate environmental sustainability.

Green and competitive logic has been disputed for long till today. But, some of the external benefits of becoming green and competitive cannot be ignored. The benefits have been highlighted by *Pujaria et al. (2003)* in the article “*Green and competitive Influences on environmental new product development performance*” which summarises the work of renowned researchers in this field as increased sales (*Fierman, 1991*), improved customer feedback (*Frankel, 1992*), closeness to customers (*Dean et al., 1995*), enhanced competitiveness (*Miles and Munilla, 1993; Porter and van der Linde, 1995*); and improved corporate image (*Engleberg, 1992; Kolk,2000*). These external benefits including some others were called Motivations by *Lynes, Andrachuk (2008)*. He also pointed out that most of the literature on corporate environmental responsibility says the financial goal is achievable through short or long-term eco-efficiency measures.

#### **4.0 GLOBALIZATION AND CHALLENGES IN CORPORATE SUSTAINABILITY FOR TOMORROW’S MARKETS**

The benefits appear to have gone to those who already have the most, while many of the poorest have failed to benefit fully and some have even been made poorer. For example, trade liberalization has meant that many small farmers in developing countries have been hit by import surges of heavily subsidized food imports from the United States and EU (*FAO,1999; Green and Griffith 2002*).

An estimated 61,000 corporations are engaged in various business activities outside their home countries and have affiliations with some 900,000 foreign firms (UNCTAD, 2004). Rich countries and MNCs from developed countries achieved most of their environmental successes by depleting natural resource of developing countries (through shifting dirty production processes abroad) and ignored the large effects like pollution, water shortage, soil degradation, deforestation and natural disasters on poor or developing countries ( *Bartelmus, 2003; Baram, 2009*).

G8 with Brazil, China, India, Mexico and South Africa has agreed to reduce the Earth’s temperature by 2 degree Celsius over which many of the emerging nations have shown dissatisfaction. The expanded G8 have neither mentioned how they are going to do it nor did they lay down any specific rules and regulations. We can say it is a form of green washing by the G8.Environmental challenges which directly or indirectly threaten the business need to be taken care of by the corporations.

## 5.0 PROBLEM AREAS IN ATTAINING CORPORATE ENVIRONMENTAL SUSTAINABILITY (OVERVIEW OF PAST STUDIES)

Consumer doubt about the quality of the green product and some of the companies have been criticised for their green products (*Roper ASW, 2002*). The following Table [1] shows some of the challenges for corporations to be green and competitive.

TABLE-1

<p><b>1. <i>Srivastava, P. (1995)</i></b> In the globalised world with different competitive environment, in different countries, in different economic systems, there is a challenge for the corporations to include nature as an important stakeholder and precise definitions of international and external conditions of corporate sustainability must be given.</p> <p><b>2. <i>Walley &amp; Taylor, 2002</i></b> Typology given by Walley and Taylor, 2002 help understand the difference and connection between <i>Isaak's (2002)</i> strat-up green businesses and today's business-as usual. It can be debated about the switching cost (for today's market) to become green-green business.</p> <p><b>3. <i>Roper ASW, 2002</i></b> Consumer doubt about the quality of the green product and some of the companies have been criticised for their green products</p>	<p><b>4. <i>Jill &amp; Paul, 2004</i></b> Companies contemplating a green strategy must consider how competitors are pursuing these potential target segments. Are key competitors already playing in the green consumer space? Is it necessary to match their approach? Is there an opportunity to "outgreen" key competitors? Challenges will be there to satisfy the consumer with Green products.</p> <p><b>5. <i>Gouldson &amp; Sullivan, 2007</i></b> Based on the oil refinery sector research presented some of the significant variations in corporate environmental performance. He raised questions like Should companies necessarily adopt the same standards wherever they operate? They found out that the corporate reports are very limited to be compared with any standard and the site-level data are rarely disclosed.</p>
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## 6.0 DISCUSSION ON THE FINDINGS

There is a challenge for businesses to have environmental sustainability so as to secure the natural stock for longer. The real challenge in the globalised environment is to standardise environmental reporting and policies to check the performance with the benchmark. As per *Kolk(2005)*, there will be a tremendous rise in environmental reporting by companies as most of the polluting industries are more active in environmental reporting just to get a licence to carry on their regular practice or to escape from their own footprint or to hijack the sustainability agenda. A section of researchers like *Geldrop and Withagen (2000)* argue that the natural resource will never decay and remain static. Challenges lie in making the stakeholders (especially the customers) understand the definitions for the conditions for corporate sustainability, quality of green products, standard measuring tools to measure environmental

performance. There must be an open-system approach towards disclosures. Inequality prevails due to globalisation and most of the rich nations get corporate environmental sustainability at the expense of depleting natural resource of developing or poor nations. Some have really and gradually with their efforts getting financial benefits by implementing eco-efficiency measures whereas some of the big companies had been criticised for their green products. *Isaak (2002a)* has suggested for a common approach by all towards the corporations i.e. punishment for doing wrong and reward for positive steps such as ecopreneurship. But, there are potential opportunities for the green green businesses in tomorrow's markets where there will be few chance of corporate bullying and a great concern for corporate environmental sustainability rightly pointed out by *Shrivastava and Hart (2004)* that environmental sustainability requires us to completely redesign the organizations of the future.

## 7.0 CONCLUSION

After looking into the prevailing problem areas in corporate environmental sustainability Green-green business can be suggested as a solution.

A 'green-green business' is one that is designed to be green in its processes and products from scratch, as a start-up, and, furthermore, is intended to transform socially the industrial sector in which it is located towards a model of sustainable development (*Isaak 1998*).

But, then the challenges remain as how to become green-green. Whether developing or the developed world should start first or, the world should start at once? If they start at once who is going to ensure the switching cost? Who will be benefited first? Is there a chance of inequality of natural stock among different kind of corporations from different countries? There are a lot of questions to be answered. Perhaps this is the reason why old literatures never speak aloud of corporate environmental sustainability.

Future research can be done on how to overcome the challenges to become green green and the opportunities for green green businesses in Tomorrow's markets.

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