

## A Phenomenological Exploration into Environmental Orientation of Firms in India

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### Abstract

This paper examines the environmental issues that organisations in India consider significant, the ways they deal with these issues and the factors that propel them to address environmental concerns. Depth interviews with senior managers responsible for environmental concerns in five Indian organisations were subjected to phenomenological analysis. Results indicated that pressure from international customers and organisational culture were the main factors that lead to firms adopting an environmental orientation. Regulations, though poorly enforced, were reported to play an initial and a minimal role.

### Introduction

There is a growing awareness of the intensity of change that is being wrought on our planet and also of the centrality of human effort in provoking this change. (Meadows, Meadows, and Randers, 1995). Because businesses are one of the major contributors to pollution and environmental degradation, the business community is particularly targeted by stakeholders and increasingly is expected to change the way they operate and be more environmentally benign (Cairncross, 1995; Hart, 1995; Ottman, 1998). An increasing number of businesses are taking up the challenge and responding in environmentally responsive ways (Ottman, 1998; Hart, 1995; Porter and Linde, 1995a; Schmidheiny, 1992).

In seeking to explain and theorise this change in the business environment there is a growing trend in the management literature which recognises the ecological constraints placed upon organisations by the natural environment and reports the process of organisational response and adaptation to this change (e.g. Aragon-Correa, 1998; Hart, 1995; Gladwin, Kennelly, and Krause, 1995; Menguc and Ozanne, 2005; Porter, 1991; Porter and Linde, 1995a, 1995b; Sharma and Vredenburg, 1998; Shrivastava, 1995).

However the bulk of the current literature on corporate environmentalism is in the context of the developed world. The developing world, where the next round of massive industrialisation is under way, is conspicuous by its absence from this literature. Some of the most serious environmental damage is occurring in the developing countries and often is a threat to the very existence and survival of people in these countries (Cairncross, 1995). These environmental problems are compounded by chronic fiscal problems of the state, policy and planning failures, unemployment and rising populations (Dasgupta, Mody, Roy, and Wheeler, 1995; Shrivastava, 1992) and unfortunately, governments under pressure to increase economic growth, often put environmental issues on the backburner (Stuligross, 1999).

A number of researchers (Hart, 1995; Sharma and Starik, 2002; Shrivastava, 1995) have called for further studies on the determinants of environmentalism in developing countries but this issue remains largely unaddressed. This paper takes up this call and addresses the issue of environmental orientation of firms in developing countries, specifically India.

## Background

### Defining Corporate Environmental Orientation

Drawing from the literature on corporate environmental practices (Gladwin et al., 1995; Hart, 1995; Shrivastava, 1995) and based on the previous definitions (Banerjee, 2002; Menguc and Ozanne, 2005; Menon and Menon, 1997; Miles and Munilla, 1993) we define corporate environmental orientation as: *the recognition of the importance of the natural environment by business organisations and its integration into strategic decision making.*

We conceptualize corporate environmental orientation in terms of two constructs

1. *Environmental commitment:* Organizations that are environmentally committed have a written environmental plan, communicate this plan to stakeholders, reward environmental performance, conduct regular environmental audits, have top management support for environmental issues and encourage employee environmental training (Henriques and Sadorsky, 1999; Menguc and Ozanne, 2005).
2. *Degree of integration of environmental issues into the strategic planning process:* Among the strategic actions influenced by environmental concerns are decisions such as new product development, product market development, location of new manufacturing plants, increased R & D investments, technology development in pollution prevention and waste management, and changes in product and process design (Banerjee, 2002; Hart, 1995).

### Research Issue

A common theme that runs through all extant research in developed countries is the unanimity in stating that stakeholder pressure is a major determinant of environmentalism in firms. Researchers have addressed the issue of internal stakeholders (managerial perceptions, championing behaviour, and perceived importance of stakeholders) and research also suggests that regulations and intensity of competition are major exogenous determinants of corporate environmentalism (Majumdar and Marcus, 2001; Porter and Linde, 1995a, 1995b). However, we have very little empirical evidence about the realities in developing countries. This paper reports an exploratory examination of environmental orientation of firms in India. It examines the environmental issues that firms in India consider important, the way they address these issues and the factors that propel them to address these issues.

## Methods

For the purpose of gaining an insight into these largely unexplored issues, in-depth interviews were conducted with senior managers responsible for environmental affairs in five Indian organisations. These organisations were drawn randomly from a sample of 500 top Indian organisations. The organizations were first telephoned and asked to participate in the study, a list of questions was then faxed to the managers responsible for environmental affairs and they were then interviewed over the telephone.

### Treatment of Data

The interviews were transcribed verbatim for each organisation. These transcripts were then subjected to phenomenological analysis (Colaizzi, 1978; Creswell, 1998; Riemen, 1986). In phenomenology the investigator collects data from individuals who have experienced the phenomenon under investigation (Creswell, 1998). The information is collected through long in-depth interviews with informants ranging in number from five to 25 (Polkinghorne, 1989).

Phenomenological analysis involves *horizontalization of data*, followed by a *textural description* which then leads to a *structural description*. The structural description is then used to construct the overall *essence* of the experience. The detailed process used is as follows.

1. All the interviews were read a number of times in order to acquire a thorough feel for them. Significant statements were then extracted from each description, phrases and sentences that directly pertained to the investigated phenomenon (*horizontalization*).
2. Meanings were formulated by understanding the import of each significant statement. The formulations discover and uncover the meanings hidden in the various contexts of the phenomenon that are present in the original descriptions (*textural description*).
3. Clusters of themes were organised from the aggregate formulated meanings. This allowed for emergence of common themes (*structural description*).
4. These clusters of themes were referred back to the original descriptions to validate them. This was done to see if there was anything in the original that was not accounted for in the cluster of themes and whether the cluster proposed anything which was not in the original. If either of the above was true, a re-examination was necessary.
5. An exhaustive description of the phenomenon resulted from the integration of the above results (*essence of the experience*). The exhaustive description of the phenomenon is as unequivocal a statement of the essential structure of the phenomenon as is possible.

### **Analysis of Data**

The taped interviews of the managers were transcribed and the significant statements extracted from these transcripts were used as the raw data for analysis. The significant statements were drawn after a very careful analysis of the transcripts. In accordance with the methodology suggested by Riemen (1986) meanings were then formulated from the significant statements. These formulated meanings have been presented in Table 1. These meanings were arrived at by reading, rereading, and reflecting upon the significant statements in the original transcription to get the meaning of the statements in the original context. The formulated meanings were then organised into clusters. These clusters represent ideas that have emerged from and are common to all of the subject's descriptions. These clusters are presented in Table 2. These clusters were then referred back to the original descriptions in order to validate them. Each description was examined to see if there was anything in the original that was not accounted for in the clusters and whether the cluster proposed something that was not in the original.

An exhaustive description of the phenomenon was produced by the integration of the results of the analysis. The description of the environmental orientation is a statement of its essential structure and captures the essence of the reported phenomenon. A final validation was undertaken by returning to the participants and asking them if the description formulated matched their original experience. The five managers contacted stated that the description of the issues contained the essence of their experience and the terminology used by the researcher (though worded slightly differently) had the same essential meaning.

**Table 1 Formulated Meaning of Significant Statements**

<b>The environmental issues that managers consider significant are</b>	
1.	Water consumption and recycling of water that is discharged is a major concern.
2.	Effluent treatment
3.	Dealing with hazardous wastes
4.	Odour related issues.
5.	Noise control
<b>Organisations deal with these environmental issues in the following ways</b>	
1.	Plugging leakages, recycling of water and reusing it in the manufacturing process.

<ol style="list-style-type: none"> <li>2. Rain water harvesting</li> <li>3. Large capital investments in sophisticated effluent treatment plants (mandatory due to regulations)</li> <li>4. Developing beginning of pipe solutions for waste minimisation and reduction</li> <li>5. Working towards 100 percent recycling (“cradle to cradle”) and improving yield through waste reduction</li> <li>6. Adherence to regulatory norms- pollutant emission, wastewater discharge, solid effluent discharge, hazardous wastes</li> <li>7. Research partnerships for technology developments in environment friendly inputs</li> <li>8. Planned and structured environmental planning with close top management association.</li> <li>9. Planting trees and using treated effluents in green belts. Beautification and nature conservation</li> <li>10. Symbolic measures such as distribution of tree saplings, free pollution checks, organising parades on world environment day</li> </ol> <p><b>Motivating factors that propel environmental responsiveness</b></p> <ol style="list-style-type: none"> <li>1. Pressure from international organisational customers (a majority of these firms were either making intermediary products for big multinationals in developed countries or outsourcing for them or exporting the finished products to the developed countries). For doing business with international customers they have to be environmentally responsive beyond the prevalent local norms to ensure a level playing field internationally. The strictly enforced environmental regulations in the developed countries thus demand a higher level of environmental orientation from these firms</li> <li>2. Organisational culture and ethics.</li> <li>3. Values and beliefs of the top management. Support from top management.</li> <li>4. Government regulations. But all the managers interviewed insisted that they were going beyond compliance with mandatory regulations due to international competitive requirements and or organisational culture.</li> <li>5. Reducing wastes and improving yields resulting in better financial performance</li> <li>6. Active judiciary</li> <li>7. Community pressure, awakening of civil society and self realisation</li> </ol> <p><b>Role of competition</b></p> <ol style="list-style-type: none"> <li>1. Most of the “valued international customers” who are looking for long term partnership come to the plant sites for detailed auditing before they finalize their long term orders. Much of this auditing are in the area of environment health and safety</li> <li>2. “There is competitive pressure in the sense that most of the international customers are also under pressure to ensure that the companies with which they are doing business in preference to companies in their own countries meet the environmental requirements. So that is why they insist that when they buy product from a third world country or a developing country that company is maintaining environmental norms so that there is a level playing field between the suppliers from the developing countries and companies in their country”</li> <li>3. “These (international) customers are quite conscious and they too demand environmental performance and EMS. They audit our plants and in many cases their demands or their expectations are higher than what local norms are”.</li> <li>4. “So we are also in line with these companies and part of our green business stage, we have also started all those environmental performance criteria and reporting”.</li> <li>5. To satisfy the norms of our customers we report to take lead in protection of ecology and our environment</li> <li>6. “Moreover we do not use any banned substances in our manufacturing product and in process and in packaging material for which we are restrained by Sony as well as other customers”</li> </ol> <p><b>Regulations</b></p> <ol style="list-style-type: none"> <li>1. “We are ahead of regulatory requirements” was a common refrain.</li> <li>2. Regulations act as a minimum standard. Regulatory requirements are meticulously monitored but performance is better than what regulations demand.</li> <li>3. Regulations are important because they are needed for those other organisations “who need to be told” and need to be bought to a minimum standard.</li> <li>4. Regulations are very important for new industries as licenses and consents are given only after clearance from environmental department has been received.</li> <li>5. Revision of norms affects environmental response.</li> <li>6. A majority of managers are satisfied with current regulatory requirements.</li> <li>7. However some managers feel that market based incentives should be provided as motivators for firms, which implement the regulations or go beyond the regulatory requirements.</li> </ol> <p><b>Implementation of regulations</b></p> <ol style="list-style-type: none"> <li>1. Proper implementation is lacking</li> <li>2. “India is the most enacted but the least acted upon country” in regards to environmental regulations</li> <li>3. Monitoring is lacking and there is a lot of scope for improvement.</li> <li>4. But things seem to be improving with judiciary and the government becoming stricter in enforcing regulations</li> <li>5. New organisations do not get consent till they receive environmental clearances.</li> </ol>
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These textural descriptions were then organised in to the following structural clusters

**Table 2 Clusters of Themes**

<ul style="list-style-type: none"> <li>➤ <b>Issues that organisations in developing countries considered important</b> The “discharge” issues were considered the most important – effluent discharge, water (consumption and discharge) odour, noise and hazardous waste creation and disposal</li> <li>➤ <b>Dealing with these issues</b> The organisations deal with these issues through investing in sophisticated effluent treatment plants. Processes are in place to minimise water consumption and technologies are being explored for waste reduction. Recycling of water, rain water harvesting and planting of green belts is also done.</li> <li>➤ <b>Motivating factors that propel environmental orientation in organisations in developing countries</b> The need to do business with organisations in the developed countries is an important motivator for organisations in developing countries for being environmentally responsible. Organisation culture and ethics and top management vision is another important factor. Regulations it seems act as an initial propellant and set minimal standards even though they are poorly enforced.</li> </ul>
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## Discussion

Our analysis reveals the following exhaustive description of the environmental orientation of firms in India:

The environmental issues that the organisations in India are primarily concerned with are, effluent treatment, amount of water consumed and type of water discharged, treatment of hazardous wastes and noise and odour control.

These issues are dealt with in a proactive stance. The organisations interviewed have sophisticated state of the art effluent treatment plants. Though these are mandatory due to regulations, but because regulations are poorly enforced, a majority of the organisations report that their competitors have not invested in similar environment management systems and the competitors consequently have lower costs. Organisations are also exploring technological innovations to cut wastes and improve yields. Recycling of water and resources is reported by all organisations, especially rain water harvesting (perhaps because it is easily done). As one manager said *“Organisations not only need to do something on environmental front but also need to be seen to be doing something”*.

Planting and maintaining green belts is also a common measure for organisations. This might not seem very significant in western context where due to mild temperate climates and soft gentle rainfall throughout the year trees are still abundant in urban landscapes but in India and most other developing countries urbanisation is fast making urban landscapes devoid of trees of any kind and the dry hot climate makes planting and maintaining green belts a laudable effort.

One of the most pragmatic factors that propels environmental responsiveness in organisations in India is the need to comply with international environmental standards. This is because their multinational organisational customers (e.g. Sony, Philips, Nike, Gap and various international chemical companies ) need them to do so as they themselves are under regulatory and societal pressure to ensure that their suppliers and business associates in developing countries meet the international environmental norms.

Another very important motivator is organisational culture and ethics and support from top management.

Finally, regulations are an important factor, at least as an initial propellant. The view is that regulations set a minimum standard and the organisations try to go beyond them. Revision in regulatory norms is also often an influencer. The problem with regulations seems to be in implementation and poor enforcement, though there appears to be a trend towards stricter enforcement due to intervention by judiciary and pressure from civil society.

## Conclusions and Limitations

This study attempts to uncover the environmental issues that organisations in India consider significant and attempts to identify the factors that propel them to address these issues.

This study is however limited by the fact that it examined the environmental responsiveness of only top Indian organisations as previous research indicates that the smaller firms have neither the resources nor the motivation to indulge in environmentally responsible activities (D’Souza and Peretiako; 2002; Sharma, 1998). Also, this study examined firms in an Indian context so the insights of this study might be unique to India and might not be applicable to other developing countries.

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