

An Effectual Analysis on Green Business: An Holistic Approach for Transformation of the Economy

Munish Gupta

Assistant Professor, Faculty of Commerce, Arya (PG) College, Panipat.

Payal, Faculty of Commerce

Abstract:- In this age of environmental concern individuals are outwardly interested in the healthy state of their surroundings. As population increases and we become more connected with our environment and each other through global communication, commerce and transportation, that interest also increases. Our desire for a clean environment represents a powerful sense of destiny and hope for the future. Everywhere you turn; people are looking for ways to reduce their environmental footprint and act greener - not just at home, office but in the business as well. Going for green business practices reflects a social consciousness around protecting the earth's natural resources, preserving them and ensuring optimum utilization. This research paper presents the detailed study on the concept of green business practices which are essential for improving environmental condition in a profitable manner. Green business practices encourage business activities which are beneficial for the environment and help in achieving environmental effectiveness. This paper primarily focuses on role of green business towards environment through various business practices and secondly, it explains numerous ways for green business development. The main objective of the paper is to explore the growing importance of green business practices among companies/firms across the world.

Introduction:

Environmental crisis refers to a terrible situation in which the normal pattern of life or eco-system has been disrupted which needs timely interventions to save and preserve environment. It may be due to manmade causes, accident or negligence and result in substantial damage to or deflection of environment. Environmental crisis causes natural disaster and seriously affects life, economy, agriculture and food security. Hence it is one of the greatest concerns of the world community. The cost of environmental crisis is too heavy to bear.

The threat to environment arises from different sources such as:

- The need to meet the increasing energy requirements.
- The impact of industrialization.
- The effect of expanding urbanization.
- The challenge of managing the huge quantities of solid waste.
- To meet the increasing requirements of huge population.

Some of the environmental crises of the present day are global warming, green house effect, climate change, acid rain, ozone depletion etc.

However, crisis often generate a number of opportunities. Companies with vision and leadership have the opportunity to change their business models and work towards a more sustainable future based on energy and resource efficiency, the development of eco-innovations and the empowerment

of people. The businesses engaging in the “green economy” will obtain a key to competitive advantage and will be recognized as leaders within their sector. In this theoretic and empirical study, we examine companies that have already succeeded in this area, inspiring others to follow their example.

A green economy not only protects ourselves and our planet, but can provide millions of jobs as we develop and install new technologies, rebuild and retrofit buildings and devise new processes and modes of production.

Green businesses adopt principles, policies and practices that improve the quality of life for their customers, employees, communities, and the planet. The members of the green business network are changing the way of business.

Objectives of the Study:

- To understand the concept of green business.
- To study the role and challenges of green business.
- To identify suggestions and recommendations for green business development.
- To know the strategies of making business green.

Green Business:

A green business is a business that causes no negative impact on the local or global environment, the community or the economy. Green businesses are both socially and environmentally responsible and are focused on implementing principles and practices that benefit their

employees, community and the planet. Consumers may be particularly drawn to green business because of their reputation as companies that protect environmental resources, ensure the well-being of both employees and those who supply the company and constantly revise their approaches to make them more aligned with sustainability and reducing environmental impact. Becoming green as a business is not a one-off change; it's an ongoing endeavor that requires constant learning and improving.

Generally, business is described as green if it matches the following four criteria:

- It incorporates principles of sustainability into each of its business decisions.
- It supplies environment friendly products or services that replace demand for non-green products and/or services.
- It is greener than traditional competition.
- It has made an enduring commitment to environmental principles in its business operations.

A green business is any organization that participates in environment friendly or green activities to ensure that all processes, products and manufacturing activities adequately address current environmental concerns while maintaining a profit. In other words, it is a business that “meets the needs of the present world without compromising the ability of the future generations to meet their own needs.” It is the process of assessing how to design products that will take advantage of the current environmental situation and how well a company’s products perform with renewable resources.

Role of Green Business in economy:

Green businesses are socially and environmentally responsible:

Green companies adopt principles and practices that protect people and the planet. They challenge themselves to bring the goals of social and economic justice, environmental sustainability as well as community health and development.

Green businesses care for their workers:

Green businesses ensure they don’t use sweat shop or child labor. Everyone who works directly for them or their suppliers earns a living wage and works in healthy conditions. They create jobs that empower workers and honor their humanity.

Green businesses protect their customers and clients:

Green businesses ensure that they provide green living alternatives to improve quality of life, with products and services that help in areas like affordable housing,

sustainable agriculture, education, clean energy, efficiency and more.

Green businesses improve their communities:

Along with ensuring their facilities aren’t polluting their local communities, many green businesses take steps to make the places that they call home better. Green businesses often spring up in marginalized communities - inner cities, rural and indigenous communities.

Findings and Benefits:

In this paper, we have come across several interesting facts about green business. Green business practices proved to be beneficial for environment and community in several ways. Some of the benefits of green business practices for environment and business enterprise are as follows:

- Companies that focus on reducing energy consumption not only help the environment, but also reduce their costs in the form of lower energy bills.
- Green business help in maintaining balance between environmental sustainability and economic desires of the business.
- Green business promotes a healthier workplace. According to a report, 20% decrease in the number of sick days used by employees.
- Green business practices help in limiting the negative ecological impact of business practices.
- Tax credits are available to companies that utilize environment friendly business practices, such as switching to renewable energy sources like solar power.
- Green business practices help in increasing productivity and minimize carbon risk.
- Green business will help in increasing efficiency in operations.
- Green business help in better use and conservation of resources.
- Green business practices improve financial and investment opportunity.
- 4R’s of green business i.e. reduce, reuse, recycle, recover will lower the cost involved in operation and production.
- Green practices help in improving the goodwill of the company and motivating and retaining customers.
- Green business improves people’s lives, health and well being. It promotes equity and equality in society.
- Promotion and use of environment friendly methods will set business apart from its

competitors and attract new customers, who want to use products which are eco-friendly.

Challenges:

Green business often brings its own set of challenges, and I hear some common ones from business professionals - not having the money to make the changes that you want, not having enough time to do it all, not having employees who are engaged with your sustainability efforts... the list goes on.

- Educating customers about the benefits of purchasing products/services from a sustainable business.
- Lack of support and limited options from vendors for eco-friendly product.
- Lack of support from government as well as upper management.
- Eco-friendly products promotion and production requires high initial investment.
- Green business certification and auditing can be costly and involves lengthy and complicated process.
- Green products are made available to consumer at higher cost these products are expensive in compare to ordinary products.

What does a Green Economy look like?

The transition to a green economy has a long way to go, but several countries are demonstrating leadership by adopting national “green growth” or “low carbon” economic strategies. There are many examples of successful, large-scale programs that increase growth or productivity and do so in a sustainable manner. For example:

- The **Republic of Korea** has adopted a national strategy and a five-year plan for green growth for the period 2009–2013, allocating 2% of its gross domestic product to investment in several green sectors such as renewable energy, energy efficiency, clean technology and water. The government has also launched the Global Green Growth Institute which aims to help countries (especially developing countries) develop green growth strategies.
- In **Mexico City**, crippling congestion led to a major effort to promote Bus Rapid Transit (BRT), a

sophisticated bus system that uses dedicated lanes on city streets. Significant public investment in the BRT has reduced commuting times and air pollution and improved access to public transit for those less able to afford private cars. This remarkable success is now being replicated in cities across Mexico and has led to investment from the federal government in urban public transit for the first time.

- **China** now invests more than any other country in renewable energy. Its total installed wind capacity grew 64 % in 2010. This growth is driven by a national policy that sees clean energy as a major market in the near future and one in which China wants to gain a competitive edge.
- **Namibia** is managing its natural resources to generate economic, social and environmental benefits. Local communities across the country are granted the right to use and capitalize on the benefits of using wildlife and other natural resources within the boundaries of “communal conservancies”.
- Businesses are increasingly leading progress toward a green economy. For example, the carpet company Interface **FLOR** is improving its competitive positioning in this normally petroleum-intensive industry by focusing on how sustainability can enhance its business model. The company is working towards a closed loop system, meaning that its waste products are also its manufacturing inputs.

Greenest Company Rankings:

Many organizations have attempted to define what it means to be a green company and have ranked the world’s businesses accordingly. The following are examples of green company rankings and how their “greenness” was defined: Newsweek

From the last few years, Newsweek has published its “Green Rankings”, which gives each of the 500 largest publicly traded companies a “Green Score”. The score is a combination of the company’s environmental impact (45% weight), environmental management (45% weight) and disclosure (10% weight). The companies were then ordered by score. Newsweek found that these 10 companies had the highest Green Scores in the world:

Rank	Newsweek Green Score	Company	Country	GICS Sector
1	87.70%	Shire PLC	Ireland	Health Care
2	83.90%	Reckitt Benckiser Group PLC	United Kingdom	Consumer Staples
3	83.20%	BT Group PLC	United Kingdom	Telecommunication Services
4	82.90%	Swisscom AG	Switzerland	Telecommunication Services
5	82.00%	Essilor International SA	France	Health Care
6	81.90%	NIKE Inc	United States	Consumer Discretionary
7	81.80%	Unilever PLC	United Kingdom	Consumer Staples
8	80.70%	Sky PLC	United Kingdom	Consumer Discretionary
9	79.60%	Siemens AG	Germany	Industrials
10	78.80%	Schneider Electric SE	France	Industrials

Suggestions and Recommendations:

Organizations or business firms which are considering becoming green and sustainable must consider/follow these suggestions:

- Business organization must adopt sound environmental policy to address sustainability issues.
- Green products must be made available at cheaper price.
- Business firms must create a careful balance of technology, society, ecology and finance.
- Businessmen must be open and maintain transparency of their operations to all its stakeholders.
- Consumers must be educated and encourage using environment friendly products and services.
- Business must be conducted in ecologically sustainable manner and must operate in ethical manner.
- Business firms must be ensuring following green process of production and promotion, i.e., they must ensure that each and every business operation/activity must be ecologically sustainable.
- Government must support and encourage green business practices.

Strategies to Green your Business:

- **Use bio-degradable cleaners:** Using natural, bio-degradable cleaning products reduces your exposure to harsh toxins and other chemicals and reduces the introduction of these substances into

the environment. The next time you run out of soap, shampoo or laundry detergent, swap in a greener option. Many stores sell green products in bulk.

- **Educate yourself:** There is always more you can do to make your business more sustainable. The only way to make progress is to know where you're headed. Keep up with environmental news and green business trends to identify areas you can improve on. Make your own checklist of green business practices to implement and set deadlines for crossing them off your list. Share green news and tips with your co-workers, employees, and clients. Making yourself an "expert" on sustainability will not only build your green brand, but it will earn respect from potential clients, customers and your peers.
- **Build your office green from the floor up:** Use eco-friendly flooring options made from renewable or recycled materials. Use sustainable fabrics made from hemp or bamboo for window coverings or get them second hand. Lengths of bamboo make great curtain rods, too.
- **Replace outdated appliances with their greener counterparts:** Energy Star appliances have labels helping you assess their energy requirements over time. Look for the yellow tags when you buy your next appliance and splurge up front for the long term economic and environmental savings.
- **Get an energy audit:** Make simple changes around your office and house. According to the department of energy, sealing leaks and cracks in

your home can cut up to 20% off the costs of your heating and cooling bills.

- **Go digital with your documents:** A great way to reduce paper use and get contracts and documents signed more quickly is to use electronic signatures. Adobe Acrobat Professional allows you to sign PDF files digitally, as well as create PDF documents with signature fields for clients to sign. Or you could use software such as DocuSign or e-signature to securely sign documents and get signatures from clients and vendors.
- **Use public transportation:** Drive an alternative fuel or hybrid vehicles or bike. Any of these three methods of transportation will reduce the carbon footprint of your business and highlight your environmental commitment. All will save you money over time.
- **Recycle outside the box:** In addition to recycling everything that can be recycled, think green when buying or replacing items. Consider purchasing used or vintage office furniture instead of brand new pieces.
- **Utilize green web hosting:** Green web hosts are companies that take part in a variety of activities, such as using renewable energy, planting trees or buying carbon offsets and renewable energy certificates to reduce or mitigate the environmental cost of running their servers and infrastructure. Most green companies cost the same or less than companies running servers using fossil fuels.

Discussion and Conclusion:

After, a detailed study on green business practices, it is proved that green business practices is a major step in achieving the broader goal of sustainable development. Green business practices help environment in an ecological sustainable manner. Green business helps in improving environmental conditions in an optimum way to get eco-friendly environment by using 4'R's in their activities i.e. Reduce, Reuse, Recycle and Recover. Green business provides a balance between profitability, sustainability and humanity. The shift of a business to the green trend should be regarded as the outcome of the interaction of three main agents of the process: consumers, governments, and the business itself, the first two contributing to the formation of "green request" to business and the latter implementing green practices. Green business encourage manufacturing and promotion of eco-friendly products and also develop and sustain consumer's eco-friendly behavior in a way that will help in minimizing negative impact on environment with increased environmental consciousness. Green businesses practices must be encouraged in every business

to pave the way for a socially-ecologically sensitive business environment.

References:

- [1] Croton G. strategic green an ecopreneur's toolkit for starting a green business from business plan to profit. Entrepreneur pree. 2009, 324.
- [2] Nicky O, Henning K, lutz MK. Green business process management-a definition and research framework, 47th Hawaii International Conference on systematic sciences, 2014.
- [3] Smith EE, Perks S. A perpetual study of impact of green practice implementation on business function. Southern Africa Business review. South Africa. 2010, 14.
- [4] Friend G. The Truth about Green business 1st edition, New Jersey. Person education, 2009.
- [5] Henery J, Vasilind P. ethical motivation for green business and engineering, clean technology and environmental policy, 2005; 7(4):252-258.
- [6] Linas c, Reegello b, Agne D. Green business Challenges and practices. Ekonomika, 2014, 93(1).
- [7] Business dictionary. Accessed. Available on, <http://www.businessdictionary.com/definition/green-business.html>.
- [8] Calling green: Green business definitions and opportunities aced. Available on, 2011, <http://www.cgforestaccountorg/green-business-definitionsandopportunities.html>.
- [9] Cooney S. Build a green small business: profitable ways to become an ecopreneur, New York, MC Graw-hill, 2008, 256.
- [10] Getgner M, Grabner KS. conumer preferences and marketing strategies for Green shares. The international journal of bank marketing. 2004; 22(4):260-278
- [11] Larsen AL, Olmsted TE, Jhonson RR. sustainable business opportunities and value creation, Interfaces-Sustainable business, 2008; 302(3):1-12
- [12] http://www.wikipedia.org/wiki/green_business