Disclosing your green side: Managerial perceptions and awareness about corporate sustainability initiatives in Indian companies

Saroj Datar,
Faculty of Jankidevi Bajaj Institute of Management, SNDT University, Mumbai, India.
E-mail: sarojdatar@gmail.com

Dr. Shaila Bootwala,
Vice Principal, Abeda Inamdar senior college, Pune, India.

Abstract

Corporate sustainability is defined as a company’s delivery of long-term value in financial, social, environmental and ethical terms. Corporate sustainability depends crucially on human resources both inside and outside corporations, especially on their capabilities to be future generators of sustainable values for business and society, at large. This study focuses on the interest, involvement and importance given to such initiatives by the employees at various levels in the Indian companies. Corporate sustainability practices create incentives for businesses, its environment and society it serves and various stakeholders it collaborates with. Business plays a vital role in this endeavor; through corporate sustainability. It requires changing the mindset of corporate leaders, managers and other internal and external stakeholders such as investors, consumers, citizens and Governments. This exploratory study tries to answer the following research queries with the help of primary research conducted through a survey questionnaire from more than 200 Indian companies.

- The importance of the corporate sustainability initiatives undertaken by the companies to the managerial cadre employees.
- The sustainability activities undertaken by companies to increase awareness of the managerial level employees towards sustainability initiatives.
- The employee involvement at various levels for sustainability initiatives.
- The various incentives a company provides for undertaking sustainability initiative

Keywords: corporate sustainability, managerial awareness, sustainability initiatives in Indian companies
1. Introduction

The business organizations have to maintain a delicate balance between managing scarce resources, reducing their operational impact on society and environment without compromising the economic viability as a business firm. This balancing act is influenced by the manner in which the business is governed in the three ESG (environment, social and governance) dimensions. The main contributors to effective governance are the leaders, decision makers, and the implementers of the sustainability policies and initiatives related to these three dimensions.

Many organizations have adopted numerous initiatives in these dimensions. In this study thirty such initiatives are discussed and analyzed. There is an argument whether these activities impact on competitiveness of the firm and helps managers to achieve the goal of improving the firm’s economic worth and enhancing its image in the society. Due to the numerous measurements and reporting frameworks adopted by the companies it is difficult to generalize the impact of sustainability initiatives undertaken on the organizational outcomes and its competitiveness. All the same there is an agreement among the corporate world that there is a positive impact of these activities on the image of the firm. To fetch the optimum reward from the sustainability activities companies need to build the receptive culture towards adopting sustainability initiatives in their respective organizations. In this regard the internal stakeholders (employees) of the organization need to be sensitized about these initiatives, its implementation and impact on organizational outcomes. This will happen through communication processes and various other activities undertaken by the companies to increase the level of awareness of employees to implement sustainability initiatives.

It depends on the managers and the employees at all levels how much importance they give to implementation of these activities, their involvement in these initiatives as well as the activities undertaken by the firm to increase the awareness of employees related to these initiatives. The monetary and non monetary incentives given by the company also helps in this regard. In this study 20 such activities are analyzed for building employee awareness. The managers at all the three levels of the organization need to be focused on the sustainability goals and understand the impact of sustainable initiatives it creates on the bottom line.

In this study 20 such activities are analyzed for building employee awareness. The managers at all the three levels of the organization need to be focused on the sustainability goals and understand the impact of sustainable initiatives it creates on the bottom line.
2. Literature Review

There are on-going debates regarding the meaning of sustainability in a corporate context and many definitions of corporate sustainability have been offered. For example, Dyllick and Hockerts (2002) have defined corporate sustainability as: “meeting the needs of the firm’s direct and indirect stakeholders (such as shareholders, employees, clients, pressure groups, communities, etc.), without compromising its ability to meet future stakeholder needs as well.” In another representative definition, van Marrewijk (2003) explained that corporate sustainability refers to “demonstrating the inclusion of social and environmental concerns in business operations and in interactions with stakeholders” (van Marrewijk 2003). Like many others, these definitions build on stakeholder theory (Freeman 1984), which is one of the most widely applied theoretical frameworks for research on corporate sustainability. Stakeholder theory implies that corporations have obligations to individuals and groups both inside and outside of the corporation, including shareholders, employees, customers, and the wider community.

In recent years, corporations, especially large ones, have become a key focus of attention in the sustainability debate (Cannon 1994; Hart 2000; Elkington 2002, 2005). Increasingly corporations and their leaders are recognizing the relations and inter-dependences of economic, environmental and social aspects (CEC 2001; Elkington 2002) and the short-, long- and longer-term effects (Lozano 2008b): that is, the four dimensions of sustainability (economic, environmental, social and time) and their interactions.

Although the corporation’s fundamental obligation is to ensure its own survival, it has to do this by benefiting and balancing the needs of multiple stakeholders (Farmer and Hogue 1973; Freeman 1984; Hill and Jones 2001; Freeman et al. 2004). Stakeholders can be internal (e.g. stockholders and employees, including management) and external (e.g. customers, suppliers, banks, environmentalists and government) (Freeman 1984; Argadoña 1998; Biscaccianti 2003; Freeman et al. 2004; Verdeyen et al. 2004). Stakeholders can also be divided into primary and secondary (McIntosh et al. 1998; Lindfelt 2002). According to McIntosh et al. (1998), the corporation has responsibilities that ‘go beyond compliance with legislation, economic prudence, ethical behavior and philanthropy.

Organization and Maslow’s need hierarchy comparison also impresses the point that the internal stakeholder’s requirements are equally important as the external stakeholders. Campbell (2009), Rice (2009) and Barrett (2001) states that a corporation is an artificial person having a certain level of requirements that are identical to the hierarchy of human needs according to Maslow (as cited in Campbell, 2009; Rice, 2009). Barrett (2001) states that the lowest requirement is to improve financial performances and employee engagement.
(survival). Next is the need to build quality relationships between customers, suppliers and employees (relationship), to build better business practices (self-esteem), continuous product development (transformation), build unity and awareness of interdependence within the company (internal cohesion), strengthening relationships and engagement among employees (inclusion) and the highest requirement is the need to build a strong relationship of mutual dependence between internal and external stakeholders (unity) and the need to be "good citizens" (Falck & Heblich, 2007). Furthermore, Campbell (2009) split the company in accordance with the hierarchy of needs -Maslow's opinion that the physical (lowest), feeling safe, loved, recognized, and finally, self-actualization. For companies, the physical needs are the need of maintaining cash flow, thus creating the products and services according to consumer demand. Highest need is the need to consider the interests of stakeholders and act good for others. The views Campbell (2009), Rice (2009) and Barrett (2001) suggest that any company can be at the level of different needs and this affects the awareness of the management to fulfill its social and environmental responsibilities. The comparison above is important from the internal stakeholder perspectives and their needs addressed by the companies in the study. In the Indian context the sustainability reporting practices show an increasing trend as seen in the study of Indian listed companies by Rajagopal (2012) and it is expected to become increasingly important and be seen as strategic initiative from the view point of Daisy, Mitali Sen & Niladri Das (2013)

3. Methodology

In this exploratory study, the survey questionnaire method is used to collect the responses from the managerial level employees in 217 Indian companies, of which 161 were listed on Bombay Stock exchange. The study focused on two aspects – employees and organization as: 1) employee’s (a) involvement intensity in undertaking and implementing sustainability initiatives as well as (b) the importance placed by them for implementing various initiatives and 2) organizations efforts in conducting various activities (a) to increase the awareness of employees for undertaking these initiatives and (b) providing incentives for the employees to undertake such initiatives in the company.

There were 30 different sustainability initiatives listed in the study and the responses given to the importance attached to implementing these initiatives by managers are recorded on 7 point scale. The involvement for implementing on top middle and lower level is also studied. 20 different activities undertaken by the companies for increasing awareness of employees were listed and importance attached to them by managers was collected on 7 point scale. These dimensions were also analyzed across the 13 sectors of industry and between listed and non listed companies on BSE (Bombay Stock Exchange). The survey questionnaire

www.globalbizresearch.org
carried the questions on the research queries on 7 point scale. The collected data was analyzed using excel tools for calculations of averages and ranking of sustainability initiatives and activities by responding companies.

3.1 Research Questions

This exploratory study tries to answer the following research questions with the help of primary research conducted through a survey questionnaire from more than 217 Indian companies.

1. How important are the corporate sustainability initiatives undertaken by the companies to the managerial cadre employees?

2. What are the sustainability activities undertaken by companies to increase awareness of the managerial level employees towards sustainability initiatives?

3. What is the employee involvement at various levels for sustainability initiatives?

4. What incentive a company provides for undertaking sustainability initiative?

3.2 Data

In this study, the responses were collected randomly, through survey questionnaire from Indian companies by approaching the respondents working at managerial positions. The BSE 500 listed companies were chosen initially to draw the list of companies to whom the survey was sent then the search was broaden to include all responses from even non listed companies.

4. Results and Discussion

The 217 companies responded to this study survey. They were classified in to 12 industry sectors and remaining were put in ‘other’ category. The sectors were as follows :(1) Auto Components(3), Infrastructure(5) , Pharmacy(14), Service(45), Hospitality(3), Chemical(4) , Software (46), Refinery(7), Manufacturing(30), Construction (3), Renewable Energy solutions(4) and Food/Agri Business (4) and the ‘other’ category had (48) companies as respondents to this survey .

The chart indicates the number and % of the total surveyed companies as follows
These companies were classified in three categories 1) Below 100 Crore, 2) 100-500 Crore and 3) Above 500 Crore - as per their turnover. This is shown in the following chart. 134 companies (62%) were having turnover of above 500 Crore, 42 (19%) companies were in 100-500 crore bracket, 27 (12%) companies were below 100 crore and 13 (6%) companies did not indicate their turnover.

The companies were also classified on the basis of their listing on the Bombay Stock Exchange. It was found that majority of them 161 (74%) were listed on BSE, 49 (22%) companies were not listed where 6 (2.8%) companies did not give their listing status.
Companies operating in

These companies were operating in India 55 (25%), 4 (1.9%) abroad and 155 companies (71%) were operating in both places. 2 (0.9%) companies did not give their response.

Companies with post of sustainability officer when asked whether they have the post of sustainability officer in their company, maximum 160 (74.1%) said yes, 48 (22.2%) companies said no and 8 (3.7%) companies did say nothing.
Sustainability officers reporting to:

Those companies having sustainability officer’s post indicated that these officers were reporting to various top officials like CEO (46), MD (32), COO (6), CFO (4), Chairman (11), and other (49) to GM, Senior Manager, HOD, Assistant GM etc. Large number (49) did not indicate to whom their sustainability officer reports to.

Incentives provided by the companies for undertaking sustainability initiatives

The study considered 6 incentives such as: 1) Credit points in appraisal 2) Special appreciations by top authorities 3) Recognition through company publication 4) Certificate of merit 5) Personal mail/letter by CEO and 6) monetary benefit. Under the incentives provided by the companies for undertaking sustainable initiatives 69 companies indicated high
importance to credit points in appraisal and special appreciation by top authorities. Certificate of merit came second important opted by 68 companies closely followed by recognition through company publication by 67 companies, whereas monetary benefits were considered important by 62 companies with personal mail/letter by CEO getting high importance response from 54 companies. Low importance was indicated by 38 respondent companies to personal mail/letter by CEO as well as 36 companies indicating low importance to monetary benefits.

In the chart blue legend indicates those incentives that are considered as most important by the responding companies and the red legend indicates least importance attached to the incentives.

It shows that credit points in appraisal and special appreciation by top authorities getting high score indicating that if these incentives provided to the employees, then the participation and implementation of sustainability activities would be improved.

### Incentives by Co. for sustainability Initiatives

<table>
<thead>
<tr>
<th>Incentive</th>
<th>No of Companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Credit points in appraisal</td>
<td>70</td>
</tr>
<tr>
<td>Special appreciation</td>
<td>55</td>
</tr>
<tr>
<td>Recognition through publication</td>
<td>67</td>
</tr>
<tr>
<td>Certificate of merit</td>
<td>68</td>
</tr>
<tr>
<td>Personal mail/letter by CEO</td>
<td>54</td>
</tr>
<tr>
<td>Monetary benefits</td>
<td>36</td>
</tr>
</tbody>
</table>

### Employee involvement for sustainability initiatives at various levels

This study tried to understand the involvement of employees at the three levels in their respective organizations.

It was found that highest number (97) companies indicated high involvement at Top level, (81) companies indicated high involvement at Middle level and (77) companies shown high involvement at Lower level of employees in these organizations.

It does not indicate any clearer inclination between the three levels of employees in the organization.

### Activities undertaken by the companies to increase employee awareness
There were 19 different activities listed in the survey for increasing awareness level of employees related to sustainability initiatives, on which the response was obtained from the companies.

The overall analysis shows that the company respondents feel following activities undertaken by the companies are the 5 most important activities:

No. 1  Inclusion of sustainability in vision, mission and objectives
No. 2  Providing training/ seminars/ workshops for employees
No. 3  Undertaking training sessions
No. 4  Celebrating earth / environment day
No. 5  Inclusion of sustainability in Induction programme

While the 3 least important activities were

1. Organizing film, video shows
2. Organizing slogan completion, brainstorming sessions
3. Conducting carbon foot printing for employees

For listed companies on the BSE the 5 most important sustainability activities and 3 least activities are as shown down

**BSE Listed co. 5 most important activities**

1. Undertaking training sessions
2. Inclusion of sustainability in vision, mission and objectives
3. Celebrating earth / environment day
4. Organizing green product displays
5. Providing training/ seminars/ workshops for employees

**3 least important according to them were same as the overall analysis shows**

1. Organizing film, video shows
2. Organizing slogan completion, brainstorming sessions
3. Conducting carbon foot printing for employees

**The unlisted company has this response**

5 most important activities

1. Inclusion of sustainability in vision, mission and objectives
2. Inclusion of sustainability in Induction programme
3. Providing training/ seminars/ workshops for employees
4. Providing Manual/ handouts/material made available
5. Promoting Exposure through bulletins/magazines/notice boards/online portal

**3 least important**

1. Organizing slogan completion, brainstorming sessions
2. Undertaking green goal setting
3. Conducting carbon footprinting for employees

**Companies operating only in India had these initiatives as most important**
1. Inclusion of sustainability in vision, mission and objectives
2. Celebrating earth / environment day
3. Providing training/ seminars/ workshops for employees
4. Promoting Exposure through bulletins/magazines/notice boards/online portal
5. Inclusion of sustainability in Induction programme

**Least important**
1. Conducting carbon foot-printing for employees
2. Organizing film, video shows
3. Conducting case study, discussions and seminars

**5. Conclusions and Recommendations**

The important initiatives were studies in this research shows that overall activities like 1) Inclusion of sustainability in vision, mission and objectives, 2) Providing training/ seminars/ workshops for employees, 3) Undertaking training sessions, 4) celebrating earth / environment day, 5) Inclusion of sustainability in Induction programme, beside these **Listed companies** preferred 6) celebrating earth / environment day, 7) Organizing green product displays **Indian companies** also inclined to 8) Promoting Exposure through bulletins/ magazines/notice boards/online portal and 9) Inclusion of sustainability in Induction programme. **The least important were** 1) Conducting carbon foot-printing for employees 2) organizing film, video shows 3) conducting case study, discussions and seminars. All these activities were expected to increase the awareness level of employees towards the undertaking and implementation of sustainable initiatives

**The employee involvement at various levels for sustainability initiatives** was studied and it was found that there is no clear inclination about the employee involvement at various levels for sustainability initiatives

The analysis related to the incentives that companies provide for undertaking sustainability initiatives indicated that 1) credit points in appraisal 2) special appreciation by top authorities and Certificate of merit was most desirable incentives. Monetary benefits were not among the most important incentives.

This study shows that the Indian companies are implementing various sustainability initiatives and are ready to undertake positive actions to build employee awareness related to sustainability issues. The intensity of involvement from top, middle and lower level does not give clear picture. The incentives provided for such activities are in a nascent stage at present.
References


