

# Does Pro-Green Policy and Growth Strategy of an Organization will Bail Out Post-Crisis?

Periyasami Anbarasan<sup>1</sup>

<sup>1</sup>Research Scholar, Department of Management Studies, Indian Institute of Technology Delhi (IIT-D), New Delhi, India

Correspondence: Periyasami Anbarasan, Research Scholar, Department of Management Studies, Indian Institute of Technology Delhi (IIT-D), New Delhi, India.

Received: May 16, 2018

Accepted: July 3, 2018

Available online: July 4, 2018

doi:10.11114/ijsss.v6i7.3410

URL: <https://doi.org/10.11114/ijsss.v6i7.3410>

## Abstract

The study comprehensively analysis going green policy as a tangible approach to achieving sustainable development in any enterprise. Although business is conducted for profit motive sustaining the profit and enterprise competitive advantage is mainly related to an enterprise vision and values that incorporate in their management policies, hence the study analyzes the complex structure that related to sustainability and policy through causal loop diagram (CLD) of system dynamics and put forth capability advancement for sustainable development policy initiatives. Finally, the growth strategy and future scope of the study is discussed.

**Keywords:** green policy initiatives, green consumer, green products, sustainable development

## 1. Introduction

Business along with responsibility towards employees, customers, operating environment, and ecology is considered as a sustainable enterprise. The traditional way of approaching profit of business through financial return is substituted by stakeholders engagement along with fulfilling stockholders design. Business in any societal structure cannot operate in isolation, there will be the environment, local communities, forest reserves, water bodies and other dependents of the environment. The corporation's profit, competitive advantage for gaining long-term profit will become meaningless if the business demand more compromises than the sustainability expect from organization strategy (Reinhardt, 2000).

Sustainability plays a vital role in providing a going green strategy to enterprises that will provide a competitive advantage. The performance of any enterprise was traditionally evaluated from the financial aspect of the enterprise, recent climatic changes and other socio-environmental problems made to think beside these scope of traditional perspectives.

Many businesses are pursuing sustainability for a variety of reasons (Landrum, 2017) such as customer satisfaction, shareholder profit and other values that linked towards the vision policy of the firm. Though the philanthropic approach exists with the firm framework of any firm's policy guidelines, it is always important to insist need of going green.

## 2. Sustainability Policy: A Literature Review

According to Cox and Bland, (2013) First, sustainability made a specific linkage between environmental and economic concerns that sees the two as mutually dependent upon each other. In this regard, it moved beyond the earlier frame invoked by the original environmental movement, which saw the economic development and environmental preservation as objectives in conflict with one other.

A differentiated set of corporate sustainability definitions implies that there is no such thing as the features of corporate sustainability (Marrewijk and Werre, 2003). However, corporate sustainability provides an action frame that aimed to develop organizational capabilities (Grewatsch and Kleindienst, 2017).

Hence corporate sustainability is understood along with socio-environmental responsibilities; the firm must develop organizational capabilities. If we say corporate sustainability is about providing social justice through government regulations, then early in 1998 John Elkington mentioned social justice as the third pillar of triple bottom line. Although Joshi and Li (2016) identified firms environmental commitments and socially responsible behavior will improve shareholder value. Firms today are required to be responsive to broader concerns increasingly expressed by public interest groups (Zollo et al, 2009). The holistic perspectives of performing sustainable business could be a sustainable

enterprise, hence the broader term of sustainability is conceptualized under the holistic model of the sustainable enterprise. This change in business attitude is mirrored and encouraged by changing policy and legislative approaches (Darby and Obara, 2005).

As Wernerfelt (1984) explains, "if everyone goes for the potentially attractive resources and only a few can 'win' in each, firms will lose unless they pick their fights well. This, clearly show, that resource acquiring will be a conflict-prone strategy towards the concern corporation competitors, stake and with the environment. Sustainability cannot be achieved without answering the resource utilization and resource acquiring. The capital resource, knowledge resource, and other resources should lead to gain competitive advantage. The recent example of Walmart; - was accused of getting land in Latin America by paying a bribe –was only made a scar in its retail business. Based on the above literature, sustainable enterprise perspective towards resource-based view is that to gain the competitive advantage over the competitor is gaining the knowledge of resource available, working towards increasing the shareholder fund (capital resource) and increasing the intellectual resource of corporations workforce that provide the sustainability of competitive advantage.

**3. Going Green Policy**

What organizational or business models might be proposed, whether existing in the past or at present or drawn from scratch, as potential solutions to the problem of designing the firm for economic, environmental and social sustainability? (Zollo and Freeman, 2010). What are change interventions that need to be addressed for pro-green policy and foundational questions that need to be answered? It is not that firms have an iron fist over their stakeholders, they have fiduciary responsibilities towards their shareholders, government regulations must be verified and finally, the enterprise has to show a positive track record of the good turnover firm in the corporate world. Therefore being green is not answered as for whether it's costly? or absence of dynamic capabilities of any enterprise to inculcate into practice. Creating a green culture often involves reinforcing behavior that people already want to adopt, but there is still a need for the appropriate tools and training in order to change (Olson, 2008). Increasing inflation, fluctuation in a market economy is making livelihood not only hard but also stressful. Relatively easier problems were solved by management thinkers and academicians, however major concerns such as cost advantage products, durable appliances, and harm-free chemical substitutes still have to be answered. Environmental friendly products are inaccessible either in the market or its price edge is costly to buy. Familiar products became too cheap that create a doubt over its credibility. Hence responsible production and consumption need a revisiting analysis.

**4. Causal -Loop Diagram of a Green Policy**

A system behaves according to its structure, a structure that is market driven, then system too inclined towards market fluctuations. Changes in structure will introduce changes in the system, such structure is expressed in stock-flow relationships and feedback loops. The latter is particularly important as they represent endogeneity in the system and help to explain complex behavior in the variables through changes in the dominance of different types of feedback (Hayward and Roach, 2018). These causal loop diagrams are communicating important feedbacks you believe are responsible for a problem (Sterman,2000).

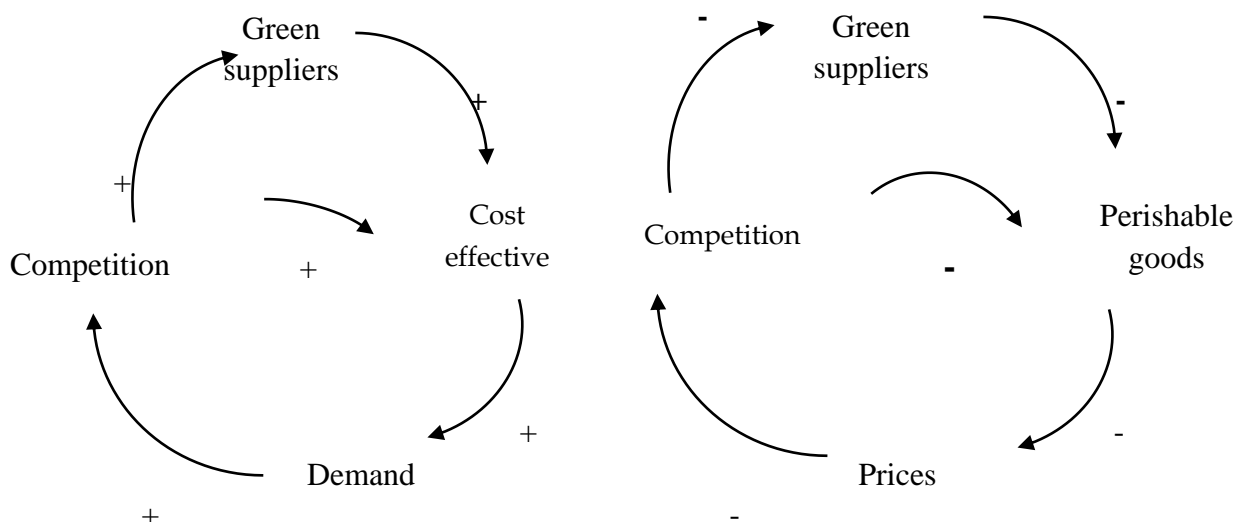


Figure 1. Causal loop diagram of green policy implications

The complexity that exists within policy design is market behavior: Most of the organic goods are perishable and quickly need to convert into money and considering fluctuations in price and availability of stocks, goods price are determined. Such deals play an active role in competition and supply of goods in the market. Although sustainable competitive advantage was much discussed, organization capabilities in coining and implementing pro-green policies seem to be staggering. The capabilities of explaining socio-economic issues that firm undergoing and quick adoption according to market reality are an essential part of policy implications. The principles that form the basis of a green strategy should lead a business to make decisions based on solid business logic and make good business sense (Olson, 2008). How

**5. Reverse Causality of Study**

Let us take X as green suppliers and Y as demand.

According to reverse causality Y is causing changes in X, that is demand for green products and eco-friendly products will cause a change in green suppliers.

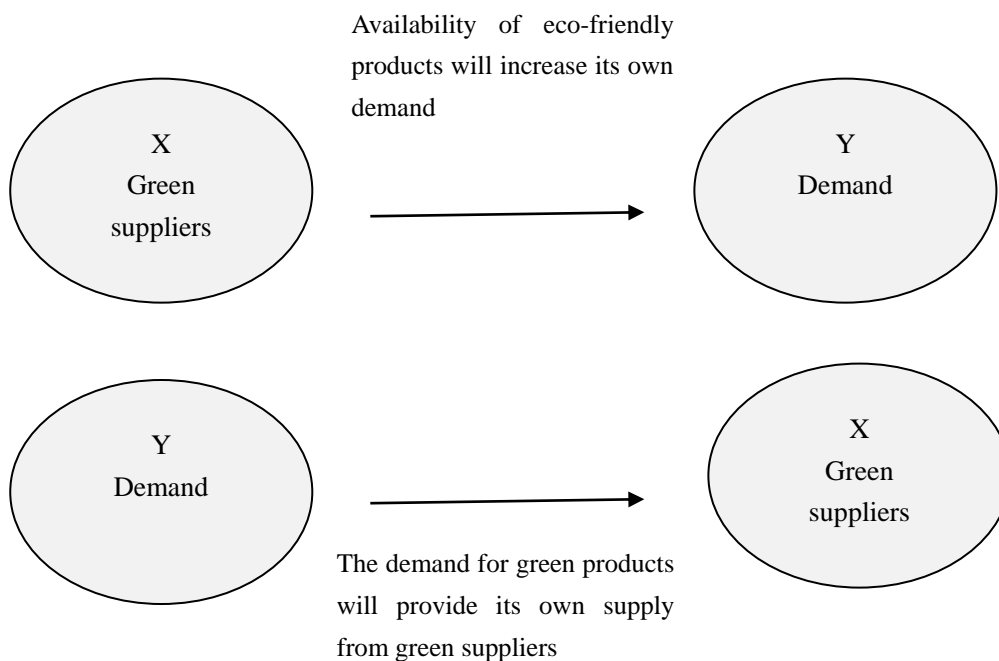


Figure 2. Causal relationship between demand and suppliers

This reverse causality shows that eco-friendly products will enhance the green suppliers and production of green products. Enterprise policy and vision statement will always be inclined towards firms long-term mission achievement such as policy towards consumers, employee wellbeing and firms sustained competitive advantage.

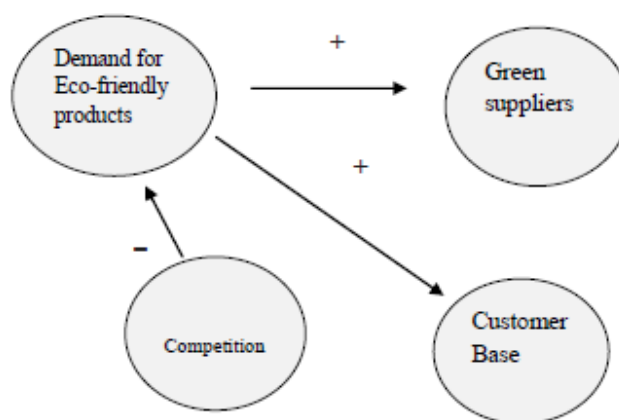


Figure 3. The structural complexity of firms commitment to green policy

Therefore, it firms policy and commitment towards customer base will provide a cutting edge in competitiveness and reputation of any corporation.

**6. Capability Advancement**

In order to achieve sustainability, the enterprise has to advance its capability in formulating and practicing sustainability within given firms policy. The firm has to advance its understandings and existing internal and external elements within the enterprise structure. Some initiatives such as government subsidies to green products, encouraging organic farmers and providing a long-term contract for farmers who cultivate eco-friendly products. Involving employees in stakeholder engagement will enhance organization capability by knowledge transfer process. Yet nearly a decade of "green" initiatives in the world's corporations has given rise to a more optimistic mindset, which promises the ultimate reconciliation of environmental and economic concerns (Walley and Whitehead, 1994). Remember that what the government gives, the government can take away. Threat an advantage based on public policy as sustainable only if you are sure you will continue to be on right side. If not try a different route (Ghemawat, 1986).

**7. Capability Enhancement: Sustainable Policy for a Healthy and Nutritive Society**

There is a lot of discussion on corporations being as a non-state actor, hence there is no big difference in terms of policymaking when it concerns to state or enterprise. Any growth strategy of a nation or state, the target for long lasting and productive outcome. Healthy citizens and nutritive children and society. Any sort of growth and increasing infrastructure may not contribute to a healthy society, therefore a strong sustainable policy that ensures healthy and nutritive citizens is a need for an hour. Human lifestyle is changing, they rely on market commodities much intense as earlier, Genuine raw materials and avoiding alternative raw materials are much concerned in sustainable policy.

For example in the case of India in 1951 every individual was accessed to 394.9 grams of cereals and pulses and in 1991 per capita availability of pulses and cereals increased to 510 grams (half Kilogram) per day, whereas it declined to 416.2 grams in 2001, that is after post liberalization (LPG-Liberalization, Privatization and Globalization) period. Although the figure shows that overall availability of pulses and cereals are above the level of production that is displayed in Figure 4. Cereals and pulses are interesting cases because it is not easy to access to anyone who lives below poverty line. One kilogram of channa dal cost around 3.46 US dollars and 237 Indian rupees that is almost his one day wage. Any country development priority is healthy citizens and nutritive society, therefore, production, proper supply and monitoring process is a milestone in capability enhancement. This not only enhances the sustainability aspect but also supply chain and responsible governance mechanism.

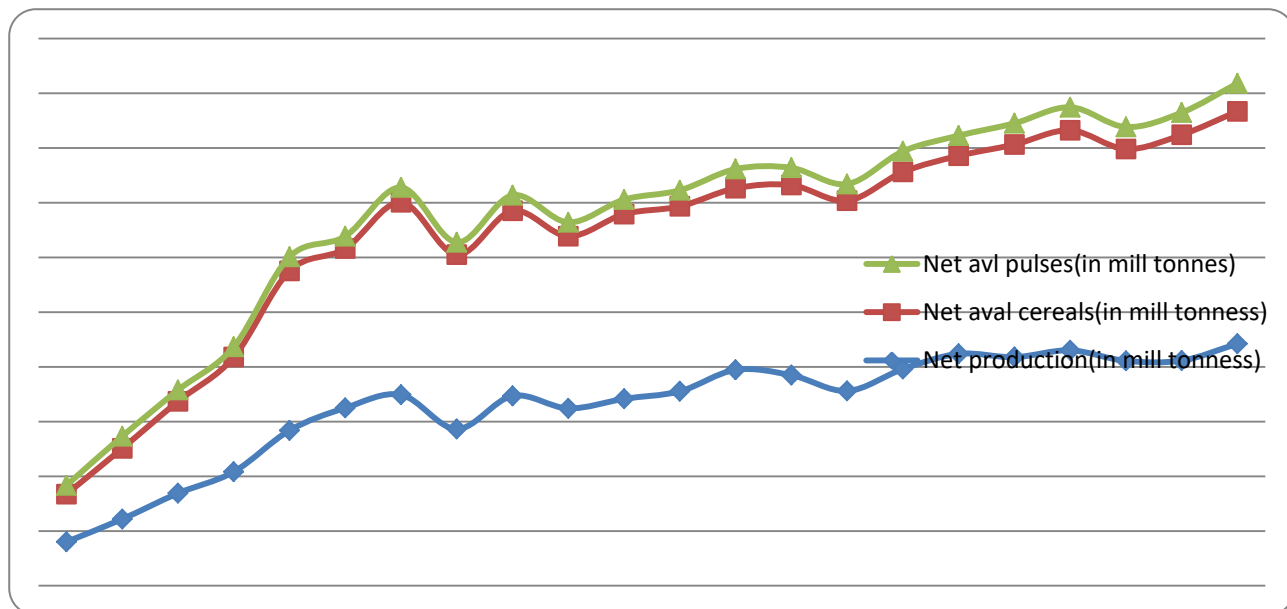


Figure 5. Graphical representation of production and availability of cereals and pulses based on an economic survey of India (2017-18)

Growth strategy cannot neglect population growth of a state (if this factor is significant) and from 2001 to 2016 the range of pulses and cereals available to individual falls between 416 to 487 grams per day. The state is holding a reserve of pulses and cereals that are available between 416 to 487 grams per capita, the concern how well an individual may access? This is not something of public policy or governance related issue, it is a sustainable policy, growth strategy for healthy

and nutritive citizens. The trend analysis over sixty years that is explained in Table 1 shows that fluctuations in data, less production and more needs due to increase in population.

The state or any organization that works towards sustainable policies need to enhance their capability towards formulation, implementation, and monitoring. Formulation requires basic knowledge on subject and ground realities and monitoring need skills to study and evaluate policy outcomes and particularly backlogs.

Table 1. Trend analysis of the availability of cereals and pulses

Year	Population (In Millions)	Net production (In million tons)	Net availabilities cereals (In Million tons)	Net availabilities pulses (In Million tons)	Per capita availabilities (In grams)
1951	363.2	40.1	43.6	8	394.9
1961	442.4	60.9	64.6	11.1	468.7
1971	551.3	84.5	84	10.3	468.8
1981	688.5	104.1	104.8	9.4	454.8
1991	851.7	141.9	145.7	12.9	510.1
2001	1033.2	162.5	145.6	11.3	416.2
2002	1050.6	174.5	175.9	13.6	494.1
2003	1068.2	143.2	159.3	11.3	437.6
2004	1085.6	173.5	169.1	14.2	462.7
2005	1102.8	162.1	157.3	12.7	422.4
2006	1119.8	170.8	168.8	13.3	445.3
2007	1136.6	177.7	169	14.7	442.8
2008	1153.1	197.3	165.9	17.6	436
2009	1169.4	192.4	173.7	15.8	444
2010	1185.8	178	173.8	15.3	437.1
2011	1201.9	198	180.1	18.9	453.6
2012	1213.4	211.9	181	18.4	463.8
2013	1228.8	208.9	194.3	19.4	491.9
2014	1244	215.1	201.1	21.1	489.3
2015	1259.1	205.5	193.6	20.1	465.1
2016	1273.9	205.8	206.3	20.3	487.3
2017	1288.5	221.1	212.4	25.6	506.1

Source: Economic survey of India (2017-18).

## 8. Conclusion

The pro-green policy of any enterprise or an organization is not a philanthropic policy or grudging acceptance of any enterprise, it is a policy of capability advancement, policy for peaceful co-existence with neighborhood and means for achieving a sustained complete advantage. The radical change towards enterprise policies is not pro-green policies, whereas gradual and tangible alteration of policies that are proactive towards sustainable development of an enterprise is vital. Who is going to benefit from the formulation of long term strategy and short term goals? The answer is society and other existing sub-systems, hence policy and strategy must concern the people along with profit and firm reputation.

## 9. Future Scope of the Study

Further to study the indicators that are driving an enterprise towards sustainable development? Despite intense study carried out why sustainability policy and governance mechanism still remains ambiguous? These are the future scope of the study.

## References

- Cox, R. H., & Bhand, D. (2013). Valence, policy ideas, and the rise of sustainability. *Governance*, 26(2), 307-328. <https://doi.org/10.1111/gove.12003>
- Darby, L., & Obara, L. (2005). Household recycling behavior and attitudes towards the disposal of small electrical and electronic equipment. *Resources, Conservation and Recycling*, 44(1), 17-35. <https://doi.org/10.1016/j.resconrec.2004.09.002>
- Elkington, J. (1994). Towards the sustainable corporation: Win-win-win business strategies for sustainable development. *California Management Review*, 36(2), 90-100. <https://doi.org/10.2307/41165746>
- Ghemawat, P. (1986). Sustainable advantage. *Harvard Business Review*, 64, 53-58.
- Grewatsch, S., & Kleindienst, I. (2017). How organizational cognitive frames affect organizational capabilities: The context of corporate sustainability. *Long Range Planning*. <https://doi.org/10.1016/j.lrp.2017.03.004>
- Hayward, J., & Roach, P. A. (2018). Newton's laws as an interpretive framework in system dynamics. *System Dynamics Review*. <https://doi.org/10.1002/sdr.1586>

- Joshi, S., & Li, Y. (2016). What Is Corporate Sustainability and How Do Firms Practice It? A Management Accounting Research Perspective. *Journal of Management Accounting Research*, 28, 1-11. <https://doi.org/10.2308/jmar-10496>
- Landrum, N. E. (2017). Stages of corporate sustainability: Integrating the strong sustainability worldview. *Organization & Environment*, 1086026617717456. <https://doi.org/10.1177/1086026617717456>
- Marrewijk, M., & Werre, M. (2003). Multiple levels of corporate sustainability. *Journal of Business Ethics*, 44(2), 107-119. <https://doi.org/10.1023/A:1023383229086>
- Olson, E. G. (2008). Creating an enterprise-level “green” strategy. *Journal of Business Strategy*, 29(2), 22-30. <https://doi.org/10.1108/02756660810858125>
- Reinhardt, F. (2000). Sustainability and the Firm. *Sustainable Business*, 30, 26-41. <https://doi.org/10.1287/inte.30.3.26.11667>
- Sterman, J. D. (2000). *Business dynamics: systems thinking and modeling for a complex world* (No. HD30. 2 S7835 2000). Irwin/McGraw-Hill, Boston .982.
- Walley, N., & Whitehead, B. (1994). It's not easy being green. *Harvard Business Review*, 72, 46-52.
- Wernerfelt, B. (1984). A resource - based view of the firm. *Strategic Management Journal*, 5(2), 171-180. <https://doi.org/10.1002/smj.4250050207>
- Zollo, M., & Freeman, E. (2010). Re - thinking the firm in a post - crisis world. *European Management Review*, 7(4), 191-194. <https://doi.org/10.1057/emr.2010.20>
- Zollo, M., Minoja, M., Casanova, L., Hockerts, K., Neergaard, P., Schneider, S., & Tencati, A. (2009). Towards an internal change management perspective of CSR: evidence from project RESPONSE on the sources of cognitive alignment between managers and their stakeholders, and their implications for social performance. *Corporate Governance: The International Journal of Business in Society*, 9(4), 355-372. <https://doi.org/10.1108/14720700910984918>

## Copyrights

Copyright for this article is retained by the author(s), with first publication rights granted to the journal.

This is an open-access article distributed under the terms and conditions of the [Creative Commons Attribution license](#) which permits unrestricted use, distribution, and reproduction in any medium, provided the original work is properly cited.