ABSTRACT

Sustainability isn’t the burden on the profitability as many Organizations believe. In fact becoming environment-friendly can lower your costs and increase firms profitability. In future, only the organizations that make sustainability a goal will achieve competitive advantage. This means rethinking business models as well as products, technologies and processes. To make progress on environmental issues, Peter Senge says, organizations must understand that they’re part of a larger system. Organizations take piece meal approach to sustainability. Companies should pursue broader structural change. This means identifying opportunities that span the entire value chain.

The present study deals with companies integrating sustainability in their business practices. The purpose of the study is to determine the importance of integrating sustainability in their business strategies.

The conceptual part covers sustainable development and sustainability. Sustainable development forms a background for understanding of sustainability. The focus is on sustainable supply chain and sustainable marketing practices integrated by organizations. Data for this part was obtained from secondary sources such as books, reports, articles and websites.

Qualitative research was used to analyze data collected through company websites. In the analysis the benefits for companies are presented and the data is analyzed by comparing the findings for similarities and differences.

The study results indicate that integrating sustainability in business practices will help sustainable development and is a move towards sustainable future.

Keywords: Sustainability, Sustainable Marketing, Sustainable supply chain.

INTRODUCTION

The sustainability agenda is very much in the business environment. Increasingly, for a business to remain viable it must consider its social and environmental impacts.
Current environmental and social trends are threatening access to resources that businesses are dependent upon. Public awareness of sustainability issues is increasing and affecting consumer and employee market behavior. It is prudent for corporations to give ample consideration to the sustainability agenda.

‘Sustainable’ means the capacity to continue, to remain viable. ‘Sustainability’ refers to aspects that allow this continuation, including the ability to develop and change.

The sustainability agenda has three pillars to be considered – environmental, societal and economic (figure 1.1) these three pillars have “mutual dependency” each relying upon the other for their success. Activities should benefit all three otherwise they will result in long-term detriment to all three.

The present work focuses on companies integrating sustainability in their business strategies:

**Sustainability**

Sustainability is the third megatrend which is the changing relationship between humanity and the planet we inhabit. Scientific evidence has proven beyond any doubt that today we are living beyond our means. Living beyond our means is not just in a financial sense but also in an environmental sense. Today, according to the third wildlife Fund, we are consuming the resources of 1.5 planets. The human population took more than 250,000 years to reach the 1 billion mark in the 1800s. It took a century more to reach 2 billion in 1927. It then took 32 years to reach 3 billion around 1960 and only 50 years since then to add another 4 billion to reach 7 billion in 2011. By 2050, there will be another 2.3 billion more people on earth sharing the same space today. Almost all them will be in the developing world.

If the developing world consumed in the future at the rate the developed world consumes today, we would need somewhere between 3-5 planets. Obviously that is not sustainable.

**Sustainable development**

Sustainable development ensures the well-being of individual by integrating social development, economic development, and environmental conservation and protection. The most frequently used definition of sustainable development is ‘development that meets the needs of the present without compromising the ability of future generations to meet their own needs.’ (WCED 1987) The meaning of needs is something that is necessary for the organism to live a healthy life. It is necessary for the sustainable development that the policies and technologies should be green so that environmental ability meets present and future generation in equal manner. It was coined in 1987 by the United Nations-appointed World Commission on Environment and Development, also known as the Brundtland Commission after its chair, former Norwegian Prime Minister Gro Harlem Brundtland.

**Sustainable marketing**

The framework for sustainable marketing is shown in figure 1(Peattie 1995,41) which consists of the three pillars of sustainability: environment, society and economy. Sustainability is in the middle of this intersection, which describes the relationship of the three concepts to sustainable marketing. All three components have to be taken into account, which are closely intertwined.
Supply chain sustainability

is a business issue affecting an organization’s supply chain or logistics network in terms of environmental, risk, and waste costs. Sustainability in the supply chain is increasingly seen among organizations as essential to delivering long-term profitability and has replaced monetary cost, value, and speed as the dominant topic of discussion among purchasing and supply professionals.

Benefits of sustainability for companies

The benefits of integrating Sustainability in business strategies are:

Cost savings can be one of the biggest motivators for companies. Integrating Sustainability offers both easily realizable and low-cost actions, as well as more comprehensive and cost-intensive changes, both leading to long-term cost savings.

Reputation has to be earned and being sustainable can earn companies a good reputation.

New markets can open up through sustainability. In any case, sustainability can be something with which a company can differentiate itself from its competitors.

Reduced risk is another benefit of integrating. Proactive companies mitigate these problems and gain a competitive advantage over competitors by switching to alternative energy sources, becoming more resource efficient or finding alternative resources.

Attracting and retaining employees can be easier for a company by practicing Sustainability.

Leadership can be either gained or maintained through by making sustainability part of the business, the company can enhance their image and gain a competitive advantage.

OBJECTIVES AND RESEARCH QUESTION

The main objective of the study is to study the benefits of integrating sustainability in business strategies. This will show if businesses have already recognized the necessity to integrate sustainability in their business strategies. From this follows the research question and its sub-questions.

- What is sustainability?
- What is Sustainable Marketing?
- What is Sustainable Supply Chain?
- What are the benefits of integrating sustainability in business strategies?

RESEARCH METHODOLOGY

The research undertaken is underpinned by phenomenological paradigmatic assumptions. Therefore a qualitative methodology is followed. Three case studies have been selected and analyzed, providing the basis for a comparative analysis of approaches taken.
LIMITATIONS

Only three companies were considered.

LITERATURE REVIEW

Sustainability

The concept of corporate sustainability started to emerge only in the end of the twentieth century, before which maximization of profits remained the sole aim of most corporate house. Today, with rapid information sharing, increased awareness among the public, escalating media attention, pressure from governments, NGOs, social activists, environmentalists and civil society, corporations find it difficult to do destructive and unethical practices without attracting negative feedback (Patro, 2010). Stricter legislations and compliance regimes, and the mounting pressure from various stakeholders have driven companies to conduct their businesses in a way that is both sustainable and inclusive.

As pointed out by Agarwal (2008), the concept of corporate sustainability gains all the more importance in a developing country like India that cannot depend on just governments efforts or funding from global agencies to attain sustainable development. It also needs intervention by the multinational corporations and local firms for moving towards the path of sustainable development.

More and more business houses in India are now moving towards a path that leads to sustainable development. This is evident from the increasing number of CSR activities, sustainability reports, corporate sustainability awards etc. in India. Firms are slowly beginning to realize that they cannot exist in vacuum and that their profits cannot multiply without accepting responsibility towards its people, the planet and the unborn future. Their outlook towards sustainability has changed from that of ‗charity and dependence to empowerment and partnership‘ (Agarwal, 2008). All this is happening not only because of the pressure created by various stakeholders but also because firms understand that there are a number of opportunities that sustainable pathways can present.

Sustainable marketing

Sustainability became important many decades ago, in one form or another, people have been advocating for sustainability for a long time. It is natural that their voices have not reached the business world, even with all the creative ideas, the typical structures based in a long-held beliefs face terrible objection (Martin and Schouten, 2012).

Martin and Schouten (2012, p. 6) assert that: “modern marketing is the grandchild of the industrial revolution and since the beginning of the era of mass production, the practices and the philosophies of marketing have evolved considerably”. The industrial revolution had as philosophy: “If we can build it, we can sell it”, then became “let the buyer beware”, due the aggressive tactics of sale and advertising that the companies used to compete with each other, and in the third generation, the central stage was the needs and wants of the consumer and marketing concept starts to manage the philosophy of time onwards (Martin and Schouten, 2012).

However, Gordon et al. (2011) claim: “marketing is central to global society, and when harnessed responsibly can encourage us to recycle, reuse, buy Fairtrade, eat healthily, drink sensibly, save energy and support good causes”.

Sustainable supply chain

Min and Galle (2001) note that many buying firms get involved in sustainable purchasing in a reactive manner in that they do so just to avoid violations of regulatory laws. Rao (2002) notes that, adoption of SSCM practices is encouraged by government and market forces. Zhu and Sarkis (2004) also mention competitive and regulatory pressures as drivers of SSCM. Pagell et al. (2004) and Shi et al. (2012) mentions about proactive and reactive strategies for sustainability. They note that while proactive strategies relate to pollution prevention rather than pollution control, reactive strategies essentially react to regulations by doing the minimum required by law and customer requirements on
environmental concerns. Zhu et al. (2005) note that Chinese manufacturing firms have increased their environmental awareness due to regulatory, competitive, and marketing pressures and drivers with regulatory factors being the most important among them all.

From the discussion above, it is clear that firms may adopt SSCM practices voluntarily, without any external pressure, or they may be compelled to comply with regulations or adopt SSCM practices under pressure from customers and competitors.

**Present study**

The current study the following three companies have been selected as case studies because they represent a spread of leading, national companies. Their portfolios include a range of FMCG categories.

For each case study, key corporate information is summarized, followed by a brief summary of sustainability approach and sustainability practices followed by these companies.

**HUL**

Case study based on secondary data from companies website.

**Corporate Information**

- Hindustan Unilever is India’s largest Fast Moving Consumer Goods Company with a heritage of over 80 years.
- It touches the life of two out of three Indians.
- 35 brands spanning 20 distinct categories.
- Company has 16000 employees and turn over of Rs.30,000 crores (2014-15)

**Sustainable marketing practices of HUL in India**

HUL is committed to operate and grow its business in a socially responsible way. Their vision is to grow business while reducing the environmental impact and increasing their positive social impact. The sustainable marketing practices of HUL are based on three big goals:

**Improving health and well being**

1. Reducing environmental impact
2. Enhancing livelihoods

A few examples of HUL sustainable marketing initiatives and its impact:

1. Lifebouy Hand Washing Campaign : The aim of Lifebouy Hand Washing Campaign is to change the hygiene behavior of 1 billion people by 2015 through the active promotion of hand washing soap. HUL used its knowledge of consumer behavior to encourage hand washing.

2. Shakti Distribution network: The Shakti distribution in India, employs 45,000 women who sell affordable unit sizes in the villages they live. Making products accessible to 800 million people living in villages but also providing a livelihood, dignity and respect to many families along the way.

3. Hindustan Unilever Limited (HUL) announced the launch of ‘Swachh Aadat, Swachh Bharat’ programme in line with Government of India’s Swachh Bharat Abhiyan (Clean India Mission) to promote good health and hygiene practices. Given the scale of challenges that India faces in the areas of water, sanitation and hygiene (WASH), this programme is an effort to help India realise the goals of Clean India Mission by 2019.
All the above initiatives of HUL are based on sustainability practices integrated with business strategies, provide measurable social, economic and environmental benefits.

**Procter and Gamble**

Case study based on secondary data from companies’ website

**Corporate information**

- P&G is one of the largest and the fastest growing FMCG companies in India
- Its presence pans across the Beauty and Grooming segment, Health and well being segment
- It serves across 650 million consumers across India.
- It employs around 26,000 people in India.

**Sustainable marketing practices of P & G in India**

1. P&G’s signature Social Responsibility Program ‘Shiksha’ (education) has till date helped 280,000 underprivileged children access their right to education. Shiksha has built & supported over 140 schools across India, in partnership with NGOs like Round Table India (RTI)

2. Environmental sustainability is at the heart of operational excellence, and are constantly making efforts to reduce our carbon footprint. Leading the way is their plant in Baddi, Himachal Pradesh, which produces brands like Pantene and Ariel, having achieved 40% reduction in carbon footprint over the last 3 years

3. P&G’s ‘Parivartan’ (transformation) program reaches over 2.5 million girls each year with timely menstrual education & protection, that helps keep them in school

4. P&G’s ‘Parivartan’ Program and Whisper are helping girls embrace womanhood positively by adopting the right feminine hygiene practices, without having to abandon education

5. P&G’s commitment towards waste management is best demonstrated by our plant in Goa, which produces one of our leading brands Whisper. Over the past 2 years, the plant has recycled and reused over 4000 tons of scrap, which equates to the daily paper & plastic waste generated by 12 times the population of a major Indian metro

6. P & G’s has integrated sustainable marketing practice in its business strategy and are touching and improving the lives of consumers now in sustainable manner and will continue to do so in future.

**Marico**

Case study based on secondary data from companies’ website

**Corporate information**

1. Marico Limited is one of India's leading consumer products companies operating in the beauty and wellness space.

2. Currently present in 25 countries across emerging markets of Asia and Africa, Marico has nurtured multiple brands in the categories of hair care, skin care, health foods, male grooming, and fabric care.

3. Add value to the life of 1 in every 3 Indians.

**Sustainable supply chain practices of Marico**

Marico is the largest buyer of copra in India—about 100,000 tonnes a year—and is striving to meet steadily growing demand for its popular range of Parachute coconut oils, reliable, resilient and
sustainable in-bound raw material chains are a lynchpin for a crisis-free future. The difficult years spent to “broad-base supply” has evidently borne fruits for the company feted for its supply chain innovations. The recent unveiling of a pilot collection centre near Madurai in Tamil Nadu—where farmers can troop in with their ‘raw’ coconuts—is a milestone. Earlier, Marico would buy only copra—coconuts sun-dried by its vendors. This migration from copra to coconut is significant.

After an effort spanning two decades to dis-intermediate its copra supply chain—ridding it of exploitative structures and agents—and infuse it with technology platforms for quick, transparent transactions, FMCG major Marico is nearing its holy grail: the enviable situation of dealing with the smallest possible vendor—a marginal farmer with a few coconut palms in his backyard.

One-stop shop

This collection centre, one of the thousands it has, has machines to de-husk, de-shell and dry coconuts. Farmers disinclined or unable to convert their coconuts to copra can sell their produce here. The Madurai centre is a turning point in streamlining the supply chain and establishing a relationship with the smallest farmer possible, without engaging in contract farming. Marico has suffered during two bull runs in copra—in 2003-05 and in 2008-09—as middlemen salted away copra in warehouses. From Rs 18,000 a tonne in 2001-02, the price peaked at Rs 52,000 a tonne in 2005. To break this stranglehold, Marico set a goal of reaching out to the largest possible mass of people willing to sell. The idea was farmers don’t usually hoard. Their aim, always, is to sell their produce as quickly as possible and invest in the next crop.

In the early years, Marico sourced its copra from terminal markets of Kerala—a beehive of agents and unions. There was the transporter, who doubled up as trading facilitator; traders undertook fumigation, drying and sorting; a workers’ union also sorted; another union filled copra into sacks, and stitched and loaded them; and yet another union stacked the sacks in trucks. All these activities cost around Rs 500 a tonne and gunny bags cost another Rs 300 per tonne.

Knowing that sourcing from terminal markets couldn’t go on, Marico diversified into buying directly from individual traders, who moved truckloads of copra directly to its factory. Simultaneously, the company started developing a sourcing base in Tamil Nadu to de-risk itself from Kerala.

In 2002, with of reverse auctions, price discovery and a feel of the quantity available became much easier. This prompted a month-long blockage by Kerala traders. Another tactic adopted by angry traders, to break and discredit the auction system, was to offer copra at lower prices than those accepted by Marico, after auction hours. Marico buyers, however, refused to renge on the high prices contracted.

Traders even complained to top management that the company was incurring losses by buying copra at higher prices. However Marico had decided it would not go for offline buying. They set up a transparent system and ensured the process never violated.

A web-based system was also crafted. Marico set up its first copra collection centre in Perambra, Kerala. It was another significant step in broad basing supplies and also enabled Marico to rehabilitate smaller agents as centre heads, paying them Rs 150 a tonne as commission. Today, over 50% of copra procurement by Marico is through its centre’s; the rest comes from normal trade.

ANALYSIS AND CONCLUSION

1. The above three case studies elucidate that the companies have integrated sustainability in their business strategies processes through sustainable marketing activities and sustainable supply chain activities.

2. The above three companies have recognized the interlace of the environment, Social / ethical and economic factors for a good performance of the business.
3. The above three companies have managed Triple Bottom Lines framework to assess their progress towards sustainability by measuring overall organizational success, including social and environmental performance and not only Economic performance.

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