

## **A Phenomenological Exploration Into Environmental Orientation Of Firms In India**

Sukhbir Kaur Sandhu, Lincoln University, New Zealand  
Clive Smallman, Lincoln University, New Zealand  
Lucie Ozanne, University of Canterbury,  
and Ross Cullen, Lincoln University, New Zealand

### **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 et al., 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; Ozanne and Menguc, 2004; Porter and Linde, 1995b; 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 (Andersson and Bateman, 2000; Aragon-Correa, 1998; Banerjee, Iyer and Kashyap, 2003; Gladwin et al., 1995; Menguc and Ozanne, 2005; Porter, 1991; Porter and Linde, 1995a; Porter and Linde, 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 et al., 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, 1991; Porter and Linde, 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 reason for selecting organisations from amongst top organisations was that previous research has indicated that smaller firms in general have neither the resources nor the willingness to be environmentally responsible. Bigger organisations on the other hand because they have more stakeholders are under greater pressure to be environmentally responsible (D'Souza and Peretiakko, 2002; Sharma and Vredenburg, 1998). The reason for selecting organisations randomly (rather than through theoretical sampling) was that we wanted to analyse the actual ground realities and avoid an unintentional bias of talking to

organisations that were known for their environmental responsibility and for this purpose random sampling was deemed more appropriate.

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 in depth 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 verbatim 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 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 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.

## **Results and Discussion**

Our analysis focussed on three main issues: the environmental issues that the firms in India consider significant, the ways they deal with these issues and most importantly on uncovering the drivers that propel these firms to adopt an environmental orientation.

### **Environmental Issues Considered Significant**

The exhaustive description that we arrived at suggests that the environmental issues that managers in Indian firms considered significant were issues related to effluent treatment, amount of water consumed and type of water discharged, treatment of hazardous wastes and noise and odour control. The organisations were thus primarily concerned about the “visible discharge” issues.

### **Dealing with the Environmental Issues**

The organisations deal with the water conservation issues through measures such as, plugging leakages, recycling of water and reusing it in the manufacturing process. Rainwater harvesting was also reported by all the organisations (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*”.

The organisations were also making large capital investments in sophisticated effluent treatment plants and were developing beginning of pipe solutions for waste minimisation and reduction, “*We are working towards 100 percent recycling and improving yield through waste reduction*”. Planned and structured environmental planning with support from top management was also a common feature. Organisations were also exploring research partnerships for technology developments for environment friendly inputs.

Planting and maintaining green belts using treated effluent in green belts was reported by all 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.

Symbolic measures such as distribution of tree saplings, free pollution checks, organising parades on world environment day were also done.

### **Motivating factors**

When the managers were queried in depth about the motivating factors that propelled them to address the environmental issues we found that the one of the most pragmatic factors that propels environmental responsiveness in organisations in India was 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. 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 regulatory norms. The strictly enforced environmental regulations in the developed countries thus demand a higher level of environmental orientation from these firms in a developing country.

As one manager put it *“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 is in the area of environment health and safety.*

*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”.*

This view resonates in almost all other responses analysed.

Because of these international pressures organisations desisted from using hazardous materials and had replaced them with safer environment friendly alternatives *“We do not use substances such as Methyl Bromide in our packaging material for which we are restrained by Sony with whom we have green partnership program”*

Organisational culture and values and beliefs of the top management as well as support from top management were credited to be another major motivating factor.

Finally regulations were reported to be a motivator but to a very limited extent *“We are ahead of regulatory requirements”* was a common refrain. It was perceived that regulations act as a minimum standard. All the managers reported their organisation’s performance to be better than what regulations demanded.

The problem with regulations seems to be in implementation and poor enforcement. A majority of the managers felt that the implementation of regulations was lax and that proper monitoring was lacking. This comment from one of the managers reflects the views of the majority of the managers interviewed, *“India is the most enacted but the least acted upon country in regards to environmental regulations”.*

Some also saw lack of effective implementation as a de motivator as this extract describes, *“Regulations should have a rule to give the motivation or reward to industries which are going beyond the mandatory norms. Instead of that what is happening, in absence of effective implementation if I am doing recycling and my competitor is not doing the recycling, not even the basic requirements of the local norms then he definitely is much more cost effective than us”.*

But things seem to be improving with new organisations not getting consent till they receive environmental clearances and there appears to be an emerging if nascent 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 the sample size for the study was very small as it was meant to be an initial exploratory analysis. 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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