



ADOPTING SUSTAINABLE BUSINESS PRACTICES: BENEFITS AND CHALLENGES

Aswani Thampi P.R* Dr.Ambeesh Mon.S**

**Research Scholar, Institute of Management in Kerala, University of Kerala,
Thiruvananthapuram, Kerala.*

***Assistant Professor, Institute of Management in Kerala, University of Kerala, Thiruvananthapuram,
Kerala.*

Abstract

In recent years, sustainability has become a top concern for many companies. Sustainable business practices encourage environmental sustainability, social responsibility, and economic development. By adopting sustainable practices, businesses can reduce their carbon emissions, reduce waste and pollution, conserve natural resources, build reputation, increase customer loyalty, and attract a qualified and skilled workforce. In addition, sustainable business practices help society at large by tackling global issues like climate change, inequality and poverty. Most companies today implement sustainable business strategies with the objective of reducing their negative impact on environment, society and economy while maximizing their positive contributions. They want to stay profitable in the long run while also helping to promote sustainable development. The present study aims to examine the benefits as well as challenges in implementation of sustainable business practices. The study also provides a brief outline on various sustainable practices followed by businesses today.

Keywords: *Sustainable Business, Sustainability, Sustainable Business Practices, Energy Consumption*

Introduction

Covid-19 has made a significant impact on the way businesses operate around the world. Companies are revamping their operations in order to protect their employees, customers, and the planet. This necessitate the alteration of operational procedures and the implementation of novel technologies to ensure sustainability objectives while maximizing shareholder returns. Sustainability is a major concern that transcends the boundaries of individual businesses. Fortunately, a significant number of large corporations are creating innovative sustainability strategies and incorporate into their operations. A sustainable business is a company or organization that has minimal environmental, social, and economic impacts. A sustainable business is one that creates value for all of its stakeholders, including its customers, its employees, its suppliers, its communities, and its environment. Businesses that adhere to sustainable business practices strive to reduce their environmental footprint, enhance their social responsibility, and generate long-term benefits for their customers and employees. These practices focus on reducing waste, conserving resources, and reducing emissions, and are designed to create value for all parties involved, from customers to suppliers. In other words, a sustainable business is one that has minimal detrimental effects on the on the planet and society. As more and more companies are exploring new strategies to make their businesses more sustainable through policy and investment, it is becoming increasingly evident that sustainability is not merely a concept, but a goal that companies are striving to reach along with meeting the needs of their customers. Not only can sustainability help create a pollution-free world, but can also help a company to succeed.

A recent Nielsen study shows that 73% of millennial consumers around the world are willing to pay higher prices for sustainable products. In India, the idea of sustainability is becoming more and more



popular among consumers. 78% of consumers in Indian are willing to alter their consumption patterns to reduce their environmental footprint, as per a survey by IBM. research 62% consumers in India are willing to spend a premium on sustainable products (New Bain & Company). According to First Insight, 62% of Gen Z and Millennials prefer to shop from sustainable brands. 40% of customers in UK would choose brands that have environmentally sustainable practices (Deloitte). This all indicates that consumers are more likely to make purchases based on company values. Adopting sustainable practices can help businesses improve their brand image, attract eco-conscious consumers, and build long term customer loyalty. This can lead to business growth and profitability.

Sustainable business practices are an integral part of any successful long-term business model, whether it's for a small single company or a global community. This study will explore the advantages of sustainable business operations and explain how it assists organizations in achieving their objectives while also contributing to environmental and social considerations.

Significance of the Study

The new generation of consumers is highly aware and conscious of the products they purchase. They are more willing to pay higher prices for products that include sustainable ingredients or have socially responsible statements. They are concerned about the environment and the working conditions of the people who produce their favorite items. Furthermore, they are not afraid to challenge such brands on social media and other platforms that are not attempting to become more sustainable and reduce the environmental impact. Therefore, If an organization is willing to come to sustainable practices, it can increase its market share by capturing sustainability conscious customers and thereby can its increase sales. In the current climate, positioning a brand as environmentally friendly and emphasizing its values is a successful way to appeal to modern customers.

Sustainability practices can have many positive effects on a company . Sustainable businesses can reduce wastes while still offering value to their customers through the use of renewable resources, recycling of materials or composting of waste instead of throwing it away altogether. it allows businesses to control their energy consumption in order to be more cost-effective with their operating costs and ultimately save money on operating expenses and increase competitiveness. Furthermore, a company that is committed to sustainability can build a more devoted customer base. When customers feel that they are making a positive impact by purchasing products from a company that is environmentally and socially responsible, they will be more likely to purchase from that company again. Sustainability practices are important as each and every business in this globe has a responsibility in protecting the environment along with meeting customer demands. This study .helps to get a better understanding on the various sustainable business practices that helps companies to utilize resources in a manner that minimizes environmental damage and the benefits and challenges in implementation of this practice.

Objectives

1. To examine the importance of sustainable practices in modern day business
2. To identify the benefits as well as challenges in implementation of sustainable business practices.



Methodology

The study is descriptive in nature. Secondary data collection technique is used to examine the important aspects for this study,. Data has been collected from varied sources like published papers, books, websites, blogs and articles.

Important Sustainable Practices Followed by Businesses

Here are the most efficient sustainable business practices a business implementing today.

- Utilizing renewable energy is one of the most popular sustainable business practices because it allows companies to reduce the environmental impact while also saving money in the long run. It includes solar, wind, hydropower, and more.
- Business can make environmentally friendly choices such as prefer energy-efficient products, avoid harmful chemicals and materials, source locally
- Using sustainable packaging by creating and using more sustainable materials.
- Converting corporate fleets to electric or hybrid vehicles is one of the key sustainable practices for businesses. It drastically reduces the carbon footprint and brings cost savings. Although an initial investment is required, long-term benefits outweigh the costs.
- Composting is a sustainable business practice that can help you reduce the amount of waste that goes into landfills. Composting keeps food out of landfills by recycling food scraps and garden trimmings from green areas instead of throwing them away or sending them to landfill.
- Ethical sourcing is a form of sustainable business practice where manufacturers and brands are ethically sourcing their products to ensure that they are produced in a way that respects human rights, workers' rights, and environmental protection practices.
- Sustainable Supply Chain Management involves identifying, analyzing, and reducing the environmental impact of all aspects of business from materials used in manufacturing to transport methods and final disposal.
- Taking care of employees to create a healthy workplace providing them opportunities for growth.
- Corporate environmental responsibility is a sustainable business practice that helps companies manage their environmental impacts. Companies can reduce their environmental impact by minimizing waste, recycling and reducing pollution. They also may work with suppliers to reduce their own environmental impact.
- Sustainability reporting is a way for companies to communicate their sustainability performance to stakeholders. It can be done through a variety of means, such as annual reports or corporate websites that provide information on the company's environmental and social impacts.

Benefits of Sustainable Business Practices

There are several reasons why sustainable business practices are beneficial for companies, employees, and the environment.

Environmental impact: Sustainable business practices help protect the environment and conserve natural resources whenever possible. For example, they can use renewable energy sources such as solar or wind power, or recycle waste products. This reduces their carbon footprint and helps to mitigate the negative impacts of climate change.

Reduce energy usage and waste: By adopting sustainable business practices, companies can significantly reduce their energy consumption and waste, as well as become more energy efficient and



reduce their overhead costs. This can lead to a significant reduction in their environmental footprint, which can be a lucrative investment. Additionally, sustainability can have a positive impact on the supply chain, as it can help to reduce the use of key resources such as carbon, water, and waste.

Preserve water - Conservation of water is arguably one of the most pressing issues for humanity. Using sustainable business practices can help businesses save water by cutting down on water-intensive processes.

Social impact

Companies that are socially sustainable recognize their own responsibilities to society, and strive to enhance the quality of life in their local areas. They undertake social sustainability-oriented activities, such as promoting education, healthcare, and poverty eradication. These activities foster customer and stakeholder trust and confidence, thereby enhancing the company's reputation in the community.

Promotes fair trade and ethical labour practices: Sustainable businesses often promote ethical practices such as fair labor practices, safe working conditions, access to education and health care for workers. Additionally, sustainable brands are more likely to adhere to independent audits and provide transparent supply chains in order to ensure the rights and safety of their workers. Furthermore, they offer livable compensation, standard benefits, and security of tenure for their employees.

Supports local communities and artisans: Sustainable businesses support local communities by sourcing raw materials and skills from local communities, preserving their cultural heritage and supporting their livelihoods. This can have long-term positive impact on local economies with home-grown brands.

Companies that adopt sustainable practices become more conscious of their impact on the environment. By integrating sustainability into the business, companies increase their ability to comply with regulations. This means it becomes easier for them to implement the government's legal requirements to protect the environment and act timely and efficiently.

Business impact

Consumers are more likely to support sustainable businesses than non-sustainable businesses. Sustainability also cut down business costs by reducing energy consumption and waste, thereby increasing profitability. Through sustainability businesses can also attract employees, make them more productive, innovative, and loyal, access new markets and attract new customers, get tax incentives from the government side company and increase returns.

Cost savings: Implementing sustainable practices can lead to significant cost savings by reducing energy, water, and resource consumption and minimizing waste disposal costs. Sustainable practices often translate as an overall reduction in operational costs. These include opting for more energy-efficient lighting, investing in more efficient heating and cooling systems, better insulation, and so on. Even though these processes may be more expensive to implement, they are undoubtedly more worthwhile in the long run.

Improved brand reputation: Enhance brand image and build customer loyalty. Sustainability can become a key component in buying decisions. Customers are more aware than ever of how their buying choices can affect businesses and the difference between climate action vs green washing. There are likely to buy from companies that are mindful of their impact on society and the environment. Thus,



sustainability improves businesses brand image and gives them a competitive advantage over competitors. Companies that prioritize sustainability are seen as ethical and responsible, leading to increased customer loyalty and a positive brand image. A commitment to sustainability can significantly elevate a brand's image.

Increased profitability: Sustainable strategies can reduce waste and resource consumption, can increase efficiency and productivity, leading to higher profits. The more sustainable a business becomes, the less it pays on its energy bill. Cost savings can be reinvested in additional sustainability efforts to expand a business's positive impact on the planet. The governments often offer tax credits, rebates, and savings to those companies going green. By reducing waste and resource consumption, businesses can increase efficiency and productivity, leading to higher profits.

Tax incentives: Governments offer various tax incentives to businesses that adopt sustainable practices, such as tax credits or rebates for using renewable energy sources.

Enhanced employee satisfaction and retention: People want to work for companies with a good brand reputation that support corporate environmental and social programs. These positive messages that environmentally conscious companies can be crucial for attracting talent. Satisfaction among employees can be improved by promoting a sense of purpose and contributing to a positive workplace culture. This, in turn, can lead to increased employee retention and reduced turnover costs. Surveys show that such organizations report better employee satisfaction, increased productivity, and employee loyalty. Hence, a greater talent pool and better retention rate. Moreover satisfied employees are more productive, generate higher sales, and are more creative than other workers.

Drives innovation: By seeking eco-friendly alternatives and solutions, businesses can tap into new markets, cater to eco-conscious consumers, and even pioneer industry changes. This proactive approach can position a business as a leader in its sector, opening up numerous growth opportunities. Employees today are looking to work for companies that share their values. By adopting sustainable practices, businesses can attract top talent who are passionate about making a difference. Engaged employees are more productive, innovative, and loyal, further driving business success.

Access to new markets: Consumers and investors are increasingly prioritizing sustainability, creating opportunities for businesses that prioritize this value to access new markets and attract new customers.

Challenges in implementing Sustainable Business Practices

In the midst of a global pandemic, businesses must strive to contribute to a more inclusive and sustainable society. But economic, financial, social, political, and commercial barriers prevent companies from achieving sustainability. To effectively address these obstacles, companies must prioritize sustainability in their business plans, establish a strategic direction, and recognize trends that will shape current and future developments.

Lack of Resources: Organizations, particularly the smaller ones, may lack the necessary resources, such as budget and time, to effectively and efficiently implement sustainability strategies. If a company is not prepared to create a corporate sustainability plan, strategy, and framework, it can be a major risk. Some companies may not be able to implement sustainable solutions, or they may not even know



where to begin. Every business needs a network of innovative partners to help them build a sustainable future.

Green washing: Regulators, businesses, activists and consumers are increasingly focus on green washing, which is the practice of making false or misleading claims about products and services' environmental performance. Tougher and more vigilant regulators, combined with the need for better information from consumers, will put more pressure on responsible communications.

Supply chain Transparency and Traceability: This is one of the most important sustainability issues faced by businesses today. It's almost impossible to build a sustainable business without it. And it's still one of the primary sustainability concerns. A corporation must demonstrate a comprehensive view of a product's entire lifecycle, from raw materials to point of sale. The need for accurate, improved, inclusive data is a bigger issue. Because accurate, better, and inclusive data describes and provides status with equity and justice. Restoring trust for businesses can only be achieved through transparency.

Climate change: Climate change is a pressing issue for both present and future generations. It has a significant impact on the socio-economic ecology of our society. Unfortunately, there is a lack of effort being put into determining the best way to address this issue.

Energy Transition and Less Renewable Energy: Energy is an essential and an integral part of every product or service. As a result, businesses need to reduce their energy consumption as much as possible. Businesses are also increasingly demanding their suppliers to demonstrate how they are innovating in terms of energy efficiency and cost reduction. Businesses should have to monitor their electricity usage. A shift towards a cleaner, more cost-effective, and more sustainable energy model is needed to create more sustainable societies.

Circular Economy Principles: Circular economy will be the most important sustainability issues generally, especially for multinational companies. The circular economy means that waste becomes a resource input. Closing the circle of resource supply and disposal lets to stop depleting virgin resources and contributing to pollution. Building the circular economy requires innovative new products and collaboration across sectors. That is challenging.

Diversity, Equity, and Inclusion: Businesses need to integrate diversity, equity, and inclusion(DEI) principles into all aspects of their business, from sales and marketing to public relations and human resources. They will also need to refocus their purchasing power, which will open up opportunities for different suppliers across their value chains.

Educating the Public: It is essential for businesses to understand the importance of educating the public in order to promote environmentally friendly products and services. This is due to the fact that sales of these products and services are not reflective of the effort that has gone into their development, and businesses must learn to evaluate, categorize, and advertise sustainable products and services.

Government Policy: It is hard for businesses to convince the government (SDGs) to promote sustainable development. That is why their sustainability efforts are being cut back or put on hold because of political issues.



Cost involvement: Going green is expensive and will need a high investment. In addition, companies may find it challenging to organize the initial funding to meet sustainability requirements. Purchasing environmentally friendly alternatives come at an extra price.

Managing corporate transition: Practicing sustainability means doing things in a different way for a company, deviating from the usual practice. Along with the common objectives and targets, the employees now have to meet ecological requirements as well. Restructuring of operational plans is necessary for effective implementation of the 'new order'; suitable training, education, and guidance of all employees for a successful transition may be expensive, time-consuming, and may even disturb the regular operations.

Management of Sustainability Programs: Integrating the changes accordingly in the operational system of a company may turn out to be a different challenge for businesses. Therefore, sustainability is expected to be monitored at the top management or the business owner level as a corporate issue.

Generating reports: Reports are a vital element of the monitoring process. Companies need to design suitable reporting methods for regular follow-up of sustainable initiatives. At present, it is common for enterprises to include sustainability issues in the financial reporting, which may lead to a diversion of focus.

Difficult to find industry experts- Being a new and evolving subject, finding the right consultant may be difficult. In addition, the absence of experts may delay the entire process for a company.

Results & Discussion

Sustainability has become a buzzword in modern business landscape, as companies become increasingly aware of the advantages and significance of implementing sustainable practices. From reducing environmental impact to improving social and economic outcomes, sustainable business practices can have a positive impact on both the bottom line and the planet. One of the biggest benefits of implementing sustainable practices is cost savings. By reducing energy and resource consumption, companies can lessen their operating costs and increase their competitiveness. Sustainability also helps to improve the company's reputation, by showing that the company cares about more than just profit and is committed to making a positive impact in the community and the environment. This can lead to increased customer loyalty and brand recognition, as well as attracting new customers who are looking for socially responsible companies to do business with. Another benefit of sustainable business practices is the ability to attract and retain top talent. Employees today are looking for a workplace that aligns with their values and are committed to make a positive impact. By adopting sustainable practices, businesses can draw in and retain the most talented and motivated employees, resulting in improved productivity and innovation. However, implementing sustainable business practices can be challenging. One of the biggest challenges is the initial cost of implementing new technology, processes, and training. However, it is important to remember that the long-term benefits of sustainability often outweigh the initial investment. Another challenge is changing the culture within the organization, so that sustainability becomes a core value and not just a separate initiative. This requires leadership and commitment from the top and the effort of every employee. Even though, implementing sustainable business practices can bring significant benefits to companies it also requires significant effort and commitment from the organization, and a willingness to invest in new technology and processes. But as people become more aware of the environment and social concerns, businesses that focus on sustainability will have a competitive edge in the future.



Conclusion

Sustainable business practices are essential for the survival of a business in this competitive world. The adoption of innovation and sustainability practices yields a multitude of significant benefits for businesses. These benefits enable organizations to gain a competitive advantage, improve the quality of their products and services, optimize processes, strengthen their strategy, and foster a healthier and more empowered work environment. Thus sustainability plays a critical role in shaping the world's future. Sustainable business practices are vital not only on a micro level for organizations but also on a macro level affecting society as a whole. While it may take time, resources, dedication, and commitment to implement sustainable practices in the business, the outcome of it is worthwhile. High employee productivity, morale, motivation, increased investment opportunities and revenue distinguish sustainable businesses from competitors. Sustainability is a critical aspect of long-term success and growth for businesses. It involves meeting the needs of the present without compromising the ability of future generations to meet their own needs. To achieve this, businesses must operate in a way that minimizes negative environmental and social impact while maximizing positive impact.

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