

SUSTAINABLE PRACTICES IN MODERN BUSINESS: BENEFITS AND CHALLENGES

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ABSTRACT

The present article discusses about the benefits and challenges of implementing sustainable practices in modern business. Sustainability has emerged as a major concern for many businesses in recent years. Social responsibility, economic growth, and environmental sustainability are all promoted by sustainable business practices. Businesses can lower their carbon emissions, cut down on waste and pollution, preserve natural resources, improve their reputation, win over more customers, and draw in a talented and competent team by implementing sustainable practices. Furthermore, by addressing global concerns like poverty, inequality, and climate change, sustainable business practices benefit society as a whole. The majority of businesses now use sustainable business practices in an effort to minimize their adverse effects on the economy, society, and environment while optimizing their beneficial effects. Long-term profitability is important to them, as is supporting sustainable development.

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

1. INTRODUCTION

One important issue that goes beyond the confines of certain companies is sustainability. Thankfully, a large portion of big businesses are developing cutting-edge sustainability plans and implementing them into their daily operations. A corporation or organization that has little effect on the environment, society, or economy is considered sustainable. A company that generates value for all of its stakeholders—including its clients, staff, suppliers, communities, and environment—is considered sustainable. Companies that use sustainable business practices aim to improve their social responsibility, lessen their environmental impact, and provide long-term advantages for their clients and staff. These methods are intended to generate value for all stakeholders, including suppliers and customers, and concentrate on cutting waste, pollution, and resource use. To put it another way, a company that has little negative impact on the environment and society is considered sustainable. It is becoming more and more clear that sustainability is not just a concept but a goal that businesses are working toward in addition to satisfying the needs of their clients as more and more businesses investigate new ways to make their operations more sustainable through investment and policy. Sustainability can benefit a company's success in addition to making the world less polluted. 73% of millennial shoppers worldwide are willing to pay more for sustainable products, according to a new Nielsen study. The concept of sustainability is gaining traction among Indian customers. According to an IBM survey, 78% of Indian customers are willing to change their buying habits in order to lessen their environmental impact. According to research, 62% of Indian consumers are willing to pay more for sustainable goods (New Bain & Company). Sixty-two percent of Gen Z and Millennials said they prefer to buy from sustainable brands, according to First Insight. According to Deloitte, 40% of UK consumers would select companies with eco-friendly policies. All of this suggests that customers are more inclined to base their purchases on the values of the organization. Businesses can enhance their brand image, draw in eco-aware customers, and cultivate enduring client loyalty by implementing sustainable practices. Profitability and business expansion may result from this.

2. METHODOLOGY

This study is descriptive in nature. Secondary data collection method has been used to collect information about the important aspects of this study. Data has been collected from various sources such as books, published papers, websites, blogs and articles.

3. MODELING AND ANALYSIS

3.1 Sustainable practices followed by businesses

Corporate social responsibility (CSR) - One of the main tenets of sustainable business practices is corporate social responsibility, or CSR. A part of a company's income must be allocated to corporate social responsibility (CSR) initiatives that promote social and environmental development, as required by the Companies Act of 2013.

Environmental sustainability - Businesses are paying more attention to environmental sustainability as a result of the serious threat that environmental degradation poses to ecosystems and human well-being. This includes programs to decrease waste production, conserve natural resources, and lower greenhouse gas emissions. Ethical sourcing and fair trade - Fair trade and ethical sourcing are essential components of sustainable business operations, especially in sectors

like manufacturing, textiles, and agriculture. Companies are realizing how critical it is to maintain ethical treatment of workers across their supply chains, safe working conditions, and fair wages.

Social impact investing - In addition to producing financial rewards, social impact investment has become a potent instrument for promoting constructive social and environmental change. Impact investors are putting money into companies that tackle urgent environmental and social issues like clean energy, education, healthcare, and poverty reduction.

Sustainable innovation and entrepreneurship - Entrepreneurship and sustainable innovation are the main drivers of the shift to a more sustainable economy. From renewable energy technologies to reasonably priced healthcare services, startups and small enterprises are creating creative answers to environmental and social problems.

3.2 Benefits of sustainable practices

Sustainable companies are prepared for the future. Businesses that adopt sustainability are taking the lead in combating climate change and advancing carbon taxation. In addition to increasing efficiency and maybe reducing expenses, they are trying to satisfy customer requests.

Leading the charge - Astute businesses are realizing that early adopters of business sustainability have a lot of options. 84% of business leaders agree that global economic growth can be achieved while also meeting climate change goals, according to a 2023 Deloitte report. Additionally, 75% of business leaders say their organizations have increased their sustainability investments over the past year, suggesting that industry is likely to take action. Instead of running the risk of falling behind, businesses that are transitioning to a sustainable business model now have the opportunity to distinguish themselves as industry leaders.

Meeting consumer demand - Consumers now demand accountability, openness, and action from the brands and businesses they do business with. 22% of households are actively making more environmentally friendly purchases, and the fast-moving consumer goods industry values "eco-active" consumers at an estimated \$456 billion (€426 billion), according to Kantar's Who Cares, Who Does 2023 research.

Operational efficiency - Businesses typically need to drastically alter their supply chains, manufacturing procedures, and other facets of their company strategy in order to become more sustainable. Greater efficiency can also result from the measures done, such as reducing commute times, conserving water, and converting to cleaner and smarter energy. According to research by McKinsey & Co., implementing new policies to address resource efficiency may, in some circumstances, result in a 60% increase in a company's operational profitability. Since 2008, Unilever has saved over €1.5 billion in expenses by implementing energy and water saving measures.

Growth through purpose - There is ample evidence to support the idea that having a purpose can help businesses thrive and act as a sustainable, forward-thinking company strategy. Purpose-driven companies increased by 175% between 2008 and 2020, but low-purpose brands only expanded by 70%, according to a Kantar analysis.

Social impact - Socially conscious businesses understand their own social obligations and work to improve the standard of living in their communities. They engage in social sustainability-focused endeavors like advocating for healthcare, education, and the elimination of poverty. The company's reputation in the community is improved by these initiatives, which cultivate stakeholder and customer trust and confidence.

Tax incentives - Businesses that implement sustainable practices can benefit from a variety of tax advantages provided by governments, including tax credits or refunds for the use of renewable energy sources.

3.2 Challenges of sustainable practices

Businesses must work to create a more sustainable and inclusive society in the midst of a worldwide pandemic. However, businesses are unable to achieve sustainability due to commercial, social, political, financial, and economic obstacles. Businesses must prioritize sustainability in their company planning, set a strategic direction, and identify trends that will influence present and future developments in order to successfully overcome these challenges.

Lack of resources - It's possible that organizations, especially smaller ones, lack the funds and time needed to execute sustainability policies successfully. A corporation runs a serious risk if it is not ready to develop a corporate sustainability plan, strategy, and structure. Some businesses might not even know where to start when it comes to implementing sustainable solutions. A network of creative partners is essential for any organization looking to create a sustainable future.

Greenwashing - Green washing, the practice of making exaggerated or deceptive claims about the environmental performance of goods and services, is a topic that regulators, companies, activists, and consumers are paying more attention to. Responsible communications will face increased pressure from stricter and more watchful regulators as well as the need for consumers to provide greater information.

Climate change - For both the current and upcoming generations, climate change is an urgent concern. It significantly affects our society's socioeconomic ecology. Regretfully, not enough effort is being made to figure out how to best handle this problem.

Difficult to find an industry expert - Since the topic is new and developing, it could be challenging to identify the best consultant. Furthermore, a company's entire procedure may be delayed if professionals are not present.

Cost involvement - Going green will need a significant financial commitment. Additionally, it could be difficult for businesses to arrange the initial investment needed to satisfy sustainability standards. It costs more to buy ecologically friendly substitutes.

4. RESULTS AND DISCUSSION

As businesses grow more conscious of the benefits and importance of adopting sustainable practices, sustainability has become a term in today's business environment. Sustainable business strategies can benefit the world and the bottom line by lowering environmental impact and enhancing social and economic benefits. Saving money is one of the main advantages of adopting sustainable practices. Businesses can save operational expenses and boost their competitiveness by using less energy and resources.

Attracting and keeping great talent is another advantage of sustainable company strategies. Today's workers are searching for an organization that shares their values and is dedicated to having a good influence. Businesses can attract and keep the most skilled and driven workers by implementing sustainable practices, which will boost output and creativity. But putting sustainable business practices into practice can be difficult. The initial expense of putting new procedures, technology, and training into place is one of the main obstacles. But it's crucial to keep in mind that sustainability frequently yields longer-term advantages than the original outlay. Changing the organization's culture to make sustainability a core value rather than merely an isolated endeavor is another difficulty. This calls for top-level leadership, dedication, and every employee's effort. Although adopting sustainable business practices can benefit businesses greatly, it also necessitates a large investment in new technology and procedures as well as a great deal of work and dedication from the company. Nonetheless, companies that prioritize sustainability will have a competitive advantage in the future as people's awareness of environmental and social issues grows.

5. CONCLUSION

As companies understand the need to strike a balance between social responsibility, environmental stewardship, and economic growth, sustainable business practices are becoming more and more significant. In today's cutthroat economic environment, sustainable business practices are critical to a company's existence. Businesses can reap numerous noteworthy advantages by using innovative and sustainable practices.

These advantages give businesses a competitive edge, enhance the caliber of their goods and services, streamline operations, fortify their plans, and create a more positive, empowered, and healthy work environment. Therefore, sustainability is essential to determining the destiny of the world. Sustainability programs have the potential to enhance an organization's overall performance in addition to promoting social and environmental change. The idea that investing more in sustainable business practices might increase a company's profitability may seem paradoxical, yet research indicates that the most lucrative businesses are also the most sustainable. ESG (environmental, social, and governance) measurements are frequently used to assess an organization's sustainability and ethical standing. Businesses with strong ESG ratings routinely beat the market over the medium and long terms, according to McKinsey. Sustainability tactics may require a short-term investment, but they may pay off in the long run.

6. REFERENCES

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