

Companies and the Environment

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In recent decades, serious concerns have been raised regarding the state of our environment, both domestically and internationally. Although individuals and organizations put a lot of efforts into preventing further environmental degradation, it has become increasingly important for companies and businesses to also protect the environment. Policymakers, environmentalists and consumers are all stakeholders that have the power to impact businesses and ensure that they are being environmentally conscious. By minimizing the associated barriers, companies will be more likely to begin and maintain sustainable practices.

A variety of firms have demonstrated that there are several benefits to environmentally conscious policies, including increased sales, cost savings, and improved employee engagement. Companies that strive to develop a positive environmental reputation across products, markets and regions often reap the benefits of this increased attention. Research indicates that the key to this technique is focusing on common practice and vision rather than labeling a specific product “green.” This will help set the company’s environmentally conscious vision apart from its competitors and attract a new segment of consumers that also care about the environment. Furthermore, this process involves and engages employees in the company culture because they can learn about such practices and become a part of a larger mission en route to environmental stewardship.

An increase in sales due to an improved reputation is another significant benefit of environmental policies, and many companies will also discover that they are becoming more cost-efficient through the process of using sustainable materials and practices. For instance, as byproducts are reused or repurposed, less materials are needed to manufacture the next product. Some companies, such as Levi's®, also use recycled materials and old scraps to make new pairs

of jeans, which can aid in reducing the cost of production. In a broader sense, sustainability can generate cost savings for a company, and attract investors who will be able to recognize that these practices can eliminate negative publicity and outside risks (Chouinard et al., 2011).

There are many benefits of environmentally conscious practices, but various barriers and challenges certainly deter many companies from adopting new policies. In particular, businesses that use fossil fuels and other environmental resources must invest large sums of money up front to install pollution controls, educate their employees, and purchase supplies that have a lower environmental impact. Thus, the company may be hesitant to adopt new practices that require large initial investments without the promise of eventual return through increased sales. If overall costs cannot be cut through other methods, they may eventually be passed down to customers.

Once the cost of new sustainability practices has been accounted for, the company must cultivate a strong set of leaders that will create and enforce sustainable processes for the entire organization. Frequently, this requires hiring a sustainability officer, but it will also be necessary for the CEO and board of directors to take responsibility for the outcomes and enforce all the requirements. Overall, the company's leadership may find it challenging to agree to sustainable practices, since their benefits may be difficult to quantify in monetary terms. Therefore, sustainability leaders may have to develop data-driven metrics and accountability procedures to gain support from the leadership team (University of Colorado Boulder, 2015). If the organization successfully figures out new leadership roles that support such initiatives, it will eventually make environmental awareness part of its business ethos.

References

Chouinard, Y., Ellison, J., & Ridgeway, R. (2011). The big idea. The sustainable economy. *Harvard Business Review*. <https://hbr.org/2011/10/the-sustainable-economy>

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