

CHAPTER – 6 RECOMMENDATIONS AND CONCLUSION

Recommendations

Legal Compliance & CSR

As Business Sustainability, has been the focus of vision, mission and value statements than the societal sustainability, the New Companies Act, 2013 mandate of 2% CSR spending on societal cause is unavoidable.

Environment sustainability has been the forte of government companies, chemical / petrochemical companies, large sized companies, companies earning avg. revenue more than Rs. 3000 crs., the government can come out with an audit of the companies other than the foregoing companies.

On the larger picture, the government companies, listed companies, large sized companies, companies earning avg. revenue more than Rs. 3000 crs, companies earning avg. PAT more than Rs. 100 crs, companies earning avg. reserves more than Rs.1000 crs. are more engaged towards Compliant and Responsible Behaviour. This means they are doing good business and taking care of societal objectives too leading to Business – Society coexistence. On the other hand, companies that are non-government, unlisted, Medium & small sized, companies earning avg. revenue up to Rs. 3000 crs, companies earning avg. PAT up to Rs. 100 crs., and companies earning avg. reserves up to Rs.1000 crs., are inclined towards compliant behaviour more than the Responsible Behaviour on societal objectives meaning that these companies require government's support to reach to their societal objectives namely centralized Effluent Treatment facilities provided by the government, timely audit of these companies for misfeasance and non-feasance. Same should be the case with people issues and HSSE protocols be made mandatory to be followed to take care of labour issues, labour standards, labour policies and practices and human rights.

As the Business – Society coexistence is not possible without financial aid, the small and medium sized companies, unlisted companies, companies earning less revenue, PAT and Reserves, the government's environment ministry, women & child ministry, MSME ministry, can look forward for hand holding and training of these companies on Responsible Business Behaviour.

On CSR front, all respondent companies were found to focus more on only one or two areas from schedule VII, government may direct the companies to change the focus area of CSR every two years, which will enable to cover all the areas under schedule VII.

It is recommended that businesses be taught to follow themselves to make social objectives integral part of business objectives for sustainability of Business and Society coexistence. For this, HEI's may develop courses on societal and business co-existence for the sustainability under NEP (National Education Policy) policies and such subjects be made compulsory so that societal objectives become integral part of business models.

Corporate Governance

Economical & political reforms impact the companies positively. Therefore, it is learnt that companies can withstand all the external environmental challenges. Hence, businesses risk can be mitigated by them. However, for better risk management, companies can work on their reserves while conducting the businesses.

Compulsory CSR activities were the norms for Responsible Investments leading to conclusion that compliant behaviour supersedes the responsible behaviour. Hence, companies should start emphasizing more on Impact investment projects which helps to bring business and society co-existence. Similarly, ESG investment must be followed by all companies as the near future will mandate them to adopt responsible behaviour on ESG investments.

Respondent companies faced stakeholders' Activism largely on waste water management, industrial and hazardous waste management, and air quality deterioration. Therefore, the government can provide a helping hand on PPP model (Public Private Partnership) in the management of effluent treatment, waste management and hazardous waste materials management for its judicious disposal. This will lead to cost effective solution to the problem.

The labour issues can be tackled by incorporating new age labour problems into the new labour code e.g. HSSE policies, OSHAS 18001, 45001. The high rate of influence on making companies behave responsibly through Stakeholders' Activism indicates that the system be made for inclusion of stakeholders in governance of the companies, not by inclusion in Board membership but through vigilance role.

Business Ethics

As the companies' Business Ethics were guided by moral values and letter of law, it is recommended that moral value be taught through 'IKS' (Indian Knowledge System) in business schools.

Most of the companies were found having better compliant behaviour, it is recommended that the regulatory authorities revisit the business and environment laws periodically (may be every 5-10 years) for its validity and reliability.

As employment generation is the priority of almost all sample companies, it is recommended that the companies can come together in various industrial areas to promote skill development centre.

Companies must focus on environment protection, restoration and rejuvenation through PPP model. Using green technology may be a costly affair of companies, the government may provide subsidies to those companies, which cannot afford green technologies. This will promise a long term Business-society coexistence.

Responsible Business Behaviour is found in listed companies and companies having more profit and more reserves. Therefore, a system be developed to fund the unlisted companies with less profit and less revenue to behave responsibly.

The actual response mechanism for product stewardship has been found with low scores from the company on ensuring safety. Therefore, it is recommended that the product risk management be ensured through legal mandate.

Sustainable Development

Companies might have less opportunity for green procurement and green manufacturing but ensure green design based on 4 R principles. Therefore, the policy makers promote Make in India through start-up initiatives in the field of green procurement and green manufacturing processes.

The government companies and companies having better PAT are inclined towards green responsible behaviour, through green initiatives, hence the regulatory bodies can focus more on non-government companies to promote green initiatives and arrange for training and development programmes to bring in awareness and act on green initiative activities. Companies are paying less attention to calamities led crisis. However, the

soaring temperature and climate change has demanded prepare more for calamities led crisis.

Conclusion

Responsible business behaviour for sustainable business and society were found on various dimensions. As far as economic sustainability of sample organizations was concerned, sample companies performed differently on different financial parameters during the Financial period 2017 to 2019. Companies belonging to Golden Corridor of Gujarat from A'Bad to Vapi region had seen giant companies which are less in numbers generated more revenue and Non-government companies which were more in numbers generated less revenue of the firm. If a company has characteristics like being government company, listed and large sized then it will have better revenue than those companies which are non-government, unlisted and medium/small scaled firms. If a company is chemical / petrochemical company and is government company, listed and large sized companies can guarantee a better PAT i.e., more than 100 crs. However, the new companies and medium / small sized companies can have less PAT than old companies. If a company is chemical / petrochemical company and is government company, listed company, old company and large sized firms maintains better Reserves & surplus i.e., more than 1000 crs. ROE / ROCE / ROA / NPM performance is not related with types of Industry, legal status, age of the firm, size of the firm, however, they are related to the government companies as they registered constant increase on all these parameters. Variation in performance on foregoing parameters were observed more than constant increase and constant decrease.

Inclusion of sustainability aspects in vision, mission and values statements

As against the common understanding of following 3Ps i.e. People, Planet & Profit chronology, companies' vision, mission & value statements revealed inclination towards Profit (all sample companies), People (84%) & Planet (50%) in that chronology. This leads to mean that companies follow business sustainability more than Societal (People & Planet) sustainability.

A company which has following characteristics has better chances of taking care of environment sustainability: A company which is government company and a chemical / petrochemical company, listed company (1/2 of the times), old company (1/2 of the times), large sized company, earning revenue more than 3000crs shows inclination

towards environmental sustainability. However, PAT more or less than 100 crs and having reserves more or less than 1000crs is not related with stating environmental sustainability in their vision / mission and values statements.

A company which has following characteristics has better chances of taking care of society sustainability: A company which is government company and a chemical / petrochemical company, listed company and old company, large sized company, earning revenue more than 3000 crs, earning PAT more than 100 crs and keeping reserves more than 1000 crs.

Responsible behaviour of companies towards CSR & legal compliance

Companies engagement in CSR

Companies get engaged in educational activities mostly. Women welfare and other priority sectors take the back seat. It means companies are not innovative in their approach towards CSR as reflected in schedule VII of the Companies Act, 2013.

For a company to engage in CSR must have characteristics like listed company having good level of reserves. However, the large sized companies and having PAT more than 100 crs has better prospects of engaging in CSR activities.

Significant association was found between Engagement of Companies in CSR activities and legal status of the firm, Reserves of the firm, Size of the firm and PAT of the firm. But, there is lack of evidence from previous literature in terms of Significant association between CSR activities and legal (listing) status of the firm, Reserves and Size of the firm which is a contribution from current study.

Companies that are having any one or more of the following characteristics are more likely to engage in CSR activities: company from government sector, listed companies, having large size, earning revenue more than 3000 crs., earning PAT more than 100 crs, keeping reserves more than 1000 crs.

As found, Companies are doing CSR more on visible areas and skipping society enhancement related CSR activities. Therefore, they need to emphasize more on less engaged areas like providing insurance policies for rural and urban poor women, promoting wild animals' protection projects, promoting priority sectors like small scale and ancillary industries, cotton, food & agro-based industries, giving donations to orphanage and helping NGO's. for the sustainable development of the society. This will

bring balance between business and society coexistence. Mandatory requirements lead the companies to follow mandate compulsorily, however, the companies which are not mandated do not simply follow the order.

Factors related to Compliant & Responsible behaviour towards CSR

Companies were found to be more involved in compliant behaviour than responsible behaviour towards CSR. Compliant behaviour is as natural as taking a breath for the listed companies to remain floated. Responsible behaviour was a choice for those companies who had following characteristics: chemical /petrochemical company, government company, listed company, old company, large company, company earning avg. revenue more than 3000 crs, earning avg. PAT more than 100 crs and having avg. reserve more than 1000 crs.

Significant association were found between Size, PAT, legal status and Reserves of the firm with the compliant behaviour towards CSR whereas significant difference in compliant behaviour was based on Age, Size, Revenue, legal status, Reserves of the firm. However, significant association was observed between Size and Reserves of the firm with Responsible business behaviour while significant differences was observed for age, size, legal status, PAT and Reserves of the firm.

It can be concluded that more number of issues related to environment and labour than the revenue or tax related issues in the respondent companies is in line with the vision, mission and values statement of the companies, which shows that companies have priority for profit i.e., Business than societal issues i.e., People & Planet. This conclusion re-establishes thoughts of Milton Friedman (1970) who said “the business of the business is to do the business”. Present study additionally noted from the secondary sources that more than half of the sample companies were indulged in some or the other unethical / irresponsible behaviour causing fire, fatalities, terminations of employees, GPCB closure notice in ten years period (from 2011 to 2020).

This conclusion leads to recommendation that People, Planet and Profit, if remain separate, will make companies to choose profits over societal (People, Planet) objectives, however, if societal objectives are made integral part of business than the issues related to people and planet will be less. Therefore, it is recommended that businesses be taught or follow by themselves to make societal objective integral part of business objectives for sustainable business and society coexistence.

Responsible behaviour of companies towards Corporate Governance

Economical & Political reforms impacting business performance

Economic & political reforms in India during the financial years 2016 to 2019 impacted the performance of respondent business. GST and Swachh Bharat impacted business positively while reforms like Stand up India, Demonetization moderately impacted business performance.

Chemicals / petrochemical sample companies, government companies, listed companies, companies having age/experience more than 25 years, large sized firms, companies earning revenue up to 3000crs, companies earning PAT up to 100 crs and companies having reserves up to 1000 crs were highly positively impacted due to such economic and political reforms that took place in India. Study states No significant association was observed between Economic and Political reforms and companies with respect to various demographical variables. Sig differences of reforms were observed on companies with different legal status (listed) of business.

Responsible Investment practiced by companies

Study discovered that 68% of the sample companies were aware about Responsible Investment concept and 62% practiced Responsible Investments while taking business decisions. Long term sustainability of business is regarded as Responsible Investment by the companies and lack of awareness was the reason for not investing in any responsible investment avenues. Thematic & impact investment projects took a backseat in the respondent organizations which takes care of societal objectives (People & Planet) of business.

Better chance of Responsible Investment is assured if the company is Chemicals / petrochemical, government company, listed company (significant association), new company, large sized firm, earning avg. revenue more than 3000crs (significant association), whose avg. PAT is more than 100 crs and having reserves more than 1000 crs.

ESG Investment practiced by companies

Study reveals that those companies who have to follow ESG disclosure are following it piously, however, other companies who are not required to disclose ESG information amongst those companies are – 59% non-government companies, 44%

unlisted companies, 1/3rd of the young companies, 20% of medium & small companies. The ESG investment was found highly associated with better financial performance and positions of the company.

ESG compliant Behaviour was found almost in all companies who were required to comply. Responsible Business behaviour was the forte of companies having following characteristics i.e., pharma company, non-government company, listed company, old company, large company, company earning revenue more than 3000crs., earning PAT more than 100 crs. Ad having reserves more than 1000 crs.

Stakeholders' Activism

Stakeholders' activism is not a new word to the respondent companies, however, activism was on different issues in different companies namely – water / waste water management, industrial & hazardous waste material, GHG /carbon emission and Air quality deterioration in that chronology. The issues with water and waste water mgmt. and industrial waste mgmt. were highest and did not differ on the basis of industry, ownership, legal status, Revenue & PAT of the firm but was related with age of the firm and size of the firm.

The highest no. of people issues (social) reported were labour standards and working conditions, employee health & safety, labour policies and practices and human rights. The issues were sector specific, legal status specific, age specific, size specific, earning of revenue specific, reserve specific except labour standard and working except labour standard and working conditions. However, similarities were observed with respect to PAT of the firm only and the issues were labour standards & working standards, employee health and safety, fair labour policies and practices, human rights.

Stakeholders' Activism is set to influence the behaviour of companies and make the companies more responsible towards stakeholders. However, agreement to responsible behaviour due to stakeholders' activism was high in pharma companies, government companies, listed companies, large sized companies, companies earning avg. revenue more than 3000 crs, companies earning avg. PAT more than 100 crs and companies having avg. reserves more than 1000 crs. The less agreement with the statement was visible in chemical / petrochemical industry, non-government companies, unlisted companies, new companies, medium / small sized companies, companies having avg. revenue up to 3000 crs, companies having avg. PAT up to 100 crs, companies having avg. reserves up to 1000

crs. However, significant differences were observed between legal status, Size, avg. Revenue and avg. Reserves of the firm and Stakeholders Activism influencing Responsible behaviour.

Responsible behaviour of companies towards Business Ethics

Base of Ethical decisions taken by companies

On the basis of findings, it can be concluded that Business Ethics of businesses are guided by moral values and letter of law in priority which have been reflected by the scores of compliant behaviour reported by companies in previous sections.

Membership of companies with Industrial Association

Though less number of companies claimed to be the members of various industrial association but almost all of them stated to follow industrial association norms or code of conduct.

Value addition towards stakeholders of business

High score of value addition was given to products and services than the ratings given to social issues indicating that in comparison to business, society was less preference for the business. Therefore, companies value addition perspective towards responsible business behaviour was reflected in their business related aspect than society and environment. Association and differences in demographical variables were found with respect to legal status, size, avg. PAT and avg. Reserves of the firm.

Social and Environmental issues addressed by the companies

Employment generation was priority of almost all sample companies irrespective of their industry, sector, legal status, age, size, avg. revenue, avg. PAT and avg. reserves of the firm, however second priority differed with respect to the independent /demographical variables of the study.

For companies, tree plantation is the most focussed step to address the environmental issues. Government companies implement almost all steps to address environmental issues. Other companies' priorities shift between recycling water, treating water before releasing and adopting green technology whereas reducing carbon footprints and dumping solid waste in a scientific way have been seen as least priorities.

Green technology

Indigenous green technology adoption by companies has helped companies to manage and recycle waste material and also helped in conservation of energy. However,

the factors that discouraged the companies to adopt green technologies were its cost and no support from the government.

Behaviour towards Business functions

The responsible behaviour towards managing business functions was seen highest in profit related functions like marketing (4.54), planet related functions like manufacturing (4.40), people and planet together i.e., procurement (3.91) and lastly only people related functions like HR (3.89).

Activity wise the highest score was for profit making activity i.e. resource optimization while manufacturing (4.66); second was taking care of planet i.e. by companies taking care of proper disposal of industrial waste (4.64); third was again profit i.e. company Delivers cost effective products to the customers and company is committed to fair, transparent and ethical marketing practices (4.60); and fourth one is related with people i.e. Company promotes accident prevention, disaster and emergencies management programmes at work place and Safety audits are regularly conducted in the company (4.56). Therefore, it can be seen that priority wise companies give priority to business related activities, planet related activities, and then people related activities.

The high agreement has been observed between companies responsible behaviour towards business functions and all demographic variables of the respondent companies. However, significant association and differences were observed with respect to legal status, PAT and Reserves of the firm meaning that the responsibility is a function of listed companies having more profit and more reserves with the company.

Economic sustainability of business

High agreement was observed on companies responsible behaviour towards customer responsiveness irrespective of industry, sector, legal status, age of the firm, large sized companies, companies earning avg. revenue up to 3000 crs or more than 3000 crs, companies earning avg. PAT up to 100 crs or more than 100 crs, and finally companies having avg. reserves up to 1000 crs or more than 1000 crs.

No significant association and differences were observed between various demographical variables of the study and companies responsible behaviour towards customer responsiveness.

Inclusive Business Model

Businesses main objective is to earn profit and hence people of low income is not the priority due to the low expected return, low margins and involving high cost. Low

income stakeholders were the part of the company's business model with objective of profit (customer) and people (employees) in that chronology. Objective behind addressing lower income stakeholders' group was multidimensional as companies work upon all the activities simultaneously i.e., addressing profit, people and planet in that chronology.

Moreover, constraints faced by the companies for implementation of inclusive business model has been related with external business environment (ineffective regulatory environment and inadequate infrastructure) and internal management inadequacies (Limited market information and Difficulty faced in creating market (encourage demand)).

Internal management constraints have been addressed by companies by investing in entrepreneurial skill training of local producers and suppliers and secondly through technological adaptation or business process redesign. External environment challenges were addressed by financial and resources collaboration with other organizations and pooled resources.

Inclusive business model total scores show that more benefits are reaped by businesses (total $f = 77$) then the benefits reaped by the society (total $f = 73$) on account of low income group stakeholders like consumers, suppliers, distributors, small entrepreneurs and employees.

Product stewardship

For business sustainability, product stewardship has been one of the contributing factor for majority of the companies and the same is driven by strong R&D, unique technology and market demand. On product stewardship, companies showed high responsibility towards ensuring safety of products and stakeholders followed by information of potential risks and its preventions. However, the actual response mechanisms created by companies have been observed with lowest scores. The high agreement towards compliant behaviour was found more in than the low agreement irrespective of industry type, sector ownership, legal status, age, size, avg. revenue, avg. PAT and avg. Reserves of the firm.

The high agreement towards Responsible behaviour of product stewardship was found more than the low agreement irrespective of various demographical variables of the study like type of industry, sector ownership, legal status, age, size, avg. revenue, avg. PAT and avg. Reserves of the firm.

Responsible Behaviour of companies towards Sustainable Development

Supply Chain Integration

While adopting SCI, companies main focus is to enhance cost competitiveness, enhance the quality of products and focussing core competitiveness by which companies reap the benefits like on-time delivery, increase customer responsiveness and reducing inventory cost.

The high agreement towards 'Extrinsic SCI Responsible Behaviour of companies' was found more than the low agreement irrespective of various demographical variables of the study i.e. types of industry, sector ownership, legal status, size, age of the firm, avg. revenue, avg. PAT and avg. Reserves of the firm. Further, almost all sampled organizations emphasized more on 'Intrinsic SCI responsible behaviour' irrespective of industry type, sector ownership, legal status, age and size of the firm, companies avg. revenue earning up to 3000 crs. or more than 3000 crs., companies avg. PAT earning up to 100 crs. or more than 100 crs and companies avg. reserves having up to 1000 crs. or more than 1000 crs. Study revealed No significant association between various demographic variables of the study and Extrinsic as well as Intrinsic SCI responsible behaviour of companies. Study also shows No significant differences between various demographic variables of the study and 'Extrinsic SCI Responsible Behaviour of companies', however, significant differences were observed between PAT of the firm and 'Intrinsic SCI Responsible behaviour of companies'.

Green Initiatives by companies

As part of responsible behaviour, Companies takes and promotes various green initiatives at functional level.

Green HRM - Green HRM as a Responsible Business Behaviour was reflected in organizations' green environment initiatives. Highest in green Training and Development and lowest in Green Performance Management System. This is supported by companies' initiatives in setting of KPI, followed by setting of KRA's and then performance feedback and lastly penalties for non-compliance for environment and friendly code of conduct. Further, employee dismissal was rarely found for breaching environment related code of conduct. Study revealed that Companies make sure that people are aware of green environmental initiatives. They also train employees on various green initiatives. Companies do care for preventive measures than penalizing employees for non-compliances.

Green Operations - The green operations for respondent companies meant to be better in green design than green procurement and green manufacturing. Companies are working on design of the products in such a way that ensures reduction, reuse, recycling and remanufacturing (based on 4R principles) to attain the environmental objectives towards green procurement. Further, companies gave highest concern towards using environment friendly operating processes from design to disposal stage.

Green Marketing & logistics - Companies gave more attention to green marketing than green logistic function. Their priority is towards environment friendly packages and eco-friendly mode of communication. They also stressed on positive positioning in the market through green practices. Green logistic behaviour was reflected in companies behaviour to limit carbon emission during movement of good and distribution and controlling damages and wastages during the processes.

Overall green initiatives - As against the common above conclusion, this time the Responsible behaviour was found in Planet, people and profit which are activity driven. This means that companies' responsibility, when activity based, they follow planet, people and profit ideology and when it is concept based, they follow profit, people and planet ideology. Study claimed Significant association only with one factor i.e., Size of the company and Responsible behaviour of companies towards Green Initiatives, however significant differences were observed between Sector Ownership, PAT of the firm and Responsible behaviour of companies towards Green Initiatives.

Crisis Management behaviour of companies

Companies faced financial crisis the most followed by technological and natural crisis through calamities in equal percentage that led financial loses the most and loss of reputation and market share respectively leading to affecting primary stakeholders the most. Crisis in the companies were seen in profit, planet and people in that order. Companies responsible behaviour to tackle crisis management shows highest attention towards financial risk management and calamities led crisis. They give less attention to communicating crisis situation to stakeholders.

All the companies gave high attention to crisis management system in place, however the difference between the companies was observed with respect industry, ownership, legal status, age and size of the company, companies earning avg. revenue up to 3000 crs or

more than 3000 crs., companies earning avg. PAT up to 100 crs or more than 100 crs. and companies having avg. reserves up to 1000 crs or more than 1000 crs. Study concludes No Significant association between various demographical variables of the study and Responsible behaviour of companies towards crisis management however, significant differences were noted with respect to various factors like Sector Ownership, legal status, avg. PAT of the firm and avg. reserves of the firm.

Risk Management behaviour of companies

Companies got mainly affected due to strategic and financial risk associated with the business but they are sceptical about regulatory risks and operational and financial risks. Companies reported no /less chance of getting affected due to compliance risk in the future and the foregoing analysis also reflects that companies showcased complaint behaviour better than responsible behaviour. Further, companies claimed that they are good at risk identification followed by risk assessment then risk response then communication and disclosure and evaluating strategic alternatives to the risk in that chronological order.

Companies agreement with the risk management behaviour was seen in almost all types of companies. However, significant moderate association was found between legal status, size of the firm, companies earning avg. PAT up to 100 crs or more than 100 crs. and companies having avg. reserves up to 1000 crs or more than 1000 crs. Moreover, Significant differences were observed between sector ownership, legal status, companies earning avg. revenue up to 3000 crs or more than 3000 crs, companies earning avg. PAT up to 100 crs or more than 100 crs. and companies having avg. reserves up to 1000 crs or more than 1000 crs. and Responsible Behaviour of companies towards Risk Management practices.