

SUSTAINABILITY IN RETAIL SECTOR

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Abstract:

Sustainability is one that can keep going indefinitely into the future. Development that meets the needs and aspirations of the current generation without compromising the ability to meet those of future generations is known as sustainable development. Here is an attempt to find out the features of a truly sustainable company. How can we frame a sustainable business eco system?? How the process can be initiated? This article is an attempt to highlight how retail sector contribute towards sustainable development.

Key words: Corporate Social Responsibility, Retail Sector, Sustainable Business, Sustainable Development

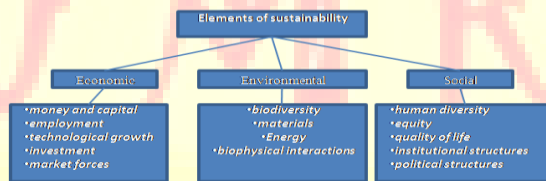
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Introduction

The unprecedented population growth and technology explosion are solely responsible for climate changes, loss of biodiversity and rapid depletion of non-renewable resources. These are only a few of the environmental issues the world is facing. Strive for economic growth was driven by poverty alleviation and high quality of life for everyone. The retail sector is one of the largest users of resources and producers of waste, yet awareness of environmental sustainability remains relatively low across the sector. The myriad challenges and rising consumer expectations compel the retailers to take an inside-out view of their sustainability strategy. Today’s environment requires companies to engage with external partners in order to successfully build and manage sustainability.

So, educating retailers on the environmental and economic benefits of improved environmental performance is vital. They are encouraged to implement environmentally sustainable practices within their business and reduce their use of energy, waste and water in order to increase profitability whilst caring for the environment. RILA’s *Retail Sustainability Initiative (RSI)* committee structure focuses on five sustainability areas key to successful retail programs: energy and greenhouse gas (GHG) emissions; waste and recycling; products and supply chains; environmental compliance; and communicating, reporting, and engaging. The main elements of sustainability are as below

Figure1. Elements of Sustainability



Thus the concept of sustainable development is built on three pillars: Economic growth, Ecological balance and Social progress. Environmental issues in the retail sector has a direct impact on energy and water consumption, waste, the volume of packaging, land use, and transportation etc. but indirectly it impacts the use of chemicals by suppliers (e.g. farmers) and offering of genetically modified food.

Sustainability is important for retailers because:

- Reducing Waste and increasing efficiency in operations means financial savings.

- Decreasing dependence on certain chemical and non-chemical materials and packaging, both internally and in the product supply chain, reduces exposure to price fluctuations and market volatility. Ensuring proper labour standards, managing at-risk suppliers, and ensuring the safe manufacture and use of products mitigates brand risk.
- Sustainability can drive a new way of looking at problems and opportunities to save money and build brand value.
- Accelerating progress on energy reduction, sustainable product improvements, proper supplier labor conditions, and more requires working with nonprofits, academics, and governments as well as suppliers, customers, investors, vendors, and communities. This increases the good value of the company.
- Recognizing sustainability as an opportunity—not just a cost- or risk-reduction measure—can encourage innovation, differentiate the company, and spur new product and market development.
- Continuous improvement leads to developing management, measurement, and IT systems for environmental impacts, supplier scorecards and management training, employee training and engagement, energy- and waste-reduction goals, and sustainability reporting.
- Disclosing activities, strategies, goals, challenges, and data can help companies formalize their sustainability efforts, increase public accountability, and engage in dialogue with stakeholders.
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Objective and Methodology

This article has analysed the functions and products of a number of companies to find out

- (i) the features of a sustainable company
- (ii) how to frame a sustainable business eco system?
- iii) how retail sector contribute towards sustainable development?

The Role of Retail Sector in Sustainable Development

Business is the pivot of sustainable development, because most economic activity is conducted by large and small companies and businesses determine the choice of technologies and resource

to intensify the economic activities. Consumers are aware of and worried about the environmental issues. So they are concerned about the environmental and social impacts of products they purchase and more than ever demand 'green' products. Some UK retailers took a great effort to eliminate chemicals that are used for manufacturing of products offered in their stores. The companies have focused mainly on pesticides, polyvinyl chloride and dyeing. Steps like efficient utilisation of water and energy, materials, transport, cleaning, looking for leaky pipes, determining types of lighting, thermal insulation, solar orientation, modes of recycling, plan construction site before retail shop appears – help retailers to get green. Some of the world's largest retailers have a great potential to improve their environmental performance in a "traditional" way by improving their operations (transportation, packaging, air conditioning etc.) and by setting products standards, educating customers, and getting involved in green procurement practices. Every retailer underlines its green credentials, healthy eating range, policies to combat carbon emissions and reduce waste and the ethical producers it uses. Big retailers are trying to make their operations carbon neutral using a number of different strategies like applying green energy sources for lightning, cooling/heating, and operational purposes. Without massive investment, retailers can reduce their carbon footprint by relatively mundane and simple changes in behaviour. Retailers tend to mainly focus on their environmental impacts (store operations and logistics) as the indirect effects (resulting from the products they sell) are much more complex and require cooperation with external stakeholders.

Retail firms are involved in communicating their beliefs in social responsibility to society. Retail corporations seem to feel that the primary audience consists of investors and stakeholders of the financial community. Highlighting philanthropic principles might appeal more to the customer base and contribute to the organization's social responsibility image. There are three general attitude based dimensions for CSR positioning- human responsibility, Product responsibility and environmental responsibility. Human responsibility means that the company deals with suppliers who adhere to principles of natural and good breeding and farming of animals, and also maintains air and positive working conditions and work-place environments for their own employees. The dimension of environmental responsibility refers to a company is perceived to produce environmental-friendly, ecological, and non-harmful products. It implies that a clear regiment of environmental policies exists and that product packaging is recyclable. Product responsibility means that all products come with a full and complete list of content, that country

of origin is stated, that the company will uphold its declarations of intent and assume liability for its products. A firm's positive image resulting from engagement in CSR has an impact on consumers' intention to purchase goods from CSR-oriented enterprises. Supply chains in the retail sector are vast and they often reach to very distant regions of the world. Further down the supply chain, there is a bigger risk of child labour or poor health and working conditions. There is also a threat that mega-retailers will take advantage of their strong bargaining power and will abuse local farmers, producers, and the natural environment. Therefore, companies engage in initiatives such as Ethical Trading Initiative or "Fair Trade" to prevent different kind of negative phenomena. Opportunities to pursue sustainability in the supply chain are extensive and offer retailers myriad leverage points to take a leadership role. Trends suggest that those retailers successful in this area apply a sustainability lens across their firm's activities. Sustainability in the supply chain offers an excellent entryway for established firms to take a leadership role in the industry.

Challenges Faced by Retailers

Retail houses face the following challenges while implementing the sustainability

- High energy consumption, considerable levels of waste, significant contribution to commercial traffic flows, and congestion in urban areas
- Insufficient consideration of environmental costs in the retail supply chain(logistics, energy efficiency of shops, marketing and communications etc.), in particular where sufficient incentives are not made available
- Lack of a common life-cycle methodology for evaluating the environmental impact of products and services sold.

As retailers instigate sustainable supply chain efforts, they face a number of challenges including:

- Obtaining and analyzing data from all tiers of supply chain in a fast, yet fruitful manner
- Developing comprehensive metrics and standards
- Encouraging supplier cooperation and transparency
- Balancing collaboration and competition with industry peers
- Gaining support from leadership

- Aligning interests of all parties and communicating the importance of sustainability

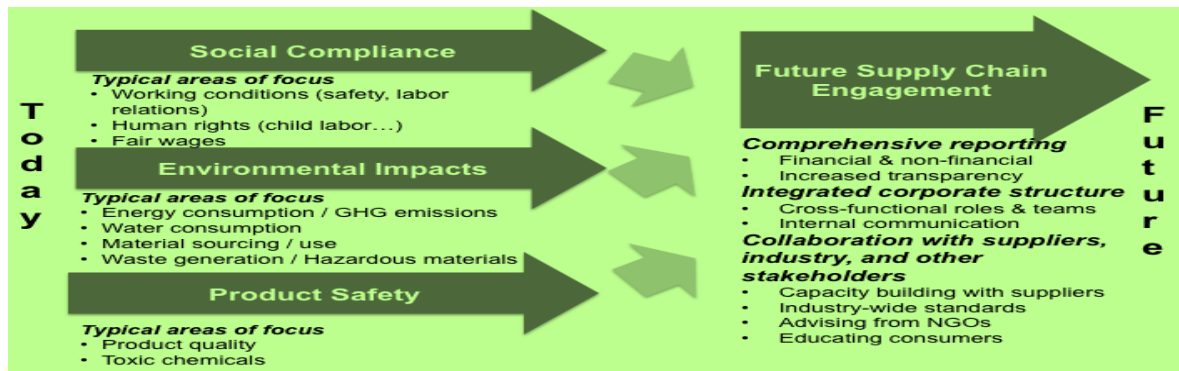
Suggestions

The retail industry is a diverse and wide spread sector with individual challenges based on location, size, product, supplier and staff. The retail sectors are dedicated to improve the impact they have on the environment and reduce the industry's carbon footprint. Sustainability of the retail sector both in an environmental and financial capacity can be implemented and assessed throughout the industry on the basis of four sustainability key areas

1. Energy and Greenhouse Gas (GHG) Emissions;
2. Waste and Recycling;
3. Water
4. Communicating, Reporting, and Engaging

The most efficient use of renewable energy is necessary which can be done by proper and routine maintenance. Enough promotion is necessary in this regard. Waste should be minimised and whatever waste are generated should be recycled. This is possible by encouraging all retailers to co-operate in segregating waste for recycling. Clear instructions and training should be imparted to all staff to reduce amount of paper communication. Food waste, waste fats and cooking oils should be separated so that they can be properly recycled. This is important to avoid contaminating recyclable material. Suppliers should be pressurised to package goods with recyclable materials. Minimum water usage and most effective use of water consumed is a must. Waste water should be recycled and rainwater should be used where is possible. Steps can be adopted to have a sustainable supply chain. The diagram explains the evolving, merging directions of supply chain engagement.

Figure 2. Sustainable Supply Chain Engagement



Internal and cross boundary collaborations can drive the less advanced retailers to move from a one/two dimensional and short-term view of sustainability to a multi-dimensional long-term sustainability strategy. Opportunities to pursue sustainability in the supply chain are extensive and offer retailers myriad leverage points to take a leadership role. The retailers are successful in this area apply a sustainability lens across their firm's activities. Sustainability in the supply chain offers an excellent entryway for established firms to take a leadership role in the industry.

Conclusion

Environmental issues are the earliest and most commonly reported CSR agendas among top retailers. They include: energy and water consumption and emission, raw material usage, waste and packaging volume, recycling, GMOs, application of chemicals, access for disabled customers, and promoting local production of goods. Retailers also seem to recognise ethics in business and urban regeneration as predominant incentives in conducting their businesses. Operational business imperatives, economic viability and CSR assure long-term growth and financial safety for stakeholders. Efficiency in dealing natural environment, local businesses, societal rules, employee benefits and wages, and sales practices leads to corporate social irresponsibility from the customers' perspective. Retailers need to assess the environmental costs of importing fresh fruits, vegetables, and flowers from developing countries and the social benefits for customers.

The definition of sustainability by large retailers is questionable. Because they tend to "squeeze" many goals into the sustainability agenda while in fact they are part of companies' competitiveness and growth commitments. They also tend to construct the sustainability agenda in order to encourage consumption and to further pursue growth, which is in clear contradiction with sustainability. The concept of traceability refers to the generation and sharing of

information about the product and production processes along the supply chain. The two approaches of traceability are (a) some companies treat it as a tool for strengthening organisational control and are not willing to share information with customers, and (b) other companies treat traceability as a market tool, which enables customers to acquire knowledge about the origin of the products and the conditions under which they have been manufactured. Promotion of transparency can overcome data challenges. Partnerships with academia / NGO's and entrepreneurs can help to drive innovations to overcome the data challenges. Recently more focus on the whole product supply chain and lifecycle means that retailers will be under pressure on virtually everything – where their stores are, how they operate, how people get to them, as well as the products that are actually in them and where they're sourced from. The solution to all the challenges is in promotion and consciousness among all the people who are involved in the supply chain.

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