

STRATEGIC APPROACH TO PRO-ECOLOGICAL ACTIVITIES OF COMPANIES

JACEK WYSOCKI

Warsaw School of Economics, POLAND
jwysoc@sgh.waw.pl

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ABSTRACT Contemporary conditions of functioning of business entities cause the situation, in which new paradigms within which ecological aspects are playing an increasingly important role are being created. In this situation issues related to pro-ecological actions aimed at guaranteeing respect and protection of the environment within the conducted business activity are gaining in importance. Inclusion of these activities in the formalised development plans described within the development strategy contributes to more effective realisation of the assumed objectives and successful growth of the company while additionally such inclusion guarantees the image of a company caring for both the environment and the society.

Introduction

Continuous environmental changes implying the need for implementation of new concepts supporting not only company management but also constituting a reply to the increasing environmental protection requirements towards activities performed by these companies result from the dynamic and unhindered economic growth. This is the consequence of the fact that business entities are obliged to obtain social and ecological objectives alongside the

economic ones. Demanding consumers more and more frequently expect production but also service companies to accept responsibility for the performed business activities and to assume the pro-ecological approach which should be manifested both in the care for the company's success and for the surrounding within which it functions.

This approach forces contemporary companies to introduce substantial changes in the area of organisation and management including the method of setting and realisation of business objectives and makes them more willing to incorporate pro-ecological activities in the implemented development strategies. In consequence, the main aim of this article is to point out the increasing role of pro-ecological activities in the business activity of the company and the need for including it in the implemented development strategy.

The essence of companies' development strategies

The foundation of long-term growth of a company focused on profit and increase of its value is the knowledge and skilful use of the strategic management concept (Griffin, 2006) within which the basic instrument is constituted by the formalised strategy of operation. The said strategy includes long-term plan of activities created to indicate the direction of company's growth and to define the strategic objectives and methods of realisation thereof. Additionally, possession of such strategy stimulates the company to construct its competitive advantage which in turn is decisive to maintain or increase the company's competitiveness (Peters, Waterman, 1982; after: Stnkiewicz, 2002).

According to the classic view the companies operating within the market surrounding may implement strategies at various levels of management referring correspondingly to: the whole company, individual areas of its activity or realised functions. Subsequently this allows for the formulation of three corresponding basic groups of strategies i.e. general strategies (or corporate strategies), competitive strategies (business strategies, area of operations strategies) and functional strategies (fragmentary strategies) (Stabryła, 2000). Among the types of strategies listed here the general strategies play a special role in the company growth and in the strengthening of the company's market position – as they constitute a general plan of the company's development and determine the types of activities to be developed by the company, possibly also the competitive strategies may be substantial as they concern the company's activities related to the market or a product. In the group of general strategies the growth (development) strategies possess the most pro-developmental character and these may be implemented both through the concentration on one type of activity (horizontal or vertical, forward/backward) and through the diversification of activities (concentric or conglomerate). These strategies may be based upon the development of the organisation's own resources and skills or they may be realised as the consequence of obtaining shares in another entities or establishing a merger or a joint-venture company. Most frequently the development strategies fall within general strategies of companies, because they are to provide growth and development in order to maximise profit, which have been mentioned among others by: Ch. Hill and G. Jones (1992).

The creation of effective and realistic development strategy requires careful examination of various internal and external factors which influence or may influence the future functioning of the company. Simultaneously the development strategy should enhance the innovative behaviour of companies from the perspective of the effectiveness and intensity of market activities, as obtaining and maintaining the constant competitive advantage is possible solely thanks to innovations created in the company and constituting the expression of creativity of the individuals within the company and not as the result of adaptation of the innovation process generated inside another organisation (Freeman, Soete, 1997).

Moreover, in case of contemporary companies it seems justified for the implemented development strategy to simultaneously reflect the company's attitude to environmental protection manifested in undertaking appropriate pro-ecological activities, preferably innovative in their nature. This is absolutely crucial in the context of reducing the risk connected with the influence of the company's activities onto the environment and also of fulfilling the pro-ecological social expectations or, in other words, of the company adjusting to the new conditions of the surrounding while simultaneously striving for obtaining market success (most frequently manifesting itself by the growth of profit and/or company value).

Pro-ecological activity versus company development

Caring for the ecological image of the company as the result of realisation of pro-ecological activities including among others the implementation of ready ecological solutions or offering eco-friendly products has, for a considerable time period, been gaining in importance not only globally but also in Poland. The increasing importance of pro-ecological activities in the contemporary economy results from the fact that they are harmless and safe for the environment as these activities do not disturb the ecological balance – on the contrary they support the maintenance thereof. What is more these activities also fit in within the widely understood ecological state policies the possession of which signifies the existence of far reaching plans aimed at the creation of conditions for the realisation of environmental protection through the determination of ecological objectives and of both financial and non-financial resources essential for the obtaining of the said goals (Misiołek, Kowal, Kucińska-Landwójtowicz, 2014).

In the contemporary world every business activity entails consequences not necessarily beneficial for the environment hence companies are more frequently forced to submit their operations to the ecological policy of the state and to approve the fact that their technological solutions or offered products need to meet the environmental protection requirements. And this refers not solely to high financial costs for instance in the form of penalty fines, decrease of sales or social exclusion – it is connected with the fact that lack of care for the environment may eventually prevent companies from performing standard business activities and lead to their liquidation. The confirmation of this thesis can be found in *The Strategy of Sustainable Growth of Poland up to 2025* within which it has been recommended to implement the following at the company level: the programme of cleaner production, formalised systems of environmental management (EMAS, ISO 14001) or eco-production. Additionally proper instruments of ecological state policy have been created: the legal ones (acts, regulations), the administrative ones (ecological standards, permits and administrative decisions), the economic ones (fees, subsidies) and the social ones (educational actions) (Pyłka-Gutowska, 2004). Companies, especially the largest ones, taking advantage of the environment and possibly causing pollution are obliged, among others, to possess appropriate permits to use natural resources, account for charges for excessive use of natural resources and bear penalties for violating the regulations (Fijał, 2005).

However, legal regulations do not constitute the only reason why companies formulate and implement environmentally friendly strategic activities – this tendency is triggered by market expectations (D'Souza, Taghian, Lamb, Peretiatko, 2006). Pro-ecological activities are gaining importance also due to the increase of competitiveness and the companies' need to distinguish themselves as thanks to environmental protection companies may observe both measurable and immeasurable business profits. Companies create the so called "green products" and improve their manufacturing processes also to satisfy their stakeholders, a fact which does influence their strategic objectives

and the shape of development strategy (Narula and Upadhyay, 2011). In case of Poland the importance of pro-ecological activities in company development is confirmed by, among others, the renewed increase of investment into environmental protection (Table 1) and the level of corporate investment into the purchase of tangible assets used for environmental protection in 2013 (see Table 2) as well as the scientific or institutionalised research into this area.

Table 1. The net amount of investment into environmental protection (in total and into tangible assets)

	2010	2013	2014
Total in mln zł	48,606.70	35,183.20	39,537.00
In relation to gross domestic product in %	3.10	2.20	2.30
Outlays on fixed assets in mln zł	11,924.00	10,851.20	14,248.50

Source: *Ochrona...* (2015), p. 409.

Table 2. Investment into tangible assets used for environmental protection in relation to the selected directions of investment and groups of investors in 2013 (current prices)

Investment directions	Total in mln zł	Including companies in mln zł
Air protection	2,598.7	2,472.4
Wastewater management and protection of water	5,631.7	2,404.1
Waste management	1,336.0	1,210.7
Others	1,284.7	489.0

Source: *Ochrona...* (2014), pp. 425–429.

One of the major research into the pro-ecological activities among Polish companies was the PARP (2008) research conducted jointly with GFL and PSDB at the end of 2008 within the scope of the research project on pro-ecological solutions in the sector of small and medium-sized companies. This research showed the increasing awareness of Polish business people of the connection between undertaking pro-ecological activities and the growing competitiveness of companies has been confirmed alongside other conclusions.

Interesting conclusions can also be drawn from the research realised in 2012 within the group of large companies which was presented by GfK company in the report entitled *“Business and economics. Approaches to environmental protection”*. The said research proved that the three most frequently listed areas within which the companies account for ecological issues include: the basic activities of the company, CSR activities and the company strategy.

Pro-ecological activities as element of development strategy

The development of contemporary companies requires their management to undertake ecological initiatives and these activities need to be well analysed, long-term and realised in a consistent manner and they should also be compliant with the strategic objectives of the company. For such activities to bring measurable benefits and to become a passport to success they should additionally correspond with the concept of sustainable growth

or the social responsibility of business in the scope of environmental protection. Among the most important pro-ecological activities possible to be undertaken by companies and among the programmes or concepts describing and indicating specific actions, and even environmental protection strategies which should be accounted for within the conducted business activities, especially in the scope of the planned or realised development strategy we need to enumerate the following:

- The Concept of Sustainable Development within the scope of environmental protection which has been incorporated into the ecological policy of the European Union where it constitutes the essential rule of environmental protection with the integrated product policy functioning within and assuming the undertaking of pro-ecological initiatives resulting in the reduction of adverse influence of products onto the environment. According to the research conducted among 750 CEOs as many as 93% of managerial personnel listed sustainable growth as the future key to success of their companies in the market (Borin, Lindsey-Mullikin, 2012).
- Corporate Social Responsibility (CSR) concept which raises the issue of the responsibility of business entities for the society and environment and it stems from “ecological sustainability” (Fenwick, 2007) and currently it appears in the formula of Environmental CSR more frequently in order to emphasise the role of environmental protection in the strategies of business entities (Abraham, Zenu, 2012).
- Cleaner Production Programme which is treated in the category of one of the integrated and preventive environmental strategies implemented in the pursuit of sustainable growth, increased eco-effectiveness and reduction of risks for humans, emphasising the reduction of pollution at the very source (Nowosielski, Spilka, Kania, 2010).
- Implementation of environmental management systems based upon ISO standards of 14000 series and the EU EMAS directive, which may function independently or be integrated with the management systems, allowing the companies to improve their ecological activities thus providing additional benefits and cost reduction through increased efficiency in the area of resources, appropriate environmental management and improved image of the company (Woźniak, Krupa, Grzesik, 2006).
- Eco-marking, eco-labelling, issuance of environmental product declarations or ecological certificates compliant with and included in the ISO standards confirming the reduced ecological harmfulness of accordingly labelled products (EU Flower) (Fijał, 2005).
- Implementation of technological solutions offering the possibility of reduction of the negative influence of manufacturing processes onto the environment (the so called environmental technologies), which most frequently rely in the application of the so called end-of-the-pipe technologies (additive ones) and the integrated technologies (the clean ones) (Leszczyńska, 2011).
- Implementation of eco-innovations (the product, process, organisational and marketing ones) which are ecological in their nature and they prevent the degradation of environment thus minimising the negative influence onto the environment simultaneously enabling the maintenance of economic effectiveness (Woźniak et al., 2006).
- Creation of “green” alliances of companies that is vertical and horizontal alliances aiming at the realisation of common ecological objectives such as implementation of pro-ecological products and technologies, in particular in the global.

- Realisation of basic (the dissolving and filtering strategies) and modern (recirculation and prevention strategies) environmental protection strategies related not only to the economic issues but also to the technological and technical aspects, the application of which totally alters the situation of the company in the market and its relation to the environment (Nowosielski, 2010).

Conclusions

In the era of global economy, which is additionally highly competitive, pro-ecological activities are becoming a natural and inseparable element of development strategy, simultaneously constitute the potential for the creation of long lasting competitive advantage, hence it is advisable to consider undertaking appropriate actions in this area as early as possible. These activities become strategic, as there is ever-increasing pressure related to environmental protection. Partially this is the effect of social expectations according to which contemporary companies should jointly realise three main strategic goals, namely: the economic, social and ecological objectives and they should find and maintain balance between these objectives in the process.

In conclusion, ecological goals must be the part of the contemporary company's strategic plans and need to be perceived as development opportunities in the context of strengthening of the competitive position. At the same time, their inclusion should lead to positive perception of the company by the market, for instance of the company's product range or influence the company's image or reputation and finally it may contribute to the improvement of the company's financial results and to the increase of its value, both for the shareholders and stakeholders.

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