

Sustainable Growth & Corporate Sustainability with a Special Reference to A case Study on ITC Ltd.



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Growth is another name of life. Growth gears up development. Darwin's theory substantiates the survival of the fittest through adaptation. But mere survival is not sufficient. The status quo is not an option. Long-term survival is a sine qua non for ensuring perpetual subsistence quashing extinction. Human race must be unremittingly and responsibly responsive to afford the future—buying insurance for the plant, planet and people.

Growth Vs. Development

Notwithstanding the fact that growth prima facie jives with development, they are not analogous. Whereas economic growth macro economically refers to enhancement in economic activities without warranting any underlying change in the fundamental economic structure and institutions of an economic system; economic development encompasses technological, institutional and social transformations and structural recasting in an economic system. Sustained economic growth, mainly leaning on accelerated pace of industrialisation, urbanisation, mass production, cut-throat competition and voracious consumerism, is the breeding ground of the global torment causing environmental degradation and pollution which threatens the living conditions of generations to come. Development is a process by which the members of a society increase their personal and institutional capacities to mobilize and manage resources to produce sustainable and justly distributed improvements in quality of life consistent with their own aspirations (Korten D, 'Getting to the 21st Century'). Thus, economic development envisages a wider vision than economic growth.

Concept of Sustainable Development

In microeconomic sense, organisational sustainability interfaces with economics through the social and ecological consequences of economic activities undertaken by a firm in pursuit of fulfilling its avowed goal, mainly concentrating on maximisation of shareholders' wealth. Sustainable means endurable. Etymologically, the word 'sustainability' is derived from the Latin word 'sustiere' which refers to 'shore

up', or 'hold'. The idea of sustainable development has evolved over the last four decades with a proliferation of its interpretation in terms of vision, values and principles. The focus of sustainability ranges from the total carrying capacity (sustainability) of planet Earth to the sustainability of economic sectors, ecosystems, countries municipalities, individual lives, individual goods and services, and so on. Since 1980s sustainability has been used more in the sense of human sustainability on planet Earth and this has resulted in the most popularity of sustainable development. Originally proposed in the World Conservation Strategy in 1980, the term gained widespread currency resulting from the most widely accepted definition of sustainable development propounded on March 20, 1987 by the World Commission on Environment and Development (WCED), better known as Brundtland Commission of the United Nation in their report, Our Common Future: 'development that meets the needs of the present without compromising the ability of future generations to meet their own needs'. The Rio conference in 1992, spotlighting the three pillars of sustainability based on the integration of economic, social and environmental considerations further broadened the concept enunciated by WCED and paved the way of institutional and corporate path to sustainable development. Sustainability may also be defined as the process of improving the quality of human life within the carrying capacity of supporting eco-system. However, a universally accepted definition of sustainable development remains elusive because it is expected to achieve multifarious phenomena.

Corporate Sustainability

Corporate sustainability is the business approach that creates long-term shareholder value by embracing opportunities and managing risks deriving from economic, environmental, and social developments. The Journal of Environmental Strategy defines corporate sustainability as 'the capacity of an enterprise to maintain economic prosperity in the context of environmental responsibility and social stewardship'. Corporate sustainability entails the

creation of sustainable competitive advantage by means of building the capacity of a firm to add value through the product it produces or services it renders and ensuring its operation ad infinitum in a socially and environmentally just and equitable modus operandi. From this perspective, a sustainable enterprise may be defined as 'one that contributes to sustainable development by delivering simultaneously economic, social and environmental benefits- the so-called triple-bottom-line' (Hart and Milstein, 1999, p6).

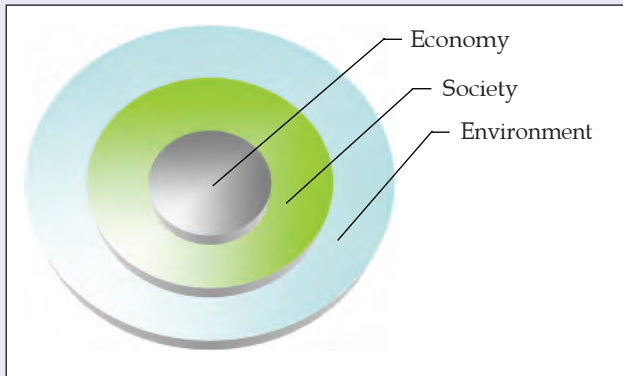


Fig. 1

Prof. John Elkington was the pioneer of the concept of 'triple-bottom-line' in 1994. He elaborated on the triple-bottom-line based sustainability further in his book titled 'Cannibals with Forks: the Triple Bottom Line of 21st Century Business' published in the late 1990s (Elkington, 1998). He deliberated the thought of corporate sustainability by referring to a situation in which firm pays due attention not only to the economic value they add, but also the environmental and social value they add or destroy, trying to harmonize their efforts as they pursue these different goals (Elkington, 1994 and 1997). In fine, corporate sustainability may be visualised as the endeavour to embrace the environmental and social dimensions into business operations: processes, products and procedures.

The two figures (Fig.1 and Fig.2) indicate the relationship among the three pillars of sustainability i.e. economic sustainability, environmental sustainability and social sustainability.

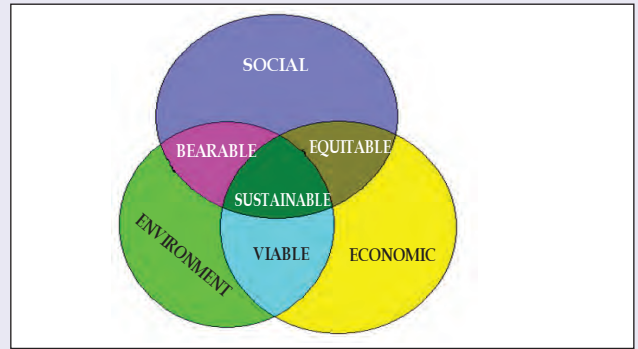


Fig. 2

Case Study

Considering the constraint of the scope of the present paper, the case study of corporate sustainability has been restricted to the Sustainability Reporting of ITC Ltd. ITC is one of India's foremost private sector companies with a market capitalisation of over US\$ 6 billion and it is rated among the 'World's Best Big Companies', Asia's 'Fab 50' besides earning the honour of India's 'Most Respected Companies' by Business World and India's 'Most Valuable Company' by Business Today. ITC has a diversified presence in Cigarettes, Hotels, Paperboards & Specialty Papers, Packaging, Agro-Business, Packaged Foods & Confectionery, Information Technology, Branded Apparel, Personal Care, Stationery, Safety Matches and other FMCG products. While ITC is an outstanding market leader in its traditional businesses of Cigarettes, Hotels, Paperboards, Packaging and Agro-Exports, it is rapidly gaining market share even in its nascent businesses of Packaged Foods & Confectionery, Branded Apparel, Personal Care and Stationery. It employs over 26,000 people at more than 60 locations across India. The Company continuously endeavours to enhance its wealth generating capabilities in a globalising environment to consistently reward more than 4,04,250 shareholders, fulfil the aspirations of its stakeholders and meet societal expectations. This overarching vision of the company is expressively captured in its corporate positioning statement: "Enduring Value". ITC Ltd has got a GRI-G3 Compliant Application Level A+ for the ways it takes to carry on business.

The Triple Bottom Line Reporting of ITC contributing to the People(Social Sustainability), Profit (Economic Sustainability), and Planet (Environmental Sustainability)

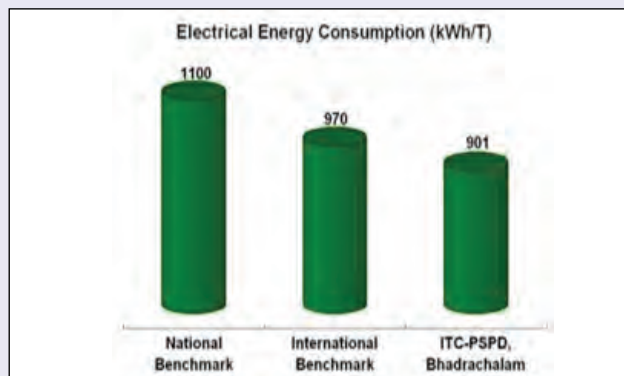
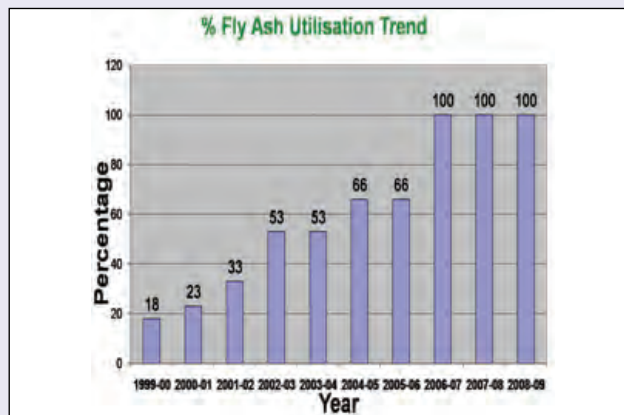
Economic Sustainability (Profit & Economic Prosperity)	Environmental Sustainability (Planet & Environmental Quality)	Social Sustainability (People & Equity & Justice)
The paid-up share capital of the Company, as on 4th August, 2011, is Rs 775,13,33,960(Rs.775.13 corers) divided into 775,13,33,960 Ordinary Shares of the face value of Rupee 1/- each.	ITC's Watershed Development initiative brings precious water to over 69,484 hectares of dry lands and moisture-stressed areas.	ITC's businesses generate livelihoods for over 5 million people, and its globally recognized e-Chou pal initiative is the world's largest rural digital infrastructure benefiting over 4 million farmers.

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Economic Sustainability (Profit & Economic Prosperity)	Environmental Sustainability (Planet & Environmental Quality)	Social Sustainability (People & Equity & Justice)
Multiple drivers of growth encompassing FMCG, Paperboards & Packaging, Agro Business, Hotels and Information Technology.	'Carbon Positive' – five years in a row (Sequestering/storing twice the amount of CO ₂ that the Company emits).	ITC's businesses generate livelihoods for over 5million people.
A turnover of US\$ 6 billion and a market capitalisation of nearly US\$ 30 billion	Water Positive' –for eight consecutive years(creating three times more rainwater) harvesting potential than ITC's net consumption	ITC's globally recognised e-Chou pal initiative is the world's largest rural digital infrastructure benefitting over 4 million farmers.
Total Shareholder Returns, measured in terms of increase in market capitalisation and dividends, growing at a compound rate of over 24% per annum over the last 15 years Waste Recycling Positive for the last three years	Waste Recycling Positive for the last three years	ITC's Social and Farm Forestry initiative has greened 1,07,000 hectares, creating an estimated 48 million person-days of employment.
The new FMCG businesses support the competitiveness, technology upgradation and market reach of over 150 Small & Medium Enterprises (SMEs)	Nearly 31% of total energy consumed is from Renewable sources. Wealth out of Waste (WOW) Initiative : REDUCING CARBON FOOTPRINT – CARBONEMISSION AT 1.6/T OF BOARD IS THE LOWEST IN THE COUNTRY	ITC's Watershed Development initiative brings precious water to over 54,000 hectares of dry lands and moisture-stressed areas
ITC Group provides direct employment to over 29,000 people.	ITC Royal Gardenia and ITC Green Centre are two of the world's largest LEED Platinum rated green buildings. Environment, Health and Safety Management Systems in ITC conform to international standards.	ITC's Sustainable Community Development initiatives include women's empowerment, supplementary education and integrated animal husbandry programmes

Source : ITC Sustainability Reporting (2009-10)



Source : ITC Sustainability Reporting(2009-10)

ITC's avowed mission is: Enduring value- for the nation, for the shareholders. ITC has always believed

in creating enduring value through its businesses, and as such, focused on creating sustainable businesses and livelihood opportunities. It is continuously putting efforts to constantly achieve higher levels of Triple Bottom line performance – measured on their performance in economic, environmental and social terms.

Concluding

The concept of sustainable development has been transposed from the macro to the corporate dimension in as much as a corporate entity is a productive agent of our socio-economic system, a conduit of the eventual implementation of sustainable issues and a socially responsible citizen. Sustainability concept has been gradually gaining worldwide recognition and acceptance. Thousands of companies throughout the world are currently using sustainability reporting as a means of communicating with their stakeholders as well as a tool of internal management and control. The emerging paradigm of companies appearing socially and environmentally responsible is ushering into an optimistic journey in creating summum bonum of people at large and leaving a green and pleasant planet for the baby to see the light tomorrow-the sun will rise, the bird will be on the wing in the blue, the cuckoo will sing, trees will dance, hundreds of flowers will bloom, the gentle breeze will blow and the river will flow ... live and let live others peacefully. □