




May 2020

Go Green: Make Green

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Marriott Student Review is a student journal created and published as a project for the Writing for Business Communications course at Brigham Young University (BYU). The views expressed in Marriott Student Review are not necessarily endorsed by BYU or The Church of Jesus Christ of Latter-day Saints.

Recommended Citation

Montague, Sam (2020) "Go Green: Make Green," *Marriott Student Review*. Vol. 3 : Iss. 4 , Article 26. Available at: <https://scholarsarchive.byu.edu/marriottstudentreview/vol3/iss4/26>

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Go Green: Make Green

By Sam Montague

Skolstrejk för klimatet (school strike for climate) can be read on posters held by hundreds of thousands of students, headed by Greta Thunberg, the *Time's* Person of the Year.¹ The young Swede has gone international in her message, discussing with some of the highest-ranking politicians worldwide what policies and practices they can put into effect to save the world.

The decisions of these governments affect businesses in all markets worldwide. But can taking environmental action really make a difference? Why should companies be proactive in regulating their environmental impact?

Extensive research has been and continues to be conducted in determining the benefits of sustainable practices for applicable businesses. Recent findings suggest a positive correlation between businesses' sustainability efforts and the consumer response, showcase direct benefits to the businesses, and provide suggestions to put the findings into practice.

The Consumer Response

Marketing, an essential division of any company, has the objective to acquire, retain, and recover customers. The department is directly involved with cultivating the image and perception of a brand within the customer's mind, with a special focus on those within the targeted demographic. Multiple studies have found a direct correlation between this consumer awareness and the brand's socially responsible activities.

Mobin Fatima, PhD, assistant professor at Prince Sultan University, worked alongside others in a small team to examine the effects that socially responsible practices integrated into hotel operations had on the consumer. The researchers found that "companies can gain substantial benefits" from incorporating sustainable behaviors. Further, they report that "company image built around socially responsible practices leads to customer identification with the company and results in long term company benefits."² Figure 1 shows this data, indicating that corporate social responsibility strongly affects customer satisfaction and loyalty. Essentially, when customers see an environmentally sustainable business, they are more likely to be loyal to the brand for a longer duration of time; i.e. increased customer retention (this data was taken from a diverse demographic; results are indicative of the whole).

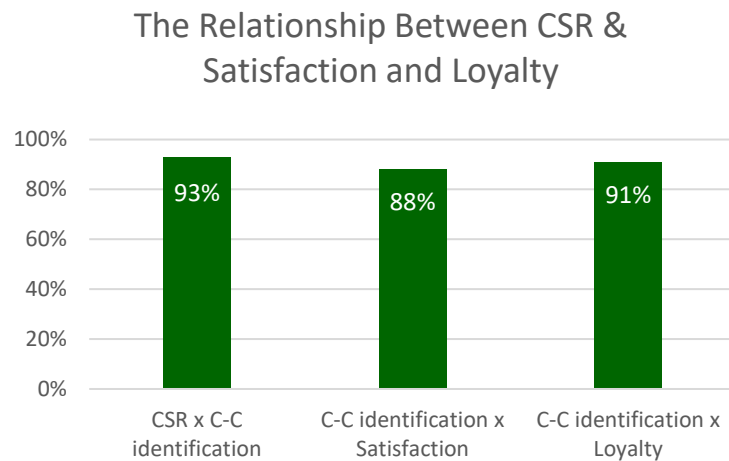


Figure 1. Data from *CSR and Consumer Behavioral Responses: The Role of Customer-Company Identification*.³

A similar study corroborates these claims, looking into the effect of implementing these practices in the sportswear industry. Conducted by José Javier Rivera PhD (CEO of Stravalve International, a strategic marketing team, and former part-time professor at University of Valencia) and others, their study shows an increase in “the intensity of the positive relationship between [corporate social responsibility] and loyalty through awareness and satisfaction.”

Loyalty is enhanced by the consumer experience through “increased enjoyment of social satisfaction, increased recognition of the brand’s social awareness, and social behaviour encouraged through loyalty as a variable in turn composed of positive reactions in attitudinal loyalty, purchase intention, level of expenditure and intention to recommend.”⁴ People become *proud* when using the products or service of sustainable businesses, or so says *HipCityVeg* and *Your Organized Life*—two of many blogs raving on sustainable products.⁵ These results are confirmed in a similar study by David Servera-Francés and Lidia Piqueras-Tomás of Valencia Catholic University in Spain.⁶

Retaining customers and increasing their loyalty isn’t the only benefit to sustainable practices. Published in the *Journal of Fashion Marketing and Management*, Jihyun Lee and Yuri Lee, professors at Seoul National University, learned that “brand image positively [affects] purchase intention.”⁷ These findings are potent—customers are more likely to buy the product or service of a business that actively engages in socially responsible practices.

In the age of influencers, social media, and rapid international interaction, providing enticing products is paramount; the “love group” leaving glowing reviews can reach a larger population in the form of a more trustworthy source and can boost customer acquisition.

Direct Benefits to the Business

Profits from customers are not the only variable that adopting environmentally sustainable practices will affect; a plethora of savings lie in the possible changes a company can make internally. Although the impact is greater the larger the company is, small and medium business can still derive benefit from adopting socially responsible behaviors and practices. This is supported by research done by Dr. Sherry Robinson (Penn State University/Buskerud and Vestfold University College) and Dr. Hans Anton Stubberud (Buskerud and Vestfold University College), who found that higher production costs of larger businesses leads to a larger cost savings. The team points out that this is where large sights are typically set, while small- to medium-sized businesses aim for environmental innovation.⁸

Professor Magali Delmas (UCLA Anderson School of Management and the Institute of the Environment and Sustainability) and Sanja Pekovic (University of Paris Dauphine) studied the effects of environmental standards on labor productivity and found a 16 to 21% increase when the standards are implemented. They associate this increase with the brand's reputation (especially concerning the brand's environmental stewardship), resulting employee attitude, an associated increase in employee training and interpersonal contacts, and an improved work environment.⁹ More common may be the obvious savings that are touted from implementing energy and waste reduction.

Susan Kaplan, director of the Health Care Research Collaborative at the University of Illinois at Chicago School of Public Health, studied hospitals using these strategies and the savings gained. Her team projected national savings exceeding \$5.4 billion over five years, tripling when estimating 10 years, if these strategies become standardized.¹⁰ As displayed in Figure 2, Boston University found that efficient LED light bulbs use 13% of the energy a regular incandescent needs, and will typically last almost 21 times longer.¹¹ Additional savings will come from a cooler building and longer-lasting bulbs, as reported by Wilhelm Shcnots, writer at Zacks.com (a financial site).¹²

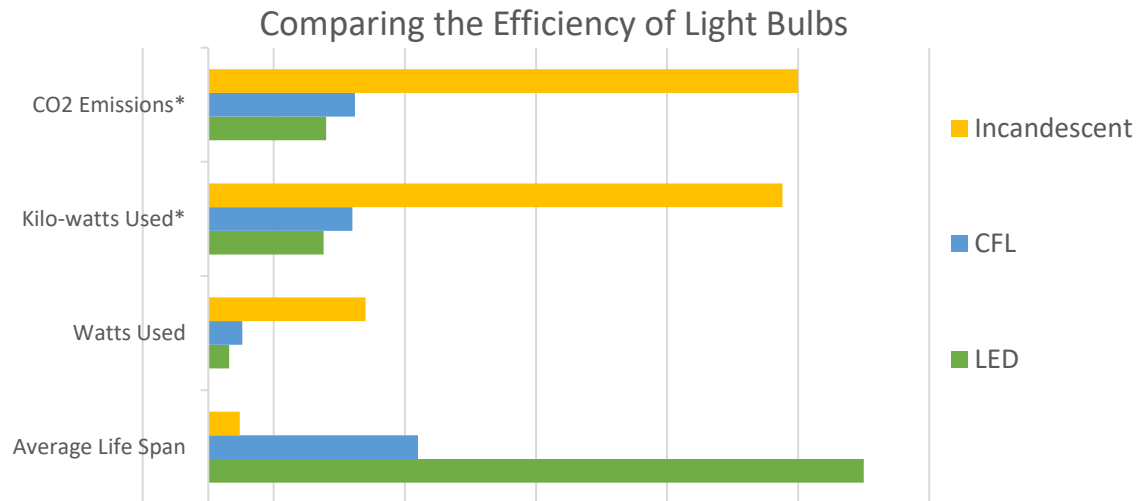


Figure 2. *Per bulb, based on 10 hours a day, 365 days a year. Data from Boston University.¹³

Any sized company (or even homeowner) can cash out on these savings. Depending on current usage and size of facility, water conservation efforts within a business can save hundreds and thousands of gallons of water each year—directly translating to savings on the utility bill.

Another practice that can provide savings is going digital. One report from Tufts University by Heather Sarantis found upwards of \$10 billion in savings for large corporations.¹⁴ Paperless reports, manuals, and other reductions can have a meaningful impact no matter the size of the business.

In addition, the government encourages—and provides benefits for—behaviors benefiting the environment. Tax breaks are often offered to assist in offsetting the sometimes-pricey improvements. Such tax breaks can make adapting these strategies much more affordable and can help move the decision-making process along much more smoothly. The US government has a web page showing these tax breaks on a federal level and links to resources for the state level.¹⁵

Sustainable Strategies in Practice

Transforming a business through implementing these types of sustainable practices will inevitably transform the competitive landscape as well. Not only will money be saved (from conservative practices) and gained from a more brand-loyal customer base, but the business becomes more competitive. The latter claim is supported by research done by Maria Rosa De Giacomo from the Italian Sant'Anna School of Advanced Studies and her team, who evaluated the method of product-making for optimization.¹⁶

A multitude of resources exists across the internet with the aim of assisting businesses of all sizes in the transition to corporate social responsibility; people (often including stakeholders) are invested in helping achieve a competitive edge through better processes.

Manon Eikelenboom and Gjalt de Jong from the University of Groningen in the Netherlands suggest the following: “(1) Investing in saving energy; (2) Performing environmental audits periodically; (3) Designing products and packaging to be reused, repaired and recycled; (4) Voluntarily exceeding environmental regulations, (5) Implementing programmes to reduce water consumption and (6) Adopting measures to design ecological products or services.”¹⁷

Even with these resources, following through with major (or even minor) changes can be very daunting. Remembering the many documented successes can alleviate doubts—Appendix A contains a few case studies. Many businesses have paved the way before so that others are not completely in the dark.

In the End

In the rapidly changing landscape of the current economy, businesses must do everything they can to gain and maintain a competitive edge. Businesses can establish a lead against their competitors through corporate social responsibility and adopting related “green” practices. Doing so will result in an increased, longer-lasting, and purchase-inclined customer base; a more productive work force; and more efficient processes that save money.

Starting today can have a profound impact on any-sized company. Consider this: could small changes be made today? What could be made more efficient? Would governmental tax breaks make any large changes more feasible?

Appendix A

The following are case studies conducted by government and university research teams, documenting the effects that environmentally sustainable practices and behaviors had on businesses.

US Environmental Protection Agency: The United States governmental task force is compiling case studies of successful water efficiency efforts. Included in each study are details of implementation and saved costs¹⁸:

<https://www.epa.gov/watersense/case-studies>

National Institute of Standards and Technology: The Manufacturing Extension Partnership (MEP) has gathered over 1000 success stories from across the United States of manufacturers they’ve collaborated with in implementing these strategies. The stories detail improvements and benefits.¹⁹

<https://ws680.nist.gov/mepmeis/ManufacturingSuccesses.aspx>

The University of Mississippi National Food Service Management Institute: Mary Nettles (PhD, RD, Director) and Kristi Lewis (PhD, RD, Assistant Director) describe environmental conservation approaches in school nutrition programs in their research article:²⁰

<https://theicn.org/resources/347/technical-reports/106622/going-green-a-case-study-approach-examining-green-and-environmental-conservation-practices-in-school-nutrition-programs.pdf>

Hanyang University: Joon Seo Choi, professor of Sports Marketing, examines the transformation of a Korean Baseball team as they adopt and market green practices:²¹

<https://doi.org/10.1108/ijssms-11-2016-022>

¹ Charlotte Alter, Suyin Haynes, and Justin Worland, “Greta Thunberg Is TIME’s 2019 Person of the Year,” Time. Accessed May 27, 2020, <https://time.com/person-of-the-year-2019-greta-thunberg/>.

² Mobin Fatima, Imran Khan, and Zillur Rahman, “CSR and Consumer Behavioral Responses: The Role of Customer-Company Identification,” Edited by Ian Phau, *Asia Pacific Journal of Marketing and Logistics*, February 21, 2018, 00–00. <https://doi.org/10.1108/apjml-01-2017-0017>.

³ Mobin Fatima, Imran Khan, and Zillur Rahman, “CSR and Consumer Behavioral Responses: The Role of Customer-Company Identification,” 00–00.

⁴ José Rivera, Enrique Bigne, and Rafael Curras-Perez, “Effects of Corporate Social Responsibility on Consumer Brand Loyalty,” *Review of Business Management* 20, no. 3 (July 2019): 395–415. <https://doi.org/10.7819/rbgn.v21i3.4003>.

⁵ “7 Brands That Are Making Our Planet Proud,” HipCityVeg, November 3, 2019, <https://hipcityveg.com/sustainable-gift-guide/>; Daria Harvey, “10 Eco-Friendly Products You’ll Be Proud to Use,” Your Organized Life, April 22, 2020, <https://www.yourorganizedlife.org/eco-friendly-products/>.

⁶ David Servera-Francés and Lidia Piqueras-Tomás, “The Effects of Corporate Social Responsibility on Consumer Loyalty through Consumer Perceived Value,” *Economic Research-Ekonomiska Istraživanja* 32, no. 1 (January 2019): 66–84. <https://doi.org/10.1080/1331677x.2018.1547202>.

⁷ Jihyun Lee and Yuri Lee, “Effects of Multi-Brand Company’s CSR Activities on Purchase Intention through a Mediating Role of Corporate Image and Brand Image,” *Journal of Fashion Marketing and Management: An International Journal* 22, no. 3 (July 9, 2018): 387–403. <https://doi.org/10.1108/jfmm-08-2017-0087>.

⁸ Sherry Robinson and Hans Anton Stubberud, “Green Innovation and Environmental Impact in Europe,” *Journal of International Business Research* 14, no. 1 (2015): 127–138.

⁹ Magali A. Delmas and Sanja Pekovic, “Environmental Standards and Labor Productivity: Understanding the Mechanisms That Sustain Sustainability,” *Journal of Organizational Behavior* 34, no. 2 (September 11, 2012): 230–52. <https://doi.org/10.1002/job.1827>.

¹⁰ Susan Kaplan, “New Research Collaborative Study Shows That Going Green Saves Money | Healthier Hospitals Initiative,” healthierhospitals.org, November 2, 2012. <http://healthierhospitals.org/media-center/spark-blog/new-research-collaborative-study-shows-going-green-saves-money>.

¹¹ “LED Lighting Retrofits » Sustainability » Boston University.” www.bu.edu. Accessed May 27, 2020. <https://www.bu.edu/sustainability/what-were-doing/energy/led-lighting-retrofits/>.

¹² Wilhelm Schnotz, “How Much Money Do You Save From Energy-Saving Light Bulbs?” Zacks.com, 2012. <https://finance.zacks.com/much-money-save-energysaving-light-bulbs-4200.html>.

¹³ “LED Lighting Retrofits » Sustainability » Boston University.” www.bu.edu. Accessed May 27, 2020. <https://www.bu.edu/sustainability/what-were-doing/energy/led-lighting-retrofits/>.

¹⁴ Heather Sarantis, “A Step-by-Step Plan to Save Money by Saving Paper Including Case Studies of Bank of America, AT&T, Nike, Alameda County, and the Moore Foundation,” 2002. <https://sustainability.tufts.edu/wp-content/uploads/BusinessGuidetoPaperReduction.pdf>.

¹⁵ “Going Green | USAGov,” www.usa.gov. Accessed May 27, 2020. <https://www.usa.gov/green#item-35007>.

¹⁶ Maria de Giacomo, Arianna Loprieno, Mario Tarantini, Rovena Preka, Maria Litido, Anne Furphy, Víctor Calvo, et al, “Eco-Innovative Practices for Sustainable Consumption and Production: What Are the Possible Benefits for Companies?” *Administrative Sciences* 4, no. 3 (July 30, 2014): 242–75. <https://doi.org/10.3390/admsci4030242>.

¹⁷ Manon Eikelenboom and Gjalt de Jong, “The Impact of Dynamic Capabilities on the Sustainability Performance of SMEs,” *Journal of Cleaner Production* 235 (October 2019): 1360–70. <https://doi.org/10.1016/j.jclepro.2019.07.013>.

¹⁸ “Case Studies.” US EPA. United States Environmental Protection Agency, March 14, 2017. <https://www.epa.gov/watersense/case-studies>.

¹⁹ Cindy Orellana, “Manufacturing Extension Partnership (MEP),” [ws680.nist.gov](https://ws680.nist.gov/mepmeis/ManufacturingSuccesses.aspx), September 29, 2014. <https://ws680.nist.gov/mepmeis/ManufacturingSuccesses.aspx>.

²⁰ Kristi L. Lewis and Mary F. Nettles, “Going Green! A Case Study Approach Examining Green and Environmental Conservation Practices in School Nutrition Programs,” The University of Mississippi: National Food Service Management Institute, 2013. <https://theicn.org/resources/347/technical-reports/106622/going-green-a-case-study-approach-examining-green-and-environmental-conservation-practices-in-school-nutrition-programs.pdf>.

²¹ Joon-Seo Andrew Choi, “Going Green in Baseball – a Case Study of the SK Wyverns.” *International Journal of Sports Marketing and Sponsorship* 17, no. 4 (November 7, 2016): 368–79. <https://doi.org/10.1108/ij sms-11-2016-022>.