

Eco-efficiency and eco-effectiveness of organizations



In today's global environment, why are eco-efficiency and eco-effectiveness important to organizations? In recent years, much emphasis has been put on the importance of eco-efficiency and eco-effectiveness due to rising concern of global warming and the environment in general. Basically, eco-efficiency means reducing the environmental impacts of goods and resource intensity throughout the entire life cycle to a level at least in line with the Earth's estimated carrying capacity; while at the same time satisfying human needs in short reducing the environment impact of products and resource used for human needs.

Eco-effectiveness on the other hand means doing it right, instead of reducing the harm of wrong things. This essay will discuss in detail the benefits and reasons why eco-efficiency and eco-effectiveness is important to organizations and the concept of sustainable development with examples from some companies in the world today. There are many benefits of eco-efficiency and eco-effectiveness to firms. One of the benefits is economic benefits. Companies have long been thought of as profit-maximizing entities which are expected to engage in activities that meet the financial responsibility of the firm.

In recent years, the concept of corporate social responsibility is more highly regarded. Hence, fund managers are more inclined to investing in companies that are deemed environmentally responsible; due to the fact that companies that are not environmentally responsible might end up with the wrong side of the law. For example, King and Lennox (2002) suggests that an increase in environment performance translates into improvement of reputation, an increase in investor's trust and a decrease of investor's risk.

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Therefore, with the importance of attracting investors and strengthening business ties, it is important for organizations to sustain eco-efficiency and eco-effectiveness (Hay et al. 2005). Eco-efficiency benefits can also be reaped nation-wide. As De Simone and Popoff (2000) suggests, eco efficiency can help developed countries improve their resource productivity and encourage developing countries to reach their full potential. By becoming eco-efficient and eco-effective, the cost of manufacturing a certain product or providing a certain service will be reduced as well.

A fine example is 3M - through pollution-revention projects, the company has saved over 750 million dollars (McDonough and Braungart 2001). Additionally, it is essential to the government to enable the society to be sustainable. Developing countries - giving back to the locals. Finding work for them to do instead of replacing them with eco-unfriendly machinery. In developed countries, some people are willing to pay more for "green" products as their physiological needs are already satisfied, and hence move up the Maslow hierarchy of needs, seeking esteem and self-actualization instead.

Recently, that behaviour has been dubbed as "lazy environmentalism" (Can Capitalism save the Planet? , New York Times) - and organizations are jumping on the wagon to help consumers achieve that sort of need. Therefore, eco-efficiency and eco-effectiveness are important to friendly, and hence help their consumers achieve their "lazy environmentalism" needs without sacrifice, generating profits at the same time (DeSimone ; Popoff 2000). Pressure has also been made to firms to be eco-efficient and eco-effective from groups such as Greenpeace.

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An article by Flveash (Fiveash 2010) shows that Dell is pressured by Greenpeace to remove all hazardous chemicals from its entire roduct. Therefore, with such large and influential organizations campaigning for such reasons, it is important for organizations to keep themselves in good media light. As the market for most products are not in scarce supply, being eco-friendly in the public eye is the key to being competitive against other organizations.

Hence, allowing a "cutting edge" and "unique selling point" to products, in this instance, environmentally friendliness will prove crucial to organizations to stand out from competitors. As natural resources gets scarce, firms has realised the importance of ustainable management and development in recent years. In short sustainability means the ability of humans to ensure that it meets the need of the present without compromising the ability of future generations to meet their own needs.

The Brundtland Commission Report (World Commission on Environment and Development, 1987) has emphasized the importance of sustainable development and forced it to the top of the agenda of the United Nations and the multilateral development banks. Without sustainable management and development, our future generations would be left with little or no resources. Sustainability of businesses through protecting resources? For example, eco-tourism - if natural habitat of tribes destroyed, there will be no such thing anymore.

Overfarming? " Increase in demand, decrease in supply. Therefore, prices of raw materials will increase, not a benefit to businesses in long run. Might as

well show some effort now to prevent it. Through the reasons above, we can see that it is of much importance for managers in today's global environment to be aware of the environmental impacts of the firm's product and services instead of just working towards a lower input and a higher output. This is linked corporate social responsibility.

Corporate social responsibility is basically a form of corporate self-regulation integrated into a business model as such firms do more than what they are required to do under applicable laws and regulations. As stated by Hays ; Stavins (2005) a firm must consistently reduce its emission of air and water pollution by more than it is required to do by environment authorities to be considered as practicing