First Annual Survey of New Jersey Business Sustainability

Joel Harmon, Kent Fairfield, Jeana Wirtenberg, and William Russell
Institute for Sustainable Enterprise, College of Business
PublicMind
Fairleigh Dickinson University

With the support of the Sustainable Business Initiative
NJ Department of Environmental Protection
Outline

- Introduction
- The Survey
- A Model of How Sustainability Management comes about
- Results
- Discussion and Implications
- Recommendations
- Conclusion
About Sustainability

- Enduring success
  - Human well being
  - Ecological robustness
  - Financial prosperity
- Long-term view
- Deep interdependence
Who Would Have Thought . . .
Community
The Survey

- Distribution through business organizations
- Asked about Sustainability Practices
  - Motives
  - Internal Organizational Enabling Conditions
  - External Factors Important to Success
- Responses = c. 300
- 85% > Manager; 45% > V.P.; 29% CEO/Owner
- Balanced representation by size and geography but not by sector
- Size
- Region
- Scope
- Industry
67% of Respondents from 9 Sectors

<table>
<thead>
<tr>
<th>Sector</th>
<th>% of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Professional/Consulting</td>
<td>17.4</td>
</tr>
<tr>
<td>Energy/Utilities</td>
<td>8.4</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>6.3</td>
</tr>
<tr>
<td>Chemical</td>
<td>6.3</td>
</tr>
<tr>
<td>Government</td>
<td>6.3</td>
</tr>
<tr>
<td>Non-Profit</td>
<td>6.3</td>
</tr>
<tr>
<td>Financial Services</td>
<td>5.8</td>
</tr>
<tr>
<td>Education</td>
<td>5.3</td>
</tr>
<tr>
<td>Pharma/BioTech/Devices</td>
<td>4.7</td>
</tr>
</tbody>
</table>

Low % Retail, Consumer, Food, Hospitality, Telecom
What Leads to Sustainability Management?

- External Business Success Factors
- Investment Motives
- Organizational Enabling Conditions
- Sustainability Practices
# RESULTS -- Practices

<table>
<thead>
<tr>
<th>Practice</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recycling</td>
<td>4.03</td>
</tr>
<tr>
<td>Improving energy efficiency</td>
<td>3.37</td>
</tr>
<tr>
<td>Reducing paper use</td>
<td>3.36</td>
</tr>
<tr>
<td>Supporting volunteering</td>
<td>3.23</td>
</tr>
<tr>
<td>Applying lean manufacturing</td>
<td>2.98</td>
</tr>
<tr>
<td>Reducing greenhouse gases</td>
<td>2.92</td>
</tr>
</tbody>
</table>
RESULTS – Practices Most Used

- Recycling
- Less paper
- Energy Efficiency
- Empty Volunteering
- Lean Mfg
- Less GHG
## Practices – Least Used

<table>
<thead>
<tr>
<th>Practice</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assessing financial payoffs</td>
<td>2.70</td>
</tr>
<tr>
<td>Creating metrics</td>
<td>2.65</td>
</tr>
<tr>
<td>Constructing green buildings</td>
<td>2.36</td>
</tr>
<tr>
<td>Using renewable energy</td>
<td>2.28</td>
</tr>
</tbody>
</table>
## Strongest Investment Motives

<table>
<thead>
<tr>
<th>Motive</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>The “right thing to do”</td>
<td>3.79</td>
</tr>
<tr>
<td>Potential cost savings</td>
<td>3.71</td>
</tr>
<tr>
<td>Satisfying customer interests</td>
<td>3.69</td>
</tr>
<tr>
<td>Improve image &amp; reputation</td>
<td>3.54</td>
</tr>
<tr>
<td>Foster healthy/thriving society</td>
<td>3.49</td>
</tr>
<tr>
<td>Satisfying legal/reg. demands</td>
<td>3.43</td>
</tr>
</tbody>
</table>
Strongest Investment Motives

- Right Thing
- Cost Savg
- Sat Cust
- Image/Reput
- Hlthy Socty
- Legal/regul

Legend:
- Strong
- Mod
- Weak
## Lowest-Ranked Motives

<table>
<thead>
<tr>
<th>Motive</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Satisfy shareholders/investors</td>
<td>3.24</td>
</tr>
<tr>
<td>Innovate, develop new prodts.</td>
<td>3.24</td>
</tr>
<tr>
<td>Reduce risk (legal, embarrs’t)</td>
<td>3.10</td>
</tr>
<tr>
<td>Satisfy community groups</td>
<td>2.97</td>
</tr>
<tr>
<td>Using external funding (NJ, Federal grants, incentives)</td>
<td>2.94</td>
</tr>
</tbody>
</table>
Lowest–Ranked Motives

- Sat Investors
- Prodcnt Innov
- Lrw Risk
- Sat Comunty Grps
- External Fundg

Legend:
- Strong
- Mod
- Weak
## Organization Conditions Enabling Sustainability

<table>
<thead>
<tr>
<th>Condition</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top management support</td>
<td>3.79</td>
</tr>
<tr>
<td>Awareness of sustainability issues</td>
<td>3.71</td>
</tr>
<tr>
<td>Deeply held company values</td>
<td>3.69</td>
</tr>
<tr>
<td>Concrete ideas for actions</td>
<td>3.54</td>
</tr>
<tr>
<td>Clear business case for sustainability</td>
<td>3.49</td>
</tr>
<tr>
<td>Employee engagement – sustainability</td>
<td>3.43</td>
</tr>
</tbody>
</table>
Strongest Enablers

- Top Support
- Aware Issues
- Deep Values
- Concrete Ideas
- Clear Bus Case
- Empty Engag

Legend:
- Great
- Mod
- Little
## Susty–Related External Factors Important to Business Success

<table>
<thead>
<tr>
<th>Factor</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy affordability &amp; reliability</td>
<td>3.84</td>
</tr>
<tr>
<td>Social stability</td>
<td>3.65</td>
</tr>
<tr>
<td>Water quality &amp; availability</td>
<td>3.42</td>
</tr>
<tr>
<td>Air quality</td>
<td>3.35</td>
</tr>
<tr>
<td>Climate change (e.g., sea level)</td>
<td>3.10</td>
</tr>
<tr>
<td>Food quality &amp; security</td>
<td>3.09</td>
</tr>
<tr>
<td>Trusted certification programs</td>
<td>2.81</td>
</tr>
<tr>
<td>Open space, wetlands, diverse species</td>
<td>2.77</td>
</tr>
</tbody>
</table>
“Detective Work:” What Most Accounts for the Way Answers Vary?

External Business Success Factors → Investment Motives (D)
Investment Motives → Sustainability Practices (A)
Sustainability Practices → Organizational Enabling Conditions (B)
Organizational Enabling Conditions → Investment Motives (C)
Investment Motives → External Business Success Factors (E)
Path A: Motives Most Associated with Practices

- **Right thing to do**
  - for almost all practices

- **Satisfying shareholders and investors**
  - especially for measuring, assessing payoffs, reporting, stakeholder outreach, volunteerism, lean mfg, less water, renewable energy

- **Assuring availability of key natural resources**
  - especially for lean mfg, green purchasing, recycling, energy efficiency, less paper, water & GHG
Other Powerful Motives

- Potential for innovative product development
- Improve image/reputation
- Foster healthy, thriving society
Path B: Organizational Enabling Conditions Associated with Practices

- **Awareness** of sustainability issues
- **Measures** for assessing progress
- **Concrete ideas** about actions to take
- Deeply held **values**
Path C: External Business Success Factors Associated with Practices

- Trusted certification programs
- Energy affordability/reliability
- Clean Air, Open Space, Climate change
Larger Companies Do More

- Those with >1,000 employees do more on 11 of 16 practices

- Virtually no size difference
  - Motives
  - Enabling conditions
  - External success factors
Sustainability Management and Performance Differences

- “Doing better than peers” companies doing more

- “Doing same as peers” using less Practices than those doing worse than peers
Irrespective of size:

- Firms with Ops in New Jersey and elsewhere in US or abroad → Stronger motives and enabling conditions
  [practices too but probably due to size]

- Weaker for New Jersey–only firms
Implications and Conclusion

- Many NJ results similar to national and international findings
- Some distinctive results
  - Values-Based Motives strong – NJ different? Sample bias?
  - High Enabling Conditions in place – Well positioned for expansion? Sample bias?
  - Metrics not widespread but correlated to high Practices
Implications & Conclusion (cont.)

- External Success Factors seen as important, related to Practices, Motives, Enabling Conditions
  - Certification
  - Energy cost & reliability
  - Air quality
  - Climate change
  - Open space/wetlands
- Educate more about these issues?
  - Awareness + Ideas → Adopting Practices
- Trusted certification programs – Cause or effect of adopting practices?
- Measures are important
1. Pay attention to need for greater sustainability management.
2. Don’t be afraid to go beyond “business case.”
3. Educate more businesses on importance of key sustainability issues.
4. Consider expanding certification programs.
6. Attracting national and multinational firms may enhance sustainability practices.
Sustainability Matters – and lots of business people are doing it, and appear ready for more