

GREEN MANAGEMENT AS THE KEY TO COMPETITIVE ADVANTAGE: A CORPORATE STRATEGY PERSPECTIVE IN 2024

Azlan Azhari¹, Muh. Rijal Alim Rahmat², Achmad Ridha³

¹⁻³) University State of Makassar / Faculty Economy and Business , Makassar

E-mail: ¹⁾ azlan.azhari@unm.ac.id, ²⁾ Muhammadrijalalim@unm.ac.id,
³⁾ achmad.ridha@unm.ac.id

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Abstract

Green management has become a crucial element in modern corporate strategies to achieve competitive advantage while supporting environmental sustainability. This study analyzes the implementation of five key segments of green management: greening of products, processes, workplaces, communities, and workforce. Case studies of global companies such as Samsung, Patagonia, and IKEA demonstrate that integrating green strategies not only reduces environmental impact but also enhances operational efficiency, innovation, and customer loyalty. The findings affirm that green management is a strategic investment that yields long-term benefits, particularly in attracting sustainability-focused investors. The study concludes by emphasizing the importance of synergy between the private sector, government, and society in achieving inclusive economic growth aligned with the Sustainable Development Goals.

Keywords: *greening of products, processes, workplaces, communities, workforce*

1. INTRODUCTION

Management green has evolved into a fundamental component of the strategic frameworks employed by corporations aiming to sustain their competitive edge in the global marketplace while simultaneously contributing to environmental sustainability. In an epoch characterized by climatic crises and societal pressures for sustainable practices, this approach has become increasingly pertinent. The transformation of modern business paradigms necessitates not only the prioritization of financial profitability but also an adherence to social and environmental responsibilities, aligning with global agendas such as the Sustainable Development Goals (SDGs). Particularly salient SDGs, including Responsible Consumption and Production (Goal 12) and Climate Action (Goal 13), furnish a robust foundation for companies to integrate green principles into their operational frameworks.

Indonesia, as a developing nation experiencing rapid economic growth, has demonstrated a commitment to the implementation of a green economy. Through policies such as the Long Term National Development Plan (RPJMN) 2020–2024 and the National Action Plan for Reducing Greenhouse Gas Emissions (RAN-GRK) 2011–2030, the government encourages the business sector to transition towards more sustainable practices. A strategic initiative involves the development of incentives for companies that adopt green technologies and obtain environmental certifications such as ISO 14001. Moreover, the Job Creation Law (Law No. 11 of 2020) encompasses regulations pertaining to waste management and provides incentives for green innovation, thus presenting both opportunities and challenges for companies to adapt to new policies.

Nonetheless, the implementation of green management is not solely propelled by governmental regulations. Contemporary consumers increasingly anticipate that companies will assume proactive roles in environmental protection. According to the PwC Global Consumer Insights Survey 2023, 57% of global consumers indicated that sustainability significantly influences their purchasing decisions, with many opting for environmentally friendly products despite higher costs. This observation underscores the substantial market opportunities available for firms that embrace green strategies. Elkington (1997, TBL) posits that corporate sustainability is realized through a tripartite focus on profit, planet, and people, thereby underscoring the importance of economic growth, environmental stewardship, and social welfare.

This approach is also critical for maintaining competitive power within the global market, where firms in developed nations have long incorporated sustainability principles into their operations. For instance, the greening concept applied to products, processes, workplaces, and society, as articulated by Samsung (2008), illustrates that successful green management extends beyond mere cost efficiency to encompass enhancements in innovation and corporate reputation. Chen & Chang (2013) assert that effective environmental management catalyzes improved organizational performance and cultivates a favorable green image within the marketplace.

Nevertheless, the primary challenges include limited access to green technology, internal resistance to change, and the burden of high initial investment costs (Nogareda &

Ziegler, 2006). Consequently, a meticulously devised strategy is essential for surmounting the aforementioned obstacles, which necessitates collaboration among the private sector, government, and society at large.

With this understanding, the management of green implementation in Indonesia has evolved into not merely a moral obligation but also a strategic opportunity for the creation of competitive superiority. In this article, we will elaborate on how companies can leverage the aforementioned opportunities, the challenges encountered, and recommendations to ensure effective implementation. This framework is critical for supporting the Sustainable Development Goals (SDGs) and achieving the growth of an inclusive and sustainable economy.

2. RESEARCH METHOD

This study uses a qualitative approach with content analysis of literature and secondary data. Primary references include the green nuance model (Freeman, 1995), sustainable strategies (Nogareda & Ziegler, 2006), and the green management approach of Klassen & McLaughlin (1996). The focus of the study includes the role of green management in management fundamentals and the five main segments of green management: product, process, workplace, community, and workforce. Data are interpreted to describe the relationship between green management implementation and the success of corporate strategies.

3. RESULTS AND DISCUSSION

The adoption of green management practices has been empirically established to exert a considerable influence on diverse operational dimensions within organizations, specifically in the spheres of human resources (HR), finance, and marketing. Within the domain of HR, the incorporation of sustainable methodologies has surfaced as a vital component in nurturing allegiance to the organization's overarching objectives. Freeman et al. (1995) asserted that the greening of the workforce encompasses not only the recruitment of environmentally aware individuals to bolster sustainability but also mandates a comprehensive training regimen aimed at enhancing employees' cognizance of energy efficiency and waste management. For

example, Unilever and Patagonia routinely embed sustainability training within their employee development frameworks, which has been evidenced to favorably affect productivity and employee involvement in green innovation. Investigations conducted by Nogareda & Ziegler (2006) affirm this assertion, indicating that organizations that adopt green-centric HR policies witness elevated employee retention rates, as personnel discern their work milieu as aligned with social and environmental concerns.

In the realm of financial management, predominant obstacles encountered are primarily the elevated initial investment costs. Nonetheless, longitudinal outcomes illustrate that green management can evolve into a potent efficiency tool. Anderson (1999) elucidates that sustainability strategies, encompassing energy efficiency and waste reduction, can substantially mitigate operational expenditures. A case study at Toyota Motor Corporation, through its initiative Toyota Environmental Challenge 2050, demonstrates energy cost savings of up to 20% in production facilities. Furthermore, organizations implementing green management practices tend to attract investments more easily, particularly from stakeholders prioritizing sustainability. Ziegler and Rennings (2004) emphasize that environmental certifications, such as ISO 14001, bolster investor confidence by indicating that the company possesses lower operational and reputational risks.

Concerning marketing, green management enhances brand equity through the amelioration of brand image and customer loyalty. According to the Global Consumer Insights Survey (PwC, 2023), approximately 57% of global consumers preferentially select products bearing environmentally friendly labels, even at premium prices. This strategy is exemplified by companies like The Body Shop, which promotes products crafted from organic materials without animal testing. This approach not only fortifies customer loyalty but also engenders significant differentiation within the cosmetics sector. In the furniture industry, IKEA capitalizes on environmentally friendly products offered at affordable prices as a strategy to expand its market segment while simultaneously cultivating an image of environmental stewardship. As noted by Zameer et al. (2020), green innovation in production and service methodologies reinforces the green brand image and augments the competitive standing of enterprises.

Nevertheless, the execution of green management is also confronted with a myriad of challenges, including internal resistance to change, a deficiency in technological comprehension, and the substantial initial investment costs. To surmount these impediments, organizations must formulate a sophisticated and integrated strategy. Strategic collaborations with research institutions or green technology firms can facilitate a reduction in implementation costs. Additionally, the adoption of advanced technologies, such as artificial intelligence (AI), for the real-time monitoring of energy consumption and waste can significantly enhance efficiency. Investment in education and training employees are also important. For ensure that all over member organization understand importance sustainability and capable apply principles green in work daily.

Thus, the management of green practices has evolved into not merely a mechanism for compliance with regulations but also a means of establishing a sustainable competitive advantage. Organizations that effectively implement these practices can leverage green innovation as a source of operational efficiency, enhance brand recognition, and foster robust relationships with the interests of various stakeholders. This holistic integration enables companies to achieve growth within an inclusive and harmonious economy, aligned with a vision of global sustainability.

Implementation of the Five Main Segments of Management

Implementation of five segments main management green — *greening of products, processes, workplaces, communities, and workforce* — reflects approach holistic aiming increase sustainability at a time create superiority competitive for company . Data and studies previous show that successful company implement management green in a way comprehensive. No only capable reduce impact environment, but also strengthens position them in the global market. Here are is detailed analysis with comparison three companies : Samsung, Patagonia, and IKEA.

Greening of Products

Product friendly environment become element strategic in management green. Samsung, for example, has introduce product electronic with efficiency energy height and material recycle repeat. Samsung study (2008) shows that initiative This increase mark product at a time interesting caring consumers environment. Strategy This No only support

sale but also strengthens reputation brand. Patagonia, on the side others, focusing on sustainability product with use material organic and recycling repeat in line his outdoor clothes. Campaign like *Worn Wear* support product long lasting which reduces waste consumers. IKEA completes approach This with produce furniture made from base FSC (Forest Stewardship Council) certified wood, guaranteeing practice responsible forestry answer. According to Greenpeace report (2019), IKEA's initiative helps reduce footsteps carbon at a time increase loyalty customer.

Greening of Processes

Optimization of production processes become key in reduce impact environment. Toyota Motor Corporation through initiative *Toyota Environmental Challenge 2050* succeed press emission carbon from the production process up to 30% since 2015. Approach This involving use energy renewable and technology economical energy in its factories . Samsung also implements step similar with use energy solar in facilities its production in several countries, reducing dependence on materials burn fossils. Patagonia, which is known with his commitment to sustainability, using dye experience in the production process the textile For reduce use material chemistry dangerous. Ziegler and Rennings' (2004) study shows that companies that adopt *green processes* capable increase efficiency operational at a time lower cost production in term long.

Greening of Workplaces

Environment green work No only increase health employee but also efficiency work . Samsung has designing repeat office the center with draft *eco-friendly*, including use of friendly materials environment and systems management energy sophisticated . Patagonia creates room supportive work sustainability with utilizing solar panels and systems recycle re- watering in its offices and warehouses. IKEA, on the other hand, others, integrating technology economical energy in its stores, including LED lighting and systems cooler efficient air . According to Anderson's study (1999), environment Green work also improves satisfaction and productivity employees, who ultimately impact positive on performance company in a way overall.

Greening of Communities

The contribution of corporations to community development has emerged as a critical dimension in the strategic management of sustainability practices. Samsung implements an educational initiative known as "Samsung Solve for Tomorrow," which fosters innovation grounded in sustainability principles among students within the public sphere. Patagonia is recognized for its commitment to environmental conservation through a 1% sales donation program that supports various global community initiatives aimed at preserving the environment. IKEA is engaged in "The Better Cotton Initiative," collaborating with local farmers to promote sustainable agricultural methods. Freeman et al. (1995) observed that community involvement in green initiatives enhances trust and fosters positive relationships between corporations and their stakeholders.

Greening of Workforce

Management initiatives focused on environmental sustainability involve the empowerment of employees to support sustainable practices. Patagonia offers extensive training to its workforce regarding the significance of sustainability, encompassing the management of waste and the optimization of energy efficiency. IKEA implements training programs designed to enhance employees' understanding of the environmental impacts associated with products and processes, thereby enabling them to make meaningful contributions to the advancement of green initiatives. Samsung, through its internal training programs, promotes green innovation among its personnel, fostering the generation of novel ideas aimed at increasing energy efficiency within production lines. According to Nogareda & Ziegler (2006), a work environment that prioritizes energy consciousness tends to exhibit heightened levels of innovation and a strong commitment to the overarching objectives of the organization.

Interpretation Connection Strategy Green and Corporate Success

Analysis fifth segment This indicates that organizations that consistently incorporate green management into their operational strategies can achieve substantial competitive profits. This not only enhances efficiency and diminishes operational costs but also fosters brand loyalty, enhances brand reputation, and improves access to sustainable funding sources. Previous research (Ziegler & Rennings, 2004; Anderson, 1999) supports the notion that green

management catalyzes sustainable innovation, which serves as the impetus for long-term corporate growth. The findings of this study further reveal that the adoption of green innovations, such as environmentally sustainable products and eco-friendly production processes, leads to enhanced corporate performance. Enterprises that embrace green innovation are likely to possess superior competitive advantages relative to their rivals. (Bintara et al., 2023).

Thus, Samsung, Patagonia, and IKEA have emerged as exemplary corporations that effectively implement green management strategies to achieve both business objectives and environmental sustainability concurrently. Their approach demonstrates that sustainability is not solely a matter of regulatory compliance, but rather an investment that yields positive impacts across all facets of corporate management.

4. CONCLUSION

Management practices oriented towards environmental sustainability have emerged as a pivotal strategy in enhancing competitive advantage for corporations, particularly during an era that prioritizes ecological sustainability. Through an analysis encompassing five primary dimensions—namely, the greening of products, processes, workplaces, communities, and the workforce—it can be inferred that firms embracing a holistic approach to environmental management are poised to augment operational efficiency, foster innovation, and enhance brand reputation. The examination of case studies involving Samsung, Patagonia, and IKEA illustrates how environmentally sustainable management contributes to cost reduction, elevates customer loyalty, and attracts sustainable investment opportunities.

Moreover, these findings affirm that environmentally sustainable management transcends mere regulatory compliance; it constitutes a strategic investment yielding long-term benefits, both financial and social. The effective execution of such practices necessitates a synergistic collaboration among the private sector, government entities, and civil society, alongside the application of advanced technology and sustainable education. Consequently, the integration of environmentally sustainable management emerges as a crucial component for achieving inclusive economic growth, aligning with the global agenda encapsulated in the Sustainable Development Goals (SDGs), and ensuring the long-term sustainability of corporations.

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