

**ENVIRONMENTAL RESPONSIBILITY AND ITS
CORRELATES:
A SELECT STUDY OF TEXTILE INDUSTRY IN INDIA**

by

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to the



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Dedicated to my dear parents

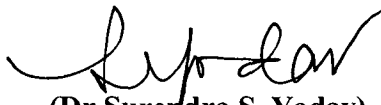
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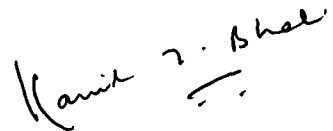
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CERTIFICATE

The thesis entitled "Environmental Responsibility and Its Correlates: A Select Study of Textile Industry in India" being submitted by Sudhi Ranjan Dash to the Indian Institute of Technology, Delhi, for the award of the degree of Doctor of Philosophy (Ph.D.) is a record of bona-fide research work carried out by him. He has worked under our guidance and supervision, and has fulfilled the requirements for the submission of this thesis, which has attained the standard required for a Ph.D. degree of this Institute. The results presented in this thesis have not been submitted elsewhere for the award of any degree or diploma.



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ABSTRACT

The Indian textile industry faces opportunities and challenges like never before. On one hand, the dismantling of quota system has opened up vast markets, increasing concern for the environment and its degradation has posed challenge, on the other hand. In this context, it becomes increasingly important to understand the processes and structure of textile organizations designed for pollution prevention. The study has the following broad objectives: (1). To study the environmental responsibility of textile organizations in India; (2). To study the relationship of board of directors, Corporate Objectives, CEO beliefs, ISO 14001, environmental disclosures, environmental policy & commitment with environmental responsibility. (3) To study the culture of these organizations in terms of environmental consciousness and map the culture with their environmental responsibility, (4) To study the stakeholder perceptions regarding the importance, drivers and facilitators of environmental responsibility. This research uses data from multiple sources to address the issues undertaken. Data on a variety of issues was collected from top management, employees of the organization, prospective employees, external stakeholders (like Academicians/Researchers, TERI, CSE, Green Peace, Ministry of environment and forest, Ministry of textiles, FICCI, CII, PHD chambers), and secondary data sources. The data from these sources is taken to assess different perspectives and also to provide corroborative evidence. 23 textile organizations constituted the sample for this study. To begin with, we conceptualized and rated the sample organizations on environmental responsibility in terms of technology used and BOD/COD levels. The organizations have been classified into four different quadrants on the basis of environmental responsibility,

with different combination (high/low) of these two aspects. Subsequently these organizations are rated on environmental disclosure, environmental policy, ISO 14001 and commitment to environment. From secondary sources, data on Board constitution (diversity), corporate objectives and CEO beliefs is gathered and analyzed. The propositions made on the basis of primary data correlates with the secondary data. The four organizations in the first quadrant have best technology, minimum BOD levels, environmental policy and commitment for the environment and one of them even reports it in the financial accounts. From the SWOT analysis, it was found that they are also concerned with environment from strategic point of view.

Next, the relationship of organizational culture with their environmental responsibility was analyzed. Data showed two dimensions of culture that was named as environmental performance and environmental responsiveness. By matching the environmental performance (EP) and environmental responsiveness (ER) of organizations with their environmental responsibility (BOD level and technology) in a matrix form, we found four types of matching. Those which have low culture and low environmental responsibility are labeled low matching (low commitment), with high culture and low environmental responsibility are named facade, with high environmental responsibility and high culture are called high matching (high commitment), and those with high environmental responsibility and low culture are named disconnect. The results highlight the importance of matching the environmentally responsive measures (technology and

BOD level) with the beliefs of people (culture) to assess the organization's position on environmental responsiveness. The results could vary from high commitment to facade (only talk) to disconnect (responsiveness as an administrative/ procedural issue), to low commitment.

Stakeholder perceptions are analyzed, through two studies. First study takes the opinion of distal stakeholders (what are termed as secondary stakeholders), i.e., NGOs, Government, academicians, and industry association. All of them give priority to environmental laws and their enforcement except CII, which has given priority to audit committee (internal control mechanism), on environmental reporting and disclosure.

Another significant result is the lack of convergence among organizations of the same stakeholder group (e.g. NGOs). A lack of convergence leads to a dilution of their importance and lessening of power in influencing the organizational decision.

The next study explores the perceptions of the proximal stakeholders (prospective employees, customers and shareholders) through an experimental study. Results show that the proximal stakeholders do not give importance to environmental responsibility of the organizations either for taking up a job, buying a product or buying its shares. Results highlight the fact that the pressure for environmental responsiveness on the Indian textile organizations is not likely to come from market mechanisms in the near future. Our results also show that organizations do not have ISO 14001 and none (except one) reports the environmental performance in their annual reports. Our data, collected from different

sources, shows that organizations do not have environment friendly technologies and there is little concern for environmental responsiveness. In view of all the results, there seems to be a need for external control and regulation, which may come from the law of the land or from the sources abroad who buy the outputs of our textile firms.

The study represents the theoretical and empirical research regarding the organizational environmental responsibility and its correlates in the textile (dyeing and processing) industry. This study provides a basis for textile industry researchers to further test the relationships among these constructs, besides having implications for the textile organizations and policy makers.

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