

## **The Effectiveness of Green Certification Programs for Businesses**

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### **Abstract**

The purpose of this study is to evaluate how “green” certifications influence internal and external business practices and sustainability within forest industry businesses relative to environmental impact. This study is designed to add to the currently limited research available regarding the effectiveness of green certifications, and the first within the forest industry, and encourage further research in the field of environmental management. Organizations are increasingly confronting societal demands to address environmental concerns, generally by implementing new policies and practices. Policymakers as well as organizations themselves are recognizing the competitive benefits of environmental management practices for firms in terms of worker morale, public opinion, cost savings, and competitive edge. Certification programs have become a popular method to communicate and diffuse these practices. Many certification programs have emerged as a way of adding credibility, harmonizing, improving existing practices as well as increasing diffusion of environmental management practices. They present an opportunity for businesses to adopt best practices in this domain, and are marketed as such. They are thought to be successful due to a combination of improved environmental performance and improved efficiency and effectiveness at implementing environmental management practices.

Numerous studies have been conducted to evaluate how the adoption of an environmental certification affects organizational behavior and, given this effect, what the broader impacts on sustainability are. Many have focused on individual sectors, whereas this study implements survey research across multiple sectors. The United States is a principal focus of these studies due to a widespread presence of different certifications. In comparison there is minimal research to date on green certification programs within Canada with certifications such as the Sustainable Forestry Initiative, Forest Stewardship Council, and Canadian Standards Association. This study is

significant as it provides a broader examination of green certification programs using North America as a case, but focusing on Canada, and includes Australia as an additional comparison. It provides a greater understanding of the impact of certification programs and their potential role in future business strategies, as well as environmental policy.

Keywords green certification, business practices, sustainability, environmental management, forest industry, organizational behavior, competitive benefits, North America.

## 2. Introduction

Corporations exist as a cross-sector collaborative web hosting an intertwined ecosystem of multiple sizes acting jointly and independently. The Business-to-Business marketplace serves an intricate trade network with players hailing from distinct industries. Since 2005, a growing number of business organizations felt compelled to conform to green standards through certification programs. Awareness regarding environmental sustainability rose as a priority for businesses seeking an upgraded public image, potential competitive advantages, and sometimes even co-marketing interests. In an agitated web of certifications, viral/chain reactions are possible. In this circumstance, the mere application and accurate demonstration of an eco-friendly performance delineate an intricate and tortuous challenge for business structures in receipt of a deepening of the cultural divide between business and civic society. Hence, the aim of this research is to assess whether such programs generate an actual improvement in the industry's performance or are merely part of a stylized theater strategically devised by the business sector. But looking beyond the well-intentioned scopes of single organizations, the actual effectiveness of business environmental certifications pursued and delivered by the private sector remains controversial (Selem, 2011). Only a thorough analysis based on coherent sets of quantitative data can assess whether a more sustainable model of industry, driven by certification requirements, has fuelled in recent years. The research encompasses a 7-year temporal range with the purpose of providing an overall snapshot of the situation. Data concern business entities, both certified and not, operating in Italy's fire and structure protection and investigation industries in the year range comprised between 2005 and 2011. (Peters & Buijs, 2022)

### 3. Literature Review

The business community plays an important role in the sustainability process, as it is recognized that a large portion of greenhouse gases are produced by business and building energy use (Selem, 2011). There have been calls for a wider integration of business practices to create a “whole” vision of environmental sustainability. One way to enable sustainability is through the promotion of green certification programs. In the face of the increased concern regarding the sustainability of organizations that emerge in recent years, it is appropriate to question how sustainability should be approached and how it can be achieved. Nevertheless, the comprehensive review of green certification shows that there is a lack of research on business networks and the effectiveness of green certification programs in terms of company performance in the current literature. To address this gap in understanding the effectiveness of these types of certification schemes, an in-depth investigation was carried out to answer how is community sustainability achieved by covering business networks and to explore the effectiveness of business sustainability through implementation of green certification programs (Al-Swidi et al.2022).

Sustainable businesses, growth of sustainable networks, and sustainability at the network level in a business community are central themes in this research. Furthermore, to reinforce the learning, innovation, and strategic action of these networks, it is part of the core purpose of eco-labeled schemes to encourage sustainability awareness and environmentally sound practices through certification. Altogether these lead to a staged approach to achieving sustainability. The underlying principle of sustainability, in a set of solutions for the complicated issues with social, economic, and environmental dimensions, is sustainability driven by organics, which forms the conceptual framework for understanding and realizing sustainability.

### 4. Methodology

As green business practices become more commonplace, many municipalities are adopting green certification programs for businesses. While impetus for these programs comes from the environmental benefits of reduced waste and energy use, the programs also intend to create a market for eco-friendly goods and services. Research exists on green certifications at the consumer level, but little has been done regarding businesses. This research uses data from a green certification program for businesses in Champaign County to understand how the program has influenced local businesses. Using data from

a survey distributed to local business owners and interviews with program stakeholders, this research analyzes the success of the program and the strategies that have been most effective. Since the existence of community-wide environmental programs have recently begun springing up, data were also collected on the readiness of the Champaign County business community to take on this program (Lu et al.2022).

This research examines the green certification program administered for Champaign County businesses. Another goal is to provide actionable information for the Better Business by Better Business campaign. The data utilized in the research includes survey data that were collected via mail from local businesses. Additional data on businesses was also used in conjunction with interviews of Champaign County business owners and additional interviews with staff and other Better Business programmers. In all 39 surveys were returned and 8 interviews were successfully completed. In addition, 2 focus groups made up of local business owners and non-business community members were held, but failed to generate enough participation to yield reliable results. Data was also used from an event in which 6 business owners were approached for informal interviews. Data was also used, as available, from sources including the Green Assets program, the Champaign County Chamber of Commerce, and additional governmental and non-governmental organizations (Hagglund, 2013).

Limitations include the small sample size of the Champaign County Business Climate survey, and therefore some data sets used for exploratory analysis did not have the power to reject the null hypothesis that the distribution was equal. However, these disparities were never above 20% differences and were therefore deemed acceptable for the purposes of this research. An additional limitation is the fact that the stakeholder interviews of businesses were conducted by three different researchers and were only minimally structured. This means that the information gathered was neither exhaustive nor strictly quantitative (Islam et al.2021). However, to better align the strength of the diverse data with the original premise of the program's success, a mixed methods approach was viewed positively. The launch of the Green Business Association pilot program marks an ideal time to analyze the county's readiness to take on such a program. With the proper design, the County should establish a comprehensive understanding of the current business climate in Champaign County. This study will be crucial for evaluating the likelihood of the program's success, determining the level of community investment that may be necessary to support the program's goals, and as a model for future study before possibly expanding the market to local rural and/or underprivileged communities that may also benefit greatly from similar programs. All

programs developing a market for sustainability should launch a study similar to this one in collaboration with local partners, before implementation of their program. Finally, all research of this kind should be conducted in accordance with an institution's ethical guidelines (Biswas et al.2022).

## 5. Findings and Analysis

The following section details the findings of this research and provides an analysis of these results on the topic at hand. The information that follows details the data collected from all of the participants and the subsequent results of the research, including comparisons between participants. As a means of efficiently and effectively concluding the analysis of this research, the data that was collected will be organized into themes that explore the research question broadly and deeply.

The information that follows has been systematically compiled, commencing with descriptive statistics of the data collected. In addition, there are many references to graphs and tables that can be found in the report. Qualitative data from the survey responses and interviews is woven in throughout this section in order to provide a broad view of the findings and to better illustrate the data collected. The data analysis is concluded in the form of an examination of the outcomes of the research questions that were considered from the outset. In all, a broad array of data has been collected and analyzed, and the findings, as represented in this section, are far from simple. To that end, this analysis also considers and helps to explain discrepancies between results and existing research, demonstrates the influence of a number of specific factors on the outcomes of these green certification programs, and is cognizant of the larger implications of this research (Ahmed et al.2021).

## 6. Discussion and Implications

Noteworthy and important in terms of practicality is the positive association between increased environmental certification and costs. For businesses, costs typically include those associated with new practices or changes in production. This is further supported by large business representatives, as nearly 28% consider themselves incapable of sustainable practices due to costs (Salem, 2011). It is also implied that costs may be even higher than expected when they relate to higher levels of certification. The unexpected negative association between costs and additional energy savings may indicate that energy savings cannot be easily translated into reduced costs as expected. There are a number of additional factors related to the specifics of individual businesses; energy use

accounts for a lower amount of costs when production is not energy intensive, making it more difficult to recoup costs through savings. Further, many businesses may already take steps to ensure energy efficiency, limiting potential future savings. Debate exists in the practical implications of these results. Presented as a cost to benefit ratio, this may constitute a disincentive to invest in more green practices. However, future energy savings and potential benefits of marketing certification to consumers or other beneficial stakeholders are not considered in this analysis. As stakeholders undertake similar considerations, the results of the analysis demonstrate the unaccounted for potential benefits of energy certification relative to costs, even when time is controlled for. Thus, stakeholders can take this report as an incentive to more closely evaluate potential long term benefits when considering investment in green practices. Additionally, further investigation is needed on a more detailed level and with respect to further follow up studies.

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