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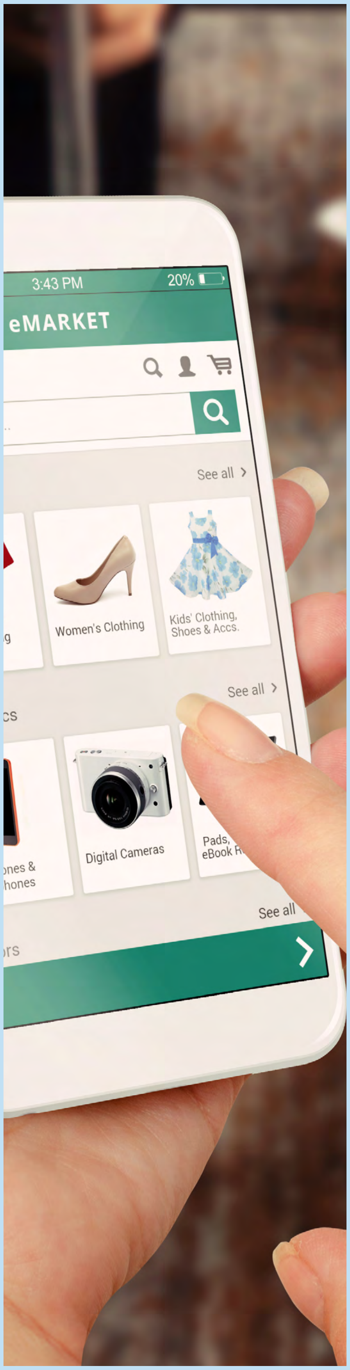

CONSCIOUS CAPITALISM AND RESPONSIBLE COMMERCE

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Do the terms Conscious Capitalism and Responsible Commerce sound familiar? For starters, they are not oxymorons. Instead, they signify a growing thought among business leaders who believe companies stand for something beyond profits.

To fully comprehend these concepts, it is important to trace their history first. Traditionally, the foremost responsibility of a capitalist business has been to deliver profits. However, Howard Bowen, an American economist considered the father of corporate social responsibility (CSR), suggested that businesses take an interest in social issues in his book Social Responsibilities of the Businessman, published in 1953[1]. The idea slowly caught favor and was gradually on a company's agenda in the 1970s.

While CSR is a broad mandate encompassing job creation, social ethics, community development and the environment, it is environmental sustainability that has gained popularity in recent years. Concepts such as go-green and net-zero are part of discussions in international forums, including the World Economic Forum (WEF). In addition, many organizations have a sustainability charter stemming from the boardroom illustrating the seriousness of the matter.

Why? Because climate change is real and urgent action around it is a necessity today and no longer a nice-to-have.

In this context, the WEF defines stakeholder capitalism as companies seeking long-term value creation by considering the needs of all their stakeholders and society. This is a perceptible shift in thinking - from shifting priority from investors first to all stakeholders, including people, clients, the community (or communities) and even future generations.

Another global body, the European Commission, built on the 2015 Paris Agreement to propose Industry 5.0 and Industry 4.0. This new concept goes beyond technological innovation and economic growth to drive industrial development to include environmentally responsible practices. Industry 5.0 rests on the three pillars of

a) **Sustainability:** using renewable energies for production with emphasis on circular processes (reuse and recycle)

b) **Human-centricity:** keeping humans at the center of the production model protects fundamental rights such as privacy, autonomy and human dignity

c) **Resilience:** develop the ability to cope with disruptive forces in a positive manner.

We are at the start of the "decade of action," and with just ten years left to cut emissions, it is no surprise to see the environment dominate business priorities this year.

Businesses must unite through investments and collaboration in the infrastructure for a more sustainable economy. There will find a need to strike a balance between profits and social causes in response to their environmental responsibility charters. In a way, this may seem to be an antipattern to the "grow or die" imperative of capitalism. In another seeming contradiction, progress towards a sustainable economy can only be made through collaboration with competitors and peers in today's complex business setup.

Achieving sustainability goals is now the responsibility of a Chief Sustainability Officer, who acts as the conduit between the external environment and the corporate by setting in motion necessary actions. This is a strategic role with access to the board. The CSO's primary agenda is to meet the organization's ESG commitments and possess sufficient influence and authority to make it happen.

The good news is that we see the sustainability culture and a mindset shift building across businesses. For example, oil and gas giants like ExxonMobil, often seen as big offenders, have set 2025 greenhouse gas emission reduction plans with the intensity of upstream emissions to drop by 15-20%, methane intensity by 40-50%, flaring intensity by 35-45%. Similarly, energy-guzzlers such as airlines and automobiles have committed to ESG goals. In fact, a search on Google Flights displays the CO2 emissions for the flight and how they compare to the emission averages. Moreover, this information is shown before the ticket fare highlighting its importance. In another dramatic shift, there is a serious attempt to make hydrogen-powered cars for Formula 1 races as this institution has committed to becoming carbon neutral by 2030. Needless to say, the prestige and popularity of the tournament will play an important role in steering fans' attitudes positively towards sustainability and climate change.

Business leaders who embarked on the digital transformation path ensured customer experience were not compromised. Now, they have added sustainability to the mix. Responsible Commerce, i.e., having a serious sustainability strategy for a business' online and digital presence, is gaining prominence now. Responsible Commerce often dealt with the physical part of Commerce i.e.

a) sourcing from local suppliers who reduce the carbon footprint

b) environmentally friendly packaging

c) environmentally friendly delivery and fulfillment

d) implementing recycling programs and so on.

But since eCommerce has experienced tremendous growth, sustainability efforts and balancing acts must extend into the digital realm as well. Creating, storing and serving digital content is hugely resource intensive and, consequently, highly polluting. Reports in 2018 state that Netflix streaming accounted for 300m tons of carbon dioxide globally, as much as Spain or France emits in a year[2]. So, while modern websites amplify experiences, they are causing severe damage to the planet. As a result, organizations are caught in a dilemma between enhancing digital experiences versus reducing carbon footprint.

However, the message is clear - sustainability and responsibility cannot be at the cost of experience and engagement.

So, digital solution providers and agencies are directing their efforts to connect environmentally, socially and economically responsible consumers with like-minded businesses while delivering sustaining consumer experiences. Businesses, therefore, need a platform with automated systems and CO2 calculators that can track and reduce emissions in real-time to measure and meet their environmental commitments.

Companies must realize that it makes business sense to go on the sustainability path. Nearly 70% of respondents to a McKinsey survey said that sustainability influenced their choice during luxury purchases[3]. In essence, consumers consciously choose environmentally responsible companies, expect brands and retailers to follow environmental practices, and demand more transparency on climate impact and carbon levels. Therefore, it perhaps does not mandate balancing profits and market-share with sustainability efforts and investments as these aspects are likely to be mutually reinforcing.

Furthermore, Promoting such efforts to the external world makes sense as it positively impacts consumers who appreciate transparent communication about sustainable initiatives. According to a Harvard Business Review study, "companies with high levels of purpose outperform the market by 5%–7% per year. Therefore, establishing a higher purpose beyond profit makes for a good business case.

Despite these compelling reasons, climate-friendly websites are still in the minority; Most of the over 1.8 billion websites in 2021[4] did not observe carbon-lite design principles. Yet, interest in digital sustainability has been growing gradually. Almost 1400 individuals and companies, including Google, have signed the Sustainable Web Manifesto as of 2021, committing to create a more sustainable internet[5].

So, what must companies do? They should audit their digital content, review the digital content strategy, encourage initiatives like Green Web Hosting, Search Engine Optimization, Content Structuring, and last but not least, "do good and talk about it." It promises to be a grueling long journey for most, and companies must exhibit grit and commitment to get through it.

About the Author

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Partha, in his current role, heads consulting across Europe for Digital Experience practice at Infosys. He has nearly 3 decades of experience across online and omni-channel commerce, retail, banking domains and BPM and Enterprise Application Integration; delivering mission-critical business outcomes. With an entrepreneurial attitude and expertise across the full spectrum of the IT industry; having worked extensively in core product development and global consulting organizations, he's passionate about business and technology innovations and building high performance organizations and teams. He has been a business and solution advisor to multiple global System Integrators and retailers in the omnichannel commerce space. Things he enjoys at work include:

- Incubating and leading companies, business units and practices with P&L responsibilities
- Business Strategy, Consulting and Value Creation
- Product Strategy, Management and Engineering.
- Organization Transformation with People (culture) & Process change. Business Operations Optimization.

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