

MANAGERIAL INTERPRETATIONS AND CORPORATE CHOICE OF ENVIRONMENTAL STRATEGY: A CASE STUDY BASED ON HOLCIM LANKA LIMITED

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EXTENDED ABSTRACT

Background and Research Issue

Corporate choice of environmental strategy lies in a continuum of compliance to voluntary. Organizations that opt for a compliance-based environmental strategy merely adhere to rules and regulations imposed by governments and other authoritative institutions and follow standard industry practices to ensure their long-term survival. On the contrary, a voluntary corporate environmental strategy goes beyond regulatory compliance to further reduce the environmental impact of operations, in a consistent manner aligned with the core objectives of the business. The choice of an organization as to where it stands on this continuum is determined through a combination of various organizational and managerial factors.

Among those myriad combinations of factors, this study examines the influence of managerial interpretations and the organizational context on corporate choice of environmental strategy: compliance versus voluntary. A theoretical model developed by Sharma and colleagues (1999) depicts that managerial interpretations of environmental issues as opportunities rather than threats influence an organization's environmental strategy. The model is derived considering corporate choice of environmental strategy in Canadian oil and gas industry. The research issue of this study is to examine the link between managerial interpretations of environmental issues and corporate choice of environmental strategy in Sri Lankan business context, focusing on both energy and resource intensive cement industry.

For this purpose the study explores the environmental strategy of the Sri Lankan cement industry's market leader and the only producer that has access to extract raw material locally: Holcim Lanka, a member of global Holcim Group. The rest of the players in the industry are compelled to import raw material. Hence this study focuses only on Holcim Lanka's choice on environmental strategy and how managerial interpretations and its organizational context influence it.

Objectives

Being a member of the Holcim Group, a Switzerland based multinational company (MNC), on one hand Holcim Lanka is committed to pursue compliance goals and stringent global standards of the group. On the other, it has to comply with Sri Lankan regulatory requirements which are comparatively less stringent than the group's requirements. The following are the objectives derived in examining the relationship between managerial interpretations of environmental issues and Holcim Lanka's environmental strategy.

First, it is important to identify the nature of managerial interpretations pertaining to environmental issues confronted by Holcim Lanka in cement manufacturing. Managerial views or interpretations indicate how managers perceive the environmental impact caused by the organization's operations. Some managers might see an environmental issue as an opportunity to capitalize on and on the contrary, some might see them as a threat to avoid and be aware of. The nature of such interpretations could also be examined by identifying managers' willingness to introduce new technologies and innovations in the manufacturing processes, take risks and deal with unpredictability of adopting such changes in order to foster a voluntary environmental strategy.

Second objective is identifying the organizational context influence these managerial interpretations. The theoretical model Sharma and colleagues (1999) developed states three factors that shape managerial interpretations: considering environmental issue legitimation as an integral part of corporate identity, identifying discretionary slack enjoyed by managers and integrating of environmental criteria into employee performance evaluation.

Finally, gauge the relationship exist between organizational context and managerial interpretations and how the latter impact the corporate choice of environmental strategy at Holcim Lanka using the theoretical framework.

Theoretical Framework

The theoretical model used in the study explains that issue legitimation, discretionary slack and employee performance evaluation (which constitute the organizational context) influence managerial interpretations that in turn would enable to determine the nature of the environmental strategy adopted by the organization. Furthermore, his model states two other controlled variables namely scope of operations and organizational size influence the dependent variable, environmental strategy.

Issue legitimation highlights the extent to which the organization embeds environmental issues in constructing the organization's identity as an environmental leader in the industry. Discretionary slack indicates the freedom managers enjoy experimenting innovations and changes to the status quo. Since new environmental technologies, services and processes carry a great amount of risks and unpredictability the managers should be given the independence and assurance to explore such new avenues to foster a voluntary environmental strategy. The opportunity-seeking behavior created through the discretionary slack needs to be strengthened by incorporating environmental criteria into employee performance evaluation. These performance measures should be result driven and aligned with the economic goals of the organization. The two other controlled variables mentioned in the model highlights that when the scope of the organization is broad and the size of the operations are large the managers will tend to follow a voluntary environmental strategy as opposed to a compliance environmental strategy.

Methodology

The research is designed as a case study since there is a gap in determining objective measures of environmental performance. The data collection was mainly based on observations through field and site visits. In depth interviews conducted between line managers (plant manager, commercial engineer) and the staff managers (environmental

manager and manager in charge of the waste management unit). As secondary sources the company's annual review and sustainability reports, corporate sustainable development report and brochures relating to the environmental services and practices adopted by Holcim Lanka were reviewed.

Key Findings/Discussion

Holcim Lanka's scope of environmental strategy goes beyond pollution control to incorporate substitution of non-renewable energy with renewable sources, provision of waste management services, quarry rehabilitation, biodiversity preservation and habitat protection to name only a few. The organization's environmental impact is measured in line with world-class practices and international environmental standards. Being influenced by the group, Holcim Lanka too underscores its commitment to the environment with research into new technologies for the production process and environmentally friendly products.

Treading along the steps of the Group, Holcim Lanka strives consistently to keep sustainable development at the core of their business focusing on economic, social and environmental performance. Sustainable environmental performance coupled with corporate social responsibility is embedded with equal importance into the corporate strategy that leads to value creation. Holcim Lanka adopts the Group's organizational structure that follows an integrated approach to sustainable development incorporating a Sustainable Environmental Performance Committee which supports the overall decision making process and proposes key issues to the Executive Committee. This executive committee is led by the Chief Executive Officer (CEO) at Holcim Lanka reflecting the top management leadership and commitment towards fostering a voluntary environmental strategy.

In terms of driving the sustainable development profile and issues within Holcim Lanka the Vice President- Sustainable Development is directly held responsible to relay information to the CEO and the Holcim Group. This organizational structure facilitates the issue legitimization as an integral aspect of the corporate identity. With the launch of Geocycle, the global brand for waste management of the Holcim Group, the current waste management unit gained a common identity and purpose to work in partnership with the entire network of Geocycle business units and companies across the world. Since a group identity exists in achieving environmental targets the managers at Holcim Lanka tend to adopt environmental strategies voluntarily in the local domain of the business.

During the interviews conducted with the environmental manager, manager in charge of Geocycle, commercial engineer of the Geocycle unit all shared the same view of independence they enjoy in making decisions relating to environmental issues within the company. The support of the top management and the awareness of the importance of sustainable environmental performance in the organization provide these decision makers ample capacity in terms of time and resources (discretionary slack) to stimulate innovative solutions to the existing environmental issues. According to the environmental manager each and every employee at all levels and all functions of the organization has to meet certain criteria pertaining to sustainable environmental performance in their performance evaluations. These measures are well aligned with the corporate goals of the company and relate to economic incentives to boost the morale of the organizational members.

Conclusion

In line with Sharma's theoretical model, Holcim Lanka fosters opportunity-seeking, risk-embracing managerial interpretations towards environmental issues faced by the Sri Lankan cement manufacturing industry. These managerial interpretations are influenced through Holcim Lanka's organizational context which in turn facilitates the corporate choice of a voluntary-based environmental strategy. Therefore, it is clear, that there is a direct link between managerial interpretations and the nature of the environmental strategy adopted by Holcim Lanka Limited.

However, this move is highly influenced by Holcim Group rather than Holcim Lanka's voluntary initiative. Being a member of a MNC based in Europe enables Holcim Lanka to comply with stringent, globally applied standards and regulations in order to stay at the forefront of the local competition adopting a voluntary environmental strategy. Therefore, from Holcim Group's point of view, the managerial interpretations formed in Holcim Lanka enable the company to stay abreast with the group's companies worldwide adopting more of compliance-based environmental strategy. Hence, even though Sharma's theoretical model could be successfully applied in Sri Lankan context, it should consider situational factors in determining the organizational context that influence managerial interpretations towards corporate choice of environmental strategy.

Privacy protection and security of on-line data in a modern technological era *1

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Introduction

Employees in all over the world are exposed to many types of privacy-invasive monitoring while earning a living. These include closed-circuit video monitoring, Internet monitoring and filtering, E-mail monitoring, instant message monitoring, phone monitoring, location monitoring, personality and psychological testing, and keystroke logging. Employers do have an interest in monitoring in order to address security risks, sexual harassment, and to ensure the acceptable performance of employees. However, these activities may diminish employee morale and dignity, and increase worker stress.

Today, the workplace privacy issues are mostly combined with on-line data protection as the whole world depends on knowledge and data. Nearly every daily routine can be carried out through or with the help of technology. Doing this, we also contribute to the flow of data, in particular over networks such as the internet. Everywhere we go, we leave traces thereby making it possible for anybody interested enough to collect, organize and analyze our personal data.