



THE BODY SHOP'S SUSTAINABLE INNOVATION: GREEN BUSINESS FOR SUSTAINABLE FUTURE

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ABSTRACT

The objective of this study is to address the issues raised during the G20 summit pertaining to the green economy, with a specific focus on the green business operations of The Body Shop Company. Furthermore, this study also makes reference to the Sustainable Development Goals (SDGs), which align with Indonesia's long-term aims. The data utilized in this study were derived from the sustainability report and annual report of the company, with the objective of assessing the financial impact resulting from the implementation of the green economy throughout the period of 2021-2022. The research methodology employed in this study involves using documentation techniques, namely relying on secondary data acquired from the company's official website. The results showed that The Body Shop's sustainability policy also not only has a positive impact on the environment and stakeholders, but also implicitly can increase the company's profitability through sustainable operational efficiency.

Keywords: Green Business; Sustainable Development Goals.

1. Introduction

It's one of the most important factors in economic activity because the natural environment produces the resources necessary for economic activity. Currently, our natural environment is experiencing a crisis characterized by global warming, ice melting, air pollution, natural disasters, and depleted natural resources. As the damage to the earth gets worse, consumers realize the importance of using environmentally friendly products/services and companies as producers are expected to implement activities that protect the environment. Sustainable Business is the thought of sustainability to be able to carry out repeated activities in the long term. This concept of sustainability has goals outlined in the Sustainable Development Goals (SDG's) which contain 17 goals. Sustainable Development Goals point 12, Responsible Consumption and Production, provides attention where in doing business and consuming products / services we must be responsible for the waste and materials we have used for the product / service. In line with this, at the G20 Bali 2022 Summit, the G20 overarching priorities encompass inclusion and a sustainable, green economy. Green Economy provides the idea of improving the welfare and social equality of society with an economy that reduces risks to nature. The implementation of green economy includes the implementation of green business. Green business is a business concept that applies environmental friendliness and balances the benefits obtained. Green Business is an organization that is committed to the principles of environmental sustainability in its operations, strives to use renewable resource, and tries to minimize the negative environmental impact of its activities (Čekanavičius et al., 2014). The whole world is currently concerned about efforts to improve and care for environmental damage due to economic activity.

This research is important to do in order to provide awareness to companies regarding the application of green business in their business that causes environmental damage due to production activities carried out. Building green business has a positive impact because consumers are increasingly concerned about the environment, it is important for companies to apply green business to company operations. As producers and consumers, must be responsible for the activities carry out to the limited natural environment. By implementing green business maintain the survival of the natural environment which will have a good impact on the natural environment we live in. Currently, attention to the implementation of green business is the focus of business development, but which companies have implemented green business and what they have implemented is an interesting thing to research.

One of the companies that implement green business is The Body Shop. The Body Shop International plc, or better known as The Body Shop, is a company engaged in the beauty business in the form of cosmetic or make-up products. The company's goal is to fight for a more just and beautiful world through environmentally friendly products. The company's founder, Dame Anita Roddick built The Body Shop to fight for what is good, fair, and beautiful for the earth. The company applies the triple bottom line business principle which actually not only measures success from a financial perspective, but also ensures that the business understands its social and environmental impact. Some of the innovations The Body Shop has made to become a B Corps company include involving customers in our activist campaigns, including Forever Against Animal Testing.

In addition, The Body Shop was a refill pioneer in the 70s and is committed to helping empower people and communities around the world through its Community Fair Trade program. The Body Shop understands that society's biggest problems cannot be solved by governments and non-profit organizations alone. So, they seek to address these issues through business, such as tackling inequality and poverty and creating high-quality jobs. Researchers chose The Body Shop as a company that runs green business to represent the implementation of green business because there are many interesting activities related to green business carried out and The Body Shop is an international company that can be emulated by other companies. With the problem, researchers researched how the implementation of green business at The Body Shop and how the impact on 3P (Planet, People, and Profit) implemented by The Body Shop.

2. Literature Review

2.1 People, Profit, Planet (3P) Theory

The Triple Bottom Line (TBL) was developed by John Elkington in 1994 into three terms: economic prosperity, environmental quality, and social justice, or commonly known as people, profit and planet. The TBL concept is applied to balance the social, economic and environmental sides. In addition to pursuing profit, companies must also pay attention and be involved in fulfilling the welfare of the community (people) and actively contribute to preserving the environment (planet) (Lumi et al., 2023).

People refers to the company's main focus in running its business, namely the community (Lumi et al., 2023). People are important for the company in maintaining the sustainability, development and progress of the company. Included in people are all individuals and groups involved in the company, such as employees and their families, suppliers, customers, customers, communities, and even all people who can influence or be influenced by the company. For this reason, the company can make activities to develop society and human resources.

Profit is the most important element and the main goal of every business activity including companies. However, companies should not only have profits for their organization but must be able to provide economic progress for their stakeholders. Profit refers to the company's responsibility to the existing economy, both in the company's internal economy and the impact of the economy at large (Lumi et al., 2023). In this case, the company has a challenge to be able to maintain and improve the company's economy, as well as the impact on the

surrounding environment, such as improving people's lives with the jobs provided, innovations created, and other economic impacts.

Planet is a concept that refers to the impact of all activities caused by the company in carrying out its operational activities both directly and indirectly (Lumi et al., 2023). It is mandatory for companies to maintain and preserve the environment in which the company exists and operates. The company must maintain the state of the environment, especially around the company's environment because it is the company's obligation to care about the environment.

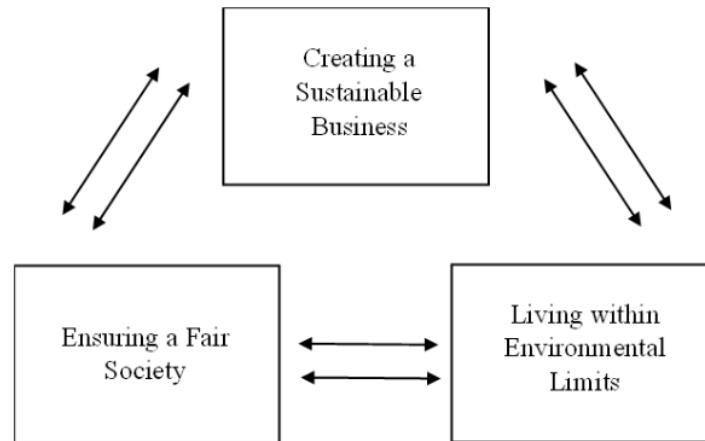


Figure 1

2.2 Sustainable Development Goals (SDGs)

In September 2015, the United Nations General Assembly (Leaders of 193 countries in the world) adopted the seventeenth sustainable development goal as an action plan to transform the world (people, planet and prosperity) by 2030. (UN, 2015). Sustainable Development Goals (SDGs) are development that maintains the improvement of people's economic welfare on an ongoing basis, development that maintains the sustainability of people's social life, development that maintains the quality of the environment and development that ensures justice and the implementation of governance that is able to maintain the improvement of the quality of life from one generation to the next. SDGs are global and national commitments in an effort to improve the welfare of society, including 17 goals, namely (1) No Poverty; (2) No Hunger; (3) Healthy and Prosperous Life; (4) Quality Education; (5) Gender Equality; (6) Clean Water and Sanitation; (7) Clean and Affordable Energy; (8) Decent Work and Economic Growth; (9) Industry, Innovation and Infrastructure; (10) Reduced Inequality; (11) Sustainable Cities and Settlements; (12) Responsible Consumption and Production; (13) Addressing Climate Change; (14) Ocean Ecosystems; (15) Land Ecosystems; (16) Peace, Justice and Resilient Institutions; (17) Partnerships for the Goals. (bappenas.go.id).

This research mainly focuses on the 12th point of the SDGs, which is responsible production. Achieving economic growth and sustainable development means all of us must recognize the importance of reducing the ecological footprint by changing the way produce and consume food and other resources. By 2030, Indonesia has a target to substantially reduce waste production through prevention, reduction, recycling and reuse. Another target is to ensure that people everywhere have relevant information and awareness on sustainable development and lifestyles in harmony with nature. (bappenas.go.id). Therefore, it is important for Indonesia to find alternative production and consumption processes by considering environmental sustainability according to SDGs point 12.

2.3 Green Business

The term 'green business' covers a wide range of topics, such as sustainability, scarce energy sources, environmentally friendly, pollution-free, social or political stability. It focuses on environmentally friendly activities, such as environmentally friendly practices throughout society. Green Business is an organization that is committed to the principle of environmental sustainability in its operations, strives to use renewable resources, and tries to minimize the negative environmental impact of its activities (Čekanavičius et al., 2014). Green Business is carried out in order to reduce the amount of waste, reuse wasted materials and recycle them as by-products or as raw materials for other products products can reduce costs through environmentally friendly processes (Gadde et al., 1997).

Earlier studies by renowned researchers (e.g., Čekanavičius et al., 2014; Florida et al., 1999; Molenaar and Kessler, 2017; Pattinson, 2015) identified different advantages of green business. Various advantages of implementing green business, are reducing resource use and costs, saving money through digitization, increasing budgets for higher revenues, and gaining investment capital. Nulkar (2014) argues that green business can guarantee four competitive advantages, namely emerging market opportunities, early mover advantage, cost & risk management, and environmental management. It also creates various advantages ranging from environmental management classification to personnel management, operational efficiency, and tangible profits (Lun, 2011).

3. Research Methods

The research method used in this research is descriptive qualitative research. The data used comes from secondary data obtained from The Body Shop's sustainability report. With the data reduction stage, we select data related to this research from the sustainability report and present the related data that we have collected, after which researchers draw conclusions from the related data.

4. Research Findings and Discussion

4.1 Implementation of green business at The Body Shop

The Body Shop is committed that the packaging materials of its products are 100% reusable, compostable by 2030, and 50% of all plastics are recycled. By 2022, The Body Shop has achieved the target of recycled plastic and 90% of the packaging of various products can be recycled from data in The Body Shop's Sustainability Report on 2022. In enhancing green business, The Body Shop ensures that its product packaging remains safe, effective, and aesthetically pleasing with various efforts made, among others:

- a. Removing all unnecessary packaging such as skincare cartons, multiple transit plastic protectors and additional gift packaging layers to reduce the use of resources, water and energy.
- b. Reusing packaging materials by increasing the number of in-store refill bins and strengthening plans to phase out hard-to-recycle materials.
- c. Replacing some plastics with recycled glass and aluminium which increases Post-Consumer Recycled (PCR). In addition, replacing plastic used for soap packaging with paper.

In running a sustainable green business, The Body Shop is committed to helping address the climate emergency and limit global warming to 1.5 degrees Celsius. This is supported by all Natura & Co brands having committed to achieving net zero by reducing all direct and indirect greenhouse gas emissions associated with the business and franchises. The Body Shop considers that carbon reduction planning is a complex business process that requires an approach to understand and assess the best way forward, such as in product rationalization The Body Shop estimates that carbon emission reductions will fluctuate in line with business

growth or decline. After that, The Body Shop will start to look at achieving short-term carbon reduction targets in accordance with the Science Based Targets Initiative (SBTi) rules. In the short term, this process commits The Body Shop to:

- a. 80% of purchased electricity comes from renewable energy by 2025.
- b. Reduce emissions from store heating and cooling, company vehicle use and backup energy sources, and purchased electricity to net zero by 2030.
- c. Reduce carbon associated with products created (including materials, packaging, upstream transportation, and post-consumer disposal of products sold) by 42% by 2030.

The Body Shop's implementation progress towards net zero carbon includes:

- a. The Bring Back Our Bottle (BBOB) program in collaboration with Waste4Change achieved success in its program where around 1,133,620 empty bottles have been returned from the total sales products.
- b. The Body Shop has used green marketing as a global strategy to promote green products and provide tangible evidence that the company is taking part in maintaining environmental sustainability.
- c. The Body Shop has implemented the green office concept by installing solar panels to reduce carbon emissions and is committed to having an environmentally friendly office.

The beauty products company headquartered in Watersmead, Littlehampton, UK also has a unique way of communicating with its customers. The communication is not directly related to its products. The brand aims to run a business that makes people feel good about themselves. In 1995, The Body Shop stores in the UK conducted a "What Women Want" and received 14,000 responses within three months significantly raising awareness and campaigning on women's issues.

When it comes to workers, The Body Shop as a B Corp is committed to treating all their workers, customers, suppliers and communities fairly and equally. The company does not only focus on its products but also on creating a fair and equal society. In many cases, The Body Shop helps lead working groups to improve knowledge and practices. In 2022, The Body Shop is actively working with action for sustainable development, ethical trading initiative, global shea alliance, and others. A concrete example of what our company is doing, in line with our Commitment to Life target to pay all our employees a real living wage (higher than minimum wage) by the end of 2023, 96% are paid more or the same as 2022 wages. In addition, all suppliers are required to sign a supplier code of conduct which outlines the high standards of all direct suppliers and their supply chains in relation to human rights and labour practices. The Body Shop also implemented a Responsible Recruitment Toolkit aimed at helping suppliers build their capacity in ethical recruitment practices thereby reducing the risk of labour exploitation.

In addition, The Body Shop operates with principles that oppose animal testing, support community trade, defend human rights, and protect the earth. These values influence the business from product development to supply chain. Starting in 2016, The Body Shop transformed these values into three pillars focusing on Enrich Our People, Enrich Our Products, and Enrich Our Planet. The campaign refreshed The Body Shop's mission and reinforced its commitment to people, planet and products. The commitment to these three pillars is not only for the short term, but is also part of The Body Shop's long-term targets for 2030. These pillars have been translated into several long-term programs, such as expanding the fair trade program for communities from 19 to 40 key ingredients and improving the quality of life of producer communities, as well as helping 40,000 people to get jobs (Enrich Our People). Second, ensuring that 100% of natural ingredients come from sustainable sources, publicizing the natural and non-natural ingredients used, and disclosing biodegradation and water use in production (Enrich Our Products). The Enrich Our Planet program aims to ensure that 70% of

total packaging does not contain fossil fuels, reduce energy consumption by 10% in all stores, and more.

4.2 The impact of 3P (Planet, People, and Profit) implemented by The Body Shop

The increased implementation of sustainable business practices by The Body Shop has a positive impact on the planet's natural environment and the people connected to The Body Shop's business activities (Stakeholders). Based on a study conducted by Peng et al. (2018) shows that efforts to reduce carbon emissions, such as those made by The Body Shop, improve air quality and reduce premature deaths due to air pollution. Not only that, The Body Shop's social policies also have a positive impact on workers and customers by enriching company employees and listening to customer feedback. In relation to reducing carbon emissions, The Body Shop also uses renewable energy sources and recycled materials in the production process. According to Gielen et al. (2002), companies can reduce carbon emissions by using substitute materials that are recycled materials or materials that are easily processed as waste. The research is also supported by the results of research conducted by Cochran (1998) which found that the use of substitute materials can save the cost of producing goods.

Thus, The Body Shop, with a focus on skin care products as consumer staples, utilizes sustainability policies to manage materials efficiently, support recycling, and build efficient supply chains. Research conducted by Ameer and Othman (2012) shows that the sustainability practices of top Global companies within the industrials, Customer Staples, and Materials sectors have improved financial performance. Similarly, Porter's Hypothesis tested by Brannlund and Lundgren (2010) states that strict environmental regulations can increase the competitiveness of firms. Although the limited research conducted by Lundgren on the impact of CO2 tax policy on Swedish industry shows a decrease in profitability, other studies show that improving profitability through productivity improvements by implementing efficient technologies and procedures takes more than one year. Therefore, although our research cannot argue that The Body Shop's implementation of sustainability policies increases profitability due to difficulties in obtaining information related to the company's financial condition, we can deduce that The Body Shop's sustainability policies not only support the environment and stakeholders, but also implicitly increase the company's profitability through continued operational efficiency.

5. Conclusion

The conclusion of this paper is that an analysis of the implementation of sustainable business practices by The Body Shop, based on the Triple Bottom Line (TBL) or 3P (People, Planet, Profit) principle, shows that these business practices have a positive impact on the natural environment of the planet and the company's stakeholders. With a focus on social, economic, and environmental sustainability, The Body Shop has successfully achieved various targets and commitments related to reducing carbon emissions, managing waste, using renewable energy sources, and using recycled materials in its production. The implementation of the Triple Bottom Line principle is also in line with the Sustainable Development Goals (SDGs) adopted by the United Nations (UN). The Body Shop is committed to achieving sustainable development goals, particularly in sustaining economic prosperity, maintaining environmental sustainability, and ensuring social justice. Related to the role of Green Business in The Body Shop's strategy that focuses on environmental sustainability, the company implements green business practices to reduce resource use, save costs, and create a competitive advantage. The Body Shop also incorporates social values, including human rights and community trade, in its business. The Body Shop's sustainability policies also not only have a positive impact on the environment and stakeholders, but can also implicitly improve the company's profitability through continued operational efficiency.

While previous research findings suggest a positive relationship between sustainability practices and environmental, stakeholder and financial performance, we cannot explicitly conclude that sustainability practices within The Body Shop improve the company's profitability as we were unable to find data related to the company's current and historical financial condition. In addition, the very short time span of our study prevents any meaningful attempt to improve the accuracy and quality of our research. To better understand the impact of The Body Shop's sustainability policy implementation on Planet, People, and Profit, future research should be conducted with a wider time span and use more accurate information.

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