Industry-led initiatives: a pathway to Green Industry in Mexico

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1. Introduction

Industry led initiatives (ILI) such as corporate social responsibility (CSR), eco-labelling, industry standards, eco-clusters, among others, facilitate transition to a green economy through creating synergy and momentum towards more sustainable productive practices. Mexico is one of the most important manufacturing developing economies in America; because of this Green Industry (GI) practices such as ILI have an important role to play in the upcoming years. ILI may hold the formula to catalyse Mexico’s economy towards becoming Green by transforming the country’s productive sector into a Green Industry global leader.

1.1. Mexico’s current state and ‘route’

Mexico is a very unique country: it is large, with an extension of 1 960 668 km (INEGI, 2011) covering a wide range of natural landscapes, providing for a vast wealth of natural resources; it has a young demographic with an average age of 26 years (ibid); and it is situated south to the United States and north to central America; thus it has the materials and energy resources, man power and is strategically located, respectably, to handle the difficult transition to a Green Industry adopted country. In addition there is a unique and most important advantage: social and political willingness for change never seen in its history. These traits, among other, make Mexico an appealing case to study the transition from conventional industry practices to the ones promoted by Green Industry.
Industry led initiatives have a global reach because many are promoted and developed by large corporate transnational organizations. Given Mexico’s open economy some of these practices have influences how industry works, and not only this but Mexico has provided examples to follow through some of its most important companies, but also through some new innovative entrepreneurial SME that are based on Green Industry principals.

The rest of this paper will be divided into sections, where in: the second section, a background will be provided on what are some of the exemplary industry led initiatives that promote Green Industry; this will be followed by the third section on how industry led initiatives have been used in Mexico; to finish, a conclusion recapping how ILI are catalysts in moving towards an integrated Green Industry in Mexico is stated.

2. **Industry-led initiatives landscape**

Industry led initiatives vary in scope and objective bases on a wealth of factors; some initiatives are born from a manifestation of a company’s culture, others from social pressures, and some from a strategic outlook. No matter what the reason ILI are self motivated and sustaining, thus have an important role to play in the transition towards Green Industry and the strategic development of industry as a whole.

ILI in Green Industry are characterized by being a set of activities and policies adopted to improve the environmental performance (e.g. eco-labelling sustainably produced products), by companies and organization, this approach usually starts outside government intervention. Some of the most exemplary ILI are the so called corporate social responsibility initiatives,
eco-labelling, eco-clustering and industry based standards. All of these initiatives share in value but differ in approach:

a) **Corporate social responsibility** is the consideration of social issues such as those of environmental quality, employee rights, community development and diversity management; that have a goal of social benefit beyond the economic and legal requirements of a company (Husted, 2003). CSR is some times is done through charity and non-governmental organization financing to aid in the improvement of social welfare. An interesting example of how CSR works is the case of Procter & Gamble in Venezuela, documented in a paper by Estrella Peinado-Vera in 2006. Where simple measures set place in poor communities by Proctor and Gamble, such as selling shampoo in large containers led to the formation of hairdressing salons, or by selling diapers in large quantity presentations to buyers clubs, a reduction in individual price per unit was endorsed (Peinado-Vera, 2006). Beside the social impact this practices also helped the environmental performance by using more efficient packaging methods.

b) **Eco-clustering** is an approach within the industrial ecology field that “promotes the formation of ecologically compatible industrial clusters” (Wallner, 1998). The foundation of this approach lies in the use of waste as row material for and from other partner companies; thus reducing waste-creation overall by means of an industrial metabolism near symbiosis. Although this type of industrial system’s design approach has been slowly been evolving (given the intrinsic complexity and nature of product, process and business design), a wealth of proposed and finished case studies has been published. This studies review the evolution of this approach, as well as, provide some
perspectives on future trends (see for examples Gibbs & Deutz, 2007 and Heeres, R.R et al., 2004). It is important to mention new strategies in using eco-clustering principles are being developed, take for example the so called Green Supply Chain Management (GrSCM) paradigm. This approach suggest that ‘focal companies’ (companies that govern supply chains by de facto) have to consider environmental and social problems present in their entire supply chain as part of there management agenda (Seuring S. & Muller M., 2008).

c) **Industry standards** such as does provided by ISO 14000 standard family, even though many times thought to be government regulated are mostly of a voluntary compliance nature. They aim at help businesses develop and maintain management systems. These industry standards emerge because of the need to maintain competitiveness through quality assurance and other benefits brought by compliance. Businesses that hold this types of certification gain access to business partnerships otherwise not possible, and provide a way to manage compliance of environmental regulations within the operating and government entities (IISD, 2010).

d) **Eco-labelling** is a voluntary product labelling scheme focused on providing information to the consumer concerning environmental issues such as energy efficiency, recycling capacity, biodegradability, among many others. Through this scheme companies can be reworded through consumer preference for better environmentally designed and/or produced products (Sengstschmid et al, 2011). This approach helps and can be an integrated part of other ILI by promoting there use by companies, given they affect consumer buying behaviour; and thus change company strategy towards more socially responsible and environmental conscious products, to
fulfil these new preferences. It is mostly voluntary, but market requirements make for it to be uses widely because it becomes a consumer-behaviour changing attribute for eco-products/processes that adds may add value (Teisl M.F. et al., 2002).

3. **Industry-led initiatives: the Mexican way**

3.1. **Introduction**

The current Mexican presidency has focused a large part of its agenda towards sustainable development projects and policies. This has had an effect on how Mexicans and Mexican companies view themselves and how the world sees them. This new identity has ingrained in them a sense of respect and responsibility towards the environment and society. Because of this corporate culture as well as consumer behaviour has been influences and created a steady momentum towards a Green Industry and thus a Green Economy.

Industry lead initiatives have been integrated into a virtues cycle where government and industry are fuelled by the willingness and desire of the Mexican population towards more sustainable practices. This has translated into commendable case studies such as for example: Bimbo, Cemex and Jumex.

One of the most important producers of bread in the world, and undoubtedly the leader in Mexico, US and Ibero-America with presence in 19 countries in 3 continents, **Bimbo Group** is a global enterprise (Bimbo, 2012). It is well known in Mexico for its corporate values and image which it has cultivated through the implementation of cutting edge best practices such as the use of 100% degradable packaging and eco-labelling use, among other practices such as
new technology adoption for water use minimization, and CSR practices. Thus, this has produced a reciprocal adjustment in that consumer behaviour has now shifted to more environmentally friendly packaged products but also the company has gained customer loyalty; and has reinforced its brand image as a leader in social and environmental issues (Husted et al., 2006).

The use of CSR is now widespread within large national and international companies that operate in Mexico. This has been driven by an initiative of private companies called ‘Alliance for Company Social Responsibility’ (Alianza para la Responsabilidad Social Empresarial or AliarSE) that provides a certification program for best Socially Responsible practices of which Cemex Mexican cement producing company is member. Cemex is one of the largest and most important cement producing companies in the world and has extended this practice outside of Mexico’s boarders participating with the Global Reporting Initiative which is a non-profit organization that promotes economic, environmental and social sustainability by providing a reporting framework for strategic issues, with a grade of A+ (CEMEX, 2009).

GrSCM or Green Productive Chain as Jumex has labelled it, is a third generation Green ILI within Jumex. It is one the largest fruit juice producing company in Mexico, and constantly gaining international market presence. As such it has adopted GrSCM practices that help find synergy through collaboration between suppliers and consumer with the company in order to better integrate its productive systems. By doing so it has improved environmental as well as economic performance. One good example of this is the use of waste solids from Orange juice production being given to local farmers for composting and thus turning waste into naturally fertilized soil. This type of relationship reduces the cost of waste management, helps the
surrounding farming community and aids in reducing the environmental impact of the company (Jumex, 2012).

All of these companies provide an example for the national business landscape and are becoming international benchmarks on how to develop and implement industrial led initiatives through Green Industry principals, with the aim at reaching an environmentally and socially responsible economy.

### 3.2. Future perspectives for ILI in Mexico

Instead of stating the perspectives of Mexico in the conventional manner I would like to remark something more unique and insightful: a Mexican presidential candidate’s economic proposal.

Even while writing this paper there are news reports on mass media outlets regarding Mexico’s transition to a Green Economy; not because of a great achievement by industry, although there are many worthy, but within the national presidential race. The news is reporting on the economic proposal put forth in a press-conference from, one of the current presidential candidate, Gabriel Quadri which emphasises on developing a Green Economy in Mexico as his economic and environmental national policy proposal for growth (Terra, 2012).

His proposal talks of the inclusion of industry led initiatives as a driving and integral force in his plan. This to me is of great significance as it makes me aware, as it should-to the reader of this paper, of the importance of ILI and Green Industry as part of the future national strategy.
I believe this fact gives great insight into what is ahead for the growing economy of Mexico as it, more and more, starts to turn towards a sustainable Green Economy.

4. Conclusion
ILI may hold the formula to catalyse Mexico’s economy towards becoming Green; by transforming the country’s productive sector into a Green Industry global leader. Some of the initiatives that have had success in other countries have as well in Mexico. Companies like Bimbo, Cemex and Jumex, as exemplary ones that fully integrate into their business models an array of ILI. Although there are global economic and social pressures around the world changing attitudes and behaviours, Mexico has and will continue to probe that it is on the track to becoming a global leader through Green Industry, driven by industry excellence and a new national identity.
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