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Assessing Business Sustainability Level: The Case of BIOMASS Company

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Abstract. In light of the acceleration towards adopting the principles of sustainability as a result of climate change and the importance of preserving the environment, a group of companies emerged that tried to exploit these conditions in a bad way, which prompted them to colorize their business under the pretext of showing themselves as a sustainable company. For this reason, this study sought to evaluate one of the most prominent companies in Lebanon called “BIOMASS” which is concerned with organic products, using the typology of Dyllick & Muff that categorized the business into three levels of sustainability. The study adopted the qualitative approach in order to frame the extraction of information from the company, in addition to some desk research. In the conclusion of the research, it was found that the company bears the characteristics of sustainability in a right and striking manner.

Keywords. Sustainability, greenwash, organic, BIOMASS

1. Introduction

The issue of climate change has been covering every aspect of economic activities, and there are unrelenting attempts across the globe to make our mother earth more sustainable. The business now is facing challenges regarding the adaptation procedures for climate change and in incorporating the norms and principles of sustainability in their work.

Since the world now is in a stage of transition to be sustainable many companies started to color their activities green to attract consumers who are nowadays very aware of the environment and feel that they have a duty not to consume products that are harmful to the environment.

A lot of misconception has risen between a green company and a sustainable company due to the impact of misleading consumers through “greenwashing”. Recent literature started to tackle this issue and try to differentiate between a normal company and the sustainable one, through introducing three levels of sustainability. In this paper, we intended to study the BIOMASS Company that produce organic items through using sustainable agricultural practices (Organic Farming) to assess in what level of sustainability this company belongs to.

2. Literature Review

The world has witnessed in recent years a growing concern for environmental and climate change, along with the issues of poverty eradication, health improvements, social inequalities reduction. As the result, the international institutions in cooperation with national

institutions, academics, and practitioners have introduced several actions plans, norms, and business models intending to transform the current world into a better and sustainable one.

The term “sustainability” is not a new term and it has been widely studied and evolved in the literature, this evolution has been affected by different “intellectual and political streams of thought that have molded concepts of sustainability” (Kidd, 1992). The most commonly accepted definition rooted back to the report of the World Commission on Environment and Development of 1987, is “meeting the needs of the present without compromising the ability of future generations to meet their own needs” (Brundtland, 1987). The definition of sustainability using business world words is “sustainability represents the societal development and evolution in the direction of a wealthy and more comfortable world where the natural environment and cultural accomplishments are reserved for future generations”. In addition to benefiting future generations, sustainability delivers value and financial gains in the present (Dyllick & Hockerts, *Beyond the business case for corporate sustainability*, 2002).

As organizations throughout the world were trying to transform their activities into sustainable ones, many organizations tend to abuse the spirit of sustainability through engaging in greenwashing activities. Greenwashing can be defined at the firm level as the act of misleading consumers regarding the environmental practices of a company or the environmental benefits of a product or service (product-level greenwashing) (TerraChoice, 2010). Greenwashing is defined as “the intersection of two firm behaviors: poor environmental performance and positive communication about environmental performance”, (Delmas & Burbano, 2011).

In their efforts to clarify what is the real sustainable business from greenwashing companies, Thomas Dyllick and Katrin Muff have suggested the typology for business sustainability (Dyllick & Muff, *Clarifying the Meaning of Sustainable Business: Introducing a Typology From Business-as-Usual to True Business Sustainability*, 2015):

Business Sustainability 1.0: “Corporate sustainability is an approach to business that creates shareholder value by embracing opportunities and managing risks deriving from economic, environmental and social developments.”

Business Sustainability 2.0: “Business sustainability is often defined as managing the triple bottom line – a process by which firms manage their financial, social and environmental risks, obligations and opportunities. These three impacts are sometimes referred to as people, planet, and profits.”

Business Sustainability 3.0: “Truly sustainable business shifts its perspective from seeking to minimize its negative impacts to understanding how it can create a significant positive impact in critical and relevant areas for society and the planet. A Business Sustainability 3.0 firm looks first at the external environment within which it operates and it then asks itself what it can do to help resolve critical challenges that demand the resources and competencies it has at its disposal.”

3. Research Methodology

The research method used for this paper was the qualitative method, and by definition, it is used by the researcher to gain a good understanding of underlying reasons, opinions, and motivations. Also, it provides insights into the problem or helps to develop ideas or hypotheses for potential quantitative research (Saunders, Lewis, & Thornhill, 2007). Case study methods are one of the prominent ways in business that aims to analyze specific issues within the

boundaries of a specific environment, etc... for this paper, we used the case study methods to assess whether the BIOMASS Company is a sustainable business and to what level of sustainability according to the typology of Dyllick it belongs to. The BIOMASS Company is a good case for gathering useful information about the business sustainability level in the organic sector in Lebanon since it holds around 90 % of the organic market in Lebanon.

The data collected in this paper were gathered from primary and secondary resources. The Primary resource which is new data generate by the researcher from primary resource through various means such as questionnaire, interviews, observations... In this paper, we got our primary resource through an interview with the Sales Manager at the BIOMASS Company on 28 December 2018 using a semi-structured interview. Whereas secondary was collected from journal articles, company reports, histories and financial statements are also being used as supporting data to findings from primary data.

4. The Case of BIOMASS Company

4.1. Current Situation of Organic Sector in Lebanon

Organic farming in Lebanon is not a new concept it is rooted back in the early 1990s through private initiatives such as NGOs (METCAT, Greenline) driven by environmental concerns and as a response to the negative impacts of conventional farming practices (Tleis, Callieris, & Roma, 2017).

The national statistics about the area of land used for organic farming is not available; all report regarding this type of agriculture is referring to the report entitled “World of organic agriculture” issued by FiBL and IFOAM – Organics International. According to the latest report of 2018, the area of organic land in Lebanon is 1079 comprising 0.2 % of the agricultural land in Lebanon. **(FiBL & IFOAM - Organics International, 2018)**

The consumer in Lebanon started to be more aware of the harmful effects of soil pollution using chemical and dangerous fertilizers and pesticides, thus the level of demand was rising to induce the organic sector growth. This expansion was supported mainly by the initiative of some farmers and rich landowners who understood the environmental and health impact of agricultural chemical products (Tleis, Callieris, & Roma, 2017).

The government was not interested in organic farming before 2007, and then it became a part of the consecutive ministry strategies (Strategy 2010-2014 and Strategy 2015-2019) that has been developed through the framework of the EU-funded Agriculture and Rural Development Programme (ARDP)(MOA,2009; MOA,2014).

Until now there is no national law for organic farming in Lebanon, a draft of the law was submitted to Parliament in 2005, but it has not been approved yet. The ministry of agriculture issued a ministerial decree (No 1033/1) in November 2011 to regulate the local organic production and processing, due to the delay in approving the law. Also, another decree has been issued such as founding a technical committee of nine members from different departments of the ministry of agriculture to regulate and monitor the organic sector.

Currently, two accredited certification bodies within the ministry of agriculture, IMC-Liban and SGS are operating in the country.

4.2. BIOMASS Company

Biomass S.A.L is a Lebanese active company in the field of farming, processing, packaging, and distributing certified organic products. It has been established in 2007, by Mr. Joseph Massoud (CEO), as a family project. The Biomass farm, processing, and packaging units are located in Batroun, in northern Lebanon, while the distribution unit is located in Beirut.

A. Historical TimeLine

The Table below shows the evolution of the BIOMASS Company

Date	Events
2007-2009	Biomass starts as a family project, with the farm located in North Lebanon:
	- Biomass is certified according to the “European Regulation for Organic Farming”. -First foot prints in the Lebanese distribution channels and organic Souks (Farmers Markets).
2010-2014	Biomass sets the path for growth and initiates development projects:
	-Launch of 1st organic cultivated mushrooms, in the Lebanese market. -Launch of its extra-virgin olive oil, through a partnership with a leading certified bottler. -Launch of organic grains & pulses. -Launch of organic poultry meat, through a partnership with a leading French company. -Launch of organic pickles and jams. -Launch of organic spices & dried herbs, sugar and quinoa.
2015-2016	Innovation & Growth Continue:
	-Export activities covering the Gulf Region (Kuwait, Qatar, Oman, Bahrain, KSA). -Launch of organic Potato Chips

Source : BIOMASS company profile report

B. Products and Processes Overview

BIOMASS has four lines of products – fresh produce, fresh eggs, dry grocery goods, and frozen goods. Around 95 % of the items produced in Lebanon) while the remaining 5 % of goods, such as cocoa, quinoa, and organic frozen chicken breasts, are imported from abroad.

The table below shows the varieties of products that BIOMASS offer:

Product Categories	Sub-Categories
Produce (FV)	Fruits, Vegetables, Mushrooms, Salads
Grocery Items	Grains, Cereals, Rice, Honey, Sugar, Pasta, Pickles, Oils, Snacks
Dairy Products	Milk, Cream, Cheeses, Spreads, Butters, Yogurts, Ice Cream

Meat	Red Meat, Fish, Poultry
Baked Products	Bread, Flour, Patisserie, Biscuits
Eggs	Chicken Eggs, Other Birds Eggs
Beverages	Juices, Alcoholic Beverages
Non-Food	Cosmetics, Clothing

Source : BIOMASS company profile report

C. Certification

Biomass is an organic operator certified according to the European Regulation for Organic Farming by the Italian inspection and certification body, “CCPB” – www.ccpb.it , and also accreted by the IMC-Liban.

4.3. The results of the interview

The idea of BIOMASS started with its founder Mr. Joseph Massoud (the CEO) who wanted to feed his family natural and healthy food instead of conventional agriculture products. Then, this idea evolved to become a company with a growing level of health awareness accompanied by the NGOs move towards sustainable agriculture practices. using the niche market strategies the BIOMASS has been created to provide sustainable agricultural products labeled as “ organic ”, “ Bio”.

The level of demand for company organic products has increased which causes a supply shortage. Also, the level of risks associated with organic farming has widened this shortage such as production risks, since weather and climatic risks are similar for organic and conventional farmers. As well as the agricultural pests such as diseases, insects, and weeds, that can cause problems for organic farmers.

To respond to this increasing level of demands the company tried to find a supplier for agricultural products and as a certified producer by CCPB has limited their choices for supplier only for the farms that are certified by CCPB. After the farm's success in getting the certification, the BIOMASS assists its agronomists to the framer in terms of doing something like a feasibility study for the farm to tell the farmer which product is convenient for its soil and profitable. The BIOMASS now deals with 53 suppliers.

BIOMASS products are present in 250 outlets such as supermarkets, small groceries, hotels, restaurants, dedicated organic shops. Where the prices of organic differ from conventional ones from 20 % to 300% because of the limited supply in some items. The company is trying to lower this price by expanding its number of suppliers.

For the sake of ensuring the quality of their products every week, the company sends random samples for the local laboratory to test them for any possible contamination, and if the test is positive, they bring the supplier and tell him that, and they try to find together the source of this contamination because BIOMASS treats the supplier as being one of their family.

Showing the distribution map of the farmer we can see that BIOMASS chose the farmer from all over Lebanon, 20 % of these farms are family business where the farmer work in the land with his family woman and children, while the other has employed people especially foreign labor to work at the farm.

The processing and packaging facilities of BIOMASS used a lot of foreign labor because when asking the interviewee about the reasons said they do not accept to work this job.

The packaging process is highly moderate sustainable and depends on three main sources for packaging, cartoon, plastics, and glass jar and bottles. Around 75 % of the packaging process is using cartoon that is recycled, and the plastic and glass are not recycled. The company

is trying to find a way to get rid of using plastic packaging. On the contrary, the distribution process is relying on using refrigerator trucks that work on diesel oil.

The company is now planning for building a composting facility in Jribta, Batroun, in northern Lebanon, to take advantage of the organic residues and uses them in their farms and suppliers' farms. This is a long-term project that will be done in the future because it is costly and needs large investments.

The BIOMASS Company take care of its employee by giving them a good salary that is on average higher two times higher than the Lebanon minimum wage for the lowest employees. Also, all the employees are registered with the National Social Security Fund that provides employees with national insurance coverage for sickness, maternity care, family allowance, end-of-service pensions, work-related accidents, and diseases. Furthermore, they send their employees to participate in local and international exhibitions for organic food as well as workshops, seminars, and training courses.

The BIOMASS Company also, collaborates with the academics sector in Lebanon such as American University of Beirut (AUB) and Lebanese University, including an internship for the candidate agronomists, farm visit, case studies.

As a part of its CSR activities, the company offers food at prices for some NGOs that are taking care of people with disabilities and orphans to make them eat healthy food.

Also, BIOMASS along with the Association of Organic Agriculture in Lebanon and several private initiatives are stressing the ministry of agriculture to speed up the process of issuing the organic agriculture law.

According to the above analysis we can see that BIOMASS Company belongs to the Business sustainability 2.0. The company is focusing not only on taking opportunity of a new market and incurs profit for shareholder, it looks for having impact on people they work with them or to those who offer for them their products. Also, they believe in preserving the environment through only using green labeled products.

Conclusions

With the increase in the number of companies that aim to achieve profits by exploiting the green label of the product or the concept of sustainability without being worthy in itself of being characterized as a sustainable institution. It was necessary to rely on a criterion through which we can classify and analyze companies in order to know what level they belong to. For this purpose, the classification of Dyllick & Muff (2015) was used. At the end of the research, the BIOMASS Company classified as company of business sustainability Level 2.0 and we hope that this research will help the company and other to dig in the meaning of sustainability and really try to distinguish themselves from other greenwashed companies

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