

ANALYSIS ON SUSTAINABILITY ISSUES AND OPERATIONAL EFFECTIVENESS FOR ELECTRICAL INDUSTRIES

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ABSTRACT

Electrical industries (power generation) are faced with the challenges on environmental, social and corporate governance issues. The highest power demand scales the company with the highest production and profits, makes the investors to feel comfortable in their investment. But the threat of rising global competition, technological change, environmental policies and economical down turn makes the investors to insist the company to be more transparent with its operation. This situation makes the industry in high possibility of investment and added risk with it.

INTRODUCTION:

Electrical Industries are faced with the sustainability challenges. The recent survey by United Nations and Accenture with CEO's of electricity companies reveals that 93% of the CEO's are faced with the challenges of sustainability. With my experience working in the energy environment I am passionate about finding a solution of the challenges in electrical industries.

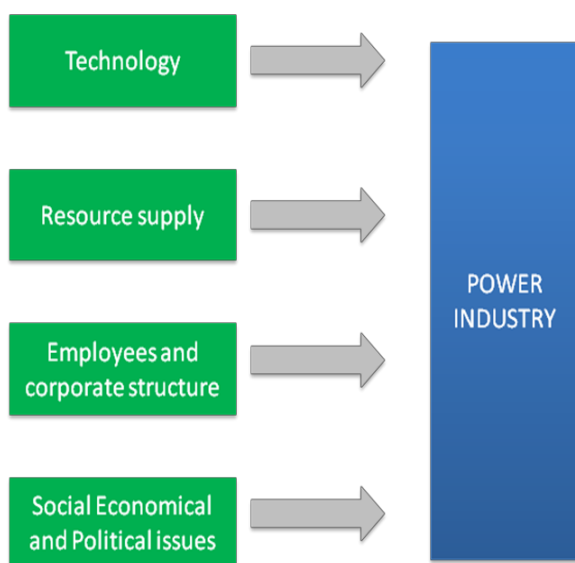


Fig1: Factors influencing the sustainability of Power Industry

Electrical power is already a commodity, increasing demand and the technology keeps the stability of the industry: Electrical industries are in the highest state of demand and competition. Each company tries to outperform with the rivals to take a bigger slice of the market. The space is already crowded and when this space reduces or the demand not being met makes the industry to fall into the Red ocean Blue ocean theory states to create an uncontested market space. But the biggest challenge is this solution or product delivered should last over a period of time. The highest competition from the rivals with the governmental policies makes the industry to realize the need of sustainability

MISSION:

The company can outperform with the competition in the market only when the difference established can be preserved.

To stay in the market and to outperform the competition, the industry is taking up various key decisions including the implementation of new technology in their core business. Only with the vision of sustainability in the industry, these decisions can preserve the brand and the industry.

The research is aimed to complement Blue ocean theory by not just finding a solution for certain period of time to have the industry in blue ocean, but having a vision to make the industry survive with it.

LANDSCAPE OF THE ISSUE:

Electrical utilities are focused to integrate the issues from environmental impact, market demands, and social governance policies into their everyday activities for their better operational effectiveness. These issues have become the threat to the industries in pursuing with their strategy. Chief executives of various utility companies survey by UNGC and Accenture reveals that 93% of the CEO's feel that sustainability is the key factor for their company's success. The study also reveals that sustainability is their key element in their core strategic challenges.

Increasing global awareness for the environmental protection and the financial crisis forces the utility companies to be more transparent to their investors and shareholders.

For example, Governmental policy to shut down all the nuclear power plants in Germany, recent nuclear plant accident at Fukushima-Japan, made an impact in India for pursuing their constructions of nuclear plant at kundankulam. In spite of power shortage for 12 hours per day in the surrounding regions, the public protests make the power ministry loss of million dollars.

Increasing oil prices in India was the main reason for sustaining inflation in India which made Indian rupee as a worst performer in the south-east Asian market.

The above factors show the influence of economic policies on the market situation threatening the organization's survival even in the demanding and growing market.

GRAVITATIONAL BUSINESS:

Research on sustainability is among top priority set by United Nations Global compact. The business and success of energy companies is currently running against the gravitational threats like demanding consumers, innovative cutting-edge technologies and the governance policies. The friction increases as much the company reaches towards the success and faces the consequence. It is important to educate the next generational leaders to lubricate the issue to tackle against the problem in an efficient way.

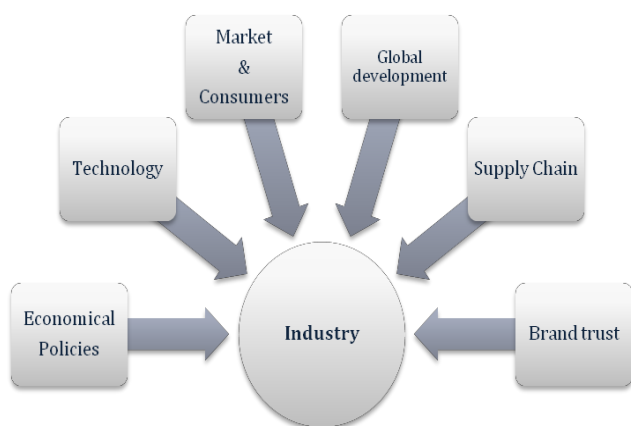


Fig2: stabilizing factors of research

ROAD AHEAD FOR INNOVATION:

The research work would include the analysis to provide the solution for:

- Reducing the risk on supply chain by organizing the priorities within the industry and also influences from external parameters for the better operational effectiveness.
- Industries having subsidiaries across the globe, has the problem to increase their performance to stay

ahead of the competition and also to meet with their challenges on implementing sustainability across their organization. Subsidiaries network certainly helps the industry by price variation, talent availability, and access to resources and information. But the biggest challenge is to innovate the model to implement the prioritized sustainability factors across the organization in increasing the net profit.

Due to the factors of high risk on sustainability, the industry is forced to be more transparent to their shareholders and more importantly the stock market. This leads the industry on the highest risk. Knowledge of building the trust and foreseeing the results along with skills and abilities for the next generation leaders to maintain the confidence with the shareholders is important.

The research will include the innovational ideas to complement with the strategy of the company to be informed against the economic policies.

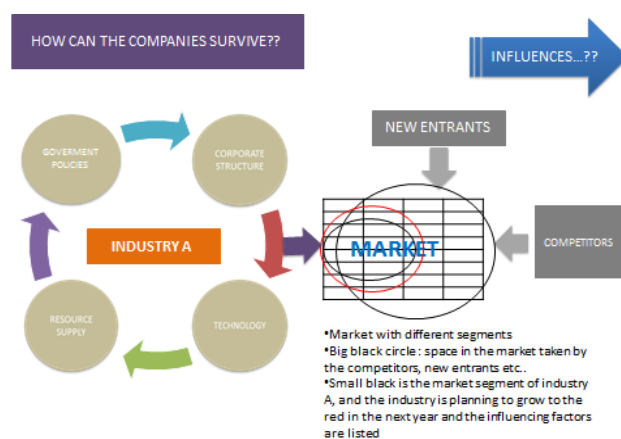


Fig3: Structure of influences

The industries are focused on creating an uncontested market space by delivering the solution different than the rivals. This research on sustainability would complement Blue Ocean strategy by not just creating uncontested market space for the solution or a product, but by placing the entire organization ahead of the rivals by foreseeing and the ability to prioritize and act against Sustainability challenges.

Research on sustainability is among top priority set by United Nations Global compact. Mission of this research is to:

- Reduce the risk of power industry, after being transparent to its investors by improving the risk related factors, by complementing blue ocean theory in setting up the priorities in everyday operations of the industry, and include these

challenges as the strategy of the company.

- Innovation by complementing with the strategy of the company to be informed against the economic policies
- Implementing the changes in the company across its subsidiaries, after analyzing with the local geographical influence in the implementation

This research on sustainability would complement Blue Ocean strategy by not just creating uncontested market space for the solution or a product, but by placing the entire organization ahead of the rivals by foreseeing and the ability to prioritize and act against Sustainability challenges.

RESOURCES:

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