ESG (Environmental, Social and Governance) is driving today's business towards creating meaningful sustainable impacts. On the contrary, planned obsolescence, a strategy adopted by business is creating a culture of wastefulness, by not prioritizing on sustainability or social responsibility, the important components of the ESG framework, in the business practices.

Planned obsolescence is a deliberate move that ensures ongoing version of any given product that is being sold in the market, either becomes outdated or redundant within a stipulated period. Such obsolescence may be achieved by deliberately designing the products with a limited life span, making accessories, parts or manuals that aren't easily available or creating service policies that compel the customers to prioritize replacement over repairs.

The basic assumption for planned obsolescence is that the customers will always be looking for better options or replacements, thereby exponentially increasing the demand. Some multinational giants are infamous for adopting such a practice. For example, Apple was hit by a $5 million fine for not being able to provide upgrades compatible with previous versions and was accused of intentionally 'slowing down the phones', therefore pushing customers to buy new devices.

There are many blatant examples of planned obsolescence in other industries as well. For example, in the fashion industry, within a few months, customers find that their clothes are starting to lose colour etc. In Education, there are courses, which require students to spend on specialized textbooks that are usually heavy on pockets. These books may be reused by another batch, resulting in a substantial drop in profits for authors and publishers. Such textbooks are reprinted with minimal changes (say, merely changing the page numbers) when compared to previous issues. Students, other than those who are very alert, do not have any resort but to buy the latest versions.

Given the short time window of the products, the disposal rate of the products, especially tech-based products, are increasing at an alarming rate. Planned obsolescence has resulted in higher levels of electronic waste. The gravity of the situation can be gauged by the fact that in 2010, 141 million smart phones were discarded in the United States, 89% of which went to landfills. E-waste comprises toxic non-biodegradable substances like heavy metals, that penetrates and accumulates in nearby water supply sources. Burning e-waste leads to increased levels of air pollution. The workers resorting to these practices are exposed to various contaminants. The constant increase in e-waste put the health of millions at stake resulting in irreversible damage to society.

Deepshikha Mitra

Student - PG Diploma in Risk Management
Global Risk Management Institute
Gurgaon

The negative social impacts of creating these products are staggering. Most of the products are composed of highly specific metals and materials that are extracted through mining, which again is inherently detrimental to the environment.

Resilience and durability should be the primary concerns for any company. Therefore, choosing materials should be the top priority so that the quality of products is not compromised, to induce customers towards replacement within a limited time rather than repair.

Adopting sustainable practices and sustainable outcomes would enable businesses to create better relationships with customers based on transparency, service and quality thereby resulting in enhancement of brand reputation and a loyal customer base enabling business to flourish while being profitable and sustainable.