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| ***External influences – Environmental*** |

**Introduction:** p.97-104

* A look at the environmental constraints on business activity

***The environment and corporate social responsibility***

Is the firm solely responsible to its shareholders?

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*When a firm does accept its* ***legal*** *and* ***moral obligations*** *to stakeholders other than investors, it is said to be accepting* ***‘corporate social responsibility’ (CSR).***

Business activity affects many of us:

* ***Air, noise, visual pollution***
* ***Road congestion***
* ***expansion into nature***
* ***emissions of gas – global warming***
* ***use of scare non-renewable resources***

**These are all environmental issues**

*How should a business react?*

* *Adopt ‘green policies’?*
* *Take the cheapest option whatever the consequences might to the environment?*

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Arguments **for** and **against** adopting environmentally friendly business strategies:

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| **Arguments for** | **Arguments against** |
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**Environmental audits:**

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| ***An environmental audit would check:*** | ***Why do it?*** |
| * ***Pollution levels*** * ***Wastage levels*** * ***Energy use*** * ***Recycling rates of the business (year-on-year)*** | * ***Positive media exposure – consumer/government/NGO*** * ***Positive aim – bring managers and workers together as a team*** * ***Attract better employees who like the reputation/ethics etc.*** * ***Possibility of saving money through assessment of wastage, energy usage etc.*** |

**Social audit:**

Social audit can **include** environmental audit but intend to give details of other impacts on society.

* *Health & Safety record – i.e. number of* ***acc\_\_\_\_\_\_\_\_\_ts*** *or fatalities*
* *Contribution to local community events and charities*
* ***Eth\_\_\_\_\_\_l*** *sourcing*
* *Employee* ***ben****\_\_\_\_\_\_\_\_\_\_ schemes*
* ***F\_\_\_\_\_\_\_\_\_k*** *from customers and suppliers on their perception of company*

***Audit will be used for annual targets for improvement, policies to achieve these aims.***

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| **Audits:**   1. Not taken seriously until they are made compulsory and have a verification system 2. Companies have been accused of using them as a ‘publicity stunt’ 3. Time consuming and expensive – may not be available to small businesses |

**Activity 6.8**

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***Pressure groups:***

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**Best known international examples:**

* **Greenpeace**
* **Fairtrade Foundation**
* **WWF**
* **Amnesty International**
* **Jubilee 2000**

**How do they operate?** Pressure groups want changes to be made in three important areas:

* ***Government to change policies to pass laws supporting the aims of that group***
* ***Business to change policies***
* ***Consumers to change their purchasing behaviour***

1. **Publicity through media coverage**
2. **Influencing consumer behaviour**
3. **Lobbying of government**

***Worksheet summary quiz and activity:***

1. Would you advise a chemical company with **old plant** and **equipment** to undertake a voluntary environmental audit? Explain your answer.

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1. According to many economists, a firm that considers **CSR** is at a **disadvantage** to other firms that don’t. They argue it’s **not** the responsibility of the firm. What is your view?

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1. Most emerging economies consider **pollution** an acceptable **part** (**cost**) of **growth**. When they are **rich** enough, they will **clean** it up then. In your opinion, is this acceptable? Why or why not? Would **you** sacrifice wealth for the environment?

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**Summary of the worksheet in your own words (in English and Chinese):**

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*Vocabulary check:*

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| **English** | **Chinese** |
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