

BUSINESS & SOCIETY

WEEK 3

9. Influencing the Political Environment

10. Ecology

11. Managing Environment Issues

Case studies 3: 207, 232, 257

9. Influencing the Political Environment

Participants in the political environment

- Businesses
- Business stakeholders
- Political factions/parties
- Political stakeholders

9. Influencing the Political Environment

Participants in the political environment

Should business participate in politics?

Yes: pluralism of participants; links business and the economy;
businesses should care for the society they belong to;
businesses are vital for the state

No: managers are not politicians; businesses can be more
powerful than states; businesses are selfish; partisan politics
are risky

9. Influencing the Political Environment

Influencing the political environment

Corporate political strategies to obtain advantages include 3 strands:

1. informational (lobbying)
2. financial (allocation of subsidies; corporate tax cuts; dividend tax/stamp cuts)
3. constituency (employer-favorable laws; lowering union power)

9. Influencing the Political Environment

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9. Influencing the Political Environment

Levels of political involvement

A corporation can be involved at 3 levels:

Level 1 – limited: political contributions and trade union support

Level 2 – moderate: lobbying

Level 3 – aggressive: executive participation

9. Influencing the Political Environment

And what about corruption?



10. Ecology

Challenges include:

- Acknowledgement of global commons (e.g. fisheries)
- Sustainable development (e.g. forests)
- Threats to ecosystems – water, fossil fuels, arable land
- Threats to earth – ozone depletion, global warming, decline of biodiversity
- Forces of change – demographics, income inequality
- Acknowledgement of earth's carrying capacity

10. Ecology

Actions/Responses include:

- World Business Council for Sustainable Development ([WBCD](#))
- Voluntary business initiatives – product life-cycle analyses, industrial ecology, carbon neutrality
- Codes of conduct – [CERES principles](#) etc.

11. Managing Environment Issues

State role

- Regulation – air pollution, land pollution, water pollution
- Alternative policy approaches – environmental standards (e.g. licenses), market-based mechanisms (e.g. cap-and-trade), information disclosure (e.g. toxic inventories), criminal enforcement

11. Managing Environment Issues

Costs and benefits of state role

Plus: enforceability in courts; gives business flexibility to manage pollution; taxes polluters; overall an improvement

Minus: requires large legal apparatus; gives businesses license to pollute; taxes have negative welfare effects; overall increased costs

11. Managing Environment Issues

Ecologically sustainable organization

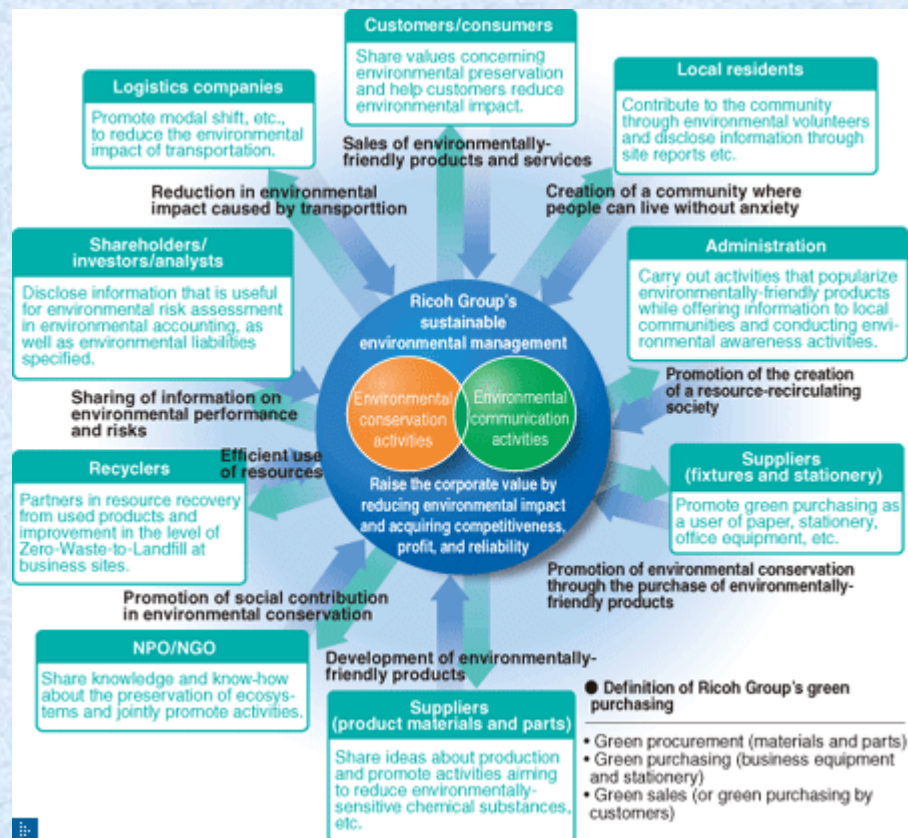
Business that operates in a way that is consistent with the principle of sustainable development

In particular it seeks to

- Implement environmental issues
- Develop environmental partnerships
- Carry out environmental audits

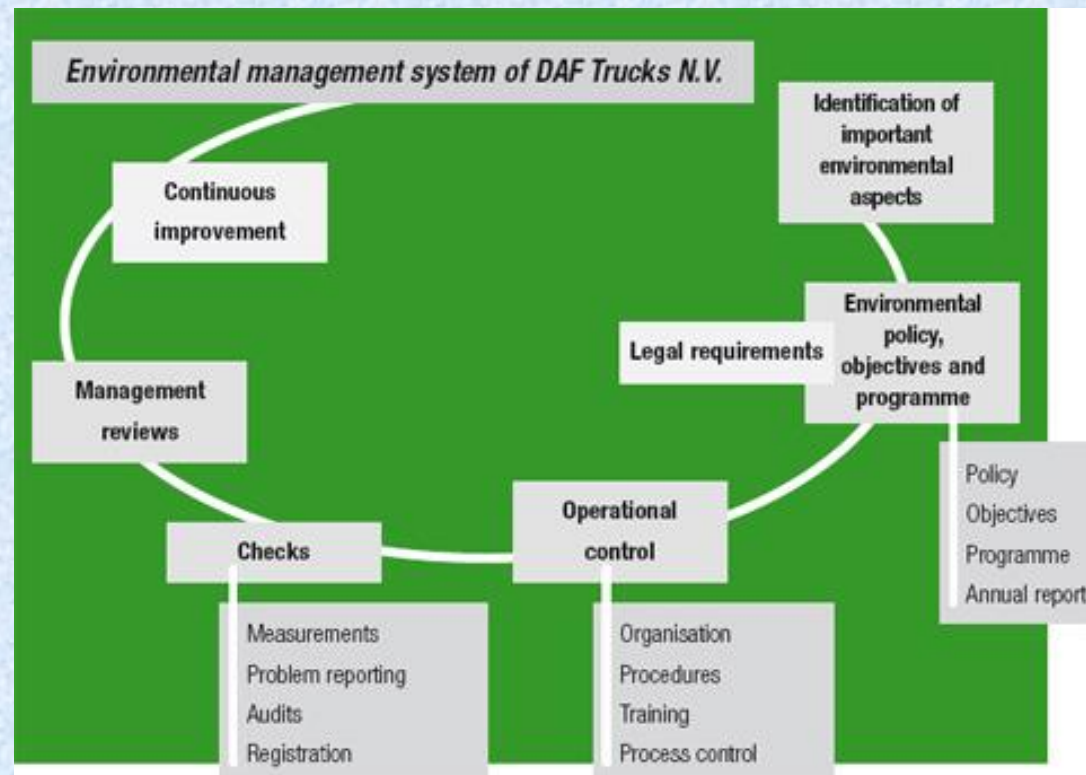
11. Managing Environment Issues

Ecologically sustainable organization



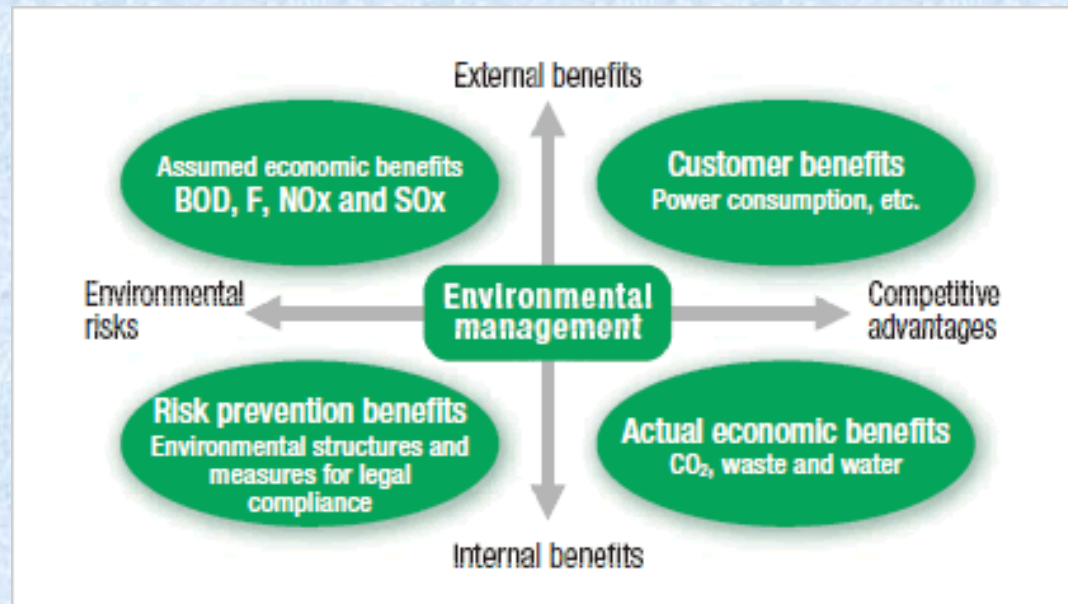
11. Managing Environment Issues

Ecologically sustainable organization



11. Managing Environment Issues

Environmental management competitive advantage



11. Managing Environment Issues

Readings

- <http://www.wbcds.org/home.aspx>
- <http://www.guardian.co.uk/sustainable-business/evolution-economy-competition-adaptation-collaboration>
- [http://www.erb.umich.edu/News-and-Events/colloquium_papers/strategic_sustainability\(Graham+and+Bertels\).pdf](http://www.erb.umich.edu/News-and-Events/colloquium_papers/strategic_sustainability(Graham+and+Bertels).pdf)
- http://www.workcomplexity.com/html/andrewpdf/growing_businessarticle.pdf

Case studies

