

**Business Ethics**  
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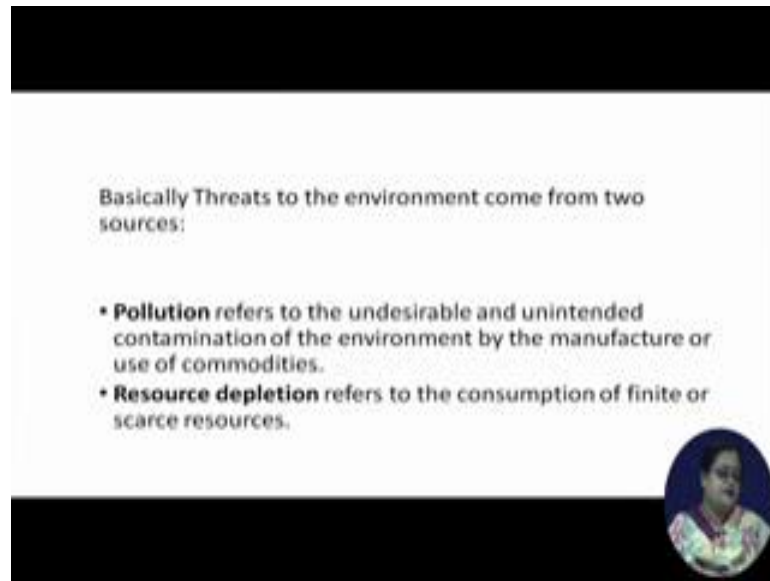
**Lecture - 54**  
**Environment and business ethics**

Welcome; today we will be discussing about one of the stakeholders who is very important now for understanding how though business is functioning, because this stakeholder though is silent in nature has been represented very well by the civil society organizations and who speak about its rights and the duty of the business organizations towards this stakeholder. And this stakeholder forms one of the basic pillars of when we are talking of the sustainability issues. This stakeholder is the environment

So, today's discussion we will cover environment and business ethics. When we are talking of the environment we are meaning the nonhuman part of the system and which includes both animals and the plants. And when we discuss about environment mainly what will be discussing in today's modules are about certain philosophies of why the environment needs to be protected taken care of for whose benefits. And this has different viewpoints different perspectives like why the business should be taking care of the environment. And when look into the ethical issues related to the environment and we also look into the sustainability and the environment and the sustainability issues.

So, that will be covered to five modules which will be discussed under this section of environment and business ethics. So, when we are discussing about environment: environment generally has the discussion of environment generally takes two dimensions; one is that of pollution and another is that of resource depletion.

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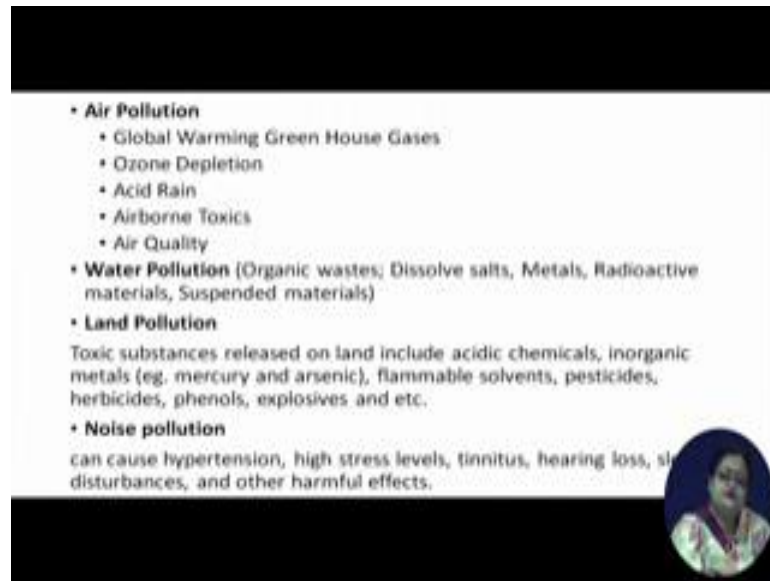
Basically Threats to the environment come from two sources:

- **Pollution** refers to the undesirable and unintended contamination of the environment by the manufacture or use of commodities.
- **Resource depletion** refers to the consumption of finite or scarce resources.

Pollution refers to the undesirable and unintended contamination of the environment by the manufacture or the use of commodities. So, where we are trying to contaminate the environment through the undesirable or unintended condemnation; so that is understood by pollution; and when you talking of resource depletion, it refers to the consumption of a finite or a scarce resource.

Accordingly, the ethical issues will be discussed under these two headings when we are discussing the different poly ethical issues with valuables to pollution and how it can be prevented and also ethical issues and steps taken for conservation of resources. This will be the major discussion when we are talking of ethical issues and how to deal with those issues in the domain of environment.

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- **Air Pollution**
  - Global Warming Green House Gases
  - Ozone Depletion
  - Acid Rain
  - Airborne Toxics
  - Air Quality
- **Water Pollution** (Organic wastes; Dissolve salts, Metals, Radioactive materials, Suspended materials)
- **Land Pollution**

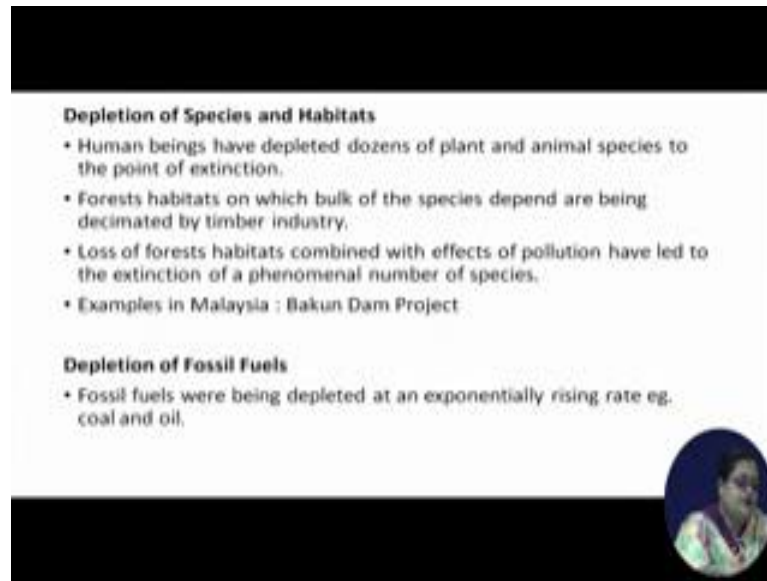
Toxic substances released on land include acidic chemicals, inorganic metals (eg. mercury and arsenic), flammable solvents, pesticides, herbicides, phenols, explosives and etc.
- **Noise pollution**

can cause hypertension, high stress levels, tinnitus, hearing loss, sleep disturbances, and other harmful effects.

So, there were various types of pollutions as we see, like air pollution, water pollution, land pollution, and noise pollution.

Air pollution: there can be various types of air pollutions, like global warming, green house gases, ozone depletion, acid rain, airborne toxics, air quality. Water pollutions like organic wastes; dissolve salts, metals, radioactive materials, suspended materials. Land pollution: toxic substances released on land include acidic chemicals, inorganic metals like mercury and arsenic, flammable solvents, pesticides, herbicides, phenols, explosive etcetera. Noise pollution can cause hypertension, high stress levels, tinnitus hearing loss, sleep disturbances and other harmful effects.

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**Depletion of Species and Habitats**

- Human beings have depleted dozens of plant and animal species to the point of extinction.
- Forests habitats on which bulk of the species depend are being decimated by timber industry.
- Loss of forests habitats combined with effects of pollution have led to the extinction of a phenomenal number of species.
- Examples in Malaysia : Bakun Dam Project

**Depletion of Fossil Fuels**

- Fossil fuels were being depleted at an exponentially rising rate eg. coal and oil.



So, these are the like classifications of different types of pollutions that air, water, land or noise. And when you are discussing depletion of species and habitats it includes like examples were human beings have depleted dozens of plant and animal species to the point like some are become extinct in nature forests habitats when bulk of species depend are being decimated by timber industry. Loss of forests habitats combined with effects of pollution has led to the extinction of a phenomenal number of species.

So, depletion of forest like fossil fuels was being depleted at an exponentially rising rate, so like the example of coal and oil. So, these where we understand we need to conserve this like depletion of resources, we have to go for conservation of resources. And in terms of depletion of fossil fuels may be we have to think of alternative sources of energy; renewable energies. So, these types of discussions will be followed in the next fuel sections.

Now, we will be discussing on the ethics of pollution control. So, when we are and discussing ethics of pollution control or ethics of like related to conservation of resources; before we go on to discuss those things it is a very important to visit into the reasons why we should be doing it, what will motivate the business organizations to take the steps for either pollution control or the conservation of resources. There have been various principles prospective taken and we will discuss each one separately.

First prospective taken is like what we call the anthropometric prospective, which discusses like because the environment all the entities which are nonhuman in nature serves the purpose of human beings, like though human beings use them for their own purposes. So, if these resources get polluted the air, water, land, noise; these gets polluted then they are no longer in a position to serve human beings as it would have been able to do if it was not polluted. So, the pollution should be prevented for the self interest of the human beings. So, this is called the anthropocentric reviews like when you are talking of human centered. These are the anthropocentric views of why the environment should be taking care of.

And this view is nothing new but it has been prevailing through, like we find this in the writings of when a philosophers we find it in the writings of like (Refer Time: 11:19) also who must discussed, like man should not be providing harm to animals. So, it because how is provided to animals then the loss of certain good human values qualities like thinking for the suffering of others that is present there within human beings gets lost. And, if it gets lost then that person will not be able to act in a moral way towards other human beings.

So, in this writings also what we find like as if it has been taken the nonhuman part of the ecosystem is there to answer to the needs, demands of the human beings. And humans are superior than the nonhuman entities and the care should be taken of the nonhuman entities for the sake of those nonhuman entities themselves, but for this benefit of the human beings. So, that they can use them properly or human beings are able to be in a good relationship with other human beings. This is called the anthropocentric view of like when discussing about environmental ethics.

So, the critics of this view have discussed that this view of the environment like they need to be protected for the sake of human being can not be accepted, but the environment should be protected for its benefit, for the sake of itself and not for the sake of the human beings. These because the nonhuman entities have a intrinsic value worth and they have their right for survival also. These view which supports the nonhuman entities having a world and they have their own right to survival and the prevention of pollution; pollution control or the conservation of resources should be done for the sake of the nonhuman entity itself. This view is called the ecological view of ethics.

The ecological system defines the interrelated and interdependent set of existence of the organism along with the environment. And ecological ethics suggest like it is a ethical view that suggest that nonhuman part of the environment deserve to be present for their own sake regardless of whether they benefit the human beings or not. It mentions like the well being and the flourishing of the human and the nonhuman life or are have value in themselves. These values are independent of the usefulness of the nonhuman world; for the human world of the human purposes.

The richness and the diversity of the life forms contribute to the realization of these values and are also values in themselves. And human beings have no right to reduce the richness and diversity except to satisfy some vital needs. And the present level of interference of the nonhuman world's existence by the human interferences excessive and it needs to be taken care of.

And that is why because there is an excessive interference and the nonhuman world needs to be preserve taken care of, so it requires a positive step from the business organizations to implement certain changes to how to take care of these issues. So this is called the ecological view of the ways of same, where the nonhuman part of the existence needs to be taken care of for their own sake and not because their existence is beneficial for the human beings.

Secondly, when we are discussing these ecological views and we understand like the nonhuman existence needs to be taken care of and needs to be protected.

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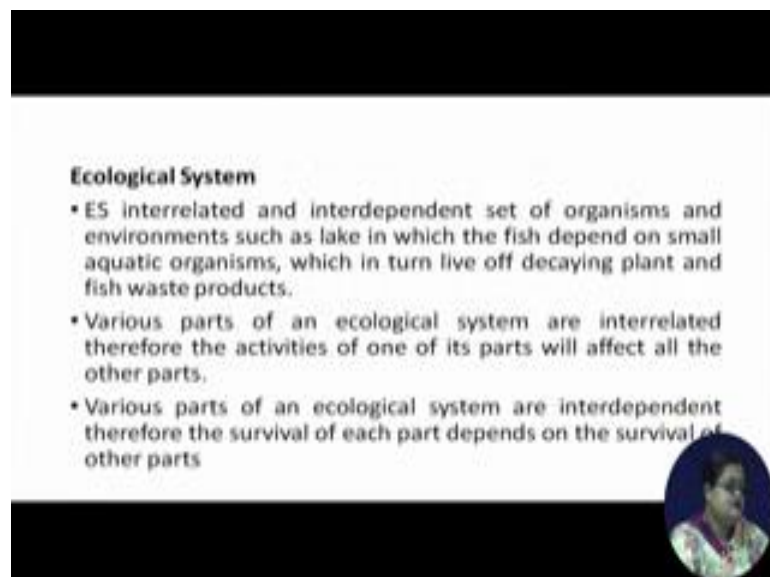
**The Ethics of Pollution Control**

- Ecological Ethics = The ethical view that nonhuman parts of the environment deserve to be preserved for their own sake, regardless of whether this benefits human beings.
  - The "Last Man" Argument
    - Asks us to imagine a man who is Earth's last survivor.
    - We recognize it is wrong for the last man to destroy all nonhumans.
    - So we must recognize some nonhumans have intrinsic value apart from humans.




The example that we take over here is that of the last man argument, which asked the man to visualize like as if the man is a last survivor on earth. So, it is recognized, like it is wrong for the last man on earth to destroy all who are nonhumans. It is recognized like some nonhumans have increasing values apart from humans, and because they have some intrusive values they need to be protected.

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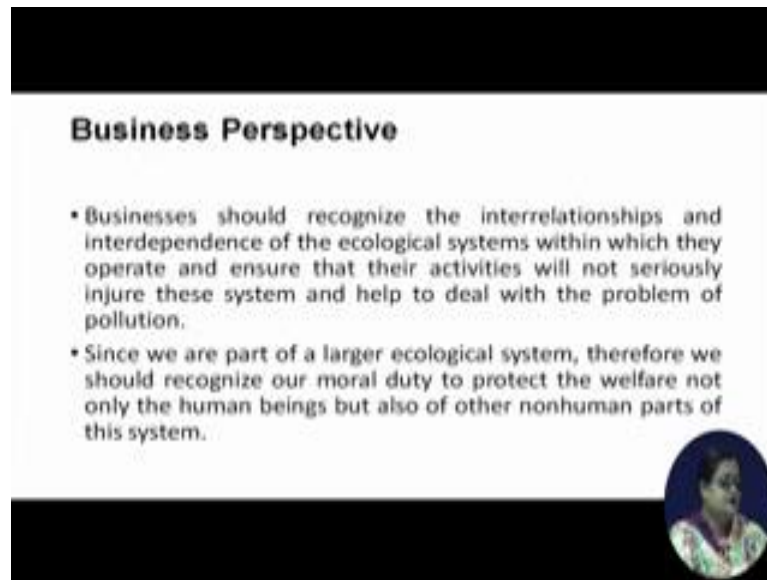
**Ecological System**

- ES interrelated and interdependent set of organisms and environments such as lake in which the fish depend on small aquatic organisms, which in turn live off decaying plant and fish waste products.
- Various parts of an ecological system are interrelated therefore the activities of one of its parts will affect all the other parts.
- Various parts of an ecological system are interdependent therefore the survival of each part depends on the survival of other parts



By ecological system it is understood like all the subparts of ecological system are interrelated to each other so the activities of one of its part will affect the activity of the other parts. And the survivor of one part is dependent on the survivor of the other parts.

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**Business Perspective**

- Businesses should recognize the interrelationships and interdependence of the ecological systems within which they operate and ensure that their activities will not seriously injure these system and help to deal with the problem of pollution.
- Since we are part of a larger ecological system, therefore we should recognize our moral duty to protect the welfare not only the human beings but also of other nonhuman parts of this system.

Why the business prospective? From business prospective it is to be understood like business is also in an ecological system within a interdependent of an a ecological system in which they are operating and it is essential for the business not to harm other entities to which they are interrelated, but it is the moral duty of the business to protect the welfare of not only the human beings but also the nonhuman parts of the system, because if they survive only then the business is also going to survive. So, this is the ecological system view point from the business prospective.



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**Environmental Rights**

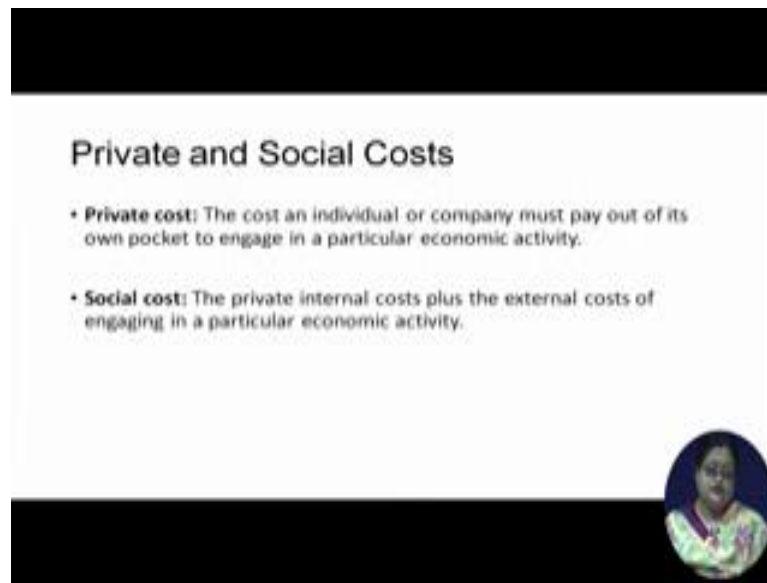
- Humans have a right to fulfill their capacities as free and rational and a livable environment is essential to such fulfillment.
- So humans have a right to a livable environment and this right is violated by practices that destroy the environment.
- Such environmental rights can lead to absolute bans on pollution even when the costs far outweigh the benefits.



If we are discussing it from the rights prospective then we understand what we discuss as environmental rights; like if we human being have the right to fulfill their capacities as a having an access to free and rational livable environment is essential to such fulfillment. So, if they have to fulfill the capacities then they have to have an access to a livable environment. So, when the human beings have the right to livable environment and then these rights is violated by practices then destroy the environment. So, because it is entering with another of the major rights of the human beings to enjoy the right of living in a livable environment then such environmental rights can lead to absolute ban on the pollution even when the costs far outweigh the benefits.

Because, we have an absolute right to the environment, for a livable environment, and for which will fulfill the capacity of like to survive and function as a free and rational human being. And the destruction of environment may lead to this reduction in the quality of a livable environment. So, this may lead to absolute bans on pollutions.

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**Private and Social Costs**

- **Private cost:** The cost an individual or company must pay out of its own pocket to engage in a particular economic activity.
- **Social cost:** The private internal costs plus the external costs of engaging in a particular economic activity.

So, this is a very like traditional view, and if you are talking of absolute bans on pollution it may so happen you come to conclusion where it is like more business is functioning, because it will guarantee like we will not be polluting the environment through may be the in the process that you are following in your reduction process. So, this though is desirable what is required is an absolute ban there is no pollution sort of condition, but main practical situations it may not be possible to achieve such an ideal condition where there is absolute ban on pollution. And may be whatever steps you take to take care of the issue like you are not polluting the environment, but still the some pollutions may happen.

Now question comes in who are going to pay for the pollution that has been done. So, that is who is going to absorb the cost of pollution and what are the cost associated with pollution? So, when you are discussing about the cost in terms of costs of the products or services, we discussed two types of cost: one is the private cost and the other is the social cost. When you discussing private cost this means; the cost of individual or company must pay out of its own pocket to engage in a particular economic activity. When you are discussing about social cost it is the private internal cost plus the external cost of engaging in a particular economic activity.

Debate may arise regarding what happens with the external cost; who takes share of these external cost?

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**Markets and Pollution**

- Total costs of making a product include a seller's internal private costs and the external costs of pollution paid by society.
- A supply curve based on all costs of making a product lies higher than one based only on sellers' internal private costs.
  - The higher supply curve crosses the demand curve at a lower quantity and a higher price than the lower supply curve.
- When sellers' costs include only private costs, too much is produced and price is too low.
  - This lowers utility, and violates rights, and justice.



So, this is described by the market views of the pollution. So, the total cost of making a product includes the sellers internal private cost and the external cost of pollution paid by the society.

So, a supply curve which is based on all costs of making a product always lies higher than one based only on sellers' internal private cost. The higher supply curve crosses the demand curve at a lower quantity and higher price than the lowest supply curve. When the sellers cost is include only private cost too much is produced and the price is too low. This lowers the utility and violates the rights, and justice.

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**Ethical Approaches to Environmental Protection**

- Ecological approach.
  - nonhumans have intrinsic value
- Environmental rights approach.
  - humans have a right to a livable environment
- Market approach.
  - external costs violate utility, rights, and justice; therefore, they should be internalized.

Why it violates the rights and justice is, because when we are discussing like the external cost is paid by the society then the persons in this society may not be accessing the products or services, and the others who are actually accessing it or getting it at a lower price than they should have paid for it.

So, it violating the justice in the sense it is not doing equitable distribution of the burden of sharing the cost is not there. And it is also like this is not answering to their right of the society who is sharing the external cost; the right of those in that society to have a right for livable environment is also violated. So, the market approach suggests like these costs should be internalized by the organization.

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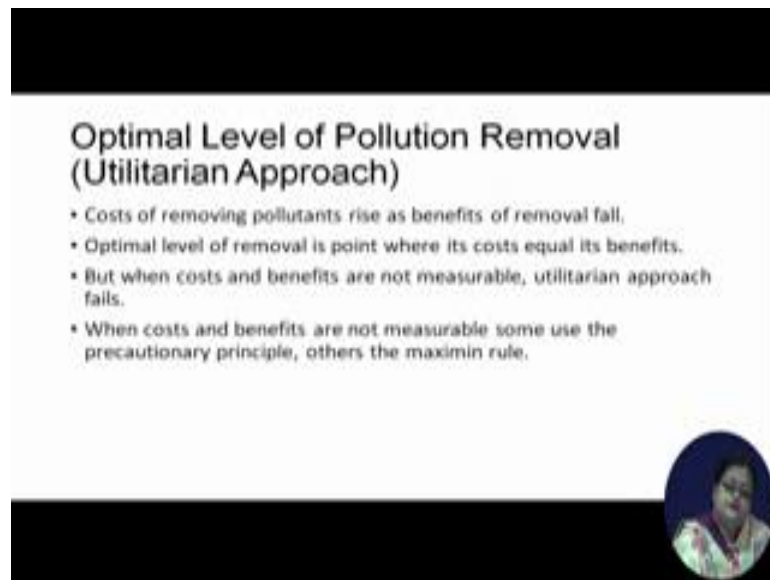


**Internalization of the Costs of Pollution**

- Absorption of external costs by the producer, who then takes them into account when determining the price of goods.
- But this process leads to environmental injustice because the external costs of pollution are borne largely by those who do not enjoy a net benefit from the activity that produces the pollution.

And this discusses about internalization of the cost of pollution. So, absorption of the external cost by the producer who then takes them into account while determining the price of the goods. And then they are actually priced may be at somewhat higher than only when the private cost is taken into consideration.

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**Optimal Level of Pollution Removal (Utilitarian Approach)**

- Costs of removing pollutants rise as benefits of removal fall.
- Optimal level of removal is point where its costs equal its benefits.
- But when costs and benefits are not measurable, utilitarian approach fails.
- When costs and benefits are not measurable some use the precautionary principle, others the maximin rule.

We can look also into the optimal level of pollution control or removal from the utilitarian prospective. This is where the cost of removing pollutants rises as benefits of removals for. Optimum level of removal is a point where the cost is equal to its benefits.

But, however, when the costs of benefits are not measurable in proper terms utilitarian approaches fails. So, when it fails when the cost and benefits are not clearly measurable some use precautionary principles, and others use the maximum rule. This we will be taking up in the next module.

Thank you.