

Is there a disconnect between profit and ethics?

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In this age of social media and the internet, big businesses are taken to task for unethical and non eco-friendly corporate practices by a socially conscious citizenry, often resulting in consumer boycotts. Despite regulatory frameworks and the commitment of corporations to undertake eco-sustainable practices, there remains a disconnect between resolve and practice.



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Ethics are broadly defined as the moral principle that an individual injects into their decision-making process, and which helps temper the last outcome to conform to the norms of their society.

Considering the ethical relationship of business to our environment is, in fact, nothing new. For over 40 years there has been intellectual and academic debate on business and its relationship with the social order with a specific focus on environmental ethics.

Profit at all cost?

Business leaders have more complex ethical dilemmas than individuals. Their obligation is to guarantee that the business creates value for its shareholders. While previous decades might arguably have required that this be done at all costs, businesses today recognise, through necessity, that they no longer answer to the shareholder alone.

Today's leaders must focus on creating sustainable companies and embrace the legal and moral atmosphere in which they conduct business, they must develop a position of environmental concern, show responsibility towards the communities in which they operate, and meet the needs of eco-savvy consumers. To many business leaders, environmental considerations are often perceived as obstacles to profitability; those indispensable inconveniences that contribute to growing costs and time consuming regulations to which they are obliged to conform.

The ethics of it all

Whether they know it or not, business leaders and their corporations are generally operating within two distinct environmental stances: either an eco-centric or anthropocentric stance.

The eco-centric stance posits that the ecosystem has an inherent value and must be protected. It is the pursuit of the idea to protect and improve the quality of the natural environment in which an organisation operates. Eco-centric management is generally articulated, in part, through corporate social responsibility (CSR) initiatives, with the assumption that business should have an intensely ecological understanding of how they operate.

The anthropocentric worldview is driven by human-centred values and a belief that environmental protection is important because of what it can contribute to humans, in terms of the production, distribution and consumption of goods. A notion pervades that there is an unlimited supply of natural resources, which makes conservation unnecessary. Technology and innovative practices can adapt nature to suit our needs overcoming any ecological limitations.

No survival plan - the dominant social paradigm

Academics have posited that anthropocentrism proposes no general survival plan, a view of the world that is referred to as the Dominant Social Paradigm – as staunchly adopted by the United States under the Trump administration. In this paradigm, what are considered to be hard and fast scientific facts are disputable, for example, that greenhouse gas emissions are a direct contributor to global warming and climate change.

This paradigm is problematic in that it creates conflict and disagreement as to how to agree and develop public policy procedures and protocols in order to solve environmental problems.

A key example is in the production and dispensing of waste material. Developed nations are unwilling to pay for its local disposal. The result is that waste matter such as poisonous substances and even nuclear hazardous materials are sent to developing countries. The United States has failed to ratify the 1989 Basel Convention that places restrictions on unethical practices such as moving hazardous waste and disposal to countries such as Africa and other developing parts of the world.

The CSR conundrum

Corporate social responsibility (CSR) as a concept is somewhat elusive, and although considered adequate because it means something, this is not always necessarily the same thing to all parties, and it is simply not business related. Some business leaders regard CSR as a legal responsibility or liability and a marketing must do for the benefit of consumers, while others view it as ethically socially responsible behaviour.

Irrespective of how it is viewed, CSR is dominated by an anthropocentric worldview and it requires a fundamental transformation in perception. Despite a common practice for corporations to adopt CSR initiatives voluntarily, although many countries now require this is a legal reporting obligation, the propensity to apply a tick box mentality pervades, thereby failing to embed environmental sustainability initiatives beyond mere compliance.

An alternative eco-centric CSR approach acknowledges that these initiatives will not provide business with huge financial benefits but regard it as a reflection of an organisation's obligation to the natural environment as the principal core value for conducting business. For example, eco-centric business leaders might dispute the use of ecologically damaging products, and find alternatives in their manufacturing or service provision.

Clear measurement of environmental stewardship

Environmental business stewardship is critical for any commercial growth and development, and yet only a few organisations within the global marketplace view stewardship as an important aspect for operational sustainability.

Business stewardship can enable strategic actions to inspire the values and beliefs of stakeholders and drive sustainable practices. There already exist frameworks and guidelines that could be embedded into company processes such as ISO 26000, an international standard developed to help organisations assess their CSR.

Effectively policed laws are critical to advance the notion of environmental stewardship. This is essential considering that most organisations operate in a wide range of contexts in which there are varying legal rules and standards.

A path to ethical frameworks

As financial markets around the globe have devised and implemented solid models and frameworks, so too could ethical frameworks be created for particular industries.

Our choices are becoming narrower with each passing decade. Business leaders and their corporations should advance the social reason for ethical conduct beyond mere compliance and the letter of the law, moving into the 'spirit of the law'.

This could develop a new outlook for organisations where they manage themselves in such a manner that they become not only economically viable and steadfastly uphold the law, but also seek the genuine welfare and sustainability of society; and where doing the right thing becomes part of its operating DNA.

ABOUT THE AUTHOR

Professor Angelo Nicolaidis has a qualification in DComManagement. His fields of specialisation include business ethics, stakeholder management and governance.