



Business with a conscience

Corporate social responsibility (CSR) is a self-regulating mechanism that is setting new trends in business practice:

- It is based on the concept “Good business for a good society, today and tomorrow.”
- It should not be confused with charity: it is about how companies earn their profits, not what they do with them.
- It can only work if appropriate organisational structures are in place, and if employees have sufficient integrity to begin with. It is a matter of individual and institutional ethics.
- In a globalised world the effect of regulations can be limited, but companies have an increasingly important role to play.
- The development of CSR must be supported professionally and viewed from a critical perspective.
- While it is not clear whether a good and fair society can be created with the help of companies, it is doubtful whether one can be created without them.

As a group, discuss the pros and cons of the situation described below.



An ethical dilemma

You are the owner of a large factory that is polluting the environment. New legislation is forcing you to reduce your emissions and you have appointed a team of consultants to investigate the problem. According to the results of their study, you can purchase special end-of-pipe cleaning equipment, but it is so expensive that you would have to lay off 100 employees to pay for it. Which of these options would you choose?



1 You buy the equipment and lay off 100 workers.

- Pollution is reduced, but members of the local population are unhappy about the loss of jobs and productivity may fall.

2 You decide not to purchase the equipment and remain as you are.

- You retain all your employees, but the pollution you are generating could damage the health of people living nearby, and the state may fine you for breaching the regulations.



3 You delay buying the equipment until you have sufficient profits to cover the cost.

- Your factory continues to emit pollutants for some time, while you may be unable to generate sufficient profit to cover the cost of the equipment, requiring you to raise your prices. Alternatively, you could take out a loan or request state aid.

4 You hire new consultants to try and identify cleaner production alternatives.

- A thorough review of your production methods would identify the best available technologies that you are able to afford. Ideally, your production processes would become clean (avoiding the need for special cleaning equipment), and your plant would become more efficient, with lower production costs in the long term. However, this might require an investment that would only be recovered after many years.

5 You organise a discussion with your employees on temporary measures to solve the problem, which might include simultaneous reductions in company profits and wages.

- This might be the fairest way to find a solution to the problem, although reaching consensus will be no easy task. You should specify the time horizon of the restrictive measures taken.
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