

The issues case studies example

[Business](#), [Company](#)



Introduction

This case study concerns a dilemma faced by the environmental compliance manager of a plastics manufacturer, reference the amount of toxins discharged in the factory's wastewater released into an adjacent lake.

Although the levels are within current limits, failure to introduce new (expensive) technology to reduce the levels further could not only make the lake's fish unsafe for human consumption, and cause the imposition of future regulatory constraints on the company, but could damage the company's profitability.

Firstly, the environmental compliance manager Jonica Gunson has to consider all the affected stakeholders in this scenario. In terms of spending money on the needed new technology, they include the company owners, executives and shareholders (if any), who are likely to see a financial loss in the short term if the expenditure were to go ahead. Also, if the loss of profitability caused by acquiring and installing the new technology caused business economies to be introduced, e. g. pay freezes or even job layoffs, then ordinary company employees would become stakeholders too.

Conversely, if the technology is not installed, those same stakeholders of the business could see a future loss of revenue if the EPA were to penalize the business by imposing regular compulsory emission reporting upon it. Other stakeholders involved include anyone connected with harvesting fish from the lake if the fish are declared unsafe for human consumption. That could be the outcome if the factory continues to emit toxins at the present levels (i. e. by not installing the new technology). People affected could include

anyone who fishes in the lake, and - if commercial fishing is a feature - the fishermen who make a living from it and the consumers they supply. The EPA would also be indirectly affected by the decision made within this business (and others), in the sense that if the technology is not installed, then the EPA may need to incur additional costs in dealing with regular emission reporting by such companies.

Secondly, there are ethical considerations involved. Clearly, discharging toxins at any level into a water resource is ethically and morally to be deplored. Hence, to continue knowingly discharging toxins when there are ways to reduce them, is unacceptable in that context. Commercial considerations such as short term profitability of the business should not be a significant factor in the decision about installing the new technology, and to base the decision on commercial issues would be wrong. In a purely commercial context there is a question of whether to take a short term hit on profits (by installing the technology) versus the longer term potential cost penalties (by not installing it), but that trade off decision should be secondary to the environmental issue of reducing or not reducing the pollution of the lake and the marine life living in it.

Recommendations

There is a clear moral requirement for the company to go ahead and to acquire and install the technology so that the pollution of the lake and its marine life is mitigated as soon as possible. Whilst potential loss of profitability is clearly of real concern to the business, there is no way that it should come ahead of the environmental aspect involved. Jonica Gunson should present the case to the company's executives along those lines but

backed up with solid financial data showing the long term environmental and cost impacts of not upgrading the technology to cut the pollution. Ideally, the financial data should illustrate that the long term costs (ongoing regular emission reporting) outweigh the one-off capital costs of the new technology.