

Business ethics – environmental ethics assignment

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Especially prevalent to the discussion of environmental damage caused by genuineness are resource based economies including Canada, where the centralization of raw materials such as lumber, oil and coal have created unique ethical dilemmas. Modern society must aim to determine which ethical boundaries to set for businesses that will not overly inflate operating costs, but will reduce the impact of business on the environment. Businesses have a fiduciary duty to shareholders in order to keep their business competitive, but must also realize their obligation to maintain environmental standards for the preservation of our society and earth.

This essay seeks to outline environmental concerns in three major Canadian natural resource industries including oil and gas, mining and lumber.

Additionally, pertinent aspects of the contemporary legal framework aimed at reducing environmental damage caused by businesses will be discussed.

Finally, possible solutions to these environmental concerns and methods of improving our legal framework will be analyzed. Ultimately, the following is an examination of deficiencies in business ethics as they pertain to the environment and how we as a society can improve.

Problem Scope – Canadian Oil Industry: The oil industry in Canada has taken precedence in contemporary media regarding its impact on the environment.

In Canada oil represents a primary economic commodity, with the industry for mining and oil accounting for approximately 7% of gross domestic product (Statistics Canada, 2013). Canada's oil and gas industry which resides primarily in the province of Alberta is commonly referred to as the Tar Sands and has received harsh criticism domestically and internationally over their methodology of extracting oil and gas.

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Problems associated with the oil and gas sector in Canada include those retaining to the exploration, drilling, development, production, and decommissioning activities required to extract the raw material to be sold commercially. Exploration activities refer to the process of locating oil and gas, which usually requires the usage of acoustic equipment. Acoustic noise has been identified as a primary problem affiliated with the exploration of oil and gas (Tribal Energy and Environmental Information). Acoustic noise refers to the process of creating large sound waves using tools such dynamite for seismic sensors to interpret.

The ramifications of using explosives and other vices capable of creating these sound waves can be disruptive to the ecosystems surrounding oil and gas fields. Similarly, the air quality surrounding sites where exploration activities are occurring can be jeopardized (Tribal Energy and Environmental Information). The tools used to collect seismic including dynamite, moving equipment and exhaust from pertinent machinery can create air quality problems, further exacerbating the problems discussed above (Tribal Energy and Environmental Information).

Decreased air quality can have a substantial impact on the wild life and ecosystems surrounding potential drill sites. Additionally, the moving equipment used in appraising potential drilling locations can cause soil compression and damage resulting in poor aeration, permeability and water holding capabilities of soil (Tribal Energy and Environmental Information). The second phase of extracting natural gas and crude oil includes drilling and developing well sites. Drilling and development of oil and gas wells

results in significant damage to the environment as a result of the industrial nature of the extraction process.

Air quality is a major issue during the drilling ND development stage as emissions generated by vehicles, diesel fueled machinery, generators, blasting activities and mixing concrete can severely impact the natural habitats surrounding drill sites (Tribal Energy and Environmental Information). In addition to air quality problems, hazardous materials and waste management are another area of ecological concern in regards the production of oil and gas (Tribal Energy and Environmental Information).

Hazardous materials including the spillage of crude oil have become a major problem facing the industry. Especially pertinent to the concussion of hazardous materials is the relatively modern extraction technique used in the oil and gas industry called fracking. Fracking involves the extraction of natural gas using chemically treated water which is pumped into shale formations or coal beds (Commission, 2013). It is estimated that more than one million liters of this chemically treated water may be required during the process of fracking a single well (Commission, 2013).

These findings have lead to beliefs that the fracking process may be causing water contamination above and below ground due to the presence of hazardous Heimlich in the water utilized by oil and gas companies (Commission, 2013). The final step in the process of oil and gas extraction relates to production, transportation and decommissioning of oil and gas related assets (Tribal Energy and Environmental Information). First, producing oil and gas from drilled wells is a complicated process involving

large amounts of heavy machinery and often occurs under less than ideal circumstances.

With the large demand for fuel in contemporary society oil and gas companies have been forced to increase production rates. The increased production rate has led to the depletion of many onshore oil and gas reserves. Accordingly, oil and gas companies have recently targeted reserves in offshore locations such as the North Sea and Gulf of Mexico. While large reserves of oil and gas do exist in these remote locations, the difficulty and technical expertise required to successfully extract them creates a multitude of challenges related to the environment.

In 2010 the world witnessed the dangers associated with offshore oil and gas production when British Petroleum (BP) experienced the Deepwater Horizon oil spill. The event highlighted the expertise required to successfully acquire offshore reserves and the potential ramifications of failing to utilize proper safeguards while producing offshore oil and gas. The results of the spill were horrific with oil littering coast lines surrounding the Gulf of Mexico.

The spill resulted in such immense natural destruction that following litigation BP was ordered to undergo an extensive cleanup of the surrounding regions and provide financial reimbursement to citizens who had lost income due to the destruction of marine areas surrounding the Gulf of Mexico.

Although this industry example falls outside of Canada, similar criticism has been made toward the Canadian oil and gas industry resulting from corporate initiatives aimed at building nationwide pipelines that would help

Alberta to move its crude oil in order to reach new profitable foreign markets.

Problem Scope – Canadian Lumber Industry: The lumber industry represents another leading contributor to gross domestic product in Canada, accounting for approximately 1% of national GDP (Statistics Canada, 2009). Lumber has been harvested to produce pulp and paper throughout Canada's history. Paper manufacturing began in Canada during the 1800s and was created using wood pulp (Wellington, 1997). The industry began to flourish in the 1800s in Ontario and 1850s in British Columbia, becoming the mainstay of the Atlantic Canadian economy (Wellington, 1997).

Despite the relative importance of the lumber industry in Canada, the collection of lumber as a raw material and the sale of lumber products for commercial purposes created numerous environmental concerns. The commercial usages of lumber have resulted in the extensive clear-cutting of forests in order to supply mills. The lumber mills also represent a major contributor to air and water pollution. Mills producing leached pulp in Canada have drawn great criticism in recent years over accusations that chemicals used to create bleached pulp were being improperly discharged into the natural environment (Wellington, 1997).

The act of extracting lumber is creating peripheral damage to the environment, including soil erosion. Forests play an important role in filtering water and holding soil in place. Due to the clear-cutting of many forested areas soil erosion has created fluctuations in the flow of water during various

Seasons of the year. The result of clear cutting forests and soil erosion include periods of intense flooding or drought (Forest Monitor).

These periods of drought can result in poor performance in other agricultural industries which rely on rainfall to grow crops such as the potato, canola and corn industries. Forest fires represent a second peripheral environmental concern related to the clear-cutting of forests in Canada (Forest Monitor).

Studies have recently acknowledged that many of the large scale forest fires visible in contemporary media have been the direct result or exacerbated by the logging industries clear cutting practices (Forest Monitor). Similarly, logging in Canada has caused substantial damage to the marine ecosystem.

Debris caused by logging have caused damage to local rivers and eventually the surrounding oceans where they contribute to the destruction of mangroves and coral reefs, which represent habitats crucial for the prosperity of aquatic life (Forest Monitor). Problem Scope – Canadian Mining Industry: Mining is a large contributor to Canadian gross domestic product and similar to the oil and lumber industries in regards to environmental destructiveness. Several forms of mining exist including open pit mining, underground mining and in situ leach mining.

Open pit mining is the most common form of mining and involves the excavation of strategic minerals from open pits in the earth (Technology, 2012). This form of mining is particularly destructive due to its propensity to displace large amounts of rock and vegetation in order to create the pits necessary to locate mineral concentrations (Technology, 2012). Additionally, the process of mining unearths minerals and rocks which have been

underground for long periods of time and can possess dangerous characteristics similar to radioactive materials, asbestos and metallic dust (Technology, 2012).

These harmful substances can be displaced into the environment resulting in poor air quality and damage to surrounding ecosystems and bodies of water. In situ leach mining represents a second distinct form of mining involving the dilution of ore bodies to retrieve strategic minerals (Technology, 2012). This form of mining is often perceived to be less environmentally damaging than conventional forms of mining; however, due to the corrosive acids used to dissolve ore bodies this form of mining is still far from ideal.

Corrosive chemicals used in situ leach mining can run into local bodies of water and intimate local ecosystems resulting in long-term damage (Technology, 2012). The Contemporary Canadian Society and Business Ethics: Following the analysis of several major Canadian industries and their related environmental issues, we will now analyze the corporate, societal and legal landscape present in Canada today as it pertains to business ethics and the environment.

Contemporary Canadian society is evolving rapidly, with greater emphasis being placed on how businesses participate in the preservation of the environment. Technological advancements such as the internet and social media applications have allowed consumers to rapidly obtain news relating to businesses, making environmental negligence increasingly visible to the public. Contemporary media plays a large role in vilifying businesses that fail

to meet these regulations, which frequently results in reputation damage for the business.

These reputation damages can lead to lost sales, public distrust and even litigation. Conversely, Canada's population and international trade are increasing, which is creating additional necessity for businesses to exploit natural resources and fulfill fiduciary duties to shareholders. This conflict of interests must be managed carefully by Canadian businesses and law makers. Canadian society has identified that a large ethical gap exists between the society's production capability and ability to exude moral responsibility when faced with environmental dilemmas.

TO combat this ethical gap laws and regulations have been implemented in an attempt to reduce future environmental disparities. The Legal Framework Governing Environmental Standards in Canada: Canada has remained at the forefront of environmental regulation and accountability for many years, employing numerous acts and regulations to ensure that businesses account for societal expectations while interacting with nature (Environment Canada, 2013).

Regulations and acts in Canada are derived and implemented by Environment Canada, which is responsible for “preserving and enhancing the quality of the natural environment, providing meteorological services, and coordinating policies and programs to achieve environmental objectives” (Environment Canada, 2013). Accordingly, this committee is responsible for overseeing (Environment Canada, 2013): Monitoring air and water quality

and emissions of greenhouse gases. Controlling the level of toxic substances in commercial products.

Forecasting meteorological patterns and reporting on weather conditions. Consulting with Canadians, regulated stakeholders, researchers and governments. Researching and protecting the habitat of migratory birds and species at risk. Permitting and, when necessary, preventing international trade in hazardous waste, hazardous recyclable materials and endangered species. Promoting, inspecting and enforcing regulatory requirements. Many of these regulations are the result of the Canadian Environmental Protection Act of 1999, created by the Parliament of Canada.

However, a large number of contributing regulatory acts aim to provide direction to businesses and society in regards to the environment (Saxes Law Office, 2011): The Fisheries Act Canadian Environmental Assessment Act. Species at Risk Act. Transportation of Dangerous Goods Act. Canada Shipping Act. Hazardous Products Act. Pest Control Products Act. Businesses operating in Canada must become familiar with the framework outlined by the Government of Canada in regards to the environment, due to the serious legal consequences associated with failing to comply with regulatory standards.

Consequences for businesses failing to comply with Environment Canada's regulations include litigation resulting in a prison sentence or community service, requests to monitor or reduce a particular behavior and various other forms of preventative measures (Saxes Law Office, 2011). Improving Environmental Ethics in Business: Following the examination of

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environmental issues facing Canadians and the legal framework currently employed in Canada to combat environmental negligence, how can Canadians improve the environmental standards of businesses participating within their domestic market and/or abroad?

The Organization for Economic Cooperation and Development (COED) in the Netherlands has proposed a process for improving the rate of compliance with environmental regulations and improving standards outlined by local governments and businesses to ensure environmental stability (Organization for Economic Cooperation and Development, 2013). First, the COED proposes that organizations maintain a system of environmental management appropriate to their particular enterprise.

This would include the collection and analysis of complete and timely information regarding the health, safety and environmental consequences of their organizations operations (Organization for Economic Cooperation and Development, 2013). COED recommends outlining measurable goals pertaining to resource consumption and reducing the organizations carbon footprint. Organizations must consider operational costs and matters of privacy when creating or upholding environmental goals and regulations, as employees have a fiduciary duty to shareholders in addition to environmental responsibilities.

Additionally, organizations must act in a transparent fashion and inform the public of any potential health or environmental concerns relating to their operation. Similarly, when regulations cannot be upheld and environmental issues surface the public must be immediately consulted with timely

information relating to the problem and its resolution. Organizations should create product life cycles and attempt to forecast potential environmental threats. Once the environmental threats of operations have been identified a contingency plan must be created to minimize the negative impact of these events should they occur.

Finally, businesses must continually seek methods of reducing their carbon footprint. As discussed in the introduction to this essay, organizations must recognize that being environmentally friendly transcends compliance with environmental regulations. Businesses must make every attempt to reduce their carbon footprint and improve the ecosystem. Accordingly, organizations should aim for continual improvement in regards to the maintenance of the environment by utilizing education and politics to help improve their surrounding ecosystems.

Educating employees and using corporate clout to sway environmental regulations can reflect positively on businesses and help them to remain competitive in the economy (Organization for Economic Cooperation and Development, 2013). Conclusion: Businesses must recognize that to remain competitive in the economy, the economy must continue to exist. Remaining competitive in the marketplace must become secondary to preserving the marketplace and the health and wellbeing of its participants.

Similarly, businesses that fail to recognize the importance of going green will limit their competitive advantage or destroy their public image entirely. As discussed, large organizations such as British Petroleum have experienced the frightening public exposure brought about by failing to comply with

environmental regulations. By employing the tragedies discussed above the ethical gap between society's production capability and ability to exude moral responsibility in regards to the environment will be minimized.