

Global Climate Change and Sustainable Business

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1. Interface and Sustainable Business

Ray Anderson is the CEO of Interface Corporation, a carpet tile manufacturing company with \$1.1 billion in annual sales and 38% of the global market for carpet tiles (Dean 2007). In 1994, Anderson vowed to change Interface into a sustainable business. Formerly, Interface was a company that merely complied with environmental regulations and through that compliance, put five billion tons of carpeting in landfills (DesJardins 2007: 111). Anderson sees Interface as a company that was abusive to the environment: it relied on petroleum both as energy to make carpet and as material out of which to create synthetic carpet; it produced large amounts of CO₂ emissions in the process; it used large amounts of water for dyeing carpet and created wastes in its production operations, as well as contributed to landfills (Dean 2007). Anderson vowed to transform Interface into a company that would take nothing out of the earth that

cannot be recycled and regenerated, and that does no harm to the biosphere (Dean 2007).

Interface now “accepts responsibility for the entire life cycle of the product it markets” (DesJardins 2006: 199). It has redesigned its business from selling carpeting to leasing floor-covering, and it accepts responsibility for the entire life-cycle of its product (DesJardins 2006: 199).

The story of Interface is well-known because it has been a success: it brought its use of fossil fuels down 45% and its net greenhouse gas production down 60%; it uses 1/3 the water it used to, and cut its contribution to landfills by 80%. By many important measures, Interface is an environmental success. But because its sales are up 49%, Interface is also a business success (Dean 2007).

In the light of global climate change, what must businesses do to maintain sustainable business practices? Is redesigning business a moral responsibility? What are businesses’ environmental responsibilities? There are many different ethical aspects to these questions. In this paper, my focus will be on the moral responsibility of businesses to change, as Interface did, from taking lightly their responsibility to the environment, to becoming sustainable. I will sketch five arguments that support the position that businesses have a moral responsibility to move toward sustainability.

2. *Obligatory or Supererogatory?*

In chapter nine of his *An Introduction to Business Ethics* (2006) Joseph DesJardins sets out to discuss business's environmental responsibilities. DesJardins claims that it is difficult to specify what environmental responsibilities businesses have simply because there is no general list of widely accepted human responsibilities to the natural environment (2006: 200). He says there is disagreement concerning environmental policy and environmental values, not only in society at large, but also in the field of environmental ethics. This leads to an initial objection to my proposal.

(Objection 1) If there is no agreed upon set of environmental responsibilities then isn't it unreasonable to claim that *businesses* have a moral responsibility to move toward sustainability? Until there is some consensus coming out of environmental ethics, isn't it unfair to require business to take on any particular ethical duties? Maybe Ray Anderson and Interface have gone above and beyond the call of duty. Transforming themselves into a sustainable business may be praiseworthy and commendable, but perhaps not morally required. Under this view, Interface's transformation is seen as supererogatory, not obligatory. If so, this would cut the legs out from any claim that businesses have a moral responsibility to move toward sustainability.

But there are even *more* possible objections.

(O2) A traditional business model would say that as long as a business follows the laws, then that fulfils its social responsibility. To ask any more of business would be to ask too much. Defenders of the classical model of corporate social responsibility would say that economic markets should be used to develop environmental policies to address environmental concerns. People are free, through the political process; to work to get laws passed that will address environmental concerns.

Furthermore, the sceptic might add, (O3), businesses simply respond to satisfy consumer demand: environmental degradation should not be blamed on businesses' alleged abnegation of responsibility. Businesses simply satisfy demand by providing the products and services that consumers need and desire. To burden *businesses* with environmental responsibilities is to hold business to an unreasonably high standard.

Becoming a sustainable business, the critic might further object, (O4), would unfairly put the onus of environmental responsibility on businesses: it is ethically too demanding to require a business to pursue sustainable business practices.¹

¹ A common challenge to a deontological ethic is that there is a difficulty in enumerating one's responsibilities, or duties. This comes up when attempting to frame a business ethic in deontological terms. Interface, for example, has seven environmental goals: eliminating waste, having benign emissions, using renewable energy, closing the loop, using resource-efficient transportation, sensitizing stakeholders, and redesigning commerce (<http://www.interfaceustainability.com/commit.html>). A goal is different from a responsibility. Wouldn't it be too demanding to regard each goal as an environmental responsibility?

3. *Businesses' Moral Obligation to Move Toward Sustainability*

In response to the above doubts concerning whether businesses have a moral responsibility to move toward sustainability, I will provide five arguments to the effect that businesses do indeed have a moral responsibility to move toward sustainability.

(A1) The first argument comes from DesJardins (2006). Although it may be the case that there is environmental disagreement, it does not follow that sustainable business is purely a matter of supererogation. There *is* disagreement; nevertheless, Desjardins maintains that there is enough consensus to undergird environmental policy. He claims there are “four general policy areas in which a consensus of values leads to reasonable environmental policies” (2006: 203). These areas of concern are: (1) wastes and pollution, (2) use of natural resources, (3) preservation of environmentally sensitive areas, and (4) preservation of biodiversity; and these areas of concern would generate “responsibilities to: minimize or eliminate pollution and waste, conserve natural resources, preserve environmentally sensitive areas, and preserve biological diversity” (2006: 203-5). These are environmental issues he thinks an environmentalist of any persuasion would agree to. If so, then businesses cannot claim that adopting sustainable business practices is supererogatory due to environmental disagreement, since there is *enough* consensus to forge environmental policy. Thus, “we have strong

prima facie responsibilities to foster such policies” (DesJardins 2006: 203). Thus there are reasons to believe that businesses, too, have a responsibility to move toward sustainability. This argument answers (O1). But to meet the other remaining doubts about business’ duty to move toward sustainability (O2-O4), we will need other arguments.

(A2) The second argument draws on the stakeholder model of corporate social responsibility. Stakeholder theory addresses questions about the relationship between a business and external groups that are affected by it (Freeman 1991: 5). Those who subscribe to a stakeholder model see business as having obligations not just to its *stockholders*, but also to all the other constituencies that affect or are affected by its behaviour (Shaw 2008: 169). “Examples of stakeholder groups (beyond stockholders) are employees, suppliers, customers, creditors, competitors, governments, and communities” (Goodpaster 1993: 205). The stakeholder model, in practice if not in theory, has been widely adopted by contemporary American business (DesJardins 2006: 4).

Since business practices impact the environment, the stakeholder approach could regard environmental constituencies such as individual nonhuman animals, individual living things, species, biotic communities, or ecosystems, as stakeholders (Mizzoni 2003). At a minimum, a stakeholder approach could regard human beings who depend on the natural environment as stakeholders to whom businesses have moral obligations. Therefore, a thoroughgoing and

consistent business ethic premised upon the stakeholder model leads us to the conclusion that businesses have a moral responsibility to move toward sustainability.

With stakeholder theory, we have responses to the remaining sceptical objections above that derive from a more traditional model of corporate social responsibility (O2-O4). As we shall see, the stakeholder model works very well with those who have environmental concerns: both agree that business and work should not be understood merely as means to acquire commodities, property, and support consumerism (Mizzoni 2004b: 105).

To the objection that says businesses do not have obligations to move toward sustainability because the extent of a business' social responsibility is simply to obey the law, (O2), my response is that the law is not enough. Business ethics is different from business law, and the stakeholder theory helps us see why. Take the example of James E. Rogers, chief executive of Duke Energy, a coal-burning utility in the Midwest and Southeast. Because the coal-fired power plant burns the dirtiest, most carbon-laden of fuels, and releases millions of tons of carbon dioxide, it is a culprit in global warming. Yet, Rogers is an advocate of federal regulation that would for the first time impose a cost for emitting carbon dioxide (Lohr 2006). Rogers may have long-term economic reasons in mind, or maybe it is simply that he sees the negative effect his business is having on environmental

stakeholders. The situation seems to imply that the legislation is lagging behind the ethics.

Further, stakeholder theory says that businesses affect various constituencies: stockholders, employees, communities, consumers, the natural environment, and the government. Businesses can affect the law in many ways, not least of which through their lobbying influence. Businesses can influence and even establish law (DesJardins 2006: 211). So to say that business needs only to obey the law actually stacks the deck in favour of business, which to some may sound counterintuitive. But this is the kind of result yielded when narrowly relying on the law to pinpoint business' responsibilities; it is a tangled enterprise. Stakeholder analysis provides a clearer picture of business' responsibilities.

To the objection that says businesses do not have obligations to move toward sustainability because businesses' only obligation is to make profits under the law by responding to satisfy consumer demand, (O3), we can, again, consider a stakeholder approach. Stakeholder theory says that businesses affect various constituencies: stockholders, employees, communities, consumers, and the natural environment. With the stakeholder model it is accepted that businesses *affect* consumers. It is not convincing, then, to say that businesses are merely responding to consumer demand, since businesses help to *shape* consumer demand, especially through marketing (DesJardins 2006: 212).

To the objection that says businesses do not have obligations to move toward sustainability because it is unfair and too demanding to require a business to pursue sustainable business practices, (O4), the stakeholder response is that it is not unfair, it's reality—businesses do indeed affect many stakeholder groups, including the natural environment. And taking responsibility for how one's actions affect a diversity of stakeholder groups *is* demanding. How could it be easy? If we recognize how powerful business institutions are and how they permeate society, how could their responsibilities *not* be demanding?

And the profitability of sustainable businesses (like Interface) shows that being sustainable isn't *too* demanding. Fulfilling one's responsibilities is not necessarily an onus that undercuts profitability. Interface found that eliminating waste saves money and that as a sustainable business; their costs went down, not up. In addition, Anderson claims that becoming a sustainable business has lifted the company's image more than advertising has ever done (Dean 2007).

4. *Global Climate Change and Sustainable Business*

A common feature of the next three arguments (A3-A5) is the notion that in certain circumstances, we can have *greater* responsibilities than usual. My claim has been that businesses have an obligation to engage in sustainable business practices. But in the light of anthropogenic climate change, a circumstance in which we are experiencing a human-induced enhanced

greenhouse effect, businesses have an even greater responsibility to engage in sustainable business practices. Although many businesses have sought to deny they have a duty to move toward sustainability and have fought against proposals for global climate legislation, strong arguments about why businesses have a moral obligation to move toward sustainability are premised upon global climate change.

When one has contributed to bringing a situation about, one has a greater responsibility in rectifying the situation. The developed countries are responsible for a very large percentage of historical emissions (Gardiner 2004: 579). The United States has produced more carbon dioxide emissions than any other country by far (Chang 2003). China, though, seems to be the current leader in this right now. According to Singer, “If we believe that people should contribute to fixing something in proportion to their responsibility for breaking it, then the developed nations owe it to the rest of the world to fix the problem with the atmosphere” (Singer 2002: 33-4). U.S. *businesses*, too, can think of their responsibilities along these lines.

(A3) Global climate change is associated with carbon emissions. The U.S. has been the biggest emitter (Singer 2002: 50). U.S. business has been the biggest emitter, too. The U.S. should live up to its responsibility; U.S. businesses should live up to their responsibilities, too. That is, U.S. businesses have a moral obligation to move toward sustainability.

Here is a possible objection: why not think in terms of international business? Why focus on U.S. business? Aren't non-U.S. companies responsible too? If U.S. businesses move toward sustainability, won't that make U.S. businesses uncompetitive? Isn't this unfair to U.S. companies?

Non-U.S. companies do indeed also have a responsibility to move toward sustainability. But, when one does the most damage, then one has the most responsibility for rectification.

There is another aspect of the carbon emissions story, though: businesses have profited from this arrangement. We can formulate a rough equation of past profitability with unsustainable business practices and carbon emissions. In the process of making profits in the past, businesses bear causal and moral responsibility for their emissions.

(A4) Because the situation has been that businesses have been profiting from their unsustainable practices of emitting large amounts of carbon into the atmosphere, businesses have a responsibility to now rectify the situation and move toward sustainability.

We can vary the argument by distinguishing between businesses that have made profits *in the past* through business practices that emitted large quantities of greenhouse gas, those that *continue* to make profits while emitting large quantities

of greenhouse gases, and those that *intend* in the future to continue to make profits from such practices.²

The argument is essentially about fairness: is it fair that businesses would benefit from these practices (reap huge profits), but not accept their share of moral responsibility for their effect on the global climate? No, therefore they have a responsibility to switch from unsustainable to sustainable business practices.

There may be a question about whether the argument yields strict deontic responsibility on the part of businesses. If so, the argument could be supplemented with virtue ethic considerations.³ When a person of integrity sees the benefit one has accrued, what responsibility would she accept? Similarly, when a corporation with integrity realizes what it is contributed to global climate change, what would it take as its responsibility? Environmental heroes are individuals who inspire us with their virtues (Mizzoni 2004a: 55; Mizzoni 2005: 27). Perhaps Ray Anderson and Interface are not acting out of duty, but out of virtue. Maybe it is Anderson's character that prompts him to seriously consider his environmental legacy. He claims that he formerly did not think about the impact of his work: he did not consider the full range of stakeholders of the Interface carpet business. But Interface (accord to its website) recognizes that it is part of an environmental problem, that is, it now sees that stakeholders were

² Some might say that because profits were made in the past when companies didn't realize what they were doing, ignorance will lessen the responsibility. Gardiner considers the ignorance excuse, but ultimately finds it unconvincing (2004: 578-83). Singer also discusses the ignorance excuse (2002: 34).

³ Solomon (1992) offers an interesting virtue-based business ethic.

ignored by its former way of practicing business, and it took upon itself to restructure its way of doing business.

Another kind of circumstance in which we can assign a greater responsibility on one agent than on another is when one agent can make a substantial difference in providing aid, for instance, without incurring devastating costs. There is only one institution that is powerful and pervasive enough to solve environmental problems, says Ray Anderson, and that is business (Dean 2007).

(A5) Businesses are powerful enough to make a substantial difference in helping to shift society toward sustainability. When an agent can make a substantially positive difference, without incurring devastating costs to itself, then it has a responsibility to do so. Therefore, businesses have a responsibility to move toward sustainability.

But can businesses make the change toward sustainability without incurring devastating costs, i.e., running itself out of business? Interface has done it and many other companies as well (Wald 2006). We know that developed nations should be taking the lead in addressing global climate change; businesses should too.

5. Conclusion

I have offered five arguments to the effect that businesses have an obligation to move toward sustainability. The responsibility to move toward

sustainability is not an amorphous imperative for business. There are sustainable business models and thriving sustainable businesses (DesJardins 2007: 88). Classical economics, that once took the context of economics for granted, and did not address where resources come from and pollutants ultimately go, is slowly giving way to sustainable economics. Sustainable economics recognizes “that the economy exists within a finite biosphere” (DesJardins 2006: 214). A sustainable business “uses resources only at a rate that can be sustained over the long term and recycles or reuses both the by-products of the production process and the products themselves” (DesJardins 2006: 214).

Throughout the paper I have been arguing that businesses have a moral responsibility to “move toward” sustainability, rather than arguing that businesses have a moral responsibility to “become” sustainable. Becoming wholly sustainable in the fullest sense is not even something that Interface has achieved. Nonetheless, one cannot claim that because ideal and full sustainability is unlikely to be achieved that therefore businesses do not have any responsibility whatever to become sustainable. For, a parent who is unlikely to provide ideal care of his children still has a responsibility to take care of his children. One is not released from one’s responsibilities because they cannot be perfectly fulfilled.

Even if we accept that businesses do have a moral responsibility to move toward sustainability, difficult questions remain. What specific criteria should we use in determining if a business is indeed moving toward sustainability? And

business managers still have decisions to make about what level of sustainability they are incrementally moving toward, and how to balance the interests of each of the business' stakeholders. Even though a company like Interface has not achieved full sustainability, it has made highly significant strides toward sustainability, so again, even if there is unclarity in the details of achieving sustainability, there are enough success stories in green business to illuminate the path toward living up to the moral demand to move toward sustainability.

More and more businesses are coming to see themselves situated in a global context, and with that change stakeholder theory is becoming more convincing. The global warming crisis then, perhaps effectively moves business away from a classical economics model to a sustainable economics model. On environmental matters, we are now seeing the political will and wheels of societal motivation begin to turn. In January 2008, for example, there is a program called Focus the Nation that is encouraging colleges and organizations across America to unite under a common initiative: focusing the nation on the current importance of global climate change. More and more parties are approaching global climate change with an appropriate level of gravitas.⁴

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