

AUTHOR

Dr. Tapas Kumar Bose
Professor,
Dept. of Commerce,
University of Burdwan,
Burdwan, WB.

Environmental Responsibility of Business

The Emerging issues in Society.

ABSTRACT

Environment is a matter of serious concern to everybody. It is indeed a matter of life and death to every nation. Business has a broader social responsibility that encompasses legal, ethical, economic and environmental obligations. It should be understood that business is a social proposition, too. A business organization, while making profit in the normal course of its operation, must actively respond to the needs and expectations of the society at large. This imperative has led to the development of a doctrine of social responsibility of business. The recognition of social responsibility has brought to the glare of limelight the environmental responsibility of business. It is now widely accepted that a firm must take steps to protect and conserve the environment for the common benefit of mankind. The protection of environment is a collective responsibility of all individuals, groups, organizations and governments. The future of mankind depends on how scrupulously business organizations perform their responsibility towards maintaining a clean and healthy natural environment along with their industrial, commercial and trading activities. The non-business organizations which have the same responsibilities towards the environment as business organizations must act in a similar fashion.

1. INTRODUCTION

The earth with its complex eco-system and amazing biodiversity is a wonderful gift of nature. Perhaps, in the vast universe it is the only planet with a unique physical environment of air, water and land that supports and sustains man, animal and plant. But the onward march of industrial civilization in an effort to seek unlimited material prosperity has ruthlessly polluted the natural environment of the earth and brought us to the precipice of a global disaster that threatens to endanger the future of mankind. The Bhopal Gas Disaster (1984), the Rhine River Tragedy (1986) and Chernobyl Nuclear Accident (1986) are grim reminders of what can happen to the man if the current spate of pollution is allowed to continue unabated.

Environment is a matter of serious concern to everybody. It is indeed a

- matter of life and death to every nation.
- There are no two opinions that a clean and safe environment is essential to our survival. It is no wonder then that the right to life is regarded as equivalent to the right to healthy environment in India.
- Environmental right is, therefore, regarded as a fundamental human right in our country as well as in many other countries.
- Industries are a major polluter of environment. In pursuit of their never-ending greed for money, they have been playing havoc with the nature. The continuing public pressure has finally led to the enactment of a number of legislation for the protection and preservation of environment in India as in most other countries. Business has a broader social responsibility that encompasses legal, ethical, economic and environmental obligations. It must play its rightful role in controlling and preventing pollution that threatens human and animal existence.

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The future of our civilization depends very much on how efficiently business firms fulfil their responsibility of maintaining a clean and healthy environment for mankind. In this perspective, this paper attempts to focus on the social and environmental responsibility of business in the emerging scenario of an all-out effort in the national and international field to save the mother Earth from the danger of pollution.

2. CONCEPT OF SOCIAL RESPONSIBILITY

The environmental responsibility of business is an offshoot of the broader social responsibility that should become a part and parcel of corporate decisions, policies and actions. Thus, an idea of the concept of social responsibility is essential to the understanding of environmental responsibility of business firms.

It should be understood that business is a social proposition, too. A business organization, while making profit in the normal course of its operation, must actively respond to the needs and expectations of the society at large. This imperative has led to the development of a doctrine of social responsibility of business.

Social responsibility refers to an organization's obligations to benefit society in ways that transcend the primary objective of making profits. There are three most important reasons for business organizations to perform social responsibilities. These are:

- i) Corporations are creatures of the society. They should, therefore, respond to the needs and demands of the society.
- ii) The long-run self-interests of business firms are best served when they assume social obligations.
- iii) It is an ethical duty on the part of business firms to contribute to the progress and welfare of the society which provides all resources and opportunities to them.

If a firm does not perform its social responsibilities, the society will either force it to do so through laws or the society will no longer permit it to survive and continue in business.

3. ECONOMIC AND SOCIO-ECONOMIC MODELS OF BUSINESS

The concept of social responsibility gathered momentum as the business moved from a purely economic

Table 1 : Characteristics of Economic and Socio-economic Models of Business

Economic Model	Socio-economic Model
1. Maximization of profit is the sole objective. Business has no obligations beyond making money or profit.	1. Profit is not the only goal. A firm must help solve social problems and look beyond its own interests.
2. Technology is more important than people.	2. People are more important than technology.
3. What is good for the firm is good for the society.	3. What is good for the society is good for the firm.
4. Government should play a passive role in economic affairs.	4. Government must play an active role in economic affairs.
5. Natural resources can be exploited without limit in the interest of business.	5. Environment must be protected from the perils of pollution and degradation for the sake of present and future generations.
6. Business has no responsibility except producing goods and services for the society in lieu of profit.	6. Business has a wide spectrum of responsibilities to meet economic, legal, social, ethical and environmental needs of the society.

model to a broader socio-economic model. The main features of the two models are presented in a contrasting fashion in Table 1.

These two models, however, are the two extreme ends of an economic continuum. Between them, firms have freedom to design their own models to suit specific conditions. It is important to note that the socio-economic model has become the basis of business in the present century.

4. ENVIRONMENTAL RESPONSIBILITY

The recognition of social responsibility has brought to the glare of limelight the environmental responsibility of business. It is now widely accepted that a firm must take steps to protect and conserve the environment for the common benefit of mankind.

Since environment is our common heritage, there is a national and international movement against its pollution. Industries, as a major agent of pollution, are facing increasing criticisms and pressure from different quarters. The judiciary, for example, has come down heavily on industrial enterprises for polluting air, water and land. The government, judiciary and the Pollution Control Boards are keeping a close watch on the incidence of industrial pollution which has assumed alarming proportion in all developed and developing countries.

Industries are discharging vast quantities of effluent containing toxic chemicals and heavy metals into rivers, lakes and seas. This has led to widespread contamination of surface and ground water in India. It is estimated that in India 30.5 million lives are lost every year due to drinking of polluted water and lack of sanitation and hygiene.

Industries are equally responsible for air pollution and soil degradation. They have been pumping into the air tons of toxic fumes resulting in increased respiratory and other diseases. Soil degradation has led to the loss of soil fertility and biodiversity through deforestation, mining activities and dumping of toxic wastes on the land.

This state of affairs cannot be allowed to continue any longer. Time has come when business firms will have to take a fresh look at the biggest problem of the century. They must find ways and means of combating the growing menace of pollution. The following are some of the suggestions which can be adopted by industries for prevention and control of pollution in their enlightened self-interest:

- a) Adopt less polluting forms of technology.
- b) Install pollution control devices and water treatment plants.
- c) Develop recycling programmes for productive use of industrial waste.
- d) Plant trees and participate in a forestation programmes.
- e) Respect environmental laws in letter and spirit.
- f) Follow environmental accounting and reporting norms.
- g) Conduct environmental audit.

5. ENVIRONMENT LAWS

In view of the paramount importance of environment to the life of people, a number of environmental laws have been enacted in India since 1970s. In addition, the judiciary has taken a strict view of environmental pollution and has laid down several legal concepts and principles in this direction. The following are the important statutes in India enacted from time to time for the protection of the environment:

Industries, as a major agent of pollution, are facing increasing criticisms and pressure from different quarters. The judiciary, for example, has come down heavily on industrial enterprises for polluting air, water and land.

Any violation of the statutory provisions would invite stringent action. So, business firms must rise to the occasion and perform their environmental responsibilities to the best of their capacities.

1. The Wild Life (Protection) Act, 1972.
2. The Water (Prevention and Control of Pollution) Act, 1974.
3. The Forests (Conservation) Act, 1980.
4. The Air (Prevention and Control of Pollution) Act, 1981.
5. The Environment Protection Act, 1986.
6. The Public Liability Insurance Act, 1991.
7. The National Environment Tribunal Act, 1995.
8. The National Environment Appellate Authority Act, 1997.

The business firms must abide by the environmental laws of India as a part of their environmental responsibility. The violation of laws can prove costly as has been seen time and again. The Central and State Pollution Control Boards as well as many non-government organizations are watching, monitoring and evaluating the environment on regular basis. Any violation of the statutory provisions would invite stringent action. So, business firms must rise to the occasion and perform their environmental responsibilities to the best of their capacities.

6. CONCLUSION

Environment is extremely important for the survival of life on Earth. There is a growing pressure in India and elsewhere for its protection and preservation. It is an agenda of national and international significance. Business firms must be conscious of their responsibility of contributing towards a safe and clean environment which is a national priority. If they fail to respond to this urgent issue they will find it difficult to survive since strong punitive measures have been laid down for violation of pollution standards, including the closure of defaulting units.

The protection of environment is a collective responsibility of all individuals, groups, organizations and governments. The future of mankind depends on how scrupulously business organizations perform their responsibility towards maintaining a clean and healthy natural environment along with their industrial, commercial and trading activities. The non-business organizations which have the same responsibilities towards the environment as business organizations must act in a similar fashion.

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