

Business and Environmental Ethics

W. MICHAEL HOFFMAN

W. Michael Hoffman argues that business has an obligation to protect the environment beyond what the law requires and that it must creatively find ways to become part of the solution to our environmental problems. Protecting the environment can be compatible with profitability, but there is a risk, Hoffman argues, in wooing business to the environmental cause solely on the basis of self-interest. Likewise, even though enlightened human self-interest may dictate environmental preservation and protection, Hoffman advocates approaching environmental ethics from a biocentric, rather than human-centered, perspective.

... (1) What obligation does business have to help with our environmental crisis? (2) What is the proper relationship between business and government, especially when faced with a social problem of the magnitude of the environmental crisis? And (3) what rationale should be used for making and justifying decisions to protect the environment? Corporations, and society in general for that matter, have yet to answer these questions satisfactorily. In the first section of this essay I will briefly address the first two questions. In the final two sections I will say a few things about the third question.

I.

... Norman Bowie [has] offered some answers to the first two questions.

Business does not have an obligation to protect the environment over and above what is required by law; however, it does have a moral obligation to avoid intervening in the political arena in order to defeat or weaken environmental legislation.¹

I disagree with Bowie on both counts.

Bowie's first point is very Friedmannesque.² The social responsibility of business is to produce goods and services and to make profit for its shareholders, while playing within the rules of the market game. These rules, including those to protect the environment, are set by the government and the courts. To do more than is required by these rules is, according to this position, unfair to business. In order to perform its proper function, every business must respond to the market and operate in the same arena as its competitors. As Bowie puts this:

An injunction to assist in solving societal problems [including depletion of natural resources and pollution] makes impossible demands on a corporation because, at the practical level, it ignores the impact that such activities have on profit.³

If, as Bowie claims, consumers are not willing to respond to the cost and use of environmentally friendly products and actions, then it is not the responsibility of business to respond or correct such market failure.

Bowie's second point is a radical departure from this classical position in contending that business should not lobby against the government's process to set environmental regulations. To quote Bowie:

Far too many corporations try to have their cake and eat it too. They argue that it is the job of government to correct for market failure and then they use their influence and money to defeat or water down regulations designed to conserve and protect the environment.⁴

Bowie only recommends this abstinence of corporate lobbying in the case of environmental regulations. He is particularly concerned that politicians, ever mindful of their reelection status, are already reluctant to pass environmental legislation which has huge immediate costs and in most cases very long-term benefits. This makes the obligations of business to refrain from opposing such legislation a justified special case.

I can understand why Bowie argues these points. He seems to be responding to two extreme

approaches, both of which are inappropriate. Let me illustrate these extremes by the following two stories.

...Harvard Business School Professor George Cabot Lodge told of a friend who owned a paper company on the banks of a New England stream. On the first Earth Day in 1970, his friend was converted to the cause of environmental protection. He became determined to stop his company's pollution of the stream, and marched off to put his new-found religion into action. Later, Lodge learned his friend went broke, so he went to investigate. Radiating a kind of ethical purity, the friend told Lodge that he spent millions to stop the pollution and thus could no longer compete with other firms that did not follow his example. So the company went under, 500 people lost their jobs, and the stream remained polluted.

When Lodge asked why his friend hadn't sought help from the state or federal government for stricter standards for everyone, the man replied that was not the American way, that government should not interfere with business activity, and that private enterprise could do the job alone. In fact, he felt it was the social responsibility of business to solve environmental problems, so he was proud that he had set an example for others to follow.

The second story portrays another extreme. A few years ago *Sixty Minutes* interviewed a manager of a chemical company that was discharging effluent into a river in upstate New York. At the time, the dumping was legal, though a bill to prevent it was pending in Congress. The manager remarked that he hoped the bill would pass, and that he certainly would support it as a responsible citizen. However, he also said he approved of his company's efforts to defeat the bill and of the firm's policy of dumping wastes in the meantime. After all, isn't the proper role of business to make as much profit as possible within the bounds of law? Making the laws—setting the rules of the game—is the role of government, not business. While wearing his business hat the manager had a job to do, even if it meant doing something that he strongly opposed as a private citizen.

Both stories reveal incorrect answers to the questions posed earlier, the proof of which is found in the fact that neither the New England stream nor the New York river was made any cleaner. Bowie's points are intended to block these two extremes. But to avoid these extremes, as Bowie does, misses the real managerial and ethical failure of the stories. Although the paper company owner and the chemical company manager had radically different views of the ethical responsibilities of business, both saw business and government performing separate roles, and neither felt that business ought to cooperate with government to solve environmental problems.

If the business ethics movement has led us anywhere in the past fifteen years, it is to the position that business has an ethical responsibility to become a more active partner in dealing with social concerns. Business must creatively find ways to become a part of solutions, rather than being a part of problems. Corporations can and must develop a conscience, as Ken Goodpaster and others have argued—and this includes an environmental conscience.⁵ Corporations should not isolate themselves from participation in solving our environmental problems, leaving it up to others to find the answers and to tell them what not to do.

Corporations have special knowledge, expertise, and resources which are invaluable in dealing with the environmental crisis. Society needs the ethical vision and cooperation of all its players to solve its most urgent problems, especially one that involves the very survival of the planet itself. Business must work with government to find appropriate solutions. It should lobby for good environmental legislation and lobby against bad legislation, rather than isolating itself from the legislative process as Bowie suggests. It should not be ethically quixotic and try to go it alone, as our paper company owner tried to do, nor should it be ethically inauthentic and fight against what it believes to be environmentally sound policy, as our chemical company manager tried to do. Instead business must develop and demonstrate moral leadership.

There are examples of corporations demonstrating such leadership, even when this has been a risk to their self-interest. In the area

of environmental moral leadership one might cite DuPont's discontinuing its Freon products, a \$750-million-a-year business, because of their possible negative effects on the ozone layer, and Procter and Gamble's manufacture of concentrated fabric softener and detergents that require less packaging. But some might argue, as Bowie does, that the real burden for environmental change lies with consumers, not with corporations. If we as consumers are willing to accept the harm done to the environment by favoring environmentally unfriendly products, corporations have no moral obligation to change so long as they obey environmental law. This is even more the case, so the argument goes, if corporations must take risks or sacrifice profits to do so. . . .

Activities that affect the environment should not be left up to what we, acting as consumers, are willing to tolerate or accept. To do this would be to use a market-based method of reasoning to decide on an issue which should be determined instead on the basis of our ethical responsibilities as a member of a social community.

Furthermore, consumers don't make the products, provide the services, or enact the legislation which can be either environmentally friendly or unfriendly. Grassroots boycotts and lobbying efforts are important, but we also need leadership and mutual cooperation from business and government in setting forth ethical environmental policy. Even Bowie admits that perhaps business has a responsibility to educate the public and promote environmentally responsible behavior. But I am suggesting that corporate moral leadership goes far beyond public educational campaigns. It requires moral vision, commitment, and courage, and involves risk and sacrifice. I think business is capable of such a challenge. Some are even engaging in such a challenge. Certainly the business ethics movement should do nothing short of encouraging such leadership. I feel morality demands such leadership.

II.

If business has an ethical responsibility to the environment that goes beyond obeying environmental law, what criterion should be used

to guide and justify such action? Many corporations are making environmentally friendly decisions where they see there are profits to be made by doing so. They are wrapping themselves in green where they see a green bottom line as a consequence. This rationale is also being used as a strategy by environmentalists to encourage more businesses to become environmentally conscientious. . . . The highly respected Worldwatch Institute published an article by one of its senior researchers entitled "Doing Well by Doing Good" which gives numerous examples of corporations improving their pocketbooks by improving the environment. It concludes by saying that "fortunately, businesses that work to preserve the environment can also make a buck."⁶

In a recent Public Broadcast Corporation documentary entitled "Profit the Earth," several efforts are depicted of what is called the "new environmentalism," which induces corporations to do things for the environment by appealing to their self-interest. The Environmental Defense Fund is shown encouraging agribusiness in Southern California to irrigate more efficiently and profit by selling the water saved to the city of Los Angeles. This in turn will help save Mono Lake. EDF is also shown lobbying for emissions trading that would allow utility companies that are under their emission allotments to sell their "pollution rights" to those companies that are over their allotments. This is for the purpose of reducing acid rain. Thus, the frequent strategy of the new environmentalists is to get business to help solve environmental problems by finding profitable or virtually costless ways for them to participate. They feel that compromise, not confrontation, is the only way to save the earth. By using the tools of the free enterprise system, they are in search of win-win solutions, believing that such solutions are necessary to take us beyond what we have so far been able to achieve.

I am not opposed to these efforts; in most cases I think they should be encouraged. There is certainly nothing wrong with making money while protecting the environment, just as there is nothing wrong with feeling good about doing one's duty. But if business is adopting or being encouraged to adopt the view that good environmentalism is good business, then

I think this poses a danger for the environmental ethics movement—a danger which has an analogy in the business ethics movement.

As we all know, the position that good ethics is good business is being used more and more by corporate executives to justify the building of ethics into their companies and by business ethics consultants to gain new clients. For example, the Business Roundtable's *Corporate Ethics* report states:

The corporate community should continue to refine and renew efforts to improve performance and manage change effectively through programs in corporate ethics. . . . [C]orporate ethics is a strategic key to survival and profitability in this era of fierce competitiveness in a global economy.⁷

And, for instance, the book *The Power of Ethical Management* by Kenneth Blanchard and Norman Vincent Peale states in big red letters on the cover jacket that “Integrity Pays! You Don’t Have to Cheat to Win.” The blurb on the inside cover promises that the book “gives hard-hitting, practical, *ethical* strategies that build profits, productivity, and long-term success.” Whoever would have guessed that business ethics could deliver all that! In such ways business ethics gets marketed as the newest cure for what ails corporate America.

Is the rationale that good ethics is good business a proper one for business ethics? I think not. One thing that the study of ethics has taught us over the past 2,500 years is that being ethical may on occasion require that we place the interests of others ahead of or at least on par with our own interests. And this implies that the ethical thing to do, the morally right thing to do, may not be in our own self-interest. What happens when the right thing is not the best thing for the business?

Although in most cases good ethics may be good business, it should not be advanced as the only or even the main reason for doing business ethically. When the crunch comes, when ethics conflicts with the firm’s interests, any ethics program that has not already faced up to this possibility is doomed to fail because it will undercut the rationale of the program itself. We should promote business ethics, not

because good ethics is good business, but because we are morally required to adopt the moral point of view in all our dealings—and business is no exception. In business, as in all other human endeavors, we must be prepared to pay the costs of ethical behavior.

There is a similar danger in the environmental movement with corporations choosing or being wooed to be environmentally friendly on the grounds that it will be in their self-interest. There is the risk of participating in the movement for the wrong reasons. But what does it matter if business cooperates for reasons other than the right reasons, as long as it cooperates? It matters if business believes or is led to believe that it only has a duty to be environmentally conscientious in those cases where such actions either require no sacrifice or actually make a profit. And I am afraid this is exactly what is happening. I suppose it wouldn’t matter if the environmental cooperation of business was only needed in those cases where it was also in business’s self-interest. But this is surely not the case, unless one begins to really reach and talk about that amorphous concept “long-term” self-interest. Moreover, long-term interests, I suspect, are not what corporations or the new environmentalists have in mind in using self-interest as a reason for environmental action.

I am not saying we should abandon attempts to entice corporations into being ethical, both environmentally and in other ways, by pointing out and providing opportunities where good ethics is good business. And there are many places where such attempts fit well in both the business and environmental ethics movements. But we must be careful not to cast this as the proper guideline for business’s ethical responsibility. Because when it is discovered that many ethical actions are not necessarily good for business, at least in the short run, then the rationale based on self-interest will come up morally short, and both ethical movements will be seen as deceptive and shallow.

III.

What is the proper rationale for responsible business action toward the environment? A minimalist principle is to refrain from causing

or prevent the causing of unwarranted harm, because failure to do so would violate certain moral rights not to be harmed. There is, of course, much debate over what harms are indeed unwarranted due to conflict of rights and questions about whether some harms are offset by certain benefits. Norm Bowie, for example, uses the harm principle, but contends that business does not violate it as long as it obeys environmental law. Robert Frederick, on the other hand, convincingly argues that the harm principle morally requires business to find ways to prevent certain harm it causes even if such harm violates no environmental law.⁸

However, Frederick's analysis of the harm principle is largely cast in terms of harm caused to human beings and the violation of rights of human beings. Even when he hints at the possible moral obligation to protect the environment when no one is caused unwarranted harm, he does so by suggesting that we look to what we, as human beings, value. This is very much in keeping with a humanistic position of environmental ethics which claims that only human beings have rights or moral standing because only human beings have intrinsic value. We may have duties with regard to nonhuman things (penguins, trees, islands, etc.) but only if such duties are derivative from duties we have toward human beings. Non-human things are valuable only if valued by human beings.

Such a position is in contrast to a naturalistic view of environmental ethics which holds that natural things other than human beings are intrinsically valuable and have, therefore, moral standing. Some naturalistic environmentalists only include other sentient animals in the framework of being deserving of moral consideration; others include all things that are alive or are an integral part of an ecosystem. This latter view is sometimes called a biocentric environmental ethic as opposed to the homocentric view which sees all moral claims in terms of human beings and their interests. Some characterize these two views as deep versus shallow ecology.

The literature on these two positions is vast and the debate is ongoing. The conflict between them goes to the heart of environmental ethics and is crucial to our making of

environmental policy and to our perception of moral duties to the environment, including business's. I strongly favor the biocentric view. And although this is not the place to try to adequately argue for it, let me unfurl its banner for just a moment.

. . . Suppose you were the last surviving human being and were soon to die from nuclear poisoning, as all other human and sentient animals have died before you. Suppose also that it is within your power to destroy all remaining life, or to make it simpler, the last tree which could continue to flourish and propagate if left alone. Furthermore, you will not suffer if you do not destroy it. Would you do anything wrong by cutting it down? The deeper ecological view would say yes because you would be destroying something that has value in and of itself, thus making the world a poorer place.

It might be argued that the only reason we may find the tree valuable is because human beings generally find trees of value either practically or aesthetically, rather than the atoms or molecules they might turn into if changed from their present form. The issue is whether the tree has value only in its relation to human beings or whether it has a value deserving of moral consideration inherent in itself in its present form. The biocentric position holds that when we find something wrong with destroying the tree, as we should, we do so because we are responding to an intrinsic value in the natural object, not to a value we give to it. This is a view that argues against a humanistic environmental ethic and urges us to channel our moral obligations accordingly.

Why should one believe that nonhuman living things or natural objects forming integral parts of ecosystems have intrinsic value? One can respond to this question by pointing out the serious weaknesses and problems of human chauvinism.⁹ More complete responses lay out a framework of concepts and beliefs which provides a coherent picture of the biocentric view with human beings as a part of a more holistic value system. . . . In the final analysis, environmental biocentrism is adopted or not depending on whether it is seen to provide a deeper, richer, and more ethically compelling view of the nature of things.

If this deeper ecological position is correct, then it ought to be reflected in the environmental movement. Unfortunately, for the most part, I do not think this is being done, and there is a price to be paid for not doing so. Moreover, I fear that even those who are of the biocentric persuasion are using homocentric language and strategies to bring business and other major players into the movement because they do not think they will be successful otherwise. They are afraid, and undoubtedly for good reason, that the large part of society, including business, will not be moved by arguments regarding the intrinsic value and rights of natural things. It is difficult enough to get business to recognize and act on their responsibilities to human beings and things of human interest. . . .

A major concern in using the homocentric view to formulate policy and law is that nonhuman nature will not receive the moral consideration it deserves. It might be argued, however, that by appealing to the interests and rights of human beings, in most cases nature as a whole will be protected. That is, if we are concerned about a wilderness area, we can argue that its survival is important to future generations who will otherwise be deprived of contact with its unique wildlife. We can also argue that it is important to the aesthetic pleasure of certain individuals or that, if it is destroyed, other recreational areas will become overcrowded. . . .

In most cases, what is in the best interests of human beings may also be in the best interests of the rest of nature. After all, we are in our present environmental crisis in large part because we have not been ecologically intelligent about what is in our own interest—just as business has encountered much trouble because it has failed to see its interest in being ethically sensitive. But if the environmental movement relies only on arguments based on human interests, then it perpetuates the danger of making environmental policy and law on the basis of our strong inclination to fulfill our immediate self-interests, on the basis of our consumer viewpoints, on the basis of our willingness to pay. There will always be a tendency to allow our short-term interests to eclipse our long-term interests and the long-term interest of humanity

itself. Without some grounding in a deeper environmental ethic with obligations to nonhuman natural things, then the temptation to view our own interests in disastrously short-term ways is that much more encouraged. The biocentric view helps to block this temptation.

Furthermore, there are many cases where what is in human interest is not in the interest of other natural things. Examples range from killing leopards for stylish coats to destroying a forest to build a golf course. I am not convinced that homocentric arguments, even those based on long-term human interests, have much force in protecting the interests of such natural things. Attempts to make these interests coincide might be made, but the point is that from a homocentric point of view the leopard and the forest have no morally relevant interests to consider. It is simply fortuitous if nonhuman natural interests coincide with human interests, and are thereby valued and protected.

Let us take an example from the work of Christopher Stone. Suppose a stream has been polluted by a business. From a homocentric point of view, which serves as the basis for our legal system, we can only correct the problem through finding some harm done to human beings who use the stream. Reparation for such harm might involve cessation of the pollution and restoration of the stream, but it is also possible that the business might settle with the people by paying them for their damages and continue to pollute the stream. Homocentrism provides no way for the stream to be made whole again unless it is in the interests of human beings to do so. In short it is possible for human beings to sell out the stream.¹⁰ . . .

Finally, perhaps the greatest danger that biocentric environmentalists run in using homocentric strategies to further the movement is the loss of the very insight that grounded their ethical concern in the first place. This is nicely put by Lawrence Tribe:

What the environmentalist may not perceive is that, by couching his claim in terms of human self-interest—by articulating environmental goals wholly in terms of human needs and preferences—he may be helping to legitimate a system of discourse which so structures human thought and feeling as to erode,

over the long run, the very sense of obligation which provided the initial impetus for his own protective efforts.¹¹

Business ethicists run a similar risk in couching their claims in terms of business self-interest.

The environmental movement must find ways to incorporate and protect the intrinsic value of animal and plant life and even other natural objects that are integral parts of ecosystems. This must be done without constantly reducing such values to human interests. This will, of course, be difficult, because our conceptual ideology and ethical persuasion are so dominantly homocentric; however, if we are committed to a deeper biocentric ethic, then it is vital that we try to find appropriate ways to promote it. Environmental impact statements should make explicit reference to nonhuman natural values. Legal rights for nonhuman natural things, along the lines of Christopher Stone's proposal, should be sought. And naturalistic ethical guidelines, such as those suggested by Holmes Rolston, should be set forth for business to follow when its activities impact upon ecosystems.¹²

At the heart of the business ethics movement is its reaction to the mistaken belief that business only has responsibilities to a narrow set of its stakeholders, namely its stockholders. Crucial to the environmental ethics movement is its reaction to the mistaken belief that only human beings and human interests are deserving of our moral consideration. I suspect that the beginnings of both movements can be traced to these respective moral insights. Certainly the significance of both movements lies in their search for a broader and deeper moral perspective. If business and environmental ethicists begin to rely solely on promotional strategies of self-interest, such as good ethics is good business, and of human interest, such as homocentrism, then they face the danger of cutting off the very roots of their ethical efforts.

Notes

1. Norman Bowie, "Morality, Money, and Motor Cars," *Business, Ethics, and the Environment: The Public Policy Debate*, edited by W. Michael Hoffman, Robert Frederick, and Edward S. Petry, Jr. (New York: Quorum Books, 1990), p. 89.

2. See Milton Friedman, "The Social Responsibility of Business Is to Increase Its Profits," *The New York Times Magazine* (September 13, 1970).
3. Bowie, p. 91.
4. Bowie, p. 94.
5. Kenneth E. Goodpaster, "Can a Corporation Have an Environmental Conscience?" *The Corporation, Ethics, and the Environment*, edited by W. Michael Hoffman, Robert Frederick, and Edward S. Petry, Jr. (New York: Quorum Books, 1990).
6. Cynthia Pollock Shea, "Doing Well by Doing Good," *World-Watch* (November/December, 1989), p. 30.
7. *Corporate Ethics: A Prime Business Asset*, a report by The Business Roundtable, February, 1988, p. 4.
8. Robert Frederick, "Individual Rights and Environmental Protection," presented at the Annual Society for Business Ethics Conference in San Francisco, August 10 and 11, 1990.
9. See Paul W. Taylor, "The Ethics of Respect for Nature," found in *People, Penguins, and Plastic Trees*, edited by Donald VanDeVeer and Christine Pierce (Belmont, Calif.: Wadsworth, 1986), pp. 178-183. Also see R. and V. Routley, "Against the Inevitability of Human Chauvinism," found in *Ethics and the Problems of the 21st Century*, edited by K. E. Goodpaster and K. M. Sayre (Notre Dame: University of Notre Dame Press, 1979), pp. 36-59.
10. Christopher D. Stone, "Should Trees Have Standing?—Toward Legal Rights for Natural Objects," *Southern California Law Review* 45 (1972).
11. Lawrence H. Tribe, "Ways Not to Think About Plastic Trees: New Foundations for Environmental Law," found in *People, Penguins, and Plastic Trees*, p. 257.
12. Holmes Rolston III, *Environmental Ethics* (Philadelphia: Temple University Press, 1988), pp. 301-313.