

## BUSINESS ETHICS AND ENVIRONMENTAL PROBLEMS

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### Abstract

*In this paper researches a role of business ethics in the environment protection, along with respect of the sustainable development modern concept. The modern industry (and agro-industry) and a factory (farm) work development, together with great migrations of people across the oceans and continents, especially during the nineteenth and the beginning of the twentieth century, has led to great changes in a way the people have worked and done business. The economy has surpassed from agriculture and family cooperatives to urban, industrial organizations. These changes impact to individuals, workers, families, a community and the environment, as well as an ascent of a new class of wealthy business leaders, but also new poverty zones, have led to an occurrence of an enhanced ethical debate, not just among an academic community, but among writers, politicians, priests, poets and populists, too. The sustainability fundamental principles in perspective of a man's environment protection comprise an effective management of physical resources, in a way they to be preserved for the future. All bio-systems observe as the one with limited resources and a final capacity, and thereby also the sustainable human activity must act at the level which does not jeopardize the endangered species health.*

**Key words:** *business ethics, ecology, environment, sustainability*

### INTRODUCTION

With new globalization challenges appearance, a significant interest has been directed to development of new ways of solving different business impacts in the society. Many of those impacts are far-reaching and profound. Let's name some of them, like:

-Environment pollution, caused by production, transport and using products like automobiles, refrigerators or newsprints.

-Increasing problem of waste disposal and its management as a result of an excessive products packing,

-Devastating consequences for an individual and the local communities, due to domestic companies closing, decrease of their size and number of employees.

-Erosion of local cultures and the environment, due to a mass tourism penetration in places like: Mallorca fishing places, Alpine communities in Switzerland, as well as the ancient Roman monuments.

According to such problems suggest radical changes in formulating the business goals. After *The Earth Summit*, held in 1992 in Rio

de Janeiro, a concept had imposed as the one which should be widely applied (although not unanimously accepted). It is about a new conceptual frame for evaluation, not only business activity, but also industrial and social development in general [2]. It is the *sustainability concept*. The sustainability has become a customary expression in rhetoric which refers to the business ethics, so it has been widely used by corporations, governments, consultants, scientists, etc. Despite of its wide use, the sustainability is the expression which use and interpret in different ways [3]. Probably the most often use of the sustainability expression regarding the sustainable development, which defines in the following way: *The sustainability development is development which satisfies the needs of today, without jeopardizing the future generations in satisfying their needs* (The World Commission on Environment and Development, 1987). This definition, however, represents only a basic idea of widely contested term, which has been also a subject of series of different conceptualizations and definitions. Therefore, with all the caution

against any unconditional acceptance of any interpretation, on a basic level, it seems that the sustainability primarily refers to the system maintenance, as well as insurance of a fact that our acting does not affect on systems (for example Earth or biosphere) in a way their long-term sustainability to be jeopardize. Focusing at the sustainable development and the future generations' potential to satisfy their needs, the sustainability also faces with cogitations on inter-generation capital, i.e. the equality between generations. For a long time the sustainability concept, to a large degree, has remained a synonym for the human environment sustainability. Recently it has been, although, enlarged, not only to the considerations on the environment, but also to the economic and social development [4]. This extension of the sustainability concept has appeared primarily due to a fact that it is impractical, even impossible, to analyze the environment sustainability without consideration of the social and economic aspects of relevant social communities and their activities. The second argument for this consideration continuation is, if capital should be expanded to the future generations, then it is logical to expand it on everyone in the current generation. So, one of the primary goals set by the World Commission on Environment and Development is extermination of the world poverty and inequality. As it can notice, the sustainability can observe through three components: ecological, economic and social. It refers to the next definition: The sustainability refers to long-term system maintenance in accordance with the human environment, economic and social development. Although this definition serve for determining the basic content of the sustainability concept, it is obvious that the sustainability as a phenomenon represents a specific goal that should be achieved. Shaping the sustainable development as a goal of an enterprise's business activity has been the most completely expressed in a term "triple bottom line". The „triple bottom line“ is a term, formulated and strongly advocated by John Elkington, director of the Consulting Company for Sustainability Strategy and

author of many esteemed books on corporative environment. His point of view to this concept is based on a fact that it represents an idea that business does not reflect in maximizing the economic value, but he added the expanded set of goals, which implied including the environment and wider social community. From this perspective should be clear why the sustainability is a new goal, potentially important for the business ethics.

## **MATERIALS AND METHODS**

The basic research task of this paper is in perceiving the role of business ethics in the environment protection. In realization of the research task was used a desk data research, which refers to the mentioned phenomenon. This research implies using data from the official resources: international organizations data; data from domestic and foreign literature; internal data base of the Institute of Agricultural Economics, Belgrade. Since the focus of the topic, which processes in this paper is on business ethics and the environment protection issues, it is natural that research will pay the special attention to them, the more the areas are not sufficiently processed, investigated or are partially analyzed, so the prevailing opinions, as it seems, should subject to a strict, on reliable scientific base, based check. In that way, we hope, will clarify many dilemmas and point out clear ways which lead to efficient balancing between economy, social development and the environment protection.

## **RESULTS AND DISCUSSIONS**

The fundamental sustainability principles in perspective of the human environment protection comprise effective management of physical resources, in a way to be preserved for the future. All bio-systems observe as the ones with limited sources and a final capacity, and thereby also sustainable human activity must act at the level which does not jeopardize the endangered species health. Even at the most basic level, these problems point out to a need to remove certain number of critical business

problems, like impacts of industrialization to biological diversity, using non-renewable resources, like oil, steel and coal, as well as the production of harmful environment pollutants. Consequentially, the ecological factor gets its significance, which creates a demand for special consulting services regarding projecting/installing the equipment for reduction/prevention of pollution [1]. Economic perspective of the sustainability has originated from the economic growth model, which assesses the capacity limits of the planet Earth. The comprehension that continual growth of inhabitants' number, industrial activity, using resources and the environment pollution, can lead to a life standard reduction, has initiated the sustainability appearance as a way of thinking, which would insure that all future generation avoid the unfavourable position, due to activities and choice of the current generation. In time has grown an opinion on improvement of sustainability macro-economic comprehension. Implications of such opinion on the business ethics have appeared at different levels. Narrow concept of economic sustainability focuses especially at economic performances of the corporation. The management responsibility is only for development, production and market of those products, which ensure long-term economic performances of the corporation, without respect for the environment and the society requirements. The corporations which try to avoid income tax payment by subtle accounting tricks act in sustainable way: if they are ready for financing institutions which preserve the social environment and human surroundings (like schools, hospitals, police and judicial system), then they do not jeopardize one of the key institutional grounds of their corporative success. Accordingly, there form associations of researchers and activists of mutual interest (for example „International Pressure Group“, „Tax Justice Network“, etc.) on issues which serve for raising the awareness and stimulating actions against harmful influences of tax payment avoidance, tax competition and, so called, tax havens. Development of the social perspective related to the sustainability usually comes after the

ecological and economic perspectives and stays relatively new, as a phenomenon. Explicit integration of social problems into the business discourse about the sustainability could be seen as a phenomenon during the '90s, and, first of all, seems as an answer to a worry regarding the business activities influence on autochthonous communities in less developed countries and regions. Introduction of social reflection within the sustainability area has characterized a significant shift in this concept's interpretation. A key question in the social perspective is the one concerning the social justice. Regardless to an impressive progress of life standard, the UN, during 2005, had issued the *Report on Social Situation in the World*, which had identified a constant deepening of inequality on the planet. With 80% of the world gross domestic product, which belongs to one milliard people living in developed countries, and the rest 20% shares 5 milliard people who live in developing countries, as it is stated in the Report, was suggested that „solving the inequality must secure a social justice and better life conditions for all the people, which is unachievable in this moment, so the communities, countries and regions are still vulnerable to social, political and economic subversion“[5]. More concrete, in the Report is stated that there is „an increasing chasm among qualified and unqualified workers, the chasm among formal and informal economy, as well as significant differences in health care, education and opportunities for social and political participation“ [5]. Business, as one of the main starters of economic development, has been more and more present in such discussions. That is to say, fairer world, whether among rich urban consumers in the West and poor workers in developing countries, among the rich urban and rural poor, or among women and men, remains the essential issue of the sustainability social perspective. There remains an open question in which way should business respond to such challenge, but at least the goals got some explanations in last several years with declaration „The United Nations Millennium Development Goals“. These items, which will quote, represent the main social and

developmental challenge which upsets the world at the moment and articulate the specific goals and indicators of what should achieve until 2015. Eight „Millennium Development Goals“ are: to exterminate extreme poverty and hunger, to implement primary education, to promote equality of sexes, to reduce children death rate, to improve mothers' health, struggle against HIV/AIDS, malaria and other diseases, to insure the environment sustainability, to develop the global partnership for development. Although the UN had determined the goals, they, in effect, represent a government responsibility which should achieve them. Some of them have very direct implications for business, while the others refer to wider environment in which companies have to do business. In regard to this enlarged set of expectations, which put in front of business in accordance with the concept of „Triple Bottom Line“, there are many significant implications regarding a way in which should observe the business ethics. Aiming to achieve the sustainability in previously defined areas, maybe expects too much nowadays. There are negligible products, firms or industries for which could reliably claim that they are sustainable in the full sense of the word. However, with the concept of sustainable development widely promote governments, companies, non-governmental organizations and academic communities, which is obviously important in order to understand full implications and evaluate the business ethics application, at least according to potential contribution to sustainability.

## CONCLUSIONS

Ethics in business world means adoption and respect of behaviour norms and moral values of the society in business. It is especially significant for countries in transition, in which are present a corruption, grey and black economy. There manifests as the business ethics. The business ethics is a system of business principles or values, which refer to business duties and obligations. It determines what is good and ethical in business and business communications from the business

moral point of view and what is bad and unethical. It also determines what is rightfully, i.e. unrightfully. Business behaviour therefore direct economic principles and legal regulations. It is, although, not enough. Each business communication opens a question of moral, ethical dilemmas. Moral behaviour is maybe not always profitable in short-term, but it is „the best“ investment for economic success in long-term. Besides, none of national economies can function without built-in legal, moral or other „stabilizers“. Modern democratic development requires a harmony of material and universal human values, in which the ethical values take very important place. This is because a man is not only economic factor, but an ethical creature, too.

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