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**A04 Environmental Essay**

**with commentsTo what extent do you agree that businesses have a responsibility to look after the environment (20)?**

In terms of responding to environmental needs, businesses may be reactive (catering to changing customer needs), legalistic (operating within environmental regulations) or amoral (avoiding the acceptance of any unnecessary cost) or ethical (positively aiming to behave in an environmentally friendly manner).

Behaving ethically in accepting environmental costs could add to business costs.  M&S aim to minimise packaging on goods and reuse hangers to minimise environmental damage.  M&S plan A program promotes the environmentally friendly activities of the business. This is then promoted in order to highlight the benefits to the environment of shopping at M&S.  As M&S customers are predominantly socio-economic group B (middle class). As this group is concerned about environmental matters, this action can create customer loyalty. As M&S is reliant on repeat custom it is in the interest of trade to cater to the needs of their customers.  Therefore, it can be argued that some business must behave in an environmentally friendly manner as a way of meeting customer expectations, helping maintain their position in the market place.

Ryan air operates a cost leadership strategy, therefore, aim to reduce all costs to a minimum level.  As Ryan air flights will create CO2 due to the burning of fossil fuels the business could plant trees to offset this environmental cost.  However, this activity would create additional costs for Ryan air, leading to increase prices.  As a result, Ryan air prices may become higher than those of other low cost providers such as easyjet.  Therefore, the willingness of businesses to pick up environmental costs is related to its strategy and the level of competition within the market. Ryan air will operate in a legalistic way by not accepting environmental costs, unless required by law, as this is detrimental to their strategy.

Taxi companies operating in cities have a large impact on congestion and carbon emissions. London black cabs have diesel engines and research shows these are up to 30 times more polluting than personal cars of the same age. The London Taxi Company are a responsive business and in 2017 introduced an electric cab ahead of Transport for London’s new stricter rules on emissions (enforced in 2018). Providing cabbies with the choice to drive a non-polluting cab may be seen as ethical. However, it is likely that a failure to do so would have seen a reduction in sales as London taxi drivers seek electrical alternatives to the diesel powered black cab. Therefore, it can be argued that responsive firms are simply future proofing their market share. In conclusion, it is necessary for businesses act in an environmentally responsible manner if failure to do so will affect demand.

Occasionally, businesses cause significant environmental damage. The sinking of the oil tanker Exxon Valdes is known to have caused devastation to Canadian sea and bird life. The spillage of 11 million gallons of crude oil cost the company $3.8bn in clean up and habitat restoration costs. It may be argued that although a rare incident, the extent of the spillage was down to Exxon not having suitable resources to carry out contingency plans in case of a spillage. Therefore, this behaviour may suggest that some businesses are amoral in not going far enough to avoid such instances. However, it can be argued that the capital costs needed to resource endless contingency plans is too expensive for businesses to carry out. Therefore, there is a limit upon the extent to which businesses can reasonably protect the environment.

In conclusion, it is clear that a businesses willingness to act in an environmentally responsible way is largely dependent upon the strategy employed. Those perusing a cost leadership approach, such as Ryan air, are unlikely to accept environmental additional costs as this will push up prices and reduce competitiveness. However, where environmental responsibility can be used as a marketing tool to encourage new or repeat custom, this behaviour is much more readily apparent. Both of these points depend on the customers reaction. As Ryan air customers primary focus in price, they are highly price elastic.

Occasionally, businesses may act in a reactive manner, such as in the case of London Black Cabs or those reducing the use of single use plastic. However, this is often as a measure in order to stay ahead of impending legal changes. Therefore, it can be argued that it is still the primary responsibility of the government to set legal boundaries around businesses action in order to maintain and promote environmental business practices.