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# 3.6

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## Exploring Business

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## Sustainable Development

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## Learning Outcome Notes

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LO 3.6 - Explain how economic growth can impact positively and negatively on society and the environment and justify the promotion of sustainable development.

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### CHAPTER QUESTIONS

1. Identity the positives and negatives effects of economic growth on society.
2. Define the term sustainable development.
3. Understand the need for sustainable development.
4. Define the term business ethics.
5. How can the business influence the impact business on society and the environment.

### ECONOMIC GROWTH AND ITS EFFECT ON SOCIETY AND THE ENVOIRNMENT

Economic growth can have a positive and negative affect on society. These include the following

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POSITIVE		NEGATIVE	
1	Employment will increase which will lead to a decrease in government spending	1	An increase in the standard of living can lead to an increase in how long people are living for. This can put pressure on scare resources and
2	Extra income from employment can be spend on goods and service which will lead to more economic growth	2	More employment can lead to more purchasing of inconvenience goods an lead to obesity
3	An increase in employment will lead to and increase in standard of living	3	Over reliant On a particular industry - construction
4	There will be an increase in demand for higher education as people will have more money and business located near an educated work force	4	Increase pollution
5	Better infrastructure	5	Traffic congestion

### SUSTAINABLE DEVELOPMENT

**Sustainable Development** <sup>Def</sup> This is the ability to meet the needs of the present by not damaging future generation ability to meet the same needs.

Consumer and business need to be more socially responsible and look after the environment.

When producing products they need to take the following into consideration -

1. Using sustainable raw materials.
2. Recycling waste products.
3. Product environmentally friendly products.
4. Decrease pollution.
5. Use renewable energies.

### PRODUCING SUSTAINABLE PRODUCTS

Businesses are under pressure from the Government and society to produce more sustainable products. The circular economy is one where business try to convert waste into a product that society can use - for example up cycle clothes that will be thrown out.

Businesses need to think of the life cycle of a product. To do this they need to look at the following -

1. Sourcing the raw materials - Where are they coming from, is there an impact on workers who produce the raw materials.
2. Manufacturing Process - Is there a social cost to the process - For environmental pollution.
3. Impact of product distribution - Is the business close to their consumer to reduce transportation costs and use of fossil fuel.
4. Impact of product usage by consumer - energy rating on electrical products, reusable bottles.
5. Impact of product disposal - Business need to think of what will happen the product when it has come to end of its lifecycle - can it be recycle or does it go to land fill.

#### Benefits of the Lifecycle approach

1. Take a longer-term view - use of Quota. Businesses tend to think less about the short-term gain and more about the long term.
2. Focus on the bigger picture - Looking at the life cycle of the product and have shared responsibility between shareholders.
3. Promotes positive action and sustainable behaviour - Business should apply the fair trade where possible so that all stakeholders have a fair share of the wealth.

Cooperate Social Responsibility**Cooperate Social Responsibility**

**Def** They set out how business will act to benefit society and environment

CSR policy will

1. Improve the reputation of the business.
2. As the company cares about the environment customer will buy from them.
3. Employee will want to work for the company.

**BUSINESS ETHICS**
**Business ethics**

**Def** These are morals - Doing thing right. It is how the business behave towards different stakeholder.

Examples included the following -

Customer	Provide good quality products with good customer services.
Suppliers	Paying them on time.
Employees	Treating the equally and fair.
Shareholders	Provide a fair return.
Government	Pay the correct Tax and on time.
Society	Do not negatively impact local environment.

**ROLE OF GOVERNMENT IN REDUCING NEGATIVE IMPACTS OF BUSINESS ON SOCIETY**

Government and local government can reduce the negative impacts of business son society by

1. Pass law so that workers and consumers are protected from unsafe business (Consumer Protection act 2007.
2. Decline planning to business that will harm the environment.
3. Introduce fines to business that damage and pollute the environment.

Government organisations that protect consumer and the environment

1. Competition and Consumer Protection Commission
  - This organisation enforces Irish and European competition law and conducts investigation into companies breaking these laws.

- They make sure that companies don't hold a monopoly and that there are no cartels making a profit at the expense of the consumer by charging a higher price.

**Monopoly** Def This is when a business becomes the only supplier in the market of a product or service. They do this by buying up smaller business in the market.

**Cartel** Def This is an illegal agreement between a group of business to charge a certain the same price for their product or service. They usually do this by selling at the same price which is usually a high one.

## 2. Environmental Protection Agency (EPA)

- This organisation was set up in 1992.
- They protect the environment by providing advice to business.
- They also enforce the legislation and monitors, analysis and report on the environment.

## 3. Sustainable energy Authority of Ireland (SEAI)

- This is Ireland national energy agency. It was established in 2002 -
- Its main aim is to try and promote sustainable energy by
  - Developing renewable source of energy.
  - Improving energy efficiency.
  - Reduce the impact of energy use.