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How Climate Change is Important to Business

Climate change has become one of the most argued scientific topics of modern day discussion. Many Americans have began to "go green" and do their part to keep our world around for many more generations. Others choose to write off climate change and global warming as a scare tactic. Whatever it may be, climate change is something that directly affects the agriculture industry, specifically agricultural based businesses. Moreso, climate change has less to do with environmental implications than it's applicability to societal concerns. Some of the most important questions to ask, as a future agricultural based business owner, are; does climate change really matter, how does it affect us, and should we anticipate climate change policies to emerge from any level of government?

Does climate change really matter? As Michael Porter, a business professor from Harvard University, states, any level of activity in a business chain can generate carbon emissions, which should be reported. Maybe a certain business is being very green and making decisions to keep their carbon footprint relatively low but they have partnered with another business which does not implement any green practices into their production. This can effect the conscientious business. Climate change can happen abruptly, and implementing green practices into any business is a smart idea (Schwartz). Additionally, businesses who fail to monitor and report their emissions are putting themselves at a disadvantage (Esty). Many businesses have already started to report their emissions and make these records visible to the public. With the growing concern of global warming, consumers appreciate the effort that these businesses have made to protect our environment. Reporting emissions also helps businesses stay on good terms with their stakeholders, according to Alyson Slater (Bortz). Stakeholders are an important asset to any company, they are what matters as far as a successful business versus one that plummets to its doom. Daniel Esty highlights four consequences that businesses face when failing to publically report carbon emissions, leading to climate change over time. The first consequence is "subpar environmental performance is hard to hide and threatening to a company's reputation". The internet has a way of finding every dirty secret and exposing it for the world to see. Business practices have become transparent. Secondly, managing environmental issues can attract a new demographic of consumers and create a positive image for a business. Third, if a company reports their impact on the environment, they are showing that the business is serious about their global impact. And fourth, these gas emissions may soon come with a price tag, which will

be costly for many large businesses not already practicing environmental friendly policies (Esty). For businesses, the answer is yes, climate change matters. At this point in time, however, it is more of a societal stigma to ignore environmentally friendly practices than it is an actual crime against our home planet.

How does climate change affect us? Climate change causes two separate reactions. One happens within the business and society, and the other happens all around us, in our environment. These effects ARE tangible, as Michael Porter suggests. Climate related effects include the regional availability of water and energy, supply chains, the prevalence of infectious diseases, and the rise and fall of bodies of water (Porter). Sea levels will continue to rise and drought will be widespread as the climate continues to change (Schwartz). Regions of agriculture will have decreased productivity due to the loss of resources that climate change affects. It will also cause costs to rise, all the way down the supply chain to the consumer (Porter). The biggest societal effect is that stakeholders are wanting to see information pertaining to green practices and if they aren't seeing that, they may walk away, cause the business profit, or cause the business reputation to plummet.

Should we anticipate climate change policies in the US? Top business executives should have the desire to implement a system which is transparent for stakeholders and the public to see how much carbon emissions are being used. It should be treated as a scarce resource (Reinhardt). Companies need to support policies which have tougher air and water policies to help not only their cause, but that of society and the environment (Schwartz). Reinhardt suggests the idea of pricing carbon. Policies to regulate a company's carbon footprint and the emissions they let off into the environment are an important modern movement. In 2006, over 50 US investors brought together \$4 trillion to enact legislation which would lower carbon emissions (Esty). Many companies have adopted this practice, with more yet to join in. Regulating emissions will allow for a positive societal and governmental standing.

With the emergence of climate change as a hot new issue fresh in everyone's minds, businesses must put their best effort forward to recognize the concerns and wants of their employers. In short, climate change really DOES matter, as it affects us physically and emotionally, and the government will, at some levels, continue to make policies which protect our environment for unhealthy carbon emissions.

Works Cited

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