

## **Business Ethical Dilemmas**

### **The oil industry and climate change**

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Is there any ethical dilemma in business? And, finally, what is this all about, ethics? Whom ethics? The Aristotle one, of finding the right balance between things? Kant's ethics, to think about what would happen if everybody would do the same thing? Is the responsibility of a company towards its shareholders and the society to obtain the highest profit, to play its role in the actual economic system, no matter the consequences towards society as a whole...? Is there a value judgment behind the oil business strategies, or is it all about money?

Does the CEO of Exxon have a heart?

These were the questions framing the debate on the relationships between business, policy and society as a whole.

"Why is regulation on quantified limitation and reduction of GHG emissions a problem for the oil industry?" The discussion highlighted several reasons: loss of profits, associated to costs for becoming reliable on environmental effects, the possibility of a diminished demand on longer term following a switch in societal acceptance of their product and the entry on the market of alternative energies producers. Related to the relationship between markets and policy, the broader question is dealing with the conflict between the focus on the short term in business decisions (imposed by the actual neo-liberal ideology-driven economy) and the long-term strategy needed for the climate change regulation.

A second question has been asked: "Why is regulation on quantified limitation and reduction of GHG emissions a solution for society?" The answers from the audience were diverse; reduction in CO2 and consequently a mitigation in climate change, less risks of extreme events, they see the regulation as an opportunity to shift to another economic system, they think it will stop the dependency to fossil fuels which will reduce their vulnerability.

The reasons for asking those questions were to try to understand the dilemmas existing among oil companies facing the regulation on quantified limitation and reduction of GHG.

The dilemma is that the oil industry wants to make profits but it is in contradiction with the reduction of GHG emission. They have then to choose between to do more profits but being less ethical, or doing less profits but being more ethical.

Through framing the questions as a role play (Maria, Colin and Henri talking for ExxonMobil, TotalFinaElf and BP), Sybille van den Hove built up a typology of (re)actions of oil companies to define rationality and hence solve the (supposed?) dilemma.

The ideal for the oil industry would be to go on doing more profits meanwhile reducing their emissions. Unfortunately the idealist answer does not fit with the real world, in which 3 tactics can be identified, such as

- "Fight against action", which denies the dilemmas, by contesting the research results and trying to influence them, but also by manipulating the public and the policy makers. (Case of ExxonMobil's strategy)

- “Stay neutral”, which accepts the possibility of a dilemma, agrees in discourse level to science results and announce good intentions, but all this in order to gain time and to preserve their reputation. They don’t take any real actions (Case of TotalFinaElf’s strategy)
- “Proactive”, which takes advantage of the situation by facing the dilemma and by acknowledging the science. This is an exemplary case of a tactics that give priority to Ethics (Case of BP’s strategy).

All these strategies have been debated by the public:

- Wolfgang Cramer was highlighting that the oil companies generate important economic profits to all consumers, such as energy but as well oil-based products (plastic bottles).
- Others observed that such a strategy as BP’s one can be risky for their employees, and for the reliability of the company. Neither should we forget the contradiction between the environmentally-friendly public communication and some facts (the low investment in the renewable energy but also their plan to drill in Alaska).
- Finally, the strategy “Fight against action” can be also considered as an ethical one in regards to the company’s employees and shareholders.
- Another comment argued that ethics can be defined in different ways depending on the culture, e.g. in USA to be ethical means to respect the laws. But what is legal is not necessarily ethical, and one can interpret a law according to his/her objective.

What other answers could we imagine to the ethical dilemmas?

- Should it be incentives for companies to accept the regulation?
- What is the weight of the consumer choice facing the business strategies? Would green labelling influence the choice of the consumer?
- Would the end of the first oil age oblige business to “think green”?

From all these questions, a constructive conclusion was driven: in order to be more ethical, companies need scientists to develop frameworks for them to be transparent.

Summarized by Laura Maxim and Marie Vandewalle  
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