

Climate Change as an International Issue: Strategic Implications for Business

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Climate change has serious long-term implications for the sustainable development of countries across the globe. In recent years, global carbon emissions have reached record-high levels. There is scientific evidence that important tipping points, leading to irreversible changes in major ecosystems and the environmental climate system, may already have been reached or passed. Ecosystems as diverse as the Amazon rainforest and the Arctic tundra may be approaching thresholds of irreversible change through warming and drying. Mountain glaciers are in alarming retreat and the downstream effects of reduced water supply in the driest months will have consequences that transcend generations.

Accordingly, the United Nations (UN) has long been proactive in portraying climate change as an international issue. Since the late 1980s, the UN has worked on several important legal instruments to establish climate change as an international issue and help member countries prevent damaging human interference with the climate system. The aim of this article is to highlight some important initiatives by the UN and discuss key climate change strategies for business.

The UN's Climate Change Initiatives

- The UN Intergovernmental Panel on Climate Change ([IPCC](#)) was established in 1988, and allows the World Meteorological Organization (WMO) and United Nations Environment Programme (UNEP) to work together in order to provide scientific information regarding human-induced climate change. Governments from around 120 countries receive IPCC Assessment Reports (generally published every 5 years), which contain information on the factors contributing to climate change, its potential impacts, and effective adaptation and mitigation strategies based on current literature. The information in IPCC reports are approved by climate scientists as well as participating governments. An important section of the report labelled as the Summary for Policymakers (SPM) is aimed to support policymakers. The first, second, third, fourth and fifth assessment reports were published in 1990, 1996, 2001, 2007 and 2014, respectively. According to the

fifth assessment report, there is an imminent risk of population displacement due to extreme weather conditions and events caused by global warming. This will impact developing countries more as compared to developed nations, especially in terms of poverty levels and livelihoods of populations.

- The 1992 Earth Summit at Rio de Janeiro adopted the United Nations Framework Convention on Climate Change ([UNFCCC](#)) as another major step in addressing the climate change problem. Today, it has near-universal membership. The 197 countries that have ratified the Convention are parties to the Convention. The aim of the Convention is to prevent “dangerous” human interference with the climate system.
- Additionally, in 1995 the Kyoto Protocol was adopted by the world leaders to tackle climate change that legally binds developed countries to meet emission reduction targets (as well as penalties for noncompliance).
- Further, the Paris Agreement adopted in 2015 requires all developed, developing and least developed countries to do their part and reduce greenhouse gas emissions.

Need for a collaborative approach

Unfortunately, progress in terms of mitigating the challenges arising from climate change is not satisfactory. Therefore, instead of wasting too much time on who is most responsible for climate change, an effective approach would be to ensure that all governments and industries working collaboratively to reduce carbon emissions. The involvement of governments is central, as they have the power to enact legislation to regulate industries to maintain sustainable emission limits and abide by environmental standards. As stated by UN Secretary-General António Guterres at the [UN Climate Action Summit](#) on September 23 2019, in New York (attended by the political leadership of 70 countries as well as civil society and business leaders):

“Governments are here to show you are serious about enhancing Nationally Determined

Contributions under the Paris Agreement. Cities and businesses are here showing what leadership looks like, investing in a green future. Financial actors are here to scale-up action and deploy resources in fundamentally new and meaningful ways. Coalitions are here with partnerships and initiatives to move us closer to a resilient, carbon-neutral world by 2050”.

Sustainability as part of business strategy

The preceding discussion clearly indicates that as part of the commitment towards environmental sustainability (as well as a more sustainable society), business needs to proactively strike a balance between economic objectives and environmental objectives. In simple terms, minimising the environmental impact of the business should be a strategic priority.

To ensure that sustainable development is a key dimension of business strategy, a good first step for any business towards environmental responsibility is to create a well-developed policy on environmental responsibility. As suggested by [Business SA](#), an environmental policy represents three types of commitment, namely pollution prevention, continuous improvement, and conformity with environmental regulations. According to the International Institute for Sustainable Development ([IISD](#)) this policy statement should put forward values that the stakeholders – including management, employees, and suppliers – are expected to live up to and to guide any future planning process. The policy needs to be informed by the following:

- Potential climate-related risks and opportunities for the business
- Existing and proposed local and international legislation
- Recent technological advancements (e.g. new process technologies)
- Industry practices and standards (such as emission reduction targets, waste reduction strategies, etc.)
- Sustainable business practices and strategies by competitors
- Activities and policies by special interest groups (such as think tanks, international organisations like UN and NGOs, etc.) and trade unions
- The costs associated with pollution and waste reduction and adaptation efforts

The policy statement should clearly and succinctly incorporate the company’s mission and vision and objectives in relation to meeting environmental responsibilities such as reduction of carbon footprint, efficient use of water, pollution prevention, resource conservation, waste minimization and improved waste management([IISD](#)). The objectives ought to be stated in measurable terms so that they provide the management with additional benchmarks to assess business strategies and performance. Importantly, an alignment between environmental objectives, business strategies and competitive strategies is essential.

Essentially, the next level would include establishing an effective environmental management system that would enable the business to adopt a well-structured way to plan and implement environmental protection measures ([Business SA](#)). The environmental management system is guided by the environmental policy and includes other components such as planning; implementation and operation; checking and corrective action (control); and evaluation/review.

Given that climate change is a global problem, the concept of sustainable development applies to every business across the world. Incorporating environmental responsibility as an integral part of the strategy may offer the business a range of short- and long-term benefits. The reduction, reuse and recycling of resources will enable the firm to achieve improved operational efficiencies as well as cost savings and improved regulation-handling capabilities. Other potential benefits involve better customer satisfaction and loyalty, improved business reputation, improved competitiveness and better work health and safety.



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