

Can business's pursuit of self-interest create a wider environmental and social benefit? Paul Toyne sees British companies beginning to rethink their strategy towards energy and poverty issues.

The British government's decision to place climate change and aid and development in Africa at the top of the agenda for the G8 summit on 6-8 July 2005 in Gleneagles has affirmed the critical importance of these two issues for the future of the planet and its people.

By their nature, these two immense challenges cannot be resolved by any one group in society, let alone by any country acting in isolation. Any serious attempt to mitigate the worst effects of poverty (in Africa and elsewhere) and climate change, and to provide long-lasting and workable solutions, will require government leadership, actions on a global level from all parts of society, and business innovation and creativity.

The need for social and governmental involvement is evident, but to what extent do African poverty and climate change matter to business, and are businesses already involved in addressing these issues?

Article 13's recent research on UK business leaders offers an insight (see the report *Climate Change and Poverty: A Business Opportunity?*). It looked at the business opportunities and risks relating to the issues, in each case considering three main themes:

- awareness: how much awareness was there around the business opportunities and risks?
- significance: what was the nature of the business opportunity or risk and who was it relevant to?
- action: what is business doing or planning to do?

70% of CEOs surveyed from the FTSE-500 share index are concerned about climate change, with business sustainability narrowly ahead of cost implications as the highest risk factor. Few CEOs spend their time addressing global poverty, but 52% of future leaders believe that it will be an important future issue for business. There was also consensus that the two issues are linked via the issue of global economic development and that climate change will hurt the poor in developing countries the hardest.

Business should care about global poverty, not just because of the personal ethical concerns of the people they employ, but because the effects of poverty include market instability and harm to reputation that carry risks to commercial success. There is also a business incentive: opportunities in poor communities and developing countries are increasing as the poor are recognised as not as victims or as a burden but as value-conscious consumers and a potential new market.

The same balance of fear and opportunities is present in relation to climate change. The commercial threats posed by climate change increasingly motivate businesses to adapt their operations and thinking – in the United States, this will be a bigger driver than whoever is in office in the White House. But the business community will also act in response to the commercial opportunities offered by adopting energy-efficiency measures and investing in new, lower carbon technologies.

The case for action by business is clear. Companies will succeed by developing new products, technologies and ways of working, which provide them with competitive commercial propositions in new as well as existing markets, whilst contributing to the policy objectives defined by governments. In doing so, they can avoid the risks to reputation that may come from inaction, as well as help to mitigate the worst effects of political instability and environmental damage.

There is no overnight solution either to climate change or poverty. Climate change will affect everyone – vulnerable and privileged alike. Even if the “carbon tap” could be switched off now, things will get worse (flooding, drought, species extinctions) before they get better. The alarm bells of the last few years have begun to waken some politicians, but a consensus leading to agreed action for the well-being of the planet is still required. The G8 summit in July has a crucial responsibility here; but business in Britain has also, it would appear, been taking note and is ready to play its part.

This article appears as part of openDemocracy's online debate on the politics of climate change. The debate was developed in partnership with the British Council as part of their ZeroCarbonCity initiative – a two year global campaign to raise awareness and stimulate debate around the challenges of climate change.

Copyright ©Paul Toyne 2005. Published by openDemocracy Ltd. You may download and print extracts from this article for your own personal and non-commercial use only. If you are a library, university, teaching institution, business or media organisation, you must acquire an Academic License or Organisational License from openDemocracy, or seek permission directly from the author, before making copies, circulating or reproducing this article for teaching or commercial.