Business Management for a Sustainable Environment

GBAT9103

Course Overview
Semester 1 2015
Important Notice

The material contained in this study guide is in the nature of general comment only and is not advice on any particular matter. No one should act on the basis of anything contained in this guide without taking appropriate professional advice upon the particular circumstances. The Publisher, the Editors, and the Authors do not accept responsibility for the consequences of any action taken or omitted to be taken by any person, whether a subscriber to this guide or not, as a consequence of anything contained in or omitted from this guide.
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* 3 April is Good Friday
** 8 June is the Queen’s Birthday public holiday (except WA)
Course staff

Course coordinator

Each course has a Course Coordinator who is responsible for the academic leadership and overall academic integrity of the course. The Course Coordinator selects content and sets assessment tasks, and takes responsibility for specific academic and administrative issues related to the course when it is being offered. Course Coordinators oversee Class Facilitators and ensure that the ongoing standard of facilitation in the course is consistent with the quality requirements of the program.

The Course Coordinator is:
Dr Robert Gale
email: r.gale@unsw.edu.au

Dr Robert Gale

Robert has more than 25 years’ experience in environmental management and sustainable development in academic, government and consulting roles. He has been involved in the MBT’s Business Management for Sustainable Environment course since 2008 and the Sustainable Energy Management course since 2006. Robert has also taught sustainability courses in business programs at the undergraduate and MBA level at Royal Roads University, Canada.

Robert is a Senior Fellow, Institute of Environmental Studies, UNSW and has written more than 100 academic and technical reports.

Class facilitator

The role of your Class Facilitator is to support the learning process by encouraging interaction among participants, providing direction in understanding the course content, assessing participant progress through the course and providing feedback on work submitted. MBT Class Facilitators comprise academics and industry practitioners with relevant backgrounds.
You will be notified of your Class Facilitator’s name and contact details in your class confirmation email sent by MBT Student Services. Details will also be available in the gallery section of your online class for face-to-face and distance classes.

Course authors

Dr Robert Gale

Robert has brought the course up to date for 2015 by replacing older materials with more recent sources of information. Particular attention has been given to revisions of Units 4, 7, 8 and 12.

Dr Mehreen Faruqi

Dr Mehreen Faruqi led a team of specialists who revised the previous version of this course for Semester 2 2008. Mehreen is the main author of Units 1, 2, 3, 4, 9, 12, and part of Unit 11.

Mehreen was Academic Director of the Master of Business & Technology Program and Conjoint Associate Professor at UNSW between 2011 and 2013. Before joining the MBT, she worked as Manager Environment and Services at Mosman Council, NSW, and visiting fellow at the UNSW Institute of Environmental Studies (IES), where she has also been a lecturer and Acting Director, managing and leading the Master of Environmental Management program and coordinating and teaching many postgraduate courses on environmental management and sustainability.

Professor Gerry Bates (Unit 5)

Gerry has been devising and teaching courses in environmental law for nearly 30 years. He is the author of *Environmental Law in Australia*, the standard text on the subject, and *Pollution Law in Australia* (with Lipman). He is also the founder and Editor in Chief of the *Environmental and Planning Law Journal*, published by the Law Book Company, now in its 25th year. Gerry was an independent Green member of the Tasmanian parliament for more than nine years, returning to the law in 1996. He is now an environmental law and policy consultant and teaches specialist environmental law courses at the University of Sydney, the Australian National University and UNSW. He is a board member of the NSW Environment Protection Authority, a member of the State of the Environment Advisory Council.

Dr Stephen Davis (Unit 10)

Stephen is a lecturer in the UNSW School of Civil and Environmental Engineering, with special interest in project planning and risk management.
Dr Ronnie Harding (Units 7/8)

Ronnie was the original Course Coordinator and principal author of this course. She is a past Director of the UNSW Institute of Environmental Studies where she introduced the Master of Environmental Management degree, one of the best-regarded postgraduate programs in the environmental field. She is currently an Assistant Commissioner of the NSW Natural Resources Commission.

Warwick Moss (Unit 6 and part of Unit 11)

Warwick holds a Bachelor of Business (Finance and Economics) from UTS Sydney and a Master of Commerce from UNSW. He has worked in business, government and the non-government sector, including developing economic policy for the World Wide Fund for Nature Australia, in relation to biodiversity conservation, water resource development, vegetation management and salinity management.
Course information

Aims

It has been suggested that the 21st century may be seen as the ‘environment century’, when the world’s people face the reality of the enormous pressures on the natural environment resulting from higher population levels and ever-increasing per capita use of materials and energy; a time when the environment ‘bites back’ as a result of these pressures; and when the land, water and atmospheric degradation and loss of biodiversity show up as considerable costs to humanity.

Perhaps the most pressing issues are the realisation and acceptance that human activities are causing climate change, that the impacts of this in both biophysical and socioeconomic terms are potentially dramatic, that the challenges in addressing both the causes of climate change and adaptation to it are enormous, and the costs of inaction are far greater than the costs of the much needed urgent action.

The costs of environmental degradation manifest as impacts on human health, lowered productivity of land and water systems, degradation of the built environment and loss of amenity. They are linked to the ever-increasing gap between the haves and have-nots of our world.

Concern about these costs of environmental degradation, which are already apparent, has led to the worldwide adoption of the concept of sustainability as a necessary objective, providing a set of guiding principles for all our activities.

In the case of the business world, sustainability has come to mean meeting not just the traditional bottom line of financial goals, but also the simultaneous satisfaction of social and environmental goals. In addition, incorporating good governance, transparency and ethical practice in achieving sustainability is becoming paramount for organisations and businesses, which are continually scrutinised by an ever-increasing number and array of stakeholders and communities.

Although the picture painted here may seem negative, it need not be so. The ‘century of the environment’ may bring increasing constraints on business and industry, but it will also bring enormous opportunities. However, those organisations that continue to see the environmental aspects associated with their business activities as external, fringe issues rather than as a part of their core business, will not be ‘winners’, and indeed, may not survive.

Paul Hawken, a respected American writer and proponent of corporate reform with respect to ecological practices, suggests that organisations that delve deeply into the root causes of environmental harm caused by their corporate activities will find ‘truly radical solutions’ that will bring rewards not only for the environment but also in the marketplace.
Hawken and his co-authors in the widely regarded 1999 book *Natural Capitalism* refer to a new industrial revolution, based on ‘natural’ capitalism, involving a very different mindset and set of values to those of conventional capitalism.

The above text gave rise to *The Natural Advantage of Nations* (Hargroves and Smith 2005), which is featured throughout the course. These authors also emphasise new and innovative strategies for creating competitive advantage, while at the same time valuing our natural capital (life-supporting services that currently have no substitutes and no market value). William McDonough, *Time Magazine* Hero of the Planet 1999 argues the following in this text:

I believe we can accomplish great and profitable things within a new conceptual framework: one that values our legacy, honours diversity, and feeds ecosystems and societies … It is time for designs that are creative, abundant, prosperous, and intelligent from the start.

(Hargroves and Smith 2005, p. 12.)

This course provides a first step for understanding the context, challenges, constraints and opportunities for business/industry deriving from environmental and, more broadly, sustainability concerns.

The organising framework for the course is an environmental management system (EMS). An EMS provides a structured and adaptive framework for the organisation to develop environmental or sustainability policies and to put in place a system of planning, structures, processes and responsibilities that are integrated with its overall management system in order to achieve desired environmental or sustainability objectives.

An EMS requires that the organisation assess its environmental impacts as well as all the external factors associated with its environmental performance – legislative and policy requirements, economic factors, stakeholder and community expectations, and so on.

This course covers each of the issues that form part of preparing for and operating an EMS. In doing so, it not only deals with the present, but also encourages you to look forward and to detect emerging trends in environmental/sustainability thinking and stakeholder and community expectations so that your organisation is well placed to take advantage of the opportunities provided by the ‘new industrial revolution’, and not just react to the emerging challenges and constraints.

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Structure

Unit 1, *The Organisation in a sea of influences*. This Unit provides a broad introduction to the course. It explores the meaning of ‘environment’ and the emergence of environmentalism over the past 40 years as an issue of broad public concern. In this context, the emergence of the concept of ‘sustainability’ is discussed. We also explore the complex nature of sustainability problems and why these are particularly challenging to address. The Unit includes an overview of current and emerging trends associated with environmentalism and sustainability that have relevance for business and industry.

Unit 2, *Sustainability and the triple bottom line*, considers sustainability and its interpretation by the business world as the ‘triple (and sometimes quadruple) bottom line’. We discuss the various interpretations of sustainability based on ideology and the challenges in integrating sustainability into business practices are explored. The five principles of sustainability that have been identified to aid implementation are presented, as well as an alternative set of principles produced by The Natural Step. The Unit concludes with an outline of why there is so much current concern about sustainability, and the associated business responses.

Unit 3, *Environmental management systems*. This Unit serves to provide an organising framework for the course as a whole. EMSs have now been put in place around the world, and have become a key means of integrating environmental management into the functions of an organisation. EMSs as prescribed in the ISO 14001 Standard are explained, their intended roles discussed and their uptake by various sized organisations summarised. The role of EMSs in providing for better environmental outcomes is considered, and criticisms of ISO 14001 are discussed.

Unit 4, *The state of our environment*. Evaluation of an organisation’s impact on the environment is an important starting point in preparing an EMS. Specific local conditions need to be considered along with the broader global picture and pressures for environmental performance (e.g. global climate change and greenhouse gas emissions). We provide important background for such evaluation by presenting a broad overview of the state of the environment at a global level, and the contributions of developed and developing countries to the pressures on the environment. The Pressure–State–Response model as a framework for examining human impacts on the environment is discussed, along with the use of indicators for reporting within this model. Finally, some key environmental impacts are described and resources provided for you to access environmental information relevant to your organisation, on an ongoing basis.

Unit 5, *Environmental law*. In preparing an EMS, organisations need to evaluate not only their impact on the environment but also the range of external factors that may influence their environmental performance. Legislation concerning the environment is a crucial consideration in this evaluation. In this Unit, we discuss the role that law can and does play in implementing and enforcing government environmental priorities, how
business decision making must be influenced by legal requirements and potential legal liabilities; and to what extent the instruments of law – legislation, regulatory authorities and courts – can show leadership in developing meaningful responses to contemporary environmental problems.

Unit 6, *Environmental economics*. This Unit provides a brief overview of basic economic principles and how these relate to or provide insights into environmental issues. We discuss the relationships between economic and environmental systems and explain the economics approach to sustainability. Key economic tools and techniques to explain the causes of environmental problems and to manage environmental issues are presented. There has been a trend in environmental management away from simply the use of command and control (regulation) mechanisms towards a greater use of economic incentives and disincentives. The economic factors covered in this Unit are another of the important matters for organisations to take into account when developing an EMS.

Unit 7/8, *Managing materials and resources: wastes, water and energy*. This Unit provides a more in-depth examination of three of the critical areas of environmental management – wastes, water and energy, and their interrelationships. Management of material and resource consumption is discussed within the concept of ‘dematerialisation’ through the introduction of various tools. A global picture related to managing materials and resources is presented, and examples and case studies of specific local applications are discussed.

Unit 9, *Environmental impact assessment*. While the EMS is the management process for the operational stage, EIA is the environmental management process for the planning stage, and the key tool used by planning authorities and governments to enforce environmental management for new development. We explain EIA, its various forms and functions, processes involved and developments in EIA, and the role of the public in EIA. Fundamental points are illustrated in a case study.

Unit 10, *Environmental risk management*. There are close links between the process of risk management and that of preparing an EMS. An organisation with an effective EMS in place under ISO 14001 is likely to also have most components of a risk management process in place. This Unit explains risk, the special characteristics of environmental risk and the various steps in the process of risk management.

Unit 11, *Corporate citizenship, stakeholder engagement and public participation*. Throughout this course, there has been discussion on the importance of and increasing demand from stakeholders and the general community to be involved in environmental management and decision making. With this context in mind, Unit 11 explains the rationale and need for inclusionary decision making, and discusses some strategies and techniques for public participation and stakeholder engagement.

Unit 12, *Reporting on performance*. An important part of an EMS is to monitor performance and review the management system in light of the
results achieved. A central consideration is whether to take that reporting process a further step by providing a public corporate sustainability report. Corporate sustainability reporting has been on the rise since the 1990s, and we discuss the purpose and nature of such reporting for organisations. We also examine the GRI framework for reporting on sustainability, trends in such reporting and costs/benefits. Links are provided to a wide range of reports and information sources to enable you to keep up with the latest trends in this fast-moving field.

## Learning outcomes

When you have completed this course you should be able to:

- discuss why it is critical for businesses to understand and engage with sustainability and environmental management and recognise the drivers and barriers to this engagement
- understand and analyse the constraints and opportunities for business and industry at present in relation to the environment and more broadly with regard to management for sustainability and the trends in this regard
- apply principles of sustainable development within the context of your organisation, with consideration of external factors.
- explain what is meant by an environmental management system (EMS) for an organisation, how an EMS can be used for achieving improved environmental management and sustainability and outline and critique the requirements for an EMS that is to be certified to ISO 14001
- identify, analyse and discuss a range of external aspects relevant to sustainability and an EMS for an organisation deriving from legislation and regulation, as well as the economic tools used to assist in environmental management
- demonstrate the application of EMSs to your workplace, with a view to improving environmental management and sustainability
- demonstrate understanding of key sustainability problems (global, national, local) arising from human activities and especially from business/industry activities, and be able to identify the major issues for your business in this regard, and develop strategies to address these. Importantly, these include resource use, waste management, energy management and the consideration of social and ethical issues.
- outline the process of environmental impact assessment; discuss its purposes and trends in this process; and examine how it relates to the organisation
- discuss risk management in relation to the environment and how risk management relates to an EMS
• explain and appraise the role of stakeholders and communities in environmental management, how this impacts on business, and develop strategies to engage these groups in decision making within your own organisation
• evaluate and critique sustainability reporting and discuss its importance as tool for continuous learning and feedback as well as providing transparent and voluntary information to stakeholders
• translate application and analysis into written argument and perspectives.

Skills you will need

There are no prerequisites for this course.

Please refer to the AGSM Learning Guide (available in Moodle) for information you will find very useful in pursuing your studies.

Resources

There is no prescribed textbook. A list of readings and video clips is provided for each Unit. Sustainability and environmental decision-making involve a complex mix of actors, organisations and institutions. To discuss and explore the complexity, context, challenges, constraints and opportunities sustainability poses for organisations and decision-makers, we have used and referred to many authoritative articles and books throughout the course.

Relationship to other courses in the MBT program

This course provides a first step in understanding environmental constraints and opportunities for business and industry deriving from environmental and, more broadly, sustainability concerns.

The MBT Program offers a number of courses which are central to sustainability, including:

GBAT9119 Managing for Organisational Sustainability looks more broadly at how to manage organisations in order for them to be more sustainable.

GBAT9109 Sustainable Energy Management focuses on the critical issue of energy use and management and provides managers with an appreciation of issues and implications in this area.

GBAT130 Enterprise Risk Management considers the range of risks, including environmental, facing organisations in the areas of finance, operations, IT, innovation and reputation.
GBAT9131 *Leadership in a Complex Environment* addresses the need for, and value of, leadership in complex environments characterised by technology, sustainability and the need to operate across boundaries. It introduces students to contemporary models, concepts and theoretical frameworks of leadership and examines different forms of leaderships, including emergent, sustainability, cross-boundary and transformational.

This course is appropriate for all managers. You will be prompted to look at opportunities for your organisation to provide industry leadership in areas of sustainability and corporate social responsibility.

Given the integrative nature of this course, it is not ideal as an early course in your MBT program.
Assessment

There are two assignments and an examination for GBAT9103 Business Management for a Sustainable Environment. Note that assignments must be received by 9.30am Sydney time on the due dates.

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<th>Throughout the semester</th>
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<td>20%</td>
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<tr>
<td>Assignment 2</td>
<td>Monday 18 May 2015 (Week 11)</td>
<td>30%</td>
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<tr>
<td>Examination*</td>
<td>Wednesday 10 June 2015 (10am if sitting on campus)</td>
<td>35%</td>
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*Examination is 2 hours; open book

Extensions to assignment deadlines will be granted only in exceptional circumstances, and where adequate supporting documentation can be provided. Please note that work commitments do not constitute grounds for an extension. Your Class Facilitator may approve an extension of up to two days, after which requests must be made through the special consideration process. For details about this process, see: https://student.unsw.edu.au/special-consideration

In the case of late lodgement without an approved extension, 10% of the assignment weighting will be deducted for each day late.

Please note the examination date and mark it in your diary. If you will not be available to sit the exam on the specified date then you must choose another course. Supplementary exams will only be permitted in exceptional and unforeseen circumstances, and after submission of the requisite documentation for special consideration, see: https://student.unsw.edu.au/special-consideration
Continual course improvement

MBT courses are revised each time they run, with updated course overviews and assessment tasks. All courses are reviewed and revised every three years and significant course updates are carried out in line with industry developments, and also when new editions of prescribed textbooks are published.

The MBT surveys students via the UNSW CATEI system each time a course is offered. The data collected provides anonymous feedback from students on the quality of course content and materials, class facilitation, student support services and the MBT Program in general. This student feedback is taken into account in all course revisions.

The UNSW Business School also monitors the quality of students’ learning experiences in all its programs. A random selection of completed assessment tasks may be used for quality-assurance purposes. This information will be aggregated and used:

- to determine the extent to which program learning goals are being achieved for accreditation purposes
- to improve the quality of UNSW Business School programs.

All material used will be treated as confidential and these processes will have no bearing on course grades.

Student evaluations from the last presentation of the course

- It is noteworthy that the evaluations for both the course and teaching are very positive with a very high satisfaction rating. Feedback identifies the many aspects of the course content and delivery that have resulted in such positive evaluation. Feedback on best features of the course included the way the course was structured, fascinating readings, and how assignments provided opportunities for students to demonstrate their knowledge and heighten their understanding of topics. For the teaching, feedback included the facilitator’s excellent ability to relate to students’ comments in online discussions, providing different insights and viewpoints to the comments, raising excellent questions in the posts, and the facilitator’s experience in the field.
- The few comments on course improvement were diverse and included points that some of the readings were out of date (e.g. pre-GFC readings) that the context of some issues had changed and that some of the readings could be replaced by more recent sources of information.
Coordinator’s response

The course transitioned to Dr Robert Gale as the new coordinator in 2014. Robert has revised the course to address concerns that:

- some of the readings are out of date or no longer relevant; and
- the course requires new readings and case material.