



## Nature as Stakeholder - II

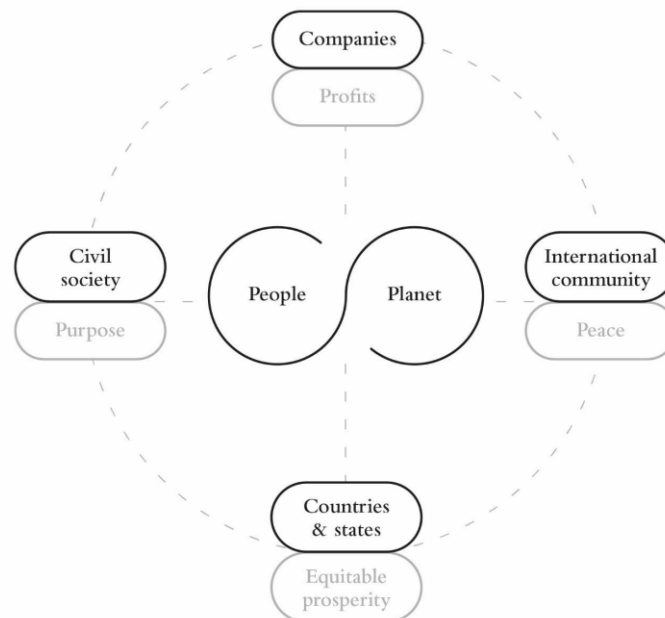
By  
**Dr. Sanjay Banerji**  
Founder Director/Dean of Amrita School of Business



Dear Friends,

Last month, I introduced the idea of considering Nature as a stakeholder. This month, I plan to discuss the idea further, with some support from other thought leaders.

First, I would like to draw upon , the founder of World Economic Forum. His model is reproduced below:



**Source:** The Global Stakeholder Model

**Image:** “Stakeholder Capitalism”, Klaus Schwab and Peter Vanham, Wiley 2021

This model places ‘People’ and ‘Planet’ at the centre, surrounded by Civil Society, International Community, Nation States and Business. The dotted lines show that all are inter-connected. The model tries to identify the core interest of each of these surrounding entities. Civil Society is trying to find the ‘purpose’ behind human existence, the International Community is interested in maintaining ‘peace’, all countries and nation states are trying to achieve prosperity with equity among their citizen and business is trying to garner higher profits for its shareholders. These might be considered as oversimplifications, yet, they capture the essential motivation working behind each of these groups.

For us, the key point to note is that the model has identified Nature (Planet) and Society (People) as central to everything we humankind wish to do, as members of civil society, international community, governments or business executives.

It is also important to note that conflicts are bound to occur within and between these four groups, as their interests clash. For example, we have witnessed two world wars and many local conflicts raging between nations even today. We can also see the clash between civil society and business on several issues like labour rights, gender equality and environmental degradation by business. As and when we try to resolve these conflicts, we need to fall back upon certain basic principles, and by placing Nature and Society at the centre, the model attempts to uphold the primacy of these two entities. In other words, whatever we might decide to do, we must ensure that Nature and Society are protected. We may ask “Why should this be so?”

Let us discuss this question with respect to the role of business, primarily because business is the main driver of the relentless growth in GDP, captured by the term ‘Affluence’ in the IPAT equation. I am reproducing the IPAT comparison table below for a quick reference:

YEAR	I	P-bn	A tr	T k
1900	508	1.8	2	141
1950	5459	2.5	5.3	412
2011	731,500	7	55	1900

*I-Impact; Pbn - Population in billion; Atr -Affluence in Trillion dollars of Global GDP; Tk -Technology Patent in thousands*

$$Impact = I \times P-bn \times A tr \times Tk$$

Between 1900 and 2011, population has grown 3.89 times, but global GDP has grown 27.5 times. While we blame the rise in population for the ills of the world, we forget the fact that in comparison, the rise in consumption has been more than 7 times the rise in population, and that rise in consumption has had a much skewed distribution, with the developed world cornering the lion’s share. As a matter of fact, inequalities have multiplied significantly, along with these GDP rises, and in many cases the poor people have become poorer, as big business have overtaken their traditional space for livelihoods; for mining interests, deforestation and urbanization. Here are a few quotations in support of these observations [1]:

“The U.S. produced approximately 33% of the world’s waste with 4.6% of the world’s population” (Miller 1998) quoted in Global Environmental Issues by Frances Harris (2004).

“The third world is that part of the world which became the colonies in the last colonialization. It wasn’t an impoverished world then, in fact the reason it was colonialized is because it had the wealth.

Columbus set sail to get control of the spice trade from India, it’s just that he landed on the wrong continent and named the original inhabitants of this land Indian thinking he had arrived in India.

Latin America was colonialized because of the gold it had. None of these countries were impoverished. Today they are called the poorer part of the world because the wealth has been drained out.” Vandana Shiva interviewed in In Motion Magazine, 14 August 1998.

The basic impetus for this phenomenal growth came out of science and technology. It started with the invention of the steam engine and continued through the development of railways, telegraph networks, and electricity. Post 1950, it was further accelerated through electronics, computers and information and communication technologies. I remember in my childhood in the mid-fifties, if we had to call someone in Kolkata from Ranchi on an emergency, we had to go to the central Post Office, deposit an advance amount and wait for the trunk call to materialize. Even as late as 1993, calling India from the US was fairly costly. Today, if we have a smart phone, we can video-call anyone across the globe, *free*.

Yet, as the saying goes ‘There is no free lunch’, there are hidden costs that we do not realize or pay. We get several apparently free services today, thanks to the proliferation of internet-based technologies, including the social media. But at the back of all these ‘free’ services lie a hidden business interest. While the specific nature of the interest differs, the common theme is to lure us into purchasing what they have to offer. This is advertising. Businesses spend huge sums of money to lure individuals to buy their products and tries to create wants where none would have existed. This point has been brought out forcefully by Annie Leonard in her short, animated film titled ‘Story of Stuff’ [1].

Therefore, let us get back to our main point that business also must place the interests of people and planet at the centre. There are several reasons for that, and I shall try to mention a few.

First of all, business gets the mandate from society to carry out its functioning. Society has framed the rules of private ownership, and the necessary legal framework that enables business to carry out its functions. Therefore, business cannot act in ways that affects large segments of society adversely, while benefitting only the shareholders.

Second, as the resources of Mother Earth are limited, business need to keep this in mind, as otherwise it would soon find that it cannot continue its business as the source from which it drew the inputs has dried up. This has already happened with many fisheries, gold mines and many fossil fuel sources including coal and crude oil / gas.

Third, business uses several harmful chemicals and toxic substances (mercury for example) that accumulates in Nature and eventually reach human beings causing disease and death.

Use of the CFCs as a refrigerant is an example. DDT is another example. Business would be forced to stop using those chemicals.

Fourth, many industries pollute the atmosphere, like steel making. If business in one continent thinks that by shifting these industries to other continents would solve the problem for themselves, they are sadly mistaken. Studies have shown that global airwaves carried brown fumes from Asia to the US, and the effects of the Chernobyl accident was not limited to Russia alone!

There are many other concerns, including the use of child labour in the supply chain, impacting the lives and livelihoods of indigenous people through deforestation, the ongoing sixth mass extinction of species caused by humans (read business houses), killing marine life in coastal waters due to excessive use of chemical fertilizers, and the list is almost endless. Therefore, it is safe to conclude that business cannot disown its responsibilities toward people and the planet. If it fails to do so, it would have to go out of business, sooner or later.

Let me conclude with a quote from –Amma (Sri Mata Amritanandamayi Devi):

"Nature is an indispensable part of life on Earth. Everything relies on nature to live. We are not different from nature; we are an interdependent part of it. Our lives depend on the well-being of the whole. Therefore, it is one of our foremost duties to lovingly care for all living things." [2]

## References

[1] [https://www.storyofstuff.org/wp-content/uploads/2020/01/StoryofStuff\\_AnnotatedScript.pdf](https://www.storyofstuff.org/wp-content/uploads/2020/01/StoryofStuff_AnnotatedScript.pdf)

[2] Retrieved from a WA message

## Your comments

You may send your comments or suggestions to [s\\_banerji@amrita.edu](mailto:s_banerji@amrita.edu)

