

LEGAL ENVIRONMENT OF BUSINESS 32D28000 6 ECTS cr / 4 cr

CASES

CASE 5

CORPORATE SOCIAL RESPONSIBILITY, BUSINESS ETHICS AND REGULATION

Themes:

- CSR: business and legal aspects
- Law and ethics of the markets

Assignment:

Analyze the following case in respect of the above themes. You can follow the instructions in the file Cases instructions or organize your presentation of the case by some other model.

Environmental sustainability, community involvement

S Corp., a multinational corporation, drills oil in country A with an autocratic government and high degree of inequality between social classes in terms of societal position and distribution of wealth. The oil is exported from A and processed elsewhere. The government of the country of origin of the raw material supports the firm because it brings money as a price of the material (and other, even “unofficial”, payments) and improves employment.

The government is alleged to violate human rights of an ethnic minority in the country, or at least of not taking adequate care of the interests of the minority or even providing sufficient legal protection of their rights. Drilling of oil has destroyed the original natural environment by causing massive pollution through emissions of environmental poisons and decreasing the area of rain forest and arable land in the region concerned. The business of S Corp. has also caused evacuation of the population from that region, thus causing massive changes in the societal and industrial structures as well as the decrease of cultural diversity or even the risk of the extinction of the ethnic culture.

S Corp. maintains that it supports the societal development in the target country by supporting lower education programs and offering funds for developing the social security systems.

Give an assessment of the business of S Corp. in the country in terms of corporate social responsibility and legal standards. Try to apply the Finnish environmental legislation (www.finlex.fi) as a standard of evaluation. Take into account also the main results of international CSR discussion, such as some of the are summarized e.g. in the book **The End of Corporate Social Responsibility. Crisis and Critique**, by Peter Fleming and Marc T. Jones (SAGE Publications Ltd, 2013; 144 p.). On the relationship between CSR and law see e.g. the Wikipedia article at http://en.wikipedia.org/wiki/Corporate_social_responsibility#Triple_bottom_line).