### CHAPTER 4: Ethics & Social Responsibility

### Management Team Decision

### Purpose

With ever-increasing concerns about environmental issues, companies can no longer go about doing business without thinking about the impact they have on nature. In this case, students are asked to weigh a difficult decision that is motivated by a concern to protect delicate beachfront land from further development.

#### TROPEZ

There are few places in the world like St. Tropez, a city on the French Riviera—pristine, isolated beaches, perfect weather nearly all year round, and a string of ultra-luxurious hotels that host celebrities from all over the world, everyone from the Hilton sisters to Bono. But if the mayor of St. Tropez has his way, this ultimate vacation spot will soon look a lot different.

Mayor Roland Bruno’s administration is highly concerned that the hotels, and all of their beachfront facilities, present a serious environmental threat. They want to protect rare plant species that grow in the sands, and prevent dunes from being worn down by constant foot traffic. According to the mayor’s chief of staff, “We all want to be here for the long term. That’s why we need to make sure there’s a sustainable equilibrium between the environment and the community.” Under the mayor’s plan, the amount of beaches allowed for business use would decrease by 10 percent, and an entire section of the popular Pampelonne area would be closed off to protect wildlife. Additionally, all beaches would be closed by September 1, instead of October, as is usually the case, to reduce the number of people who travel to and through the beaches.

Many local hotel owners are up in arms about these proposals. One owner likened closing the beaches of the city to cutting the top off the Eiffel Tower. Others argue that closing the Pampelonne area is really intended to bring in large, multinational vacation companies to replace the small, locally owned resorts. As Carole Balligand, the head of a local business group says, “This would mean the total destruction of everything that has been here for nearly half a century.”

The owner of your hotel has called a meeting of the management staff to draw up a response to the mayor’s plan. Although all of you are in agreement that protecting the environment is important, your hotel happens to sit on one of the plots that is scheduled to be closed by the mayor’s plan. Is there a way that your company can find a way to balance environmental concerns with the need to stay in business?

For this management team decision, form a group with three to five other students and consider the questions below.

##### Questions

1. How would you respond to the mayor’s plan? Would you support its concern to protect the environment, even if it meant the closure of your hotel? Would you oppose it and risk being perceived as uninterested in fulfilling social responsibility?
2. Can you come up with a scenario where the hotel could stay in business and still address the mayor office’s environmental concerns?

3. In cases such as this, how would you justify the decision to fulfill the responsibility and face certain loss? How would you justify the decision to ignore the responsibility for the sake of staying in business?