

## Subject: Canadian OilSands Case Solution – ADM1100

### Conclusion:

The funding cut leading to CEMA closing down is unethical. The oil extraction methods have tremendously negative effects on the environment, outweighing the economic advantage they produce for the Canadian economy and the stakeholders.

### Discussion:

#### Stakeholders

Figure 1 illustrates the different types of stakeholder in the oil sands industry. As we can see the oil sands business has predominantly a harmful effect on many stakeholders. Although the oil industry profits from the industry, this type of oil operation is the least profitable. The disadvantages surpass the benefits. Although Alberta benefits from the oil sands business for tax revenue, it does not follow corporate social responsibility. A company has a responsibility to society to be a good corporate citizenship by being more sustainable.

#### Ethical & CSR Impacts or Issues

Figure 2 illustrates the advantages and disadvantages of oil sands. The oil sands benefits stakeholders such as the government and the employees by producing high revenue. The disadvantages that come from oil sands are great such as harming the environment by and using a scarce amount of water. Due to this impact, this makes the oil sands business unethical because it does not have complete social responsibility. In order to have complete social responsibility a business must balance profits and social objectives. The effect it has on the environment moves it further away from sustainability.

#### Stakeholder's Ethical Stances

Like any other company, Oil Sand Industry's goal is to maximize their profit. Nevertheless to reach that mission, the company must create an environment where all the people involved in the company activity are comfortable doing their work. Figure 3 illustrates the stakeholder and their ethical stance. As we can see the basis of each relationship varies and can be range from statutes and contract to informal understanding. Each group requires the company to meet a certain set of ethical standard and failure to do so can lead to legal penalties of business failure.

#### Goals to Impact the Stakeholders

- To reinstate CEMA's funding by convincing stakeholders that this extraction method is causing unethical damages to the environment.

#### Steps to reach our goals:

1. Reminding the oil industry of more profitable extraction methods, as they already know the current method is the least profitable.
2. Creating a public conversation on the funding cut, thus creating pressure on the government.
3. Holding the Government accountable on their international air pollution initiatives, with the goal of convincing them to consider CEMA's funding as a demonstration of their initiative towards pollution reduction.

## Appendices – Figures 1 to 3

### Figure 1- Impact of Oil Sands on Different Stakeholders

<b>Stakeholder</b>	<b>Impact</b>	<b>Example of Impact on Stakeholder</b>
Alberta and Federal Government	Positive	· “royalties and taxes from production and sale”
Oil Industry	Neutral	· “production and revenue lead to profitability” · “least profitable type of operation”
Population of Alberta	Negative	· “local native people’s lands affected ” · “pollution” · “taxes towards projects”
Wildlife	Extremely Negative	· “releases of carbon emissions” · “deforestation” · “fishing in rivers and lakes due to low water flow”

**Figure 2: Ethical & CSR Impacts or Issues**

<b>Advantages of Oil Sands</b>	<b>Disadvantages of Oil Sands</b>
High wage employment	Uses large amount of water
High export value	Creates air pollution
High government income through royalty payments and taxes	Creates greenhouse gases
Water is recycled after being used	Highly polluted water mixes with the sand after
Strict land management monitoring	Makes water monitoring difficult
	Extreme high cost for building

**Figure 3: Stakeholder’s Ethical Stances**

<b>Responsibilities to the general public.</b>	<ul style="list-style-type: none"> <li>- Dealing with the public health issue, protecting the environment and developing the quality of the workplace</li> <li>- Contributing to the betterment of communities.</li> </ul>
<b>Responsibilities to consumers</b>	<ul style="list-style-type: none"> <li>- Safe operation of products, avoiding product liability.</li> <li>- Avoiding and providing effective customer service.</li> <li>- Ability of consumers to express legitimate complaints to the appropriate parties.</li> </ul>
<b>Responsibilities to the employees</b>	<ul style="list-style-type: none"> <li>- Workplace</li> <li>- Quality-of-life issues: balancing work and family through flexible work schedules, subsidized child care.</li> <li>- Ensuring equal opportunity on the job: providing equal opportunities to all employees without discrimination regarding age, sexual orientation, physical disabilities.</li> <li>- Avoiding unwelcome action of a sexual nature, equal pay for equal work without regard to gender.</li> </ul>
<b>Responsibilities to investors</b>	<ul style="list-style-type: none"> <li>- Obligation to make profits for shareholders</li> <li>- Expectation of ethical and moral behaviour.</li> <li>- Protection of investors</li> </ul>