

Climate Change as a Problem for Businesses and How to Manage It Report

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Introduction

Climate change is not an environmental problem only because the climate is linked to almost everything across the world. This is why it has started to impact businesses, and it will continue to have a significant effect in the future (Andersson and Keskitalo, 2018). The growth results will be caused by heat-trapping greenhouse gases, the sun's energy reflectivity, volcanic activities and variations in solar activities (Bos and Gupta, 2019). Additionally, some businesses are directly contributing to climate change due to a lack of measures that will minimise the emission of carbon (Rolnick *et al.*, 2022). Due to this, an evaluation of how climate change could be problematic for businesses worldwide is done in this report. Further on, suggestions are provided for them to implement to enhance the reduction of their carbon footprint.

Possible Problematic for businesses

Due to climate change, businesses expect an increase in risk. Scientists have heavily linked climate change as the cause of the increase in frequency and extreme weather event intensity such as heatwaves, floods and droughts. Soon, it is expected that more disrupting events will develop, leading to disruptions of business operations and causing them physical and financial damage. The main reason climate change increases the risk for businesses is severe weather (Engels, 2018). Due to the increase in risk, most companies' insurance costs are likely to rise.

Additionally, it is expected that the public accepting climate change will grow but will decrease in accepting businesses that are not working to reduce their environmental impact. Consumers prefer sustainably produced products with minimal environmental impact to other corresponding items in most cases (George, Merrill and Schillebeeckx, 2020). In addition, companies are expected to have social responsibilities progressively and put in necessary measures to ensure their operations are environmentally friendly or donate to environmental charities. This is the main reason companies such as Apple, Swiss Re and Nestle are dedicated to 100% renewable energy (Prideaux, Thompson and Pabel, 2020). In general, increased public pressure can affect the business financially and physically.

Businesses expect changes in demand, resource availability, and cost due to climate change. When climate change occurs, it increases global temperatures, which causes shifts in demand (Braungardt, van den Bergh and Dunlop, 2019). For example, heating oil demand will decrease when temperatures are high while demand for winter products increases. In addition, customers will shift their priorities to buying sustainable products, which will increase demand for environmentally friendly goods (Hoffman, 2018). Additionally, due to extreme weather events, there is a possibility that supply chains will be disrupted, making it difficult to get the resources and materials needed by businesses (Rosenbloom *et al.*, 2020). For instance, changes in the weather pattern and severe drought have been the cause of the shortage of crops that are used as raw materials for apparel, foods and other goods (Hausfather and Peters, 2020). Further on, the increase in

transportation and electricity expenses is likely to increase the cost of moving goods. Generally, changes in demand, resource availability, and cost are likely to affect the business's profitability.

Suggested Steps to Reduce Carbon Footprint

The first step that companies should implement to reduce their carbon footprint is to measure and analyse their greenhouse gas emissions (GHG). They should use private agencies that are carbon footprint certified to measure their emissions (Hofmann and Jaeger-Erben, 2020). After they know their GHG emissions, analyses should be performed to identify which company's activities are causing the highest pollution. The companies should use results from the studies to start considering solutions that will reduce emissions.

Secondly, companies should take necessary measures that will reduce energy consumption. The perfect methods to enhance consumption reduction are: turning off lights when leaving the office in the evening, slightly lowering the heating, using air conditioners and unplugging devices that are not in use (Kemper, Hall and Ballantine, 2019). Additionally, companies should pay more attention to other daily routine actions that will slightly reduce businesses' energy consumption, ensuring their impact on climate (Vuong, 2021).

The final step that businesses should implement to reduce their carbon footprint is to reduce the amount of waste they generate. All companies produce industrial waste from a huge corporation or paper waste from a tertiary-sector SME (Lawrence, Blackett and Cradock-Henry, 2020). Businesses should shift to using kitchen crockery instead of throwaway cups, stirrers and capsules for the coffee machine. This will decrease the number of prints because kitchen crockery is reusable, which will produce sorting waste (Mikhaylov *et al.*, 2020). Additionally, staff should use office devices and equipment appropriately to prevent them from deteriorating faster, and gadgets should always be repaired instead of replacing them.

Conclusion

Climate change has a likelihood of affecting businesses across the world severely. Some of the impacts that companies are likely to experience are increased risk and public pressure, changes in demand and resource availability and cost. These effects caused by climate change damage businesses both physically and financially. When companies are damaged physically, they can be closed because their overall productivity will be impaired. On the other hand, if they are affected financially, their profitability will reduce, and their expansion will be challenging. However, businesses have an opportunity of reducing carbon footprints that lead to climate change that has a likelihood of affecting them. They have an option to implement: measure and analyse GHG emissions, reduce energy consumption and reduce waste generation.

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