Assignment 07	
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Career field	**Entrepreneur in horeca domain**
Country	**Romania**
ESG Topic Final Choice	**1. Climate change and carbon emissions**

1. Read Globerman, S. (2022, November 22). *Friedman and his ESG critics (ESG: Myths and realities)*. Fraser Institute. https://www.fraserinstitute.org/studies/friedman-and-his-esg-critics-esg-myths-and-realities. Use this reading to:
   1.1. Identify the differences between a corporate shareholder and stakeholder.
   1.2. Determine how introducing the stakeholder into the corporation equation with an ESG initiative impacts the pursuit of profits.
   1.3. Explain how entrepreneurship and innovation are impacted by the introduction of the stakeholder.
   1.4. Analyze the net impact on economic growth and prosperity considering opportunity costs.

A shareholder is any party—whether an individual, a company, or an institution—that has shares in a publicly owned company. A stakeholder refers to all parties with an interest in a company's success. Thus, shareholders are always stakeholders, but stakeholders are not always shareholders.
In Shareholder capitalism the social responsibility of a business is to increase the profit, according to Friedman's doctrine.,

Stakeholders in a company include its employees, board members, suppliers, distributors, governments, and sometimes even members of the community where a business is operating. Employees and board members are internal stakeholders because they have a direct relationship with the company. Distributors and community members, however, are examples of external stakeholders.1
In stakeholder capitalism the interests of all stakeholders in the economy and society are taken on board, companies optimize for more than just short-term profits, and governments are the guardians of equality of opportunity, a level-playing field in competition, and a fair contribution of and distribution to all stakeholders with regards to the sustainability and inclusivity of the system.3
All stakeholder matter equally and society's role is to increase the well-being of the people and the planet. Long term value creation is the focus and ESG measures are being put in place.[2]

Friedman mentions that individuals, not businesses, have responsibilities for which they are accountable. He mentions that corporate executives are corporate stakeholders and they act as agents on behalf of the business owners, they should focus on the profit aspect of a business, making as much money as possible in accordance to basic rules of society. Laws and regulations are formal rules. Social customs and conventions are informal rules.
If executives donate company funds to an environmental activist group, it might reduce the profits available to shareholders, or it might mean that consumers will be charged higher prices, or that workers will be offered less compensation. These stakeholders could make their own donations to the environmental group if they wished to do so. An executive who extracts corporate wealth to support social causes is thus imposing a tax on one group and providing a transfer payment to some other group.

Sources:

1. https://www.thebalancemoney.com/stakeholders-vs-shareholders-what-s-the-difference-5190191
2. https://www.weforum.org/agenda/2021/01/what-is-the-difference-between-stakeholder-capitalism-shareholder-capitalism-and-state-capitalism-davos-agenda-2021/
3. https://www.fraserinstitute.org/studies/friedman-and-his-esg-critics-esg-myths-and-realities

Executives cannot be expected to conform to the basic rules of society unless they are directed to do so by changes in corporate law or by regulations that oblige companies to report whether or not they are meeting ESG-related regulations that need to be complies with.

In stakeholder capitalism the corporate executives should consider the interests of a wide range of individuals and groups who are directly or indirectly affected by their decisions, including customers, supplies, employees and communities in which they conduct the business. Managers should care for all the individuals whose lives are affected by the business. This might lead sometimes to reduced profit, due to higher costs of operation to be compliant to ESG recommendations. In ESG, the natural environment is a key stakeholder since it is the primary provider of resources for human life.

2. Use the work above to analyze the net impact of introducing ESG initiatives.
   2.1. Buttonwood: The tenacity of ESG. (2022, Nov 19). The Economist, 445, 74. Retrieved from https://www.proquest.com/magazines/buttonwood-tenacity-esg/docview/2737740446/se-2
   2.2. Refurbishing the boardroom. (2023, Feb 25). The Economist, 446, 67-68. Retrieved from https://www.proquest.com/magazines/refurbishing-boardroom/docview/2779944732/se-2
3. Given your ESG dilemma, summarize the isolated actions that can be taken by each of the following entities to address it. Present two alternatives per entity.
   3.1. Government
      Alt-1:
      Alt-2:
   3.2. Markets and prices
      Alt-1:
      Alt-2:
      Corporations with an ESG commitment
      Alt-1:
      Alt-2:
4. Provide two credible sources of information or scholarly works on each entities role in addressing that dilemma. Properly cite.
5. For the capstone project, prepare to analyze each alternative for the capstone project using economic reasoning and analytical reasoning. You will be asked to take an informed stance with a fully developed rationale. The capstone project should be written as a paper.

ESG dilemma – sustainable mobility in Bucharest.

The actions that can be taken in order to solve the traffic issues in Bucharest might be:

Government:

1. Impose parking fees;
2. Impose high fees for entering the city center by car;

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3. https://www.fraserinstitute.org/studies/friedman-and-his-esg-critics-esg-myths-and-realities

3. Create dedicated bike lanes;
4. Improve public transportation;
5. Encourage population to buy bicycles with incentives;
6. Enhance the urban traffic management system, e.g. smart traffic lights.

Market and prices:

1. Create bike sharing services throughout the city;
2. Add charging stations for green vehicles.

Corporations with an ESG involvement:

1. Implement delivery services with electric vehicles or bikes – making the last mile less polluting;
2. Create Bike to Work schemes;
3. Give incentives for employees that use alternative transport modes.

Sources:

1. https://www.thebalancemoney.com/stakeholders-vs-shareholders-what-s-the-difference-5190191
2. https://www.weforum.org/agenda/2021/01/what-is-the-difference-between-stakeholder-capitalism-shareholder-capitalism-and-state-capitalism-davos-agenda-2021/
3. https://www.fraserinstitute.org/studies/friedman-and-his-esg-critics-esg-myths-and-realities