INTEGRATING BUSINESS PERSPECTIVES

Question: Discuss how the issues associated with global warming might be understood as a wicked problem.

The contemporary challenge of carbon pollution and climate change can be understood as a wicked problem entailing commercial implications. A wicked problem, as coined by Rittel and Webber (as cited in Head, 2008), can be defined as an intractable social concern featuring characteristics of uncertainty, complexity and divergence. Due to the applicability of certain properties, carbon emissions and climate change can be considered a wicked problem, simultaneously presenting commercial issues and opportunities.

Various WP characteristics are prevalent in carbon emissions and climate change. According to Rittel and Webber (1973), specific properties underpin the nature and extent of a wicked problem. Firstly, the multifaceted nature of the issue lends support to its interpretation as a global wicked problem. Consistent with wicked problem characteristics, the issue is unique, difficult to define and involves numerous contested causes and solutions derived from inconclusive causal evidence.

Similarly, this relates to controversy arising from divergent stakeholder perspectives, adhering to the WP characteristic of explaining discrepancies in varied ways [Rittel & Webber, 1973]. For example, denialist groups reject the notion of climate change and human causality, doubting the potential for viable solutions. In contrast, environmental groups recognise causality, emphasizing the need for sustainable solutions. Consequently, multiple stakeholder views permeate the...
issue, reinforcing the complexity and divergence of climate change as a wicked problem.

In addition, carbon emissions and climate change features uncertainty, relating to WP characteristics of contentious causes and non-definitive solutions (Rittel & Webber, 1973). For example, climate change creates public policy challenge regarding choices of resource allocation tools (Head, 2008). Consequently, carbon emissions and climate change can be interpreted as an uncertain, complex wicked problem.

As a wicked problem in the dynamic business environment, carbon emissions and climate change pose commercial issues and opportunities. Business issues involve physical and regulatory risks. Physical implications of the wicked problem include environmental pressures such as extreme weather conditions (Stern, 2007). In effect, this may pose a detriment to primary industries relying on suitable conditions for efficient resource extraction (Sussman & Freed, 2008). For example, severe conditions in the mining industry may hinder productivity, affecting profitability and shareholder value. Consequently, the wicked problem presents increased risks, posing adverse threats for business operations.

In addition, in the Australian business context, the wicked problem poses regulatory issues through the proposed carbon tax. It is projected that this policy tool will increase business costs as liable sectors pass costs down value chains (Garner & Wong, 2010). In effect, increased prices may lower consumer demand and reduce consumer purchasing power. Consequently, the wicked problem poses the potential commercial threats of changing consumer attitudes, shareholder
uncertainty and decreased profitability (Business in the Community, 2007).

Conversely, the wicked problem presents the business opportunities of innovation and sustainability. Due to consumer preferences for sustainability, the WP presents market opportunities for private sector innovation of sustainable products and technologies (Stern, 2007). In effect, the wicked problem encourages entities to design carbon efficient products in order to satisfy consumer demand (Forster, 2009). For example, companies such as Toyota have gained competitive advantage by responding to the carbon conscious market and developing hybrid vehicles (Rigby & Tager, 2008). As a result, the wicked problem presents potential for increased market share and profitability through diversification (Garnaut, 2011).

Furthermore, the wicked problem presents commercial opportunities for promoting sustainability. Incorporating sustainable practices into business strategy allows greater long-term responsiveness to changes that the wicked problem poses (Camillus, 2008). Such initiatives, including the global accounting of carbon emissions, are likely to lead to favourable brand image (Ihlen, 2009) and competitive advantage (Porter & Kramer, 2006). Businesses may also incorporate sustainability strategies into supply chains through logistics systems, resulting in efficiency gains (Forster, 2009). For example, in response to the wicked problem, Westpac Banking Corporation has promoted corporate social responsibility, resulting in positive brand image (Westpac, 2012). Consequently, the wicked problem presents commercial opportunities, generating beneficial outcomes.

In conclusion, as a wicked problem with distinctive constituent features, the current carbon emissions and climate change debate poses issues and opportunities for business practice in the dynamic business environment.
Reference List


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