

Solid Energy New Zealand Limited: Social Ethical Issues

Name:

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## **I. Introduction**

The creation and sustenance of an ethical culture at the work place is one of the goals and objectives of most organizations in various countries across the globe. Ethics concerns behaviour and may take various angles including social and environmental among other ethical issues. The main objective of this paper is to provide a detailed discussion on the social ethical issues in reference to the Solid Energy New Zealand Limited. Social ethics can be defined as a particular set of guidelines or rules based on values and ethical choices that govern an organization or society. According to Gilliland, Steiner, and Skarlicki (2007), it has increasingly become necessary for organizations to have managers and other human resource professionals to handle social and ethical issues in organizations. In terms of the impact of social ethics on culture, Shafer, Fukukawa, and Lee (2007) observe that cultural differences may affect an organization's process of making decisions in terms of social and other ethical issues. In their investigation among various organizations, Butt, Nasser, and Ayaz (2016) point out that there is a relationship between leadership, social ethical issues, and performance. In their observation, ethical leadership in an organization affects how the employees behave and this consequently has an impact on organizational performance. To a greater extent, social ethics has an impact on organizational beliefs, values, and behaviour hence the need to embrace ethical leadership in an organization such as the Solid Energy New Zealand Limited.

## **II. Solid Energy New Zealand Limited: Social Ethical Issues**

### **A. Ethical Issue**

According to Irina and Stuckelberger (2013), the mining industry is one of the sectors that has received much criticism on matters related to environmental damages, illegal trading

practices, and social exploitation among other social and ethical issues. Inadequate safety equipment for employees and the exploitation of workers are some of the ethical challenges that employees in the mining and energy sector face. In an article on the *Mining Technology Newsletter*, Lempriere (2017) observes that recently, the Solid Energy New Zealand Limited has come under scrutiny on matters related to ethics. This is regardless of the fact that the mining industry in New Zealand receives extensive support from the government. One of these ethical issues is that of the miners broadening into conservation areas. Organizations such as the Solid Energy among other mining and energy companies in New Zealand have increasingly been faced with the ethical issue of encroaching into land that is conserved as the look for valuable minerals beneath the soil surface with the intention of mining them.

In terms of how encroaching on conserved land as an ethical issue impacts the shaping of organizational culture, Lempriere (2017) maintains that the mining companies in New Zealand need to strike a balance between protecting the country's economy and environmental conservation. One of the approaches is that of embracing Corporate Social Responsibility (CSR) whereby the Solid Energy New Zealand among other companies in the energy sector embraces sustainable development. With focus on CSR in New Zealand, Frame, Gordon, and Whitehouse (2013) point out that organizations from different sectors of the economy including the energy sector need to embrace corporate responsibility as this has a positive impact on organizational culture and performance. Moreover, when organizations are involved in various corporate social responsibility initiatives, their involvement will in the long run have a positive impact to the company as members of the communities where the corporate social initiatives are based, as well as other stakeholder are likely to have positive perception of the company.

## **B. Social Issue**

One of the social issues facing employees at the Solid Energy New Zealand Limited is that of loss of employment opportunities among the employees. Carroll (2016) records that after cutting down their employee number from 1100 to 225, the company went ahead to terminate the jobs of approximately 41 employees in 2016. She further explains that Solid Energy made this particular move as the company sought to maintain a strong financial position. Over the years, one of the main challenges facing members of the community working for the Solid Energy Company in New Zealand is that which relates to employment opportunities. What is even worse is that not only the employees who have lost their jobs suffer, but also their families given that most of the workers are breadwinners in their families. Thus, when the employees employed by Solid Energy lose their job, their job is going have major impacts to other parties.

Since loss of employment opportunities is one of the key social issues facing workers in the Solid Energy New Zealand Limited, one of the ways through which this issue may shape organizational culture is through embracing Corporate Social Responsibility (CSR). According to Narula, Magray, and Desore (2017), most countries have increasingly embraced Corporate Social Responsibility as a means of handling social issues that arise in the mining among other sectors of the economy. Since it plays a central role in the economic development of New Zealand, the mining sector requires efforts such as those that relate to CSR in order to enhance organizational performance and address the social issues that arise. In this case, the social issues facing Solid Energy such as loss of job opportunities may assist in shaping organizational culture through embracing Corporate Social Responsibility. The organization is able to embrace a business approach that works towards contributing to sustainable development by delivering key social, environmental, and economic benefits to employees.

### **C. Environmental Issue**

Over the years, the Solid Energy New Zealand has been faced with various environmental issues and one of these issues is that which concerns the quality of water. In an article on *Solid Energy's Environmental Management Systems and Performance*, the Parliamentary Commissioner for the Environment (2006) acknowledges that one of the greatest challenges facing the organization was in terms of upholding the environmental best practices in their mining activities. Owing to various activities related to mining, Solid Energy Limited has been faced with an environmental challenge concerning the quality of water. The main cause of this environmental issue is that which concerns Acid Mine Drainage (AMD) especially in the areas that focus on mining. AMD forms when sulphide minerals such as pyrite become oxidised upon being exposed to water or air in a mine. Most streams that have contact with the AMD have high levels of acidity and one of their contents is dissolved metals and this has an adverse effect on water quality.

Having identified reduced water quality as one of the environmental issues that the Solid Energy Limited has had to contend with, it is imperative to explain how this environmental issue can assist in shaping or improving organizational culture. In an article on the *Network for Business Sustainability*, Winders (2017) observes that there is a correlation between environmental sustainability issues and organizational culture. An environmental issue such as the water quality challenge facing Solid Energy plays a central role in having employees working together towards coming up with strategies to solve environmental among other issues facing organizations.

### **III. Conclusion**

From the above discussion, it is evident that the Solid Energy New Zealand Limited faces various challenges including social, environmental, and ethical among other issues. The social issues are such as those that relate to the loss of employment opportunities for members of the community while ethical issues touch on matters such as encroaching to conserved sections of land. There are also some environmental issues like those that related to the Acid Mine Drainage. For this reason, therefore, there is a need for Solid Energy to work closely with the employees and members of the community towards ensuring that they strike a balance between protecting the environment, growing economically, and having social development given the vast opportunities from the energy sector.

### **IV. Recommendation**

Since the mining is an important sector or industry for New Zealand, it is essential for the Solid Energy New Zealand Limited to embrace the correlation between ethical leadership and organizational performance. One of the key recommendations is that on Corporate Social Responsibility (CSR) with focus on linking economic growth, environmental protection, and social development. The key beneficiaries of the energy sector are the citizens of the country in question and the country itself. By being strict on matters related to CSR, then an organization such as the Solid Energy New Zealand Limited has an understanding that the finite nature of minerals should encourage them to embrace corporate responsibility. In terms of managing the environmental facing the organization, Solid Energy may take different steps. One is that of creating awareness to the employees and the general public of the activities that take place and the impact that these activities may have on the environment. However, this should not deter the

company from taking the necessary measures to handle challenges such as those related to the Acid Mine Drainage. Having a proper disposal system for the harsh environmental waste may assist in ensuring that the environment is protected, the economy is enhanced, and that there is social development in the region. In that perspective, it is paramount for the company to ensure that it does anything that is possible for it ensure that it has an effective proper disposal system.

### References

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