



SDG 6: Clean Water and Sanitation - Water Scarcity: A Business Problem

Topic Overview	Learning Objectives
<p>According to the UN, 1 in 4 health facilities lack basic water services (Sustainable Development Goals, 2020), which exacerbates the effects of the spread of COVID-19. The water crisis not only affects the livelihood of the earth’s population, but also impacts businesses and costs the economy significantly. This lesson outlines why water scarcity should be at the forefront of al business leader’s decision-making.</p>	<ul style="list-style-type: none"> • Describe the issues businesses and the economy face by the increase of water scarcity. • Identify the industries that are most impacted by water scarcity. • Examine the multi-stakeholder relationships involved in the water crisis.
Resource Summary	
<p>Harmstone, A. (2019, September 18). <i>The Top Industries Imperiled by Water Scarcity</i>. Morgan Stanley. https://www.morganstanley.com/ideas/the-worlds-water-crisis-and-industries-at-risk</p> <p><u>Summary:</u> Harmstone identifies the top industries affected by water scarcity, including agriculture, oil and gas, utilities, and semiconductors.</p>	
<p>Hundertmark, T., Lueck, K., & Packer, B. (2020, May). <i>Water: A Human and Business Priority</i>. McKinsey Quarterly. https://www.mckinsey.com/business-functions/sustainability/our-insights/water-a-human-and-business-priority</p> <p><u>Summary:</u> The article discusses the current state of the water crisis (in 2020) and the risks imposed on communities and businesses. The article identifies three main areas that companies can help mitigate the water crisis: direct operations, supply chain, and wider basin health.</p>	
<p>Chipman, K. (2020, December 6). <i>Water Futures to Start Trading Amid Growing Fears of Scarcity</i>. Bloomberg News. https://www.bnnbloomberg.ca/water-futures-to-start-trading-amid-growing-fears-of-scarcity-1.1532657</p> <p><u>Summary:</u> In December 2020 CME Group Inc. announced that the trading of water futures of the stock market. The inclusion of water amongst gold and oil, commodities that shape the world economy, on the stock market is viewed as an indicator of the severity of the water scarcity crisis.</p>	
<p>Shimo, A. (2018, October 4). <i>While Nestlé extracts millions of litres from their land, residents have no drinking water</i>. The Guardian. https://www.theguardian.com/global/2018/oct/04/ontario-six-nations-nestle-running-water</p> <p><u>Summary:</u> This article shows a local view of the water crisis with interviews from members of the Six Nations of the Grand River Indigenous reserve who have been without clean drinking water for years.</p>	



Discussion and Exam Questions

1. Which industries are most severely affected by water scarcity?
2. What is the impact of water futures trading on the stock market?
3. What are the three main areas where businesses can help mitigate the water crisis?

Additional Resources

[Beyond COVID-19, A Looming Water Crisis, Horais](#)
[Ripple effects: Why water is a CFO issue, Deloitte Insights](#)

Related Business Topics

- Risk management
- Economics of natural resources
- The Commons
- Shared Value
- Climate change effect on business
- Stakeholder relationships

Related Sustainable Development Goals Targets

[SDG 6: Ensure availability and sustainable management of water and sanitation for all](#)

6.1 By 2030, achieve universal and equitable access to safe and affordable drinking water for all

6.2 By 2030, achieve access to adequate and equitable sanitation and hygiene for all and end open defecation, paying special attention to the needs of women and girls and those in vulnerable situations

6.3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally

6.4 By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity

6.5 By 2030, implement integrated water resources management at all levels, including through transboundary cooperation as appropriate

6.6 By 2020, protect and restore water-related ecosystems, including mountains, forests, wetlands, rivers, aquifers and lakes

6.A By 2030, expand international cooperation and capacity-building support to developing countries in water- and sanitation-related activities and programmes, including water harvesting, desalination, water efficiency, wastewater treatment, recycling and reuse technologies



6.B Support and strengthen the participation of local communities in improving water and sanitation management

Suggested In-Class Activities

Assign the [Guardian article](#) to the class as a pre-class reading. In class, review [Nestle Waters in Ontario Facts](#) page in response to allegations of Nestle draining Ontario's water.

Alternatively, as a class review the [Business and Human Rights Resource Centre's summary](#) on the situation – including a summary of the Guardian article and Nestlé's response. This is a brief version of the above resources.

Apply this lesson and the Nestle case to the framework for analyzing stakeholder interests:

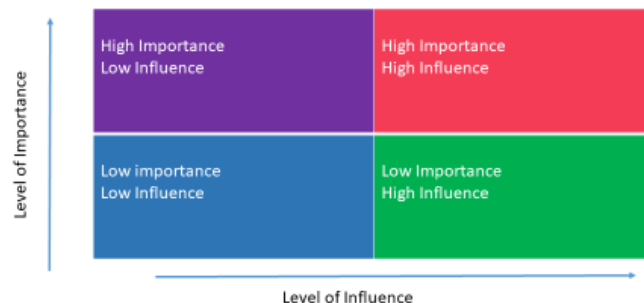
1. Explain the difference between primary and secondary stakeholders. Demonstrate using the following scenario: Jose was an entrepreneur who started a tech firm doing water analysis. His clients were primarily municipalities and cities who required water testing of lakes, reservoirs and streams. Last week Jose was called to take a water samples and analyze them from a stream that ran through a farmer's field. Jose found enough pesticide, fertilizer and manure indicators in the sample that he rushed the results back to City Hall. Jose knew that the city was his client, but he wondered if anyone else should know about the results of his testing.

Primary Stakeholders: City Hall, the farmer

Secondary stakeholders: the farmer's neighbours, Ministry of Environment, area water provider

2. Introduce the 2x2 interests and influence framework.

Stakeholder Analysis:



3. Demonstrate how you would place each stakeholder on the matrix.
4. Divide students into small groups and have them identify the primary and secondary stakeholders in the Nestle article.



Facilitate a discussion among the students on the issues of the water extraction in Ontario. Discuss the stakeholder relationships between Nestle, Six Nations of the Grand River, and the government (local and provincial).

5. Give students a blank [importance/influence matrix](#) and have them add the Nestle stakeholders to the table.
6. Explain that you could also sort the stakeholders by their power and interests on a second matrix.
7. Summarize with a discussion of how you would approach each stakeholder based on your new understanding of their position, influence and importance to the issues.