

Ethical Policy

Definition: This sets out the actions that a business will take to ensure that its decisions and actions are ethical.

Business Ethics

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Definition: Involve a business doing what is morally right for its stakeholders.

Why do businesses have strong ethical policies?

- **Ideology of owners** → beliefs/mission statements/aims
- **Consumer pressures**, as they become more aware of environmental issues and to do business with those who share their ideas → this is all important for the image of business, marketing/commercial reasons → aiming to promote sales and profit, can make more profit by being ethical
- **Meeting government targets** e.g. CO2 emissions/litter/waste → avoids fines/reduces costs
- **Avoids bad publicity** → loss of customers
- **Concern for employees with need for safe working environment/fair pay and treatment** → improves worker morale/motivation → improves company performance e.g. sales, customer satisfaction etc.
- **Concern for producers e.g. fair trade** → improves reputation → boost sales/number of customers
- **Attracts workers** → improves quality of staff

Ways to Operate Ethically:

- **Using fair trade goods** → producers get a higher price
- **Using biodegradable/recyclable packaging** → which will eventually rot away
- **Recycling schemes/reducing waste** → bins near their shops/signage
- **Food miles** → distance food travels from farm to consumer
- **Giving food away to charities** → food banks or charitable donations
- **Marketing** → advertising/sponsorships
- **Treatment of workers** → wages/conditions
- **Animal welfare** → the way animals are treated
- **Less packaging** → less to throw away
- **Reducing CO2 emissions/carbon offsetting** → not polluting the environment

THERE IS NO RIGHT WAY TO DO A WRONG THING.



Animal Rights

Definition: Refers to the idea that animals should be treated humanely and protected from exploitation and abuse.

Social Responsibility

Definition: An approach to managing business in which the interests of all groups in society are taken into account when making decisions.



Ways in which a business can be deemed as acting unethically

- **Not behaving in a morally correct manner** → unfair → not being fair trade, unfair treatment of workers, non-recyclable, environment effects, waste
- **Exploiting the small businesses/taking advantage of the business/workers/customers**
- **Forcing businesses to close/go bankrupt** → creating unemployment → creating poverty
- **Making it hard for smaller business to break-even/survive** → big businesses paying lower prices so the smaller business can't cover costs

Protests Resulting from Unethical Behaviour could mean:

- **Customers with ethical principles could be put off from purchasing from the business** → sales revenue may fall
- **Competition may benefit as customers switch from non-ethical business to ethical business** → sales may increase for businesses not involved
- **Businesses may be forced to behave in a more ethical manner** → this could see costs rise → possible increased prices if the costs are passed on to the customer
- **Poor reputation** → could lose customers/market share
- **Suppliers difficult to obtain** → less stock → loss of sales revenue/profit