

Topic 2.1.4 Ethics and Environmental constraints

BUSINESS: *Creating informed, discerning employees, consumers and future leaders*

Key Vocabulary

Ethical considerations – thinking about ethics, which may lead to making morally valid decisions or lead to the manipulation of customer attitudes

Ethics – weighing up decisions or actions based on morality not personal gain

Fair Trade – a social movement whose goal it is to help producers in developing countries achieve better trading conditions and promote sustainability

Trade-offs – having more of one thing may force you to less of the other

Environment – condition of the natural world that surrounds us which is damaged when there is pollution

Environmental considerations – factors relating to green issues, such as sustainability and pollution

Sustainability – whether or not a resource will inevitably run out in future. A sustainable resource will not

Core Knowledge

Ethics are moral guidelines – it is doing MORE than the legal minimum.

Ways for a business to be ethical:

- Pay a fair wage to workers
- Pay suppliers a fair price and on time
- Ensure production does not harm the environment, animals or people
- Label products clearly and correctly

Ways to consider the environment:

- Reduce / minimise pollution
- Only use sustainable resources
- Reduce packaging

Being ethical and environmentally friendly can increase costs leading to a reduction in profit. This can be considered a trade-off.

Benefits can include improving customer image and easier recruitment

Misconceptions

- Remember that Fair Trade is NOT a brand name or a business
- Avoid the 'all', 'everyone' comments, e.g. 'everyone will pay more for ethical goods'; some will, some simply can not afford to or will choose to ignore ethics



Application

Body Shop – never tested products on animals; had a bottle recycling scheme

Marks & Spencer – Plan A for environmental sustainability

Starbucks – saw a drop in sales after it was announced it avoided paying UK taxes



Topic Links

Aims and Objectives – social objectives

External influences – changes to legislation can encourage a business to be more ethical or environmental

Customer needs – consumers have more interest in ethical products

Marketing mix – aiming to be more ethical or environmental can affect element of the 4 Ps