

## 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

### Don't be a "man on the street"

- 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



### Wider Business World

**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



### Synoptic 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