**ETHICAL RRESPONSIBILITY**

**Business Ethics​** **Def** This refers to the moral rules and standards that guide business decision making.​ It helps people in business to decide whether a decision is right or wrong, honest and fair, regardless of whether it is profitable or not​

An ethical decision might reject the most profitable solution in favour for one that benefits society

**Reason for unethical behaviour**

This arises from human weaknesses and can included the following

1. Greed - Firms that put profit and growth above everything else​
2. Fear - Employees under treat of demotion, pay cuts or job losses​
3. Apathy - Lack proper leadership and management control (anything goes attitude)​
4. Bad examples set by senior managers - this can lead to similar behaviour by other in the business​
5. Lack of regulations - weak penalties and enforcement can tempt wrong doers​

Will it be legal, Will it be fair, Will if make me feel proud (If you answer no to these then you should rethink your decision)​

**Ways to encourage Ethical Business Behavior**

The following can be used to encourage good ethical behaviour​

1. *Using a code of ethics*

Code of Ethics **Def** A set of **guidelines/formal written statement** drawn up by a business which sets out the **expected moral behaviours** for a business. The rules provide a set of norms which guide or govern relationships with stakeholders/It is concerned about right and wrong, fairness, honesty and respect in a business context.

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| **Benefits of Code of ethics** | **Drawback of code of ethics** |
| 1. **Decision-Making** - A code of ethics can provide a foundation on which to base all decisions that affect internal and external stakeholders, such as employees or residents in the local community. Having a solid code of ethics in place from the beginning can help to guide a business as it expands | 1. **Culture** - Often, newly implemented codes of ethics may not immediately gain the respect or support of employees or management. They may see it as a critique of their personal morals. |
| 1. **Day-to-Day Decisions** - A code of ethics helps employees to fully understand the expectations of the company and the ethical guidelines in which to make decision when dealing with customer complaints. This will ensure that customers are treated fairly. | 1. Senior management may not treat is as a working document/May choose to ignore it. They may not “walk the talk”.   The Code of Ethics must be updated regularly and kept up to date to include new behaviours which are considered unethical. E.g. use of the company social media account/company emails. |
| 1. **Business Reputation/good brand image** -Displaying the business code of ethics on its website or in press releases, while taking care to ensure that the business actions are always in line with the words on the code, can create a positive image among consumers and job-seekers, creating a loyal customer base, good employees and helping to develop the brand image. | 1. **Enforcement** - Enforcing a code of ethics can also present challenges. Sanctions given to employees may damage the industrial relations climate in the business and reduce morale. |
| 1. **Encourages “whistle blowing”** - May include a “whistle blowing” clause which encourages any wrong doing to be reported to management. Staff are encouraged to report unethical behaviour by creating an environment where whistle blowing is rewarded. | 1. **Staff training** - must be provided on an ongoing basis to ensure the code is understood and is not ignored. This will involve financial costs for the business. |
| 1. **Encourages ethical behaviour** - It helps encourage ethical behaviour of senior management and employees at all levels. This will reduce losses due to theft and fraud. |  |
| 1. **Clearly defined offences** - The Code of Ethics will clearly define the behaviours which are not acceptable. This makes it easier to identify these behaviours and deter them from happening. |  |

1. *Encouraging employees to report unethical behaviour (Whistleblowing)*

This should be done in a way that employees will not fear that their careers will be jeopardised​. If a staff concerns are ignored they may become whistle-blowers​. This occurs when staffs concerns are ignored so they have to courage to report the wrongdoing to the authorities or the media

1. *Senior Managers must lead by example*

Managers should lead by example and act with a high level of​ honesty​, fairness​ and respect for others and encourage other staff to do so likewise

1. *Clear disciplinary procedures*

These penalties should be in place for staff who are found to have acted unethically​. This type of behaviour should be discouraged by the use of fines, demotion and/or dismissal​. Ethical behaviour should be recognised and rewarded by bonus or promotion​

**BUSINESS SOCIAL RESPONSIBILITY**

**Social Responsibility** **Def** This refers to the obligation of every business to respect the interest of all stakeholder groups​. It is also known as corporate social responsibility​. It means looking at the wider effects of business decisions on stakeholders.

1. *Social responsibility towards employees*

● No Discrimination, bullying or harassment ​● Fair pay and safe working conditions​

● Secure and continuous employment​ ● Jobs to be interesting and challenging​

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1. *Social Responsibility towards investors*

● Provide open and honest financial information​ ● Pay a fair dividend to shareholders​

● Keep honest and accurate financial accounts​ ● No excessive salaries or perks paid to managers​

1. *Social Responsibility towards Suppliers*

● Fair negotiations free or pressure​ ● Bills paid in full and on time​

● Suppliers treated fairly and all contracts honored ​ ● Avoiding suppliers who use child labour ​

1. *Social Responsibility towards Customer*

● Production of safe and reliable goods and services​ ● Fair prices​

● Truthful and accurate advertising​ ● All consumer legislation obeyed​

1. *Social Responsibility towards Communities*

● correct taxes are paid on the firms profits​ ● Collect all the taxes required by and pass them onto Revenue​

● Local, National and EU laws obeyed​ ● No use of bribery or corruption of politicians​

● No pollution of the local environment​ ● Protect the quality of life of local communities​

● Support the employment of local people​ ● Support the suppliers wherever possible​

● Support local community activities​

1. *Social Responsibility towards Society and the planet*

● Produce safe, durable goods in an environment​ ● Run the business in an environmentally manner​

● Do not trade or operate in countries with a  ● Support goods causes in society​

corrupt government​

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1. *What is environmentally sustainable business*

● Business and consumers are destroying the natural environment faster that the earth can cope​

This is happening through The use​ OF

* Raw material that can’t be replaced (Oil, Gas)​
* Producing products that damage the environment (Plastic, Pesticides, Batteries)​

**Sustainable development** **Def** is economic development that can be continue indefinitely without causing permanent harm to the environment or reducing the quality of life for future generations​. It means being able to grow enough food and source our energy and raw material needs without doing irreversible damage to the environment​

**ENVIRONMENATL RESPONSIBILITY**

**Environmental Responsibility Def** Business have the responsibility to conduct their activities by not damaging the environment – for example air, sea or land

**The important environmental issue facing business**

The following are some of the environmental issues that a business faces​

1. *Climate change*

This is the biggest environmental challenge facing the planet which is cause by ‘greenhouse gases’. These includes carbon dioxide burning of fossil fuels to power our cars, aircraft and power stations.​Rising temperatures are predicted to lead to more severe weather events (storms and Floods)​

1. *Energy*

Non-renewable fossil fuels (Oil & gas) will be exhausted within decades​. This will results in energy shortages unless business and households become much more energy efficient and start renewable energy​

1. *Waste*

Waste dumping in land fills and at sea will eventually contaminated the soil​. Alternatives such as burning of waste produces high toxic waste and can release harmful chemicals into the air​. Plastics, in particular can have a very long lasting and toxic effect on the environment​. Business and consumers must therefore find ways to reduce, reuse and recycle as much of their waste as possible​

1. *Pollution*

Waste emission of chemicals from factories and vehicles can be polluting to the environment and damage human and animal health​. The leaking or dumping of waste materials such as chemical, farm slurry and other materials into rivers lakes and sea can seriously pollute the environment​

1. *Destruction of natural resources*

The pollution and destruction of natural habitats, including forests, bogs rivers and coastlines damages the habitats of thousands of plant and animal species driving many to extinction​

**Importance for a business to be environmentally responsible**

1. *Reduced impact on the environment.*

use products that reduce your reliance on non-renewable natural resources (e.g. rainwater tanks, solar hot water systems), use products that are made from recycled material (e.g. office supplies made from recycled plastic, furniture made from recycled rubber) look at all your business activities to see if you can do anything differently (e.g. reducing air travel by holding conference calls instead of interstate meetings).

1. *Cost savings from reducing waste*

* avoid using materials unnecessarily/use of recycled materials can reduce costs
* reduce paper needs by asking staff to print double-sided
* reuse by encouraging staff to use scrap paper for messagetaking instead of purchasing message pads
* recycle by shredding excess paper - you could recycle this commercially or invite staff to take it home for their compost or mulch heaps.

As companies move towards recycling and reducing the amount of materials going to landfill they can be rewarded by having less waste and therefore reduced expense when paying for waste.

1. *Good practice can attract new customers*

Promoting environmentally friendly methods can set the business apart from competitors and attract new customers who want to buy products and services from an environmentally friendly business.

1. Good PR for the business

and can improve the image of the business/ May be a business USP/ May encourage customer loyalty as consumers are becoming more environmentally conscious.

1. Improve sustainability

Reducing the environmental impact of the business will improve the sustainability of the business. If you are less dependent on natural resources than your competitors and have ways to deal with rising costs due to climate change, your business will have a greater chance of long-term success

1. Focusing more on your environmental impacts

can help to attract and retain staff. May attract Investors Increase business ability to comply with regulation.

**Characteristic of an environmentally responsible business**

1. Minimise waste/safe disposal of waste

The business could adopt the 4Rs: reduce, reuse, recycle and recover. If waste is produced, every effort should be made to reuse it, if practicable. Maximisation of recycled content- recycling will conserve resources and reduce waste while it may be possible for a business to recover materials or energy from waste which cannot be reduced, reused or recycled.

1. Pollution prevention

The use of processes, practices, materials, products or energy sources that avoid or minimise the creation of pollutants and waste, and thereby reduce the risk to health and the environment. The idea is pollution prevention rather than pollution control.

1. Code of Ethics

The business could establish a code of ethics which is a formal written statement setting out the modes of behaviour expected from a business in its dealings with the environment and the wider community in which it operates, encouraging a culture of openness, consultation, honesty and awareness of environmental issues

1. Environmental Audits

Independent studies of how the business impacts the environment. This makes the business more environmentally aware so they can reduce negative environmental impacts.

1. Review of business processes to reduce pollution.
2. Recycling

Review of business processes to reduce pollution.

1. Limit packaging

The business attempt to limit packaging. This reduces the waste produced from the consumption of their products.

1. Consultation/Advice Consultation

with all the interested parties when developing and implementing policies that affect the environment. Consultation also involves getting the most up- to- date information on environmental issues.

1. Honesty/Openness

The company tells the truth and is above board in all matters affecting the environment. Environmentally conscious businesses are not afraid to have their affairs examined, as they generally have nothing to hide. e.g. it does not hide industrial accidents. Awareness of environmental issues/Training Promotes environmental issues among its employees, customers and business community and spends money on the issues. Regular communication and engagement with staff in increasing awareness and promoting positive behaviours with regard to the environment.

Example: monitoring energy usage and controlling temperatures/ creating an environmentally aware culture throughout the organisation. Scotland - UK retailer Marks & Spencer has signed a 40- year deal with Smartest Energy in Scotland which will lead to the company powering its Scottish stores & offices using renewable energy sources from April 2010.

1. Openness to development of new product design/ clean manufacturing processes/ better product end-of life solutions/recycling

Designing products that are durable and capable of maximum possible lifespan /helping to reduce energy consumption/waste. Using parts that can be recycled/safely disposed/ avoiding environmentally sensitive materials/ pollution prevention. Continually reducing products impact on the environment through improved recycling and reuse programmes.

Example: Cadbury Ireland, trialed a 100% sustainable sourced cardboard replacement for its traditional Roses tin. The tin (which was trialed at Tesco at Christmas 2009) is 45% lighter and saves 200 tonnes of steel. This initiative was launched in a bid for Cadbury to reach its 24% packaging weight reduction target for seasonal and gift packaging in their ‘Cadbury’s Purple goes Green’ strategy.

1. Sensitive to all environmental considerations in its policy making.

Conducts environmental audits (Environmental Impact Statements) to assess the impact of their business on the environment. Compliant with the law Conducts business with integrity and complies with the environmental laws and regulations. Seeks advice from EPA to ensure compliance.

1. Sustainable Development

The needs of future generations should be considered when using natural resources. Businesses should adopt an environmentally friendly approach when using natural resources. This is especially important because of the potential for climate change. Greater use could be made of wind and sunshine to create energy, and businesses should use this energy more efficiently (e.g. cfc bulbs).