

An ethical objective is a deliberate attempt on the part of the company to take a position which is viewed as morally correct and appropriate in the eyes of the stakeholders.

Ethical— reducing pollution by using more environmentally friendly processes, increased recycling of waste materials, conditions of trade.

The body shop was one of the first shops to take an ethical stance against animal testing, Fair trade, the environment and ethical trading.

examples of unethical behavior:

- financial dishonesty
- environmental neglect and damage
- exploitation of the workforce
- exploitation of suppliers
- exploitation of consumers

Advantages and Disadvantages of “acting” ethically

advantages

- there is considerable stakeholder pressure to “do the right thing”
- it is a way to differentiate itself from the competition and improve customer perception
- employees are motivated and will stay longer

disadvantages

- it does tend to increase costs and therefore lower profits
- it can be difficult to find suppliers who have the same ethical stance
- shareholders may not be happy to have less profits.

Corporate social Responsibility

CSR applies to those businesses that consider the interests of society by taking responsibility for the impact of their decision and activities on customers, employees, communities and the environment.

CSR is further complicated when dealing with businesses that operate on a global scale in different countries. What is acceptable in one country may be undesirable in others.

Benefits	Drawbacks
image is improved with a green or socially responsible approach	cost could increase
attracting motivated employees who want to work for socially aware business	shareholders may not accept lower profits in the short term
no bad publicity and pressure group action	loss of cost and price competitiveness if rivals are not CSR and have lower cost
could have better relations with workers, suppliers, customers	consumers may pay higher costs for CSR but not during economic recessions
higher profitability	could be “back lash” if claims to be socially responsible are found to be false

Should businesses adapt to meet CSR?

Businesses must adapt to meet their social responsibilities.