

Ethical concerns relating to the cooperative group



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Essay Question: Describe the ethical concerns facing the communities in which the Cooperative Group operates

This essay examines the ethical concerns which are foremost in the communities in which the Cooperative Group operates. The discussion argues that most important among these ethical concerns are the dual problems of global ethical dilemmas, led by the issues of fair trade and climate change, but also a keen interest in supporting local communities and local suppliers. The latter has become increasingly important in light of the financial crisis as it often a key factor in how local communities fare. The discussion begins with a critical analysis of how these ethical concerns affect local communities before reflecting briefly on how the Cooperative can be seen to assisting with such problems.

The Cooperative Group operates throughout the entirety of the UK. It can therefore be said that broadly speaking, the ethical considerations which effect the communities in which the Group operates are the ethical considerations which are currently foremost among the UK population as a whole. As outlined in the introduction, these issues can broadly by summarised as a concern about the environment and concerns about global poverty, international development and the role of trade in dealing with such problems. The UK voluntary sector is one of the best supported in Europe and has an annual turnover into the tens of billions (Harris 2001). Whilst this is not explicitly relevant to the role of the Cooperative Group it nonetheless illustrates the general spirit of the British nation and the importance which they attach to ethical considerations in life. These ethical concerns are important ones for the Cooperative Group to consider as much has been

made recently of the role of consumer choice in shaping the nature of the world's problems (Klein 2010 p. 242). There is therefore a strong connection between the ethical considerations of such communities and the role of the Cooperative Group.

We must therefore acknowledge that one of the biggest concerns which many people feel in relation to the issue of climate change and global poverty has been the sense of how best they can help with the problem on an individual level. In an age when many people have lost faith in traditional political routes to problem solving or addressing ethical concerns, there is more and more emphasis placed on the importance of consumer choice. Writers such as Klein (2010), Tomlinson (1999) and Giddens (2002) have all been involved in arguing that perhaps one of the most important ways in which people can change the world in which they live is through supporting movements such as the Fair Trade movement, through taking an interest in the carbon footprint of their shopping and in generally being a much more politically aware consumer. Such arguments argue that consumer choice can effectively be used as a less dramatic form of economic sanction to place diplomatic pressure on certain areas to either reform their political practice, or to operate in a more considered manner. This point is made particularly strongly by Garton Ash who argues that, with so much choice over which charity to support and what particular manner in which to attempt to influence events, many people feel overwhelmed. Evidence put forward by the Guardian Sustainable Business report suggests that many consumers do believe that their choice of products makes a difference to such issues and that the majority of consumers are influenced by such factors. There is

therefore a strong precedent for supermarkets and organisations such as the Cooperative Group to develop practical alternatives for such people and furthermore to inform their customers of the ethical issues which surround their consumer choices.

However, perhaps one of the most important ethical issues which faces such groups in the current economic climate is the issue of local employment and local livelihoods. Like many ethical considerations this issue ties in neatly with many of the other concerns which we have previously discussed.

Throughout the post war period there has been a growth in the power of markets internationally to the point where the vast majority of the UK's manufacturing industry and a large part of British domestic agriculture has been superseded by cheap foreign imports, be it manufactured goods from China or fruit and vegetables which are grown in warmer climates and shipped to the UK either on boats or planes. Such trends create a dual problem of increasing carbon emissions but also threatening local livelihoods, particularly in the more rural areas which the Cooperative Group operates in such as parts of Yorkshire and the Lake District. A significant ethical issue in this context is therefore the level of support which major shops such as the Cooperative Group give to local industries and producers. This issue has been highlighted by a significant number of globalisation theorists such as Dunkley, as well as more mainstream writers such as Stiglitz and Klein. Such ideas represent a significant concern for much of the world as the free market system has created more problems than it has solved for a great number of people.

Strong evidence suggests that such trends are being felt at the supermarket checkout and in the local shop. In 2010 Bevin reported that in response to a survey carried out for the Guardian “ the majority of the 766 respondents indicated strong concern about carbon emissions, pollution, and resource depletion”. A majority of respondents also stated that the level of transportation was a key factor for them. They were therefore much more likely to purchase a product which had been locally sourced. It is also worthy of note that the Guardian report also found that the purchase of groceries came second only to transportation in the full ethical consideration of household expenditure. Areas such as utility bills or clothing were not considered to be as important ethically as were groceries.

When all of the evidence is collated there is a strong precedent set for the centrality of environmental and wider global ethical considerations in consumer choice. The evidence put forward by the Guardian report provides recent and solid support for the idea that an increasing number of consumers see themselves as key actors within the global economy and global society. It is increasingly the case that works by Stiglitz on globalisation, Klein on marketing and Dunkley on free market capitalism are becoming mainstream texts with a growing number of people understanding and forming judgements on some of the wider macro issues which are presented in such works. The result has been a grass roots movement away from simply buying products at the cheapest price towards buying products based on their ethical considerations. This is something which has continued through the recent financial recession with the Guardian Sustainable Business report being published in June of 2010. It is also worthy of note that

the ethical stance, although slightly more of a factor at higher incomes, was largely constant across the income range.

It can therefore be concluded that the major ethical considerations for those people who live in areas that the Cooperative Group would operate in are the major ethical considerations which people consider in their day to day lives. Perhaps the most important of these has been the impact of products on the environment. It is increasingly the case that people buy products based on the distance that they have been transported, the amount of packaging they have and the place in which they originated. However, we should not ignore the wider 'knock on' ethical considerations which surround global warming and global climate change. The influence of poverty has been strongly felt with the fair trade movement receiving considerable support, to the point where the majority of coffee is now fair trade certified. It is clear that such issues have considerable crossover. The more locally something is grown the more chance there is that it will have less of a carbon footprint and the more chance that it will have of supporting local industries and therefore reducing global poverty overall. However, more important of all to the ethical considerations of the local people in which the Cooperative Group are considerations as to how best to reduce their carbon footprint and assist in the reduction of greenhouse gas emissions.

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An assessment of the social implications of business ethics for the Cooperative Group

This discussion examines the social implications of business ethics within the Cooperative Group. It focuses on both the Cooperative Group bank, but also

the Cooperative Group grocery stores in order to argue that the social implications of the Cooperative business ethics model are particularly positive. The discussion focuses predominantly on the social implications of the Groups policies on the eradication of global poverty as it is this subject area which creates a particularly useful crossover between the Bank and the Grocery side of the Group. The discussion begins with a look at the banks and how the Groups bank is different to mainstream banks. It then moves on to reflect on the Cooperative grocery stores before bringing the two strands together in a wider analysis.

The Cooperative Bank is an institution which pledges very strongly its ethical commitment to fair finance. In an age in which issues such as globalisation are having more and more of an effect on the way people live their lives, it is no longer possible to ignore global poverty and global climate change.

However, the majority of Western commercial banks have grossly compounded many of the problems by attempting to make short term profits from developing nations. Many such banks should be seen as significantly responsible for the major debt crisis which hit Sub Saharan Africa in the 1980s and they should be held to account as being motivated purely by greed. Such institutions lent money at extortionate rates to nations which they were well aware were unable to repay such loans as they thought that they would ultimately be bailed out by huge IMF loans and therefore still make a profit . Such behaviour was also the hallmark of the banks which created the most recent financial crisis in the developed world. Investment banks which were being operated essentially as casinos in which gambles

were rewarded and losses were covered have had dire social implications for the majority of the Western world.

One of the biggest problems now facing the UK economy in particular is how it is going to be possible to get credit to small businesses in order to stimulate growth whilst at the same time making public sector cuts which will amount to half a million redundancies. Major banks have more or less refused to lend to small businesses and households and therefore many people are beginning to turn to more ethical alternatives led by the Cooperative Group bank, but also other institutions such as the Triodos bank. The Cooperative Bank is committed to funding small businesses which it sees as being solidly enough set up to succeed and yet it is also committed to supporting projects in developing nations which have been properly set up and costed. In these two moves it has immediately made itself significantly more ethical than the vast majority of its competitors and has also had a significantly beneficial social impact. The availability of credit at reasonable rates is perhaps one of the most important single moves which a bank could have made in order to attempt to improve the situation in the UK and the wider Western world. However at the same time the bank has retained its commitment to developing real solutions for global poverty. Stiglitz has argued strongly that we should never underestimate the power of ethical banking to create and empower in the world. Well placed and secured investments can reap considerable social rewards. The bank itself sums this approach up when it says that it is “ committed to making an impact by creating social, economic and environmental change”

If we then move on to examine the role of the Cooperative Group grocery store we can see that the social implications of the ethical approach which the Group has taken has been positive. The lead which the Group took on the issue of Fair Trade has benefited a significant number of farmers and by extension their families in some of the most deprived regions of the planet. Further to this it must be acknowledged that the wider impact of such policies can have on stimulating economies through the knock on effects which capital can have. Keynes highlighted the multiplier effect by which one business opening can lead to other businesses opening as they seek to provide services for aspects of the original business, be it sandwiches for the workers, parts for machinery, or any number of other services. Where there is a steady supply of capital through fair trade this can then be used to create reliable and consistent growth. The social implications of this policy should therefore be highly commended.

Within the broader sphere of the fight against global poverty we can therefore see that the Cooperative Group and its ethical policies are having an important beneficial effect. The vast majority of development writers who debate key issues within the subject frequently tend to agree that the central problems of development is creating sustained economic growth. This point is made by Stiglitz, Collier and Dunkley. Whilst it is important to note that there are other important factors in this problem, the United Nations Human Development Index (a statistical index based on a number of development factors such as life expectancy, GDP per capita, deaths from preventable disease and literacy rates) strongly correlates with the GDP per capita index . Therefore, where it is possible to create sustained economic

growth it is possible to lift people out of poverty and empower them to develop their own solutions to their problems.

Within this more developed context it can therefore be argued that the social implications of the Cooperative Groups policies are hugely socially beneficial. The importance of the initial loans which the Bank offers to setting up projects such as schools or roads or water infrastructures are crucial to the steady development of these areas. However, perhaps even more important than this is the guarantee of a good and fair price for commodities which have previously been at the mercy of the international markets.

Commodities such as coffee have suffered notorious drops in prices, particularly during the 1980s and early 1990s. This meant that often what had started out as a promising spell of growth developed into a slump and further poverty. The importance of a steady market at a fair price cannot be underestimated. The social implications of this are huge.

It can therefore be argued that the social implications of the ethical approach taken by the Cooperative Group are hugely important. Without such ethical considerations it would not be possible for developing world farmers to sell their commodities at a price which guaranteed them a profit and instead they would be left to the mercy of international markets and buyers who are particularly ruthless. The simple commitment to pay a fair price for good quality commodities sows the seeds of economic growth in many of these regions and provides a stability which was previously not there and the social impact of which cannot be underestimated. In a similar manner the ethical commitments of the Cooperative Group bank should be seen as being a key part of this process. We have seen from our basic

analysis of development literature how the majority of current development theorists believe that finance is a vital part of the move away from poverty, but only where it is used responsibly and without an immediate desire for profits. The Cooperative Bank's commitment to these principles means that they are likely to be one of the most important institutions in helping the developing world move away from poverty.

We can therefore conclude that the ethical considerations and principles of the Cooperative Banks provide vital financial support for key projects which have enormous social benefit. The provision of clean water, infrastructure projects and key buildings cannot be undertaken without responsible financial support. In addition to this the commitment of the Cooperative Group to pay a fair price for major developing world exports sows the seeds of stable growth and means that such areas are able to begin building and planning for the future where they were previously unable to think beyond the next week.

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An Assessment of the ethical concerns facing the communities in which the Cooperative Group operates and measures that could be taken to improve corporate responsibility

This discussion brings together the two strands of domestic ethical concerns and the wider ability of the Cooperative Group to respond to corporate social responsibility issues. The discussion begins with an outline of the major ethical concerns facing the communities in which the Group operates. This takes in both the communities in which the Group predominantly sells its products, but also on some of the areas in which the group sources its products. The major ethical policies of the organisation are then questioned in order to determine areas in which the Group could improve. Central to

these criticisms are the failure of the Group to develop a coherent ethical policy in the manner of other retailers such as SUMA.

The major areas in which the Cooperative Group operates are predominantly the UK but to an extent worldwide. It is certainly true that the majority of the Groups business comes from within the UK with all of the Grocery outlets being in the UK. Therefore the major ethical concerns of the Groups customers are likely to come from these areas.

The majority of evidence suggests that the major ethical concerns of the UK population as a whole are the best ways to deal with global climate change, but also other problems such as global poverty and the problems which surround this. A recent report commissioned for the Guardian concluded that the vast majority of UK consumers are now heavily concerned about the impact that their day to day shopping and choices has on these issues. The notion of green marketing and the green consumer are two things which have gained considerable currency in recent years and have made consumers feel much more responsible but also empowered as to how they go about their business. It can therefore be argued that the central ethical concern of the Coop's customers relates to how best to reduce their own personal carbon footprint. They see the selection of products which they buy as a way of reducing such problems and ultimately aiding in the fight against global warming.

However, if we look at the major areas in which the Cooperative Group sources its products we can see a slightly different story. The major area which is worth examining in relation to ethical considerations has been the

region of Sub Saharan Africa and the impact of the Cooperative Group's policies on commodities such as tea and coffee, as well as chocolate. The primary ethical concern in this area is the reduction of global poverty. This concern focuses on developing solutions which enable people to work their own way out of poverty through sustainable farming solutions and the development of markets within these areas. Central to this problem has been the issue of fair trade and the ability of farmers to gain a fair price for their commodities. Previously to the fair trade movement it was often the case that farmers would end up selling their products at a significant loss as a result of a huge world market and a collapse in global demand due to a financial recession in one area (for example in the late 1980s and early 1990s) . This problem led to significant calls for a commitment to pay a price which would guarantee a profit to those farmers who produced the aforementioned commodities.

We can therefore see that between these two areas of operations the Cooperative Group has two major ethical concerns, both of which are duly highlighted by the organisation itself. These are firstly the commitment to reduce the carbon footprint of the business, through sourcing more locally grown foods, reducing the levels of packaging which are used and also reducing the amount of transportation which is required to distribute products through greater logistical support. Secondly is the issue of assisting in the reduction of global poverty through a variety of policies from both the Cooperative Bank but also the Cooperative Grocery aspect of the business.

In terms of analysing the success of the Corporate Social Responsibility of the Cooperative Group one has to conclude that the organisation is one of

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the best performing of all businesses in the world today. Its commitment to the two issues outlined above should be taken seriously and is proved by real action and it has a reputation as a more open and approachable organisation responding to local customers' needs in a much more approachable way than many of its competitors.

However, one of the major criticisms of the group which has been highlighted previously is the slight inconsistencies which arise particularly among the Grocery division of the business. These inconsistencies mean that the group which has a very commendable commitment to ethical issues such as the fair trade movement, can also be seen to be selling products which directly contravene these principles. The fact that such products are sold by the Cooperative Group means that such products are being profited from by the Group itself and that there is therefore a strong argument to suggest that the Group is itself contributing to the inequality which such principles create. If the group were to improve its service to its communities even further then it would be important for it to develop a strategy which was much more water tight and which served as a much more cohesive and inclusive model.

Whilst such a model would no doubt have logistical and technical problems it is important to note that there are companies and businesses which have been set up and run on very similar lines. One notable example is the food wholesaler SUMA, based in Leeds, West Yorkshire. This wholesaler is able to source a significant number of its own products directly but also works with other suppliers to develop a catalogue of supplies which it is able to provide to customers. This process involves significant research into the origins of

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certain products and a constant commitment to maintaining the high standards which are set but it is something which can be achieved. If the Cooperative Group were to seek to develop its own Corporate Social Responsibility policies even further then the SUMA model would be a particularly useful model to examine. It is also worthy of note that SUMA itself supplies several of the Cooperative Grocery Stores, in particular in the areas around Leeds where local demand for such products is high.

It is therefore possible to say that the ethical issues which are felt by the majority of the Cooperative Group's customers centre on two major areas of interest. Firstly there is the area of global climate change and how consumers and people can reduce their carbon footprint as part of their everyday lives. Secondly there is the issue of how best to attempt to tackle climate change. As we have seen these two issues frequently overlap and in many ways can be strongly linked. However, we must also acknowledge that there are few groups better equipped than the Cooperative Group at developing strong policies in these areas. The diversity of the Group means that it is able to respond to crises in a much broader way than many of its competitors are able to. For example, on the issue of tackling global poverty, the Group is able to provide Fair Trade agreements with farmers for the supply of certain products, but is also able to use the Cooperative Bank to help develop key infrastructures and services within such areas. This dual pronged approach make the Corporate Social Responsibility Programmes of the Cooperative Group particularly impressive. However, if the Group were to seek to develop these valuable points further then there is considerable room for growth in the central principles of product choice which the Group

makes. A more developed and ethically accountable set of principles here (in the manner of SUMA) would make the organisation significantly ethically stronger and would have massive social benefits for the areas of operation of the business.

We can therefore conclude that the Cooperative faces the two major ethical considerations of climate change and global poverty. Its commitment to combating these issues is noteworthy and certainly deserving of praise. However, with a more calculated and ethically sound approach the Group could perform even better in this very important area.

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An assessment of how the Cooperative Group could improve its operations ethically

This discussion examines the manner in which the Cooperative Group could improve its operations ethically. It begins by commending the Group on its stance on ethical issues such as Fair Trade, with all of the Cooperative Group's own brand coffee and chocolate now being exclusively Fair Trade certified. It does however argue that there is a certain double standard in the way in which the shops will frequently sell other brand products which do not meet such requirements. The central argument is that, if the Cooperative Group is to develop its ethical stance further, it would need to create a set of absolute principles or standards by which it would judge all of its stock, in a similar way to food wholesalers such as SUMA. The discussion argues that, whilst such a view may be seen as slightly extreme or impractical by some people it is nonetheless the major direction down which the Group should aim to go. It is worth noting that some of the evidence discussed here relating to specific in store advertising is primary evidence taken from local Cooperative outlets and should be treated as such. Where possible this is highlighted.

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The Cooperative Group deserves strong praise for its stance on key ethical issues such as fair trade, global climate change and global poverty. Its decision to develop all of its chocolate and coffee products from Sub Saharan Africa and South America into fair trade products was a decision which they took ahead of all of their major competitors and one which has been followed for the most part. A brief glance at the Cooperative Group website reveals a relatively prominent section entitled “ ethics in action” in which the Group outline their major commitments to develop schemes in local areas such as walk to school schemes to assist the environment and community cohesion, but also their wider ethical commitment to reduce poverty through low interest finance, fair trade products and overseas projects. It is therefore worth making absolutely clear how commendable such actions are and how much they should be applauded by the Groups customers.

However, it is also possible to identify certain ethical anomalies within the Group. The aforementioned commitment to own brand Fair Trade Coffee and Chocolates often sits next to a promotion for Galaxy chocolate or Nescafe Coffee neither of which have any ethical merits. It is also frequently the case that such products are advertised in store, perhaps largely as a result of promotional offers such as ‘ Buy One Get One Free’ but also through other “ contracted out” advertising space which is operated by a “ third party advertising agency”. There is therefore an ethical double standard here, whereby the Group will publicly commit itself to its own ethical standards but will then continue to profit from other products which clearly fail to meet such standards. Not only this but such products are often advertised in store in order to generate further profit. The Group is therefore promoting one

image on the one hand, and carrying out an entirely different act with the other.

It can therefore be argued strongly that, were the Group to be taken seriously and present a water tight and uniform ethical case, it would have to develop its own benchmark of ethical standards by which it would judge all of its products. These would not need to be hugely ground breaking, certainly not in the first instance, but could be based on the ethical standards by which the Group develops its own products. If products meet such standards, for example Cadbury's chocolate has been certified fair trade in recent years then they can be sold and the consumers can then make their choice according to other criteria such as taste, price or the