

Corporate social responsibility

[Environment](#), [Ecology](#)



This is an example of a business changing to meet the needs of customers. Subways are trying to be more socially responsible by stunning their animals first, to appease consumers with strong moral objections. This is important because a study by Forbes showed that 65% of workers would seriously consider leaving their jobs if they worked for a company that harmed the environment. Research has shown that over 88% of consumers think companies should try to achieve their business goals while improving society and the environment.

So therefore Subway's diverse workforce may provide ideas that a more homogeneous workforce could miss. Also, they might have a greater understanding of markets that may be segmented on these factors. They may also provide more natural links to market opportunities abroad, through linguistic skills, cultural knowledge and knowledge of foreign markets. This can explain why Subway operates in 83 countries, with a rapid rise in sales in Germany, its second most valuable Western European market.

Income can affect business. A company's products usually appeal to certain income groups. People with lower incomes are more sensitive to price and may prefer purchasing discount products. Permeates are experiencing a change in market share because of the increase of people with lower incomes and less disposable income who are sensitive to price (elasticity of demand) and a shift in tastes and trends, with cheap foods becoming increasingly in demand.

This means that the demand for discount food stores is increasing. Tests; an example of a food store that is experiencing a decrease in market share

because people cannot afford Tesco's foods and prefer bargain stores like Lidl. Deco's market share over the last 12 weeks (from outhouse) compared to a year ago is down from 29.6% to 28.%. Tesco has responded to the threat with 'hard discounters' by launching a price war on milk and other essentials. Tesco has cut the price of plain milk to 1p to match budget chains.

People are more aware of the importance of the environment and becoming 'green consumers'; prefer environmentally-friendly goods which have less impact on the environment e. g. Prefer to travel by bus. Cutbacks; expanding their recycling programme to reduce waste developing more environmentally-friendly cups, evaluating store design and operations to identify ways to reduce the amount of water used, use responsible advertising materials and energy efficient designs for their stores The changing nature of the ethical environment Moral principles that should underpin decision making.

Ethical behavior involves actions and decisions that are seen to be morally correct Ethics are the set of moral values held by an individual or group. An organization may make decision that it believes to be morally right, rather than one that suits the needs of some of its stakeholders. Thus a decision made on ethical grounds might reject the most profitable solution for an organization in favor of one of greater benefit to society.

Possible ethical stances Organizations may take different stances in relation to ethics, including: Viewing shareholders' or owners' short term interests as their only responsibility Recognizing that well managed relationships with other stakeholders bring long term benefits to shareholders or owners

Including the interests and expectations of stakeholders in their mission
Taking an ideological approach and placing financial considerations
secondary Ethical Codes An instruction from an organization to its employees
to indicate how they should react to situations relating to moral values The
focus of the code will depend on the business concerned. A typical code may
include sections on Personal integrity in dealing with suppliers and in
handling the firm's resources Corporate integrity such as forbidding collusion
with competitors and predatory pricing Social responsibility Critics believe
there is nothing more than public relations exercises Ethical Investment
Stock market investment based on a restricted list of firms that are ethically
sound Ethical investors do not invest in firms that

Finance weapons deals to oppressive governments Make products involving
tobacco, fur, animal testing and exploitative farming Do not act responsibly
towards the environment or are not good employers

Advantages/Disadvantages with Ethical Behavior Reviewing a firm's ethical
position A number of elements should be considered when reviewing a
company's ethical position. Individuals Each person has their own set of
personal standards derived from their upbringing, education and
background. As they make decisions, their own ideas of what is right and
wrong is involved Corporate culture Set of unwritten rules that affect the
attitudes and management style of a business. This can affect how
employees behave in order to do well at the business Public standards
Operate in an environment that affects everything they do and the results
they achieve. A public outcry against a particular type of activity will force a
business to look at itself and decide if it needs to change.

It may also mean other businesses look at themselves as well. Competitors A USPS can be built based on emphasizing their ethical stance. Other businesses may then review their operations Ethics, Business Culture and Delegation Organizations have cultures and codes of behavior that affect attitudes, decision making and management style. If there is conflict between the ethical position of the organization and the moral values of the individuals it employs, then delegated decision making may not reflect the ethical position of the organization. The potential of this problem can be minimized if the culture is one which all employees understand and take responsibility for.

Changing business cultures is not easy and investment in effective training and communication is important to ensure that all staff behave in an agreed ethical manner. Creating an ethical culture within a business can actually improve motivation and can become part of a wider policy of employee empowerment. The duties of an organization towards employees, customers, society and the environment Benefits to Society Problems such as unemployment and pollution are likely to be reduced Quality of life is likely to be improved Society longer term needs are likely to be considered rather than simply the short term needs of a business Life and business activity will be easier if everyone involved is working together for the common good Simply the right thing to do.

Firms have a duty to be concerned with the wider impact of their activities Benefits to Firms Improved financial performance Reduced operating costs due to greater recycling Enhanced brand image and reputation which could

bring in more customers, trading partners and makes it easier to attract capital investment Increased sales and customer loyalty Increased ability to attract and retain employees Access to capital Arguments against CARS Efficient use of resources is likely to be reduced if businesses are restricted by how they can produce and where they can locate which could lead to higher costs and prices Socially responsible policies can be costly to introduce Stakeholders tend to have differing objectives and are therefore unlikely to agree on what is socially responsible behavior Social responsibility may be just a passing fashion and nobody can be sure of the value of firms being socially responsible During a recession the objectives are profit and survival - social responsibility doesn't matter here If something is important to society at large it can be argued that the overspent should pass laws to ensure everybody acts responsibly Just an extension of a firm being market orientated, meaning it's only done as the customer wants it Overall, in the long term, CARS could benefit businesses, as the local community may improve in terms of wealth, quality of life and standard of living, meaning the firm could also benefit. Most large firms will produce an ethical code of practice. This will uphold the firm's social responsibilities. This might include being environmentally-friendly wherever possible. Cutbacks CARS; giving back to the environment Environmental mission statement;

Understanding environmental issues and sharing these with staff Striving to buy, sell and use environmentally-friendly products Recognize that fiscal responsibility is essential to our environment future Installing environmental responsibility at a corporate value Example; serve high quality coffee that is ethically traded and responsibly grown. They do this through forest

conservation efforts and farmer Why be ethical Marketing opportunities: A good reputation in relation to environmental issues can act as a positive marketing tool that encourages customers to choose one brand over another. They can also build a loyal customer base through USPS. Financial opportunities: Can actually make it easier to get money off certain banks - banks like Cooperative will not lend money to firms with a reputation for damaging the environment. Lower costs through recycling and less waste.

Human resources opportunities: Motivation, attract the best workers who want to work for a company with high standards. Poor reputation can damage reputation and the ability to attract high quality applicants Why not be ethical; More expensive to source raw materials, more expensive capital goods to cut pollution, Training workers to be ethical costs money, losing custom from more ruthless competitors Ethics or Public Relations? Public Relations - Activities to boost the public profiles of an organization Public relations usually involves obtaining favorable publicity via the press, television or radio. Unlike advertising, it is not paid for and there is no control over its content.

When a business behaves ethically it may be good for PR. It has been suggested that the good PR is the main reason for ethical behavior - it can help enhance the image of a business and is likely to generate more goodwill. This in turn will lead to improved sales and may eventually boost the company's share value. Example; Foxing (public relations)(benefits of not being ethical) Criticized for polluting nearby rivers with factory chemicals, black-green water dumped twice a day. Foxing said it is complying with

emission standards and bring the factories into full compliance with policies and that other companies within the same industrial park are dumping water into the rivers too.

This shows they are stating that their complying with emission standards for public relations because really they onto want to lose their competitive advantage from more ruthless competitors; doing it to save costs, generate profitability quick, keep costs low, keep up with demand etc... More evidence that they care more about public relations is that they installed solving underlying problem of suicides so the social responsibility doesn't reflect genuine values, don't care about their staff, only care about deadlines and money. Example Primary: (genuine values) The roof of their factory in Bangladesh collapsed, killing more than 1000 people.

Long-term compensation and support services for the errors and families who were working in the factory payments end this month (\$mm) = High cash outflows so less revenue. They also had building surveys to assess the structural integrity of factories which means they are addressing the underlying problem. However this may not actually affect Primary, this may be cheaper in the long term than paying their staff higher wages; a significant variable cost. This shows that corporate social responsibility is just a form of public relations and a way to back their reputation and offer a method to 'shut them up'. Could be because of public relations?