

Ethical business practices

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For example, they may: * attract customers to the firm's products, thereby boosting sales and profits * make employees want to stay with the business, reduce labor turnover and therefore increase productivity * attract more employees wanting to work for the business, reduce recruitment costs and enable the company to get the most talented employees * attract investors and keep the company's share price high, thereby protecting the business from takeover. Unethical behavior or a lack of corporate social responsibility, by comparison, may damage a firm's reputation and make it less appealing to stakeholders.

Profits could fall as a result. Along with good corporate governance, ethical behavior is an integral part of everything that Academy Cheapest does. Treating stakeholders fairly is seen as an essential part of the company's success, as described here: 'A creative and well managed corporate and social responsibility programme is in the best interests of all our stakeholders - not just our consumers - but also our shareholder, employees, customers, suppliers and other business partners who work together with us.'

Ensuring that employees understand the company's corporate values is achieved by the statement of 'Our Business Principles' which makes clear the behavior it seeks from employees. Academy Cheapest's good practice was recognized when it was voted one of the 'most admired companies for community and environmental responsibility' by Management Today magazine in 2003. It was also ranked second in the Food and Drink sector in the Business in the Community 'Per Cent Club' Index of corporate giving for 2003, with an investment in the community of around 1% of its UK pre-tax profits. Academy Cheapest Corporate and Social Responsibility Report 2002

Page 2: Ethics at work The supply chain and distribution process This describes the way in which raw materials are sourced and transformed into final products and delivered to customers. Academy Cheapest has direct control over what happens in the transformation stage of its own process and can also influence the behavior of suppliers and distributors. For example, it performs due diligence on potential suppliers by requesting them to complete a questionnaire prior to engagement.

This enables Academy Cheapest to monitor a supplier and check they adhere to stringent standards in particular criteria. One criteria, for example, may be to carry out audits or have an environmental policy. A) Dealing with suppliers Academy Cheapest deals with tens of thousands of suppliers around the world and aims to work closely with them to ensure they receive fair treatment. In the case of cocoa farmers for example, Academy Cheapest is a member of a global coalition, which is comprised of industry, governments, non-government organizations and special interest groups created to improve working practices on cocoa farms.

The coalition has funded independent surveys into cocoa farming in West Africa that have contributed to the development of programmes to help local communities. In 2003, the coalition also established a foundation, the International Cocoa Initiative - Working Towards Responsible Standards for Cocoa Growing, which aims to support field projects and will act as a clearinghouse for best practices to ensure that cocoa is grown responsibly. The work of the coalition, however, is only one way to support cocoa farmers and their families. Another practice is Fair Trade.

Under this scheme cocoa is paid for at a fixed minimum price with a premium going to the farmer co-operatives in exchange for using the Fair Trade logo and accreditation. Presently, a modest amount of cocoa goes to the Fair Trade market. This scheme works best when farms have access to communications and warehousing facilities. Many farms, however, are family owned operations in remote areas and access to a Fair Trade co-operative group may be difficult so the coalition is working to ensure these farms can benefit from the work that it does.

It is Academy Cheapest aim to help all cocoa farmers improve their standard of living by helping them develop sustainable crops of quality beans. In Ghana, for example, where Academy Cheapest buys most of its cocoa, the company supports farming communities through programmer on sustainable tree crop management and building wells for drinking water. B)

Manufacturing As a major international company Academy Cheapest recognizes its environmental responsibilities and the need to care for its workforce, local communities and all those who may be affected by its activities.

For example, its environmental responsibilities include: * treating waste water prior to disposal * looking to improve its energy efficiency * controlling the release of gases into the atmosphere.) Distribution - to wholesalers and retailers The company aims to keep within acceptable limits the fuel consumption and air emissions that result from transporting its products. In the I-J, for example, drivers are trained in the most efficient ways to operate their vehicles, which are also regularly maintained to keep them running at optimum efficiency.) Dealings with consumers Academy Cheapest is

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committed to providing a range of high quality treats, refreshments and confectionery based oral care products which are marketed truthfully, labeled clearly and meet the highest safety standards. For that reason the Academy Cheapest corporate social responsibility agenda now reflects growing consumer interest in issues of diet, nutrition and healthy lifestyle, and the way brands are marketed, especially to children.

The company also believes it is Information is readily available in its reports and on its website regarding its progress in: * community initiatives and employee volunteering * environmental impact. Page 3: Ethics and employment policies When recruiting staff, Academy Cheapest is eager to encourage diversity in the workplace. It therefore encourages applications from a wide range of people. Greater diversity in the workplace encourages different ways of looking at and solving problems and may lead to greater creativity.

To achieve such diversity, the company provides equal opportunities for its recruits regardless of gender, age, marital status, sexual orientation, disability, race or religion. Vacancies are advertised worldwide via the company's websites and intranet so that employees can switch from one part of the organization to another. Once employed, Academy Cheapest provides career opportunities to enable staff to develop personally and grow in terms of experience ND skills. The company's performance appraisal system provides a regular opportunity to review an individual's strengths and progress and construct development plans for each person.

By allowing each individual employee to develop, the company can develop as a whole. Other factors in its treatment of staff that reflect a socially responsible approach include: * High levels of consultation that involve employees in decision-making. The company values discussion so that employees understand the nature of a problem, feel part of the process of finding a solution, and identify with the outcome. Offering appropriate levels of remuneration and rewards. Academy Cheapest regularly benchmarks its levels of pay against other companies to ensure it is competitive.

Staff are also encouraged to have shares in the company and can purchase shares at a reduced price. * Development and training is offered so employees are better able to carry out their duties and are more motivated in their work. * The creation of a healthy and safe working environment so employees feel safe at work. * The prevention of any form of harassment in the workplace. Academy Cheapest has produced a formal statement of its policies towards employees that is part of a document called its Human Rights and Ethical Trading (HERE) Policy.