

## Ethics



### Knowledge and understanding - definitions

<b>Ethics</b>	Is about what is right and wrong
<b>Child labour</b>	Is the use of young children, below the legal age for employment, in order to achieve low-cost production
<b>Fairtrade</b> 	Is a movement that encourages businesses to pay a fair price to suppliers in developing countries and consumers to buy Fairtrade goods
<b>Environmentally friendly</b> 	Describes consumers and businesses that act to make production sustainable
<b>Sustainable production</b>	Is when production does not lead to the depletion (using up) of natural resources
<b>Renewable resources</b>	Are resources that can be used more than once, such as wind or water power. 
<b>Non-renewable resources</b>	Are resources that can only be used once, such as oil  
<b>Recycling</b> 	Is when resources are reused to produce something
<b>Global warming</b>	Is the rise in average temperatures that scientists say is taking place
<b>Waste disposal</b>	Is the process of getting rid of unwanted materials
<b>Pollution</b> 	Is causing harm to the environment including air, land and water
<b>Climate change</b> 	Is the process when average temperatures rise or fall and patterns of weather change

### Analysis - Impact of ethics on businesses

- **Higher costs** because they may be using more using **more expensive materials** that have been sourced locally and are a better quality
- **Reduced profits** because they may be paying employees **higher wages** which **increases their costs and decreases their profits**

### Benefits of a business being ethical

- **Improved reputation** because more customers are willing to buy from a business who is treating their employees/ suppliers/ customers well.
- **Increased sales** because they will attract more customers.
- **Workers may feel more motivated** because they will trust their employer therefore may increase productivity and reduce labour turnover which will **reduce recruitment costs**

Benefits of a business being environmentally friendly	Drawbacks of a business being environmentally friendly
<p><b>Increased sales</b> - consumers are becoming increasingly aware of the negative effects that businesses can have on their environment.</p> 	<p><b>Raw material costs</b> - raw materials that have been produced in an environmentally friendly way often cost more.</p> 
<p><b>Reduced costs</b> - for example, by using energy saving light bulbs, generating their own energy through solar panels, reducing the amount of packaging and buying locally to reduce transport distances and CO2 emissions.</p> 	<p><b>Capital costs</b> - investing in the capital equipment needed to introduce environmentally friendly production processes. For example, the costs of buying and installing solar panels may exceed the money from saving them.</p>  
<p><b>Reduced tax bills</b> - businesses can face a reduction in the taxes that they pay if they reduce their negative impact on the environment.</p> 	<p><b>Production methods may be more expensive</b> - for example, growing food organically is more expensive than using fertilisers and pesticides.</p> 
<p><b>Getting subsidies</b> - governments may offer subsidies to businesses to help them introduce environmentally friendly products and production processes.</p> 	

## Exam questions

Woody's Caravan Park is a forward-thinking business who are constantly looking for new methods in order to limit their damage to the environment. They have managed to decrease their carbon emissions by 50% over the past three years as they have switched to using electric vehicles on their sites and installing solar panels to power all accommodation. They also ensure that all waste is recycled. Their employees love working for the business as they are allowed to take as many breaks as they wish and receive a wage above that of the national minimum wage. Customers are always satisfied as they always feel they receive good value for money and accommodation is always cleaned to a high standard.

## Knowledge

1. What is meant by the term 'sustainable'? (1 mark)

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2. What is meant by the term 'ethics'? (1 mark)

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## Application

3. State three examples from the case study that show the business is environmentally friendly (3 marks)

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4. State three examples from the case study that show the business acting ethically (3 marks)

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## Analysis

5. Analyse one benefit of the business being environmentally friendly (3 marks)

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6. Analyse one drawback of the business being ethical (3 marks)

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