

## 11.9: Ethical and Social Responsibilities

### Learning OUTCOME

- Summarize the ethical and social responsibilities that come with buying decisions.

Ethical and Social responsibility is the idea that businesses should balance profit-making activities with activities that benefit society. It involves developing businesses with a positive relationship to the society in which they operate.

Social responsibility takes on different meanings within industries and companies. For example, Starbucks Corporation and Ben & Jerry's Homemade Holdings Inc. have blended social responsibility into the core of their operations. Both companies purchase Fair Trade Certified ingredients to manufacture their products and actively support sustainable farming in the regions where they source ingredients. Conversely, big-box retailer Target Corporation, also well-known for its social responsibility programs, has donated money to communities in which the stores operate, including education grants.<sup>[1]</sup>

The Fair Trade concept is a world-wide movement where goods are produced and sourced in a sustainable and environmentally-friendly way. For retailers who procure products from less-developed countries, sustainable sources of supply cannot be maintained without workers and farmers receiving a living wage.

“When people have the capacity to invest in better futures, the result is a healthier workforce and ultimately higher quality goods. Our model is fueled by committees of farmers, workers, and fishermen who decide how to invest the Fair Trade Premium based on their community's greatest needs: often clean water, education, and healthcare.”<sup>[2]</sup>

So-called “green” companies enjoy enhanced reputations and receive positive support from customers that often results in increased revenues.

### Video -- What is Ethics?



### Practice Questions

<https://assessments.lumenlearning.co...sessments/9268>

1. <https://www.investopedia.com/terms/s/socialresponsibility.asp> ↵
2. <https://www.fairtradecertified.org/why-fair-trade> ↵

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