**IB1 BUSINESS – MODULE 1 – Assignment 1**

**Corporate Social Responsibility (CSR)**

*Public Limited Companies* are increasingly being made responsible by Governments to act in the best interests of society as a whole and their stakeholders. Companies are required by law now to report on their effects on society, such as their effects on the environment. Company websites emphasize their good citizenship, including their values, philosophies and social and environmental reports. Financial institutions are also demanding that the companies they invest in behave responsibly and frequently conduct *social audits*.

Supermarkets, for instance, realized about five years ago that customers wanted a broader range of ethical and fair trade products on the shelves. These guarantee above market prices to farmers and require factories to meet strict health and safety and environmental standards.

A recent survey showed that 80% of employees would prefer to work for a company that has ethical guidelines. It is surprising, therefore, that there is little relevant training for staff about the effective implementation of a company’s ethical policies. The Institute of Business Ethics (IBE) found that less than half of companies (45 %) provide ethics training to their staff. Indeed, only a quarter of chief executives consider themselves directly responsible for the ethical conduct of their companies.

1. (i) Define the term ‘public limited company’. *[2 marks]*

(ii) Define the term ‘social audit’. *[2 marks]*

1. (i) Identify **four** stakeholders of the companies referred to in the passage. *[4 marks]*

(ii) Explain how the introduction of ethical policies can cause conflicts between **two** stakeholder groups identified in (a)(i). *[4 marks]*

(c) Evaluate the need for a company to implement socially responsible and ethical objectives. *[8marks]*