



Ethical and environmental influence on business

It is widely regarded that operating ethically in the modern business world is not just about doing the right thing. Many business experts believe that businesses with strong ethical objectives can achieve many other financial objectives and even have a competitive edge in the marketplace.

Do businesses have an ethical responsibility that goes beyond making profits for their shareholders? Many people think yes, and that they have a social responsibility.



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However, operating ethically can have negative financial impacts on a business. For example, Boston Tea Party, an independent coffee chain based in the UK became the first café in the UK to ban single use cups in 2018. As a result of this ban, the business experienced a £250,000 fall in its sales revenue. Boston Tea Party, which has 22 branches around England, was achieving sales in takeaway coffees of £1m per year before it introduced the ban.

The owner, Sam Roberts, said that the business had factored the loss of takings into its plans and that too many businesses were “putting their profits before the planet”. Mr Roberts said the business had



stopped 125,000 cups going to landfill, sold 40,000 reusable coffee cups and raised £12,000 for local charities with the money saved on buying disposable cups (roughly 10 pence for every cup). Mr Roberts says, thankfully, the business is supported by a strong food offer and most customers are supportive of its stance on single use cups.

The market for takeaway food and coffee shops is very competitive. Four of the Boston Tea Party's competitors have introduced the following ethical policies regarding single use cups:

- **Costa Coffee** has promised to recycle as many cups as it puts into the market by 2020 and also offers customers a 25p discount on hot beverages if they bring their own reusable cup.
- **Pret A Manger** offers a 50p discount on hot beverages if people bring their own reusable cup. A spokesperson said: "We doubled our discount for customers who bring in their own reusable cup to 50p in January 2018 and, since then, usage has increased almost 20-fold. "We now serve over 150,000 drinks in reusable cups every week, and since the discount was doubled, Pret customers have saved over 6 million paper cups."
- **Starbucks** offers customers a 25p discount on hot beverages if they bring their own reusable cup. Starbucks has announced its London cafes will trial a redesigned cup that will be both recyclable and compostable. A spokesman said: "Our British stores are the first globally to have trialed a 5p charge on takeaway cups." He said reusable cup uptake had risen from 1.8% to more than 5% in the past 18 months. Along with McDonald's, it has invested £10m in businesses hoping to design a sustainable alternative to the disposable cup.
- **Caffè Nero** says that, along with its competitors, it is "working to increase the number of [coffee cup] recycling points" in the UK. It also encourages the use of reusable cups by offering 2 stamps per coffee on its loyalty card.

Very few disposable coffee cups can get recycled.

- 2.5 billion coffee cups are thrown away every year with 0.25% being recycled
- 500,000 coffee cups are littered every day
- 25,000 tonnes of waste a year in landfill
- 1 in 5 people visit a coffee shop daily.



In addition to banning single use cups, Boston Tea Party also have a wider reaching sustainability policy:

“We care about the impact we make on the planet. Where we can we try to do things in a better, greener way, whether we’re talking energy consumption or ingredient sourcing to what we do with our waste”

www.bostonteparty.co.uk

Diagram 1



Boston Tea Party; <https://bit.ly/2lzY4D9>

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Adapted sources:

<https://www.bbc.co.uk/news/uk-england-bristol-47629820>

<https://bostonteparty.co.uk/>

https://bostonteparty.co.uk/who_we_are/charity.php



Questions

1. Outline what is meant by business ethics. (2) (AO1 2)
2. Identify **two** possible environmental costs of business activity. (2) (AO1 2)
3. Calculate
 - the change in sales revenue for Boston Tea Party as a result of introducing the ban of single use cups. (1) (AO2 1)
 - the number of coffee cups recycled every year. (1) (AO2 1)
4. State what is meant by a competitive market. (1) (AO1 1)
5. Analyse the impact of the coffee cup ban on Boston Tea Party's employees, customers and competitors. (6) (AO2 2, AO3 4)
6. Discuss the advantages and disadvantages to Boston Tea Party's owners of adopting ethical and environmental policies. (10) (AO1 2, AO2 4, AO3 4)
7. With reference to **Diagram 1**, assess Boston Tea Party's commitment to sustainability. (7) (AO1 1, AO2 2, AO3 4)