

**The Ethical Corporation**  
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**Lecture - 35**  
**Consumer Ethics: Duty of the Consumers**

So, we are on the last lecture on Consumer Ethics, this is lecture 35 of week 7. We are still speaking about consumer ethics. Even when I talked about the duties of business and the rights of the consumer, I reminded you that there are certain duties of the consumers also one has to be proactive in order to protect ones rights. So, today we will talk about the duty of the consumers in consumer ethics.

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Some of the topics as we will cover them are like this ethical consumption, sustainable consumption and we will specifically talk about consumer activism and consumer resistance. So, we will proceed talking about what can the consumers do. To not only proclaim ones rights, but also to show the choices of the consumer.

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So, duty of the consumers and the civil society together we will talk about this, our first topic in this regard would be ethical consumption.

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It is a concept that consumption can be consciously chosen; consciously chosen by the consumers. So, it is intentional choice of consumption what do you want between product a and product b the consumer chooses intentionally one of them. How does the consumer make this choice? The answer is consciously by using the information. These days you know consumers can read up about the product, look at its specifications, look

at the discussion and the internet for example, and inform themselves before making the choice to purchase or not and it has to be a voluntary or free choice.

So, consumption choices made by the consumers, it is not imposed by business, it is not imposed by any external agency, but this is today's consumer whose aware free and deliberative consciously choosing their products. Now why are we discussing this? Because this consume consumption choices are supposed to exhibit the personal ethical beliefs and values of the consumer.

So, based on that, I am going to talk about examples in a minute, but before that let us follow the concept here. So, based on the ethical values and beliefs the consumer chooses certain products. For example, if a consumer individual consumer values health if the consumer puts value on health, then the consumption choices based on that valuation would be an ethical choice because that is concerned about correctness.

Similarly, if a consumer wants to use a certain kind of transport over the others because of what he or she thinks is the right action those will be ethical consumption patterns. Now, we can speak about the individual interest here for example I give the example of health which is individual health. The person whose concerned about his or her own health would for example, avoid consuming certain kind of items and would go towards choose certain other kind of products, but that would be an individual level it is about your own well-being.

But usually ethical consumption choices are beyond petty self interest they are mostly oriented about the well being of others who are these others? It could be the society, it could be the larger community, it could be even the natural environment. So, that is where we get to see the ethical consumption patterns clearly I will give you examples.

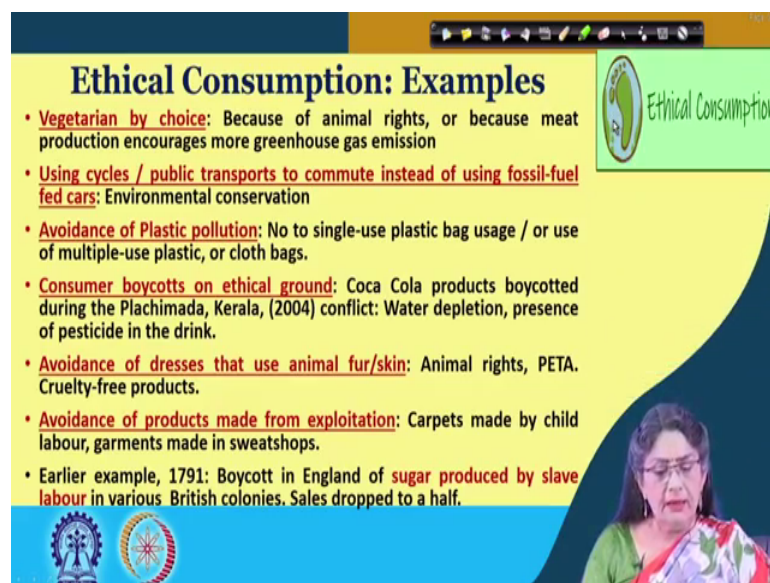
So, it is a well thought out choice made by a consumer and we see them being manifested in this kind of ways it could be that the consumer decides that he or she is going to consume only certain kind of products and avoid the consumption of other kinds ok. For example, you know somebody who is has chosen to be vegetarian, will speak about this in greater detail, but it is an example.

Vegetarian because I you want to be one and therefore, the person chooses not to eat anything non vegetarian that would be one way to go about it or it could show up in the

purchase decisions of the consumer, to buy certain kind of items and not to buy certain kind of items why not? It in each case the purchase decision is based on whether the product or the service is congruent comparable with the consumers ethical beliefs and choices.

So, same similarly the products services which are avoided are not compatible with their consumers ethical beliefs and ethical values this is why the person is avoiding it. This is what ethical consumption is though I will give you examples, but let me just mention this point at least that it is on the rise; it is on the rise. There are all kinds of consumers some consumers are only price sensitive, but there are many other kinds of consumers in the world where we see that they are concerned about other things besides the price or not it is not about the price, but it is about the other things. Let me give you now examples.

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**Ethical Consumption: Examples**

- **Vegetarian by choice:** Because of animal rights, or because meat production encourages more greenhouse gas emission
- **Using cycles / public transports to commute instead of using fossil-fueled cars:** Environmental conservation
- **Avoidance of Plastic pollution:** No to single-use plastic bag usage / or use of multiple-use plastic, or cloth bags.
- **Consumer boycotts on ethical ground:** Coca Cola products boycotted during the Plachimada, Kerala, (2004) conflict: Water depletion, presence of pesticide in the drink.
- **Avoidance of dresses that use animal fur/skin:** Animal rights, PETA. Cruelty-free products.
- **Avoidance of products made from exploitation:** Carpets made by child labour, garments made in sweatshops.
- **Earlier example, 1791:** Boycott in England of sugar produced by slave labour in various British colonies. Sales dropped to a half.

The slide features a green header with a globe icon and the text 'Ethical Consumption'. At the bottom left, there are two circular logos. At the bottom right, there is a small video inset showing a woman with glasses and a green top.

The first example of ethical consumption this is a random example, it is and you can think about other things for example, vegetarian by choice as I said. There are various cases you know you can be vegetarian because your family is one, you can be vegetarian because you know your community wants you to be, but vegetarian by choice is an individual choice I am talking about where say because for example, because your religion you have you value your religion.

And then your religion asks you not to eat non vegetarian this could be one kind of a concern and conscious choice. Similarly, if you are an animal right is rights activist or if

you are an animal lover you might think that eating animals is not what I want to endorse therefore, I am going to avoid this. There are some people who avoid eating meat because it has a link the production of meat is linked with more and more greenhouse gas emission that is an environmental concern.

So, these are choices based on ethical values and ethical beliefs there are people there are consumers who prefer not to use cars why because the cars run on fossil fuels. So, they would rather commute by public transport or some other way they might ride even by cycle note that it is not self interest its; obviously, more comfortable to take out your car and to commute to your workplace.

But they prefer to take some other way because then think that the fossil fuel is not a renewable category item therefore, there should not be much use of that. So, we are talking about not to engage in environmental degradation to conserve it. You know there are some people who prefer to climb stairs instead of using the elevators ok.

Now; obviously, it is more comfortable to ride the elevator instead of the instead of climbing the stairs, but why do they do that and if you ask them, they might tell you that I want to conserve energy. So, I can use you I can use my own body to climb up and I do not need the elevator. So, these are concerned and very conscious choices to engage in a certain kind of activity plastic pollution all of you are aware about that.

So, avoiding to use plastic instead you choose to carry a cloth bag or arm or insist upon use of multiple use plastic bag from your cellar and so on. So, these are consumption choices consumer boycotts we will talk about this in a larger scale when we talk about customer resistance, but what we are talking about is on ethical ground boycotting certain kind of products.

We have seen this in our country in India during the Coca Cola conflict in Plachimada Kerala, the issue was water depletion, but you can also look up news items on PETA which is the animal rights activist group and they often organize protests again against products that use animal fur or animal skin and consumers have also joined in to show their protest.

I have earlier talked about the Nike sweatshop protest by consumers and it was entirely a students led protests in United States, but we are talking about you know an ethical

ground boycotting certain products. So, these are some examples or carpets made by child labor for example. So, consciously avoiding the purchase or endorsement of certain products or purchasing endorsing certain kind of products which are compatible with somebody's ethical beliefs and values this is what ethical consumption means.

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**Ethical consumption**

- Though it was there earlier in some form or other, lately we find it in a more prominent form all over the globe. In particular, among the younger generations. One is supposed to 'know' what one is buying, and not knowing may include being a party to some unethical activities by the business.
- Concern for how the product is sourced: Whether taking advantage of conflicts and wars. E.g., 'Conflict diamonds', effect on the environment
- Concern about how the product is produced: Does it involve abuse or exploitation? Does it use sustainable and eco-friendly technology?
- Concern about how the product is distributed  
Chemical-free paints, pesticide-free food, new LED lights that consume less electricity.

ethical consumer

The slide features a yellow background with a dark blue header and footer. A video inset in the bottom right corner shows a woman with glasses and a colorful sari speaking. The slide is titled 'Ethical consumption' and contains a list of four bullet points. The first bullet point discusses the prevalence of ethical consumption among younger generations. The second bullet point addresses sourcing, mentioning 'Conflict diamonds'. The third bullet point addresses production, asking about sustainability and eco-friendliness. The fourth bullet point addresses distribution, listing examples like chemical-free paints and LED lights. The text 'ethical consumer' is written in a green, lowercase font on the right side of the slide.

This as I said was there earlier also you know if I may just go back once that earlier also we have seen that people have protested on ethical grounds for example, this historical incident might be of interest to you that, earlier there is a sugar which was imported from the colonies. England had a huge empire full of colonies and sugar used to be brought from the colonies.

In 1791 the consumers of England decided they do not want to use or buy sugar which is produced by pure slave labor in the colonies the horrendous stories about use of sep slave labor and the torture and the conditions in which the slaves had to produce that sugar came back to England shores and the consumers made a conscious choice not to use that kind of sugar. So, sales dropped to half and the message went directly to shoot sugar merchants.

So, it is not that this is a new phenomenon this ethical consumption, but the point is that it is rising as I was saying. Lately we find it all over the globe and especially I am happy to say it is among the younger generations who are clean about their choices. In fact,

they say that one must know more about the product that you are using how it is made? From where the materials came? How was it obtained?

Was it through some sort of a artificially created conflicts and wars that you rip the benefit and you got the material from you know we talked about conflict diamonds; diamonds in Africa in certain countries are actually procured through the conflict of between various tribes and there is a lot of bloodshed that goes in just to procure these diamonds from the conflict zones because the entire country is busy with warfare and that is when the merchants send out people to collect the diamond. So, the point is that this is there is a blood. In fact, conflict diamonds are often called as blood diamonds.

Because in their trail of supply chain there is blood human blood and people say we do not want to use those. Similarly how was the product produced what were the processes that went in? Were there any environmental abuse were there any human rights abuse, labour rights abuse? For example, was there any forced labor bonded labor child labor you know sometimes we hear about phone companies you know they are using cobalt and cobalt mines in African countries often use child labor.

So, there have been some Protista canned stuff similarly how is the product distributed. So, these are concerns these are concerns about not just about the product on the shelf, but the story behind the scene how the product came to the shelf and what was exactly involved there. So, this is ethical awareness showing at every stage and this is what ethical consumption is about.

On the other hand there are bigger markets for products that show sensitivities that show awareness about society and environment for example, chemical free paints. Paints can be you know you paint walls of your house, but they may exude fumes which are not good for the family and you are in an enclosed space that could be really hazardous to your health.

So, insistence upon chemical free paints for example, insistence on organic food, food that or crops that do not use synthetic pesticides of excessive amount which is not good for human health. These are some careful concern about the product it is not a blind. Purchase there is some thought behind it and concern about how the product has come to be and this is what ethical consumption is about.



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**Ethical consumption: Consumer Activism**

Customer Resistance

- Convergence of customer responses against unethical, irresponsible behavior of corporates: Formation of consumer groups
- Demonstration in front of stores. Boycotting certain companies with poor ethical, social or environmental record : PETA against animal fur clothes, wildlife products.
- Informal Internet gathering. Protests that target corporation's socially or environmentally irresponsible behavior are now increasing organized digital media. Firms suffer from financial, and reputational and sales damage from on-line protests.

The slide features a small photograph of a large group of people holding signs at a protest. In the bottom right corner, there is a video inset showing a woman with glasses speaking. The slide also contains logos of institutions at the bottom left.

We have to talk about this phenomenon called ethical consumption when it becomes a radical, then it is consumer activism or customer resistance. This is not individual customer registering protest, this is a collective, this is many customers or consumers coming together and voicing their protest against unethical irresponsible behavior of the corporation.

So, consumer groups are formed, consumer forums are formed and usually takes the form of demonstration public demonstration against certain stores in front of the stores out in the road publicly or making you know boycotting the products and recommending the boycott to other consumers. PETA as I said they do it a lot and they make the consumers aware about that in order to for you to have a first such and such animal has lost it is life. In order for you to have this particular piece of clothing certain animal had to die and so on.

So, they make you aware about the process of procurement. This has become easier with the social media of course, it is much easier now to organize gatherings just by a call through the social media and therefore, the corporations have become aware about this the power of the customer groups or consumer forums and several companies. As I have give an example of have had to confront this sort of steep resistance let me show you more on this.



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**Consumer Activism: Customer resistance**

- Not just protests against individual companies, but **mass demonstrations**:
- 1. **70,000** campaigners converged in Seattle, 1999, to protest against World Trade Organization meeting.
- 2. **30,000** people protested in Washington, DC, 2000, against International Monetary Fund and World Bank meeting.
- 3. In Genoa, 2001, **300,000** people converged to protest against the G8 summit.

**Concerns:** (a) Size and power of the corporations. Only **500 Corporations** own 2/3 of all world trade. (b) But they do not generate that high level of employment worldwide. (c) Benefits from SEZ or Export processing zones (EPZs) stay confined only to the companies operating within the zone.

These are protests against how wealth is created now, and how Corporations are growing larger at the cost of everything else: Economic and social justice.

The slide includes a video inset of a woman in a green and white sari speaking, and a photograph of a large crowd of protesters. The slide also features a navigation bar at the top and a footer with various icons.

Customer resistance when they it becomes a collective you know it can take sometimes radical form and it can become really huge as I have been trying to show you here, these are phenomenon that you take a look at and look at the number of people gathered you know these are not insignificant numbers. This happened in 1999 against the world trade organizations meeting, this happened to protest against the International Monetary Fund IMF and the world bank meeting because they are the bodies which sort of a rule over the entire economy of the world almost.

And then this was against the G8 summit. Why were the consumers to ordinary people why were they protesting in such huge numbers? And the answer is because they felt it is that the this corporations the big businesses are engaged in irresponsible activities their major concerns were something like this that, the size and the power of the corporations are growing. In fact, only 500 corporations own two third of all the world's trade.

So, these are giant of giants while they have grown at the cost of the consumers, they have not done much for the society. For example, they have not generated a very or matching level of employment worldwide. So, the benefit whatever has been there they have usurped it without sharing with the society.

They made the point also regarding the economic zones, the export processing zones they said that the benefits there stay confined with the companies who are operating in that premise and it is not shared with others. So, the point was that there is something

unethical about the in equal distribution of wealth and the way the wealth is being created now.

So, this is these are on these issues people converged and they made their protest known this is customer resistance we are talking about. Why is this part of consumer ethics? Because when you strongly feel about an issue the point is that you need to be proactive about that. So, the as you see individually you can make ethical consumption choices you can make them the part or the practice of a group or you can emerge as a potent force like this when you are together and you are a large body.

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**Ethical consumption**

- Ethical consumer: **Consumer Citizenship**

**Avoiding**

- Child Labor products, Sweatshop products, products containing harmful elements
- Products with animal testing
- Products that generate huge waste, and cannot be recycled

**Demanding:**

- For eco-labeling ✓
- Fair trade
- Non-organic, non-GMO products ✓

Accordingly, businesses have responded. Ethically sourced. "Kimberley process certification", since 2003, for certifying conflict-free diamonds. "Sweatshop free" label on garments. Chemical-free shampoo and beauty products. "Green RO".

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So, ethical consumption as said is something like this, it is consumer citizenship. You know showing your choices responsibly and taking an actively taking part in that. I have said that it can show up in terms of avoidance of certain kind of products, products that do not go with the ethical values and choices of certain people and then demanding certain kind of items certain kind of things for example, eco labeling.

So, environmentally safe labeling and then products which do not contain certain kind of ethically objectionable items according to them and note that when consumers have voiced so, strongly business usually listens. Businesses actually are tuned well to know how far the consumer would let me go and when not to cross the line. So, regarding the ethical consumption I have talked told you just now about the conflict diamonds.

So, in order to and diamond is a very big business, you know diamond trading, diamond selling the market is huge and very very lucrative very profitable. So, when the diamond consumers protested and they let their choices to known to the diamond sellers the margins understood and they came up with a process certification called Kimberley process certification, that traces a diamond traces meaning we where it came from and it certifies that it is conflict free blood free.

A similarly, now, you will get to see labels like sweatshop free labor on the garments to certify that this was not made in conditions which compromised the workers help the workers safety for example or that the wage was not an in humanely low level and so, on. So, this is ethical consumption we are talking about.

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**Sustainable consumption (SC)**

- It is that level of consumption which satisfies the basic needs and ensures a quality of life, but minimizes use of natural resources, minimizes the use of non-renewable natural resources, curtails emission and waste discharge of toxic pollutants, to protect the needs of future generations.
- **A challenging paradigm:** To reduce consumption, and adopt a minimalistic lifestyle of "basic needs satisfaction" to conserve for the future generations.
- It also implies sacrifice of a "comfortable, easy-going" current life style. A difficult proposition that many may not be willing to agree to.
- **Buchholz (1998):** Earlier, the frugal life style was the norm, which has been replaced by a lifestyle of consumerism, and gratification. But environmental ethics again urges us to put a limit to consumption.
- **Critics:** Reduced consumption implies less production, more unemployment, less income, less growth, etc.
- However, there are alternative ways to growth, and more sensible ways of consumption.

The slide features a lightbulb icon with a plant growing inside it, and a video inset in the bottom right corner showing a woman with glasses speaking. At the bottom left, there are logos for the Indian Institute of Technology (IIT) and the Ministry of Education, Government of India.

This is on the other hand sustainable consumption which is another way to express your ethical choices sustainable development we have talked a little bit about. So, we are talking about consumption which first of all is minimal it is not wasteful. So, which satisfied basic needs because you need to conserve the finite resources, but it ensures also a quality of life.

At the same time it looks at how you can minimize the use of the natural resources and you also see whether you are socially disturbing anything, but why are you doing that? In order to conserve for the future generations. So, it involves certain kind of self-discipline ok. Sustainable consumption is one kind of ethical consumption also, but here the

predominant paradigm is that of sustainable development in ethical consumption your ethical values are the sole or the key criteria there. So, this is sustainable consumption and ethical consumption we have already talked about.

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Now the question is what can an ethical corporation do? Suppose we have understood that these are important concepts, but what can a business do.

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So, far we have talked about what the consumers can do and implicit recommendation was that you have two choices you can either choose ethical consumption pattern or

sustainable consumption pattern. The question is what can the ethical corporation do about this?

And we have a series of innovations made by smart corporations for example, think about this line product capture where the waste is recaptured and brought back to the production line so, that new raw material is not needed ok. One way to conserve is not to demand again and in again raw resource because that is where the degradation happens. So, if the waste from the production can be recaptured and again reused as the material for the product, then you are cutting down minimizing your raw material usage and this is what has been tried out.

This is supply loop this is to say that you know retrieval of the end of life products and again convert them into value products. So, supply loop it is a loop nothing is going out of the chain. Sustainable product the product is designed in such a way that it takes care of people planet and profit at the same time you know there are several contenders here and this is a very big market these days to innovate to find out these products which actually can be sustainable in the sense.

People have suggested that instead of purchasing a product maybe products can be leased out so, that the same product can be used by multiple consumers. What happens is that you conserve resources you conserve many things by not producing again and again the same product and there are certain products which can be of course, also shared. So, product sharing also for example, you know car sharing instead of owning car sharing and it has been tried out in certain countries demand reduction.

So, this is from the demand side you are restricting yourself. So, this is how for example, in toilet in a toilet system halfway flushes, have been thought about instead of wasting a whole huge water every time maybe halfway flushes four times when you do not need a huge amount of water lifecycle assessment. So, these are some of the innovative ways in which corporations can and have responded.

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## Steps towards Ethical and Sustainable Consumption

Examples:

- **Product capture:** Hewlett-Packard, printer cartridge recycling program: Prepaid envelopes to allow customers to mail used cartridges back to company at no cost to the customers.
- Captured plastic goes back into production of cartridges.
- **Supply loop:** Other companies joined. HP's captured plastic is sent to other companies who also capture plastic from PET water bottles.

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This is an example, this is Hewlett Packard you know they started a recycling program about their printer cartridge. They sent prepaid envelopes to the customers so, that customers do not have to pay to mail back the used cartridges back to the company at no cost to the consumers this is an incentive and the captured plastic and other things went back to the production of the car cartridges back to them.

And other companies joined in they the HP's captured plastic is sent to other companies also, who again recapture the plastic from this source as well as from used pet water bottles and so on. So, it is not an imaginary thing that I am talking about, these have been tried out by various corporations.



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**Improved Customer Protection : Duty of business**

- Concept of **customer sovereignty** : **Customer is the king.**

It has three components (Smith, 1995):

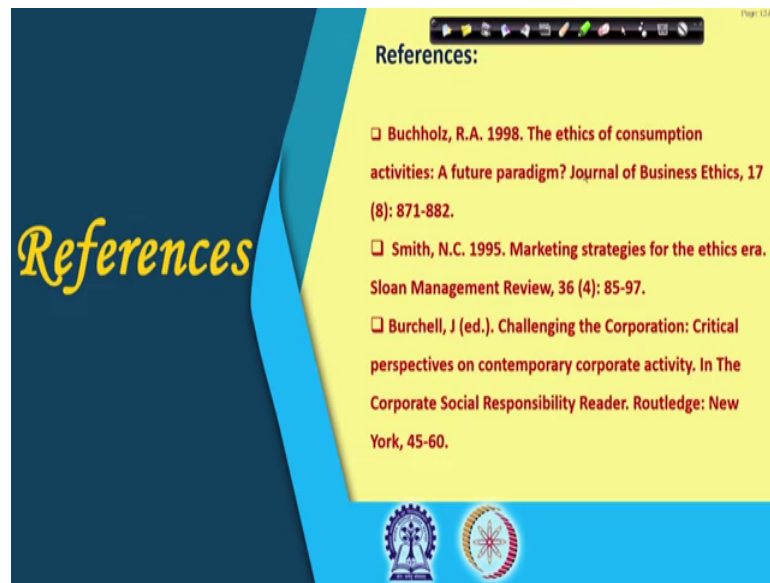
1. **Customer capability**: Extent of freedom of choice enjoyed by customer, freedom from predatory targeting, and forced choices
2. **Information**: Availability and access to quality information to the customer about the product / service
3. **Choice**: Degree of opportunity available to choose to buy from another seller.

This is another kind of a idea this is the duty of a business which they can try out is try out the concept of customers sovereignty. You know we do say the customer is king we hear about this from the business, but practicing it is something else what goes into this concept are three things one is customer capability. To give the customer the freedom of choice and freedom from predatory selling forced choices by the business, but customer is capable.

So, what the customer needs basically is the full information, the quality information about the product and service from the business and then a freedom to exercise the choice. The choice here is the key operative word the choice includes the choice to buy from another seller also. So, customer sovereignty is something that is also a duty of the business.



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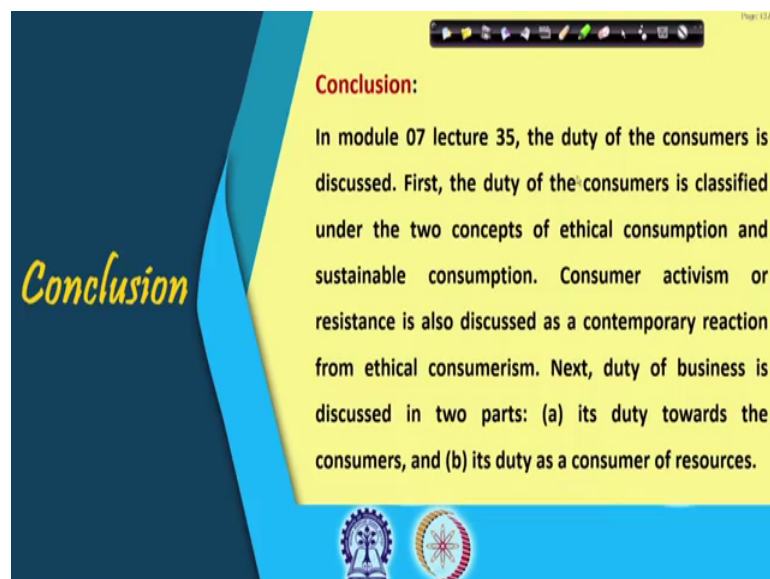
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- Burchell, J (ed.). *Challenging the Corporation: Critical perspectives on contemporary corporate activity*. In *The Corporate Social Responsibility Reader*. Routledge: New York, 45-60.

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So, with that I am going to end this lecture here. This was our last lecture on consumer ethics, overall we have covered consumer rights, businesses duty and the duty of the consumers.

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Conclusion:

In module 07 lecture 35, the duty of the consumers is discussed. First, the duty of the consumers is classified under the two concepts of ethical consumption and sustainable consumption. Consumer activism or resistance is also discussed as a contemporary reaction from ethical consumerism. Next, duty of business is discussed in two parts: (a) its duty towards the consumers, and (b) its duty as a consumer of resources.

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So, thank you for staying with me, we will come back with more material next week.