



# **Section 2.9**

## **Ethics Of Production, Business Practices, Truth In Advertising**



**Brooke Enders, Amanda Ziehl,  
Dawn Thilmany and Wendy Umberger  
Department of Agricultural & Resource Economics &  
Department of Animal Sciences  
Colorado State University**



# Section Summary

- 
- Define ethics
  - Describe Colorado Cattlemen's Association animal welfare code of ethics
  - Suggest practices to enhance animal welfare in your operation
  - Discuss ethics in business practices
  - Discuss truth in advertising



# Ethics Defined



“The set of rules, principles and beliefs about right and wrong, good and bad, justice and injustice, duty and obligation which governs people’s behavior, or which they believe ought to govern their behavior.”



# Incorporating Ethics Into Your Business

- 
- Sets the culture of the business/alliance
  - May be essential element of your product's promotional strategy
  - Provides framework so cooperating businesses agree on value system & approach to doing business
  - Essential to direct marketing as your business and its reputation become a part of your "brand"



# Business Ethics Defined

- 
- Body of principles or standards of conduct governing behavior of individuals and groups within your business
  - Help people sort good and bad components of human (or marketplace) interactions
  - Active discussion of your business ethics (or passive neglect) may influence your organization's performance



# Why Are Business Ethics Needed?

- 
- Ethics form business culture and influence:
    - ▶ Brand reputation through values they communicate to customers
    - ▶ Employee morale
    - ▶ Quality of the company's product or service
  - Ethics are most general form of product promotion



# If Ethics Fail, Moral & Economic Costs Result

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- Moral costs:
    - ▶ Company culture and internal performance of the organization may suffer
  - Economic costs:
    - ▶ External- fines, lost sales, increased capital costs
    - ▶ Internal- worker discord, stagnation



# For Example.....

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- Promoting a superior product builds respect for meat & production system quality
    - ▶ Instill pride in input suppliers (ranchers)
    - ▶ Attract new customers (paying price premia) who value quality or production choices
    - ▶ Show employees that understanding the “story behind the product” is important
  - If you “cheat” by weakening standards, you damage each level of this chain



# American Marketing Association Code Of Ethics

- 
- Don't knowingly do harm
  - Adhere to all applicable laws and regulations
  - Accurately represent education, training and experience
  - Be truthful in your advertising/promotional claims



# Marketing Involves Rights & Duties

- 
- Products and services offered must be safe and fit for intended use
  - Communications should not be deceptive (any production method promoted can be proven, if not certified)
  - Internal methods to address consumer grievances should exist in the organization



# Ethics In Product Development

- 
- Disclose all substantial risks associated with your products
  - Identify production changes that may influence purchase
  - Identify cost-added features early in buying process (i.e., delivery or handling fees)
  - Accurately label risks and costs on packaging



# Ethics Of Promotion

- 
- Avoid false or misleading advertising or labeling
    - ▶ For example, avoid labels with broad or general terms like “healthy” or “natural”, unless they are connected to a specific attribute of the product being offered
  - Reject high-pressure or misleading personal sales strategies



# Ethics Of Pricing & Distribution

- 
- Have valid reasons for offering product at different prices, at different points of purchase
    - ▶ For example, selling costs are higher at farmer's market because of transportation or labor
  - Do not exploit consumer willingness to pay beyond this point, to avoid price fixing or predatory pricing



# Ethics Of Organizational Relationships

- 
- Provide confidentiality and anonymity in professional relationships with privileged information
  - Meet obligations and responsibilities in contracts and mutual agreements
  - Avoid taking credit for the work of others (give credit where credit is due)



# Social Ethics & Animal Welfare



- Only 1.5% of the U.S. public is engaged in production agriculture
- Public has less connection to or understanding of production agriculture
- They want producers to try to improve the environment they use and the welfare of animals they raise



# Social Ethics & Animal Welfare

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- Media exploitation, “animals sell papers”
    - ▶ People react to news about animals (good or bad)
  - Status of animals has been championed by philosophers, scientists and celebrities
    - ▶ Push for equal treatment of animals by humans; refusal to wear fur or eat meat
    - ▶ People relate to all animals as pets and not in terms of work and production



# Social Ethics & Animal Welfare



Change from animal husbandry to agricultural industrialization demands new moral categories:

- ▶ In traditional agriculture, a producer did well if and only if the animals did well, so productivity was tied to welfare
- ▶ Industrialization's goals were efficiency and productivity, not quality



# Animal Welfare Code Of Ethics: General Issues

- 
- Raise livestock in conditions that meet their basic physical and behavioral needs
  - Properly design and maintain handling facilities to reduce stress
  - Train staff to understand the best way to work cattle and monitor them on a consistent basis
  - Use low stress herding/handling techniques – eliminate the use of hot shots, whips, etc.



# Animal Welfare Code Of Ethics: General Issues

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- Administer professional veterinary care to prevent and treat injuries and disease
  - In transporting, do not overcrowd; consider horned or polled, ambient temperature, length of trip, and size of animal
  - Euthanize terminally sick or injured animals on the ranch and do not subject to additional stress of transport to the auction barn



# Animal Welfare Code Of Ethics: Statement Of Duty



- Livestock producer's duty is to oppose inhumane treatment of livestock at any stage of the animal's life
- People who willfully mistreat animals should not be tolerated in your business



# Enhancing Animal Welfare: Reduce Stress & Pain

- 
- Castration:
    - ▶ Perform before 5 or 6 months of age
    - ▶ Use a local anesthetic- inject the calf prior to castration
  - Dehorning:
    - ▶ Use polled genetics if feasible
    - ▶ Perform as young as possible
    - ▶ Chemical horn removal is least invasive and traumatic



# Enhancing Animal Welfare

- 
- Branding:
    - ▶ Perform as young as possible
    - ▶ Use local anesthetic when hot-iron branding or freeze branding
    - ▶ Use paint brand along with nose printing, ear tagging or electronic identification
  - Transportation, refer to:
    - ▶ CCA's Animal Welfare Code of Ethics
    - ▶ Temple Grandin's Web site at <http://www.grandin.com>



# Enhancing Animal Welfare

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- Handling
    - ▶ Limit use of electric prods or other pain-inflicting methods of moving animals
    - ▶ Certify employees for Beef Quality Assurance
    - ▶ Refer to Temple Grandin's Web site
  - Harvesting
    - ▶ Use processing plant that follows Temple Grandin and American Meat Institute guidelines for humane slaughter