LEARNING AS ONE NATION
Expanded Project

Ethics_26

S H S L E A R N I N G A C T I V I T Y

Name: _____ **Score/Mark:** _____
Grade and Section: _____ **Date:** _____
Strand: ☐ STEM ☐ ABM ☐ HUMSS ☐ ICT (*TVL Track*)
Subject: ***Business Ethics and Social Responsibility***
Type of Activity: ☐ Concept Notes ☐ Skills: Exercise/Drill ☐ Illustration ☐ Performance Task ☐ Essay/Report ☐ Others: _____

Activity Title: **Mutual Responsibility of the Organization and its Suppliers and Creditors**

Learning Target: To discuss the responsibility of the organization to its suppliers and creditors and vice versa

References: *(Author, Title, Pages)*
1) (web) https://en.m.wikipedia.org, Retrieved Oct. 7, 2017
2) M.D.R. Oclarit, CVIF Learning Activities

A business organization that upholds social responsibility is accountable to various external stakeholders that include suppliers and creditors. The organization partners with its suppliers to be able to provide quality products to customers. On the other hand, creditors provide the needed additional funding of a company. Having these in mind, practicing social responsibility and maintaining good working relationship with suppliers and creditors is a must.

Suppliers play a significant role in the operations since they provide the raw materials of a manufacturing firm or the merchandise of a trading company. The reliability of suppliers should be unquestionable as their inefficiencies will greatly affect the business. They should practice fair pricing policy, offer discounts and optimal credit terms to substantially decrease production cost or cost of sales. On the part of the business organization, they have to update their suppliers with their operational and marketing plans so that the latter can anticipate the requirements just in time to avoid bottleneck and stock out. Payments for the purchases made should be timely so that the suppliers would be able to meet their own working capital requirements.

Creditors, just like suppliers, also play a vital part in the success of an organization. Their extended financial assistance enables the firm to implement their strategic plans. Prime lending rates should be set reasonably low to minimize borrowing cost. To maintain creditworthiness, prompt payment is required from the debtor firm. But if cash flow problems arise, debt-restructuring may be resorted to.

Exercise: Provide the meaning of the following terms mentioned above.

- bottleneck
- creditworthiness
- cash flow problem
- debt-restructuring