



Why You Should Always Consider Ethics When Investing

Description

One of the most effective ways for people to take a stance on important issues is to use their pocketbooks. Nothing can hit a company harder than its bottom line, and that's why investors should consider whether their investments reflect their beliefs and ethics, as doing so can provide you with a real way to take a stand on issues that matter.

In the U.S., we are seeing some companies start to distance themselves from the National Rifle Association (NRA) in the wake of yet another school shooting. It's these types of moves that can help raise awareness and unite people under a common goal. In this case, it's showing disapproval for the lack of gun control south of the border and the desire for people to finally get some traction on an issue that continues to plague the U.S.

By backing companies like **Symantec Corporation** (NASDAQ:SYMC) and **Delta Air Lines, Inc.** ([NYSE:DAL](#)), which have recently cut ties with the NRA, it sends a message not only to the organizations, but to politicians and government as well.

Lack of ethics can be bad for business

While some people may not look to use their investments for the purpose of getting behind a certain social issue, it's just good practice to support companies that have good ethics and values.

Wells Fargo & Co. ([NYSE:WFC](#)) has come under fire for its fake accounts scandal the past year, and the normally solid, blue-chip stock has achieved returns of just 2% in the last 12 months. That's quite underwhelming for a stock that in five years has risen more than 65%, which equates to a compounded annual growth rate of over 10%.

Another example is **Snap Inc.** ([NYSE:SNAP](#)), which has dropped nearly 30% in value since listing its IPO, as the company has been accused of misleading investors, and an arrogant CEO doesn't help either.

Closer to home, we saw **Home Capital Group Inc. (TSX:HCG)** take a [big hit](#) last year after it too was facing lawsuits and controversy regarding misleading investors.

Admired companies typically see a lot more positivity surrounding their stock prices, and that can help generate stronger returns over the long term. While some investors may believe that profits are the only thing that matters, in today's world, that's becoming the case less often, where bad press can have a significant impact on your share price.

Bottom line

It's easy to get wrapped up with bottom lines, price-to-earnings ratios, and other metrics, but at the end of the day, you should know the business you are investing in. When you purchase shares, you are effectively owning a piece of that company.

Not only is it important to understand how a company's business model works and why it has good prospects for growth, but it's also important to consider its values and if it's an investment you want to own.

There are many great investment options out there that have great prospects and that you can be [proud to own](#). You shouldn't have to choose between a successful business and an ethical one.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:DAL (Delta Air Lines, Inc.)
2. NYSE:SNAP (Snap Inc.)
3. NYSE:WFC (Wells Fargo)
4. TSX:HCG (Home Capital Group)

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