

Excellence through Ethics™

Session 2

*Money or Ethics:
What Drives a Business?*



Middle School



Junior Achievement®



Excellence through Ethics
Middle Grades
Session 2

*Money or Ethics:
What Drives a Business?*

Content: Ethics and Business Start-up

Methods: Scenarios and Discussion

JA Foundational Pillars: Ethics and Entrepreneurship

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Acknowledgements

Sponsorship

JA Worldwide® (Junior Achievement) gratefully acknowledges Deloitte & Touche USA LLP for its commitment to the development and implementation of the supplementary program *Excellence through Ethics*. JA Worldwide appreciates its relationship with Deloitte & Touche USA LLP to develop and implement vital and innovative programs designed to foster ethical decision-making skills.

Money or Ethics: What Drives a Business?

Overview

Students will explore ethical dilemmas entrepreneurs could face when starting and operating new business ventures. This session focuses on putting ethics first, regardless of its impact on a business.

Objectives

Students will be able to:

- Define the term entrepreneur.
- Describe the possible consequences a business must face when ethics is the guiding force.

Preparation

Review the activity. Prepare the necessary copies and session materials.

Group work is incorporated into this session. You may consult with the teacher to determine how best to form the groups.

Post Key Terms and definitions in a visible place.

- **Ethics:** The standards that help determine what is good, right, and proper.
- **Entrepreneur:** A person who starts his or her own business with the hope of earning a profit.
- **Ethical:** Upholding the standards of ethics.

Explain that the activity requires four students to read scenarios aloud to the class. Ask the teacher to recommend four strong readers.

You will need to make one copy of each of the four Entrepreneur Choice Cards. Cut out the cards and distribute one to each of the four student readers.

Recommended Time

This session typically takes 45 minutes to complete. Ask the teacher to help you keep track of time.

Materials

- Entrepreneur Choice Cards (1 per group)
- Pens or pencils (1 per student)

Presentation

Introduction (15 minutes)

Greet the students.

Define **entrepreneur** as **a person who starts his or her own business with the hope of earning a profit**. Successful entrepreneurs translate their skill, talent, and keen business sense into products or services that typically are based on new, innovative, exciting ideas. Entrepreneurs usually start as a very small business with the hopes of growth and expansion. Successful entrepreneurs have turned their ideas into multimillion- or even billion-dollar companies; however the truly successful entrepreneurs have millions or more satisfied and loyal consumers. Discuss some examples of successful entrepreneurs, for

example Oprah Winfrey, or creators of YouTube, Chad Hurley, Steve Chen, and Jawed Karim. Discuss the importance of making money for the small entrepreneurial business. Ask the students why entrepreneurial business ventures are driven to make money? **Possible answers include:** Money is what keeps the businesses operating and growing. Money is necessary to pay for supplies, materials, office space, and many other business needs. Money is also necessary to support the entrepreneur and his employees.

Define the following Key Terms for the students:

- **Ethics:** Standards that help determine what is good, right, and proper.
- **Ethical:** Upholding the standards of ethics.

Building a business means facing all kinds of ethical decisions. Explain to students that not every successful entrepreneur is ethical. Some entrepreneurs – driven solely by greed – develop and run their business unethically. These types of business men and women can sometimes succeed financially, but their unethical practices usually are uncovered at some point, and the company reputation is forever tainted. Discuss some examples in which unethical decisions have had a detrimental effect on businesses, for example, the fall of Enron, Asian logging companies stripping rainforests, or conflict diamonds (diamonds mined in war zones and usually sold illegally—endangering or losing human lives).

Explain that being ethical in the business world doesn't always guarantee you financial success; in fact, making ethical decisions can have what can appear to be unfavorable consequences. For example, imagine a company is selling T-shirts, and they discover a spelling error on the shirt. If the company makes the ethical decision not to sell the flawed T-shirts, they will lose the thousands they spent, but imagine the result of selling the shirts with the error, and how many angry customers they would have had? Losing money is painful for any business, but loss of customer support and trust is much more difficult to recapture.

Ask the students why ethics matter? Encourage student responses and lead a discussion that emphasizes the outcomes of ethical decisions made by a decision.

Activity

Entrepreneur Choices (25 minutes)

Preface the activity by asking students to think of themselves as new entrepreneurs who have just opened a business.

Call the four teacher-recommended students to the front of the classroom. Give each volunteer one of the Entrepreneur Choice Cards. Allow them a minute to read the card to themselves, and have them let you know when they are ready.

After students read the scenarios, ask the following questions to direct the discussion.

- How would you handle this situation?
- Explain what you believe to be the most ethical decision.
- Discuss possible short- and long-term consequences if unethical decisions are made.

Summary and Review (5 minutes)

Entrepreneurs must be careful not sacrifice their ethical and personal values to grow their business.

Running a business is both rewarding and challenging, especially when that business is just starting out. Should you disregard a creditor's bill if you're in a cash-flow crisis? Should you stretch the truth to win an important client? There are rarely clear-cut answers; however, following your ethical standards – even if it causes unfavorable consequences to your business – is always the smart and safe choice in the long term.

Thank the students for their participation.

Session Outline

Introduction

- Greet the students.
- Define the terms entrepreneur and ethics.
- Tell them that during today's session, they will learn that using ethics to guide business decisions can sometimes cause undesirable consequences, such as loss of money or an important client.
- Provide examples of ethical decisions that could cost an entrepreneur money and, in contrast, some unethical choices that can profit unethical entrepreneurs.

Activity

- Student volunteers will read four scenario cards representing new entrepreneurs and the ethical situations they encounter.
- Allow the students to read each story.
- Facilitate a discussion comparing the ethics and consequences behind each entrepreneur's actions.

Summary and Review

- Review the Key Terms for the session.
- Reiterate the importance of using ethics to drive an entrepreneurial business venture, and the consequences faced when unethical decisions are made.
- Thank the students for their participation.

Entrepreneur Choice Cards

Entrepreneur #1

I own a business that buys and sells video games for kids. Another entrepreneur who manufactures videos is interested in a joint venture: he has a line of sports-related video games and wants to sell them from my store. After viewing several of his video games, I found them somewhat edgy and not really appropriate for the kids in my target market. I explained this to the man, but he told me not to worry, as those videos don't require a parental consent rating, so they are completely protected by the law. Besides, kids love these videos, and my sales are guaranteed to skyrocket.

Knowing that everything he said is true in terms of the law and profit, should I conduct business with this man?



Entrepreneur #2

I took over my mother's business last year. Ten years ago, she started a bakery specializing in all things chocolate – cookies, cakes, brownies, and pies. My mother is adamant about keeping the business true to the original standard: customers always come first, and they should receive more than the best. In running this business, I'm finding it difficult to uphold mom's standard. Customers constantly change their orders at the last minute, and they come to the bakery after hours—my clean-up time—expecting the on-the-spot service they received from my mom. I am considering explaining to customers that I am the new owner, and there are new rules. Customers are important, but so is my time. Once an order is placed, it is final—no changes. Also, I need to open and close during posted hours, without exception.

Is this is a good idea?



Entrepreneur #3

I am excited about the health and beauty spa I just opened. Everything was going smoothly until a woman became interested in leasing the store beside mine. When I found out she wanted to open a pet-grooming store, my heart nearly dropped to the ground. How are my customers going to relax and enjoy their spa treatment with dogs barking next door and hairballs flying everywhere? And the smell! The woman left me a note asking how business is doing in this neighborhood, and if I think she'll be a good fit. This neighborhood is known to be perfect for new entrepreneurs; however, I want to tell her otherwise, because her business won't be good for me.

Am I wrong to look out for the interest of my customers?



Entrepreneur #4

I live in a small community that has two grocery marts, both owned by the same family. The marts have always been very well received by the community, but they are also very expensive. I decided to open a grocery mart as well, but I sell my goods at a much lower price. The family grocery mart owners are very upset with me about this, saying that I am stealing their customers.

Am I competing unfairly?

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Welcome to Junior Achievement's *Excellence through Ethics*

As a Junior Achievement (JA) volunteer or teacher, you are joining other teachers and volunteers from across the United States in providing students with a unique educational experience. Junior Achievement's *Excellence through Ethics* offers students learning opportunities to share knowledge and information regarding ethics in business. JA strives to show students how business works, and to better evaluate organizations that conduct their operations in the right way.

Excellence through Ethics is designed to equip volunteers and teachers with supplemental, ethics-based activities for use with JA in-class programs for grades four through twelve. All these activities provide students with current and essential information about business ethics.

These activities are designed to reinforce students' knowledge and skills, teach them how to make ethical decisions, assist them in learning to think critically, and help them to be better problem-solvers. All the activities are hands-on, interactive, and group-focused to present the material to students with the best instructional methods.

Within these supplements, you will find sections to help you effectively implement the activities in your volunteer experience. Materials include: (a) an introductory discussion of business ethics, marketplace integrity, and the growing capacity of students for ethical decision-making; (b) activities and student materials that connect to and expand current classroom-based Junior Achievement programs; and (c) a functional glossary of terms relating to a wide spectrum of ethics, quality, service, and social responsibility considerations in business.

JA greatly appreciates your support of these important and exciting activities. If you have comments about the *Excellence through Ethics* program content, curriculum, and/or instruction, please access <http://studentcenter.ja.org.aspx/LearnEthics/> and choose the “*Excellence through Ethics* Survey” link located in the middle of the page.

Appendix

Introduction and Overview

- *How do I do the right thing in this situation?*
- *Should I be completely honest, even if it puts others in jeopardy?*
- *What kind of community do we want to be?*
- *How do we do what's best for the long term?*
- *Who should cover the cost of "doing the right thing"?*

These are all questions having to do with business ethics. They are valid and necessary questions, and good business people have asked them for generations. They form the backdrop of vital discussions as business, community, and political leaders grapple with significant issues. Many students would ask these questions, even if Junior Achievement hadn't developed this ethics curriculum.

Business Ethics Discussions Are Here To Stay

Business ethics has been in the spotlight for much of the past decade, especially as examples of wrongdoing come to light in the media. New technologies and international competitive pressures cause a steady focus on the question, "Is it possible to be competitively successful in business today and still operate in an honest and ethical manner?" The past decade has seen individuals search for deeper personal meaning in the workplace, which has contributed to lively ethics discussions in the business realm. For these reasons, the discussion of business ethics is not a passing fad; it's here to stay.

Many graduate schools of business have either required ethics coursework or integrated ethics principles throughout all areas of study. That is commendable. We believe this vital area of exposure and instruction also should happen at earlier ages and continue throughout the students' educational journey. Many of today's students haven't had access to a well-rounded education in economics and free enterprise or have come to see these in a very negative light. They have limited awareness of the extent to which good business leaders engage in the challenging exercises of ethical decision-making amid heavy competitive pressures. As students learn the general principles of economics and business, it's critical that these be underpinned with a strong foundation in ethics. This will accentuate the best in American business traditions, while laying the groundwork for students' continued evolution into future generations of leaders.

Integrity in the Marketplace?

Many adults and young people choose to believe that the marketplace is driven only by greed. They view it as bringing out only the worst in human behavior, demoralizing the human spirit, and driving out any sense of idealism. While elements of greed and extreme self-interest among some individuals cannot be denied, solid research has shown time and again that companies with a long-term focus on ethics and a broad consideration of stakeholders' interests are much more profitable than those lacking such a focus.

James A. Autry, in his book *Love and Profit: The Art of Caring Leadership*, said it well: "I do not doubt the presence of greed in the marketplace because I do not doubt the presence of greed in people. But, I also do not doubt the ennobling aspects of work, of the workplace, of the community, of endeavor, of

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the marketplace. So I choose to believe that most of the marketplace is driven by people who want to do good work for others and for themselves.”

Excellence through Ethics accepts the challenge of educating youth in the basics of economics and business while establishing a positive balance on the side of well-informed, ethical business practice. This may appear to place a heavy burden on Junior Achievement volunteers, who are not trained ethics experts. The following informational pages will not turn you into an ethics expert. That’s not what we’re striving for here. What students need most is meaningful interaction with people who are willing to engage in a discussion of these vital issues.

Lively Practitioners Rather Than Dry Theorists

This program is more about day-to-day ethics practice than the nuances of ethics theory. Some believe that working in business requires a disconnect from one’s personal ethics. We do not believe this is the case. Students need to know that what they learn about fairness and honesty in general also applies to business. While business ethics may address some specific areas of business practice, it’s not a separate and distinct specialty to be set apart from the general ethical principles that apply in other areas of life. Young people need to encounter the wisdom of age and experience that volunteers bring to the classroom.

Students’ Growing Capacity for Ethical Decision-Making

Excellence through Ethics is designed to foster discussions at the appropriate level for each age group. The curriculum developers have designed the ethics activities with sensitivity to student’s mental maturity. At the late elementary and middle-grades levels, students’ capacities for ethical reasoning tend toward good personal behavior as determined by adult rules and authority. In relationships, personal trust, loyalty, and respect are of paramount importance. For these students, corporate ethical behavior is viewed in much the same light as their own personal behavior: it’s governed by rules.

As students advance into high school, their ethical decision-making moves into the larger arena of social contracts and systems that guide and govern societal and group behavior. Here the rationality and utility of laws are scrutinized, as students become more capable of higher-ordered, principled thinking. Students are increasingly aware of the diversity of values among different cultures and communities. At this level, students’ capacities for processing the complex, ethical dilemmas that may be encountered in business are greatly enhanced.

You will gain confidence as you come to realize that conducting a robust, provocative discussion with students is more important than “having the right answer.” The activities have been designed to leave room for lively discussion and multiple points of view. Having the courage to share your own experiences is very valuable to students.

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You don't have to apologize for the excesses students may see in business. Don't assume responsibility for actions that are not your own, and do not try to defend the indefensible. While accentuating the fact that most businesses operate ethically, it's okay to scrutinize the unethical players in the marketplace who give business in general a bad name.

Continuing Education

Teaching this material to students will no doubt strengthen and enhance your own ethics awareness and continuing education. Some students will challenge your best reasoning capacities. Having your own support network of professional colleagues with whom you can share and discuss some of these issues is very valuable. It's also helpful to seek out colleagues with philosophical views that differ from your own. This serves as a valuable "cross-pollination" function because you will be able to understand and discuss a variety of views with students, as well as share students' perspectives with your colleagues. In this way, everyone learns.

Finally, please be assured that your contributions here have tremendous value to students and will serve to upgrade business ethics in the future. We're dealing with the future generation of leaders in their formative years. We can take pride in the fact that we've had a hand in shaping the very people who will be responsible for business ethics and social responsibility in the future.

Appendix

Acknowledgements

Many educators, economists, businesspeople, and consultants have contributed to the development of *Excellence through Ethics*. We would like to acknowledge the following individuals and groups for their efforts, creative talents, and support in creating these materials:

Deloitte & Touche USA LLP

Junior Achievement Blue Ribbon Panel on Ethics

Charles E. Abbott, Director, Ethics and Compliance, Textron Inc.

James D. Berg, Director, Ethics and Business Practice, International Paper

Arthur P. Brief, Ph.D., Lawrence Martin Chair in Business, Director of Burkenroad Institute, A.B. Freeman School of Business, Tulane University

Frank Daly, Corporate Director of Ethics and Business Conduct, Northrop Grumman Corporation

Gary L. Davis, Executive Vice President, Chief Human Resources and Administration Officer, J.C. Penney Company, Inc.

Jacquelyn Gates, President and CEO, SOARing LLC

Patrick J. Gnazzo, Vice President Business Practices, United Technologies Corporation

Frances Hesselbein, Chairman, Leader to Leader Institute (formerly the Peter F. Drucker Foundation)

Evelyn Howell, Executive Director, Business Practices & Compliance, Sara Lee Corporation

William A. McCollough, Ph.D., Director, Business Ethics Foundation and Research Center Administration, Warrington College of Business, University of Florida

John H. O'Byrne, Vice President, New York Life Insurance Company

John Pepper, Chairman, Executive Committee of the Board, The Procter & Gamble Company

Eric Pressler, Director of Legal Compliance and Business Ethics, PG&E Corporation

Jack Robertson, Ph.D., Charles T. Zlatkovich Centennial Professor in Accounting, Department of Accounting, University of Texas–Austin (retired)

Harold Tinkler, Chief Ethics Officer, Deloitte & Touche LLP

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Excellence through Ethics Writers and Consultants

Ron Ausmus, Integrity Associates

Susan Dilloway

Karen D. Harvey, Ed.D., Educational Writer and Diversity Curriculum Consultant

Insight Education Group

Motion Picture Association of America Public Relations Council

Dave Somers, Owner of Brevity; Adjunct Professor, DeVry University

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Appendix

Excellence through Ethics Evaluation

Junior Achievement has discontinued all paper versions of program surveys. However, we greatly appreciate your comments and feedback about *Excellence through Ethics*. Please help us improve the quality of *Excellence through Ethics* by sharing your comments through our new online survey process. The online survey should take less than 10 minutes to complete.

If you have comments about the *Excellence through Ethics* program content, curriculum, and/or instruction, please access <http://studentcenter.ja.org/asp/LearnEthics/> and choose the *Excellence through Ethics* Survey link located in the middle of the page.

Thank you for participating in JA!



Excellence through Ethics Volunteer Survey

1. Including this session, how many individual sessions of Excellence through Ethics have you presented? _____
2. Do you feel that the students were engaged through this session?
 - A. Not at all
 - B. Somewhat engaged
 - C. Engaged
 - D. Very Engaged
 - E. Unsure
3. Do you feel the session was relevant to students?
 - A. Not relevant
 - B. Somewhat relevant
 - C. Relevant
 - D. Very relevant
 - E. Unsure
4. Do you feel students are more prepared to make ethical decisions after participating in this session?
 - A. Significantly more prepared
 - B. Somewhat more prepared
 - C. Somewhat less prepared
 - D. Significantly less prepared
 - E. Unsure
5. On a scale of 1 to 10 (10 being excellent), how would you rate the overall quality of the Excellence through Ethics session? _____
6. After this JA experience, how likely are you to volunteer for JA again?
 - A. More likely to volunteer
 - B. Less likely to volunteer
 - C. No more or less likely to volunteer
 - D. Unsure
7. What comments or suggestions do you have regarding the overall session (including format, content, etc.)?

Optional: City _____

State _____ Country _____

Email _____

Excellence through Ethics Student Survey

1. What grade are you in? _____

2. Please fill in the circle that best describes how you feel about the following statements.

There is no right or wrong answer.

	Strongly Disagree	Disagree	Neither agree or disagree	Agree	Strongly Agree
This topic is very important.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I am able to apply what I learned in this session to the real world.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The activities were interesting.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I learned something about ethics from this session.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

3. Do you feel more prepared to make ethical decisions after participating in this session?

- A. Significantly more prepared
- B. Somewhat more prepared
- C. Somewhat less prepared
- D. Significantly less prepared
- E. Unsure

4. I saw someone at my job taking money from the cash register, I would:

- A. Ask someone I trust what I should
- B. Tell a supervisor
- C. Talk to the person taking the money
- D. Do nothing
- E. Not sure

5. To help us better understand who you are, please answer the following questions: How do you describe your ethnicity (family background)? (Fill in all that apply)

- A. African American
- B. Asian American
- C. Latino (a) or Chicano (a)
- D. European American (white)
- E. Native American
- F. Other – how do you identify yourself? _____

6. Do you have any additional comments regarding this session?

Optional: City _____ State _____ Country _____