Practice & Application: Classroom Activities

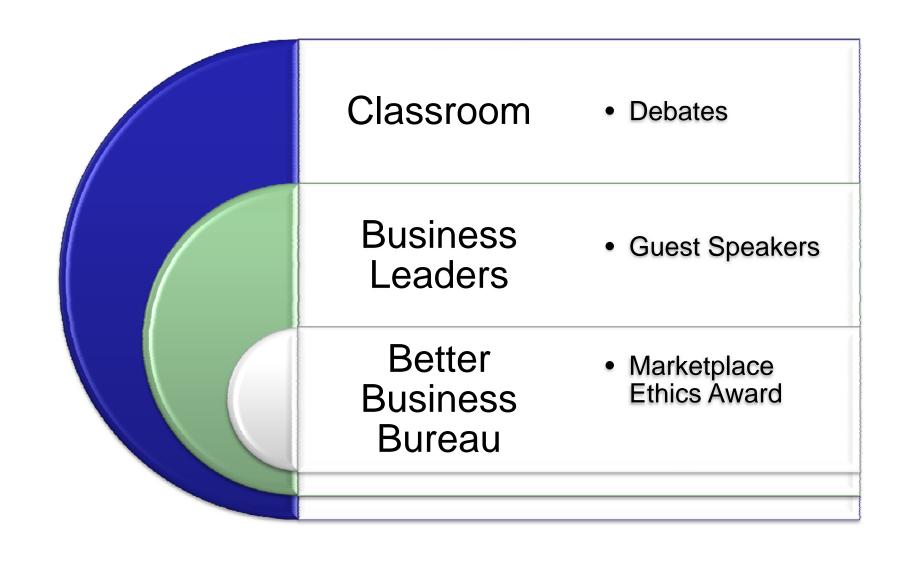
Teaching Business Ethics



One must learn by doing the thing, for though you think you know it, you have no certainty until you try. Aristotle

Learning is an active process. We learn by doing. Only knowledge that is used sticks in your mind.

Dale Carnegie



Classroom Debates: Benefits

- Improved communication skills
- Induces student involvement in important social issues
- Teaches them how to evaluate the information they receive on a daily basis
- Understand how others think--even those others with whom they strongly disagree.

"Skills in communicating difficult messages and decisions, internally and externally."



- Wal-Mart is the world's largest retailer
 - more than 4,100 facilities in the United States and more than 3,100 in international markets.
- Many students may shop at Wal-Mart, read about it in the business and popular press, or have worked there.
- The question is whether Wal-Mart has a social responsibility commensurate with its economic power within communities. Are they acting ethically?

TOPICS:

- 1. Labor policy are low wages the backbone of low prices?
- 2. **Health care policy** do they "free ride" on public hospitals?
- 3. Relations with suppliers and competitors
 - do they drive out small local businesses and high wage suppliers?
- 4. Environmental policy how can such a big operation minimize its "environmental footprint?"

Modified from a teaching module found in caseplace.org

Timely Topics

- Wal-Mart working to get fresh food flowing into city store May 06, 2010|By Sandra M. Jones, Tribune reporter
- Walmart de México y Centroamérica Orders Wind Power in Bulk Thu May 6, 2010 (Fast Company)
- Wal-Mart to pay \$27.6M in California dumping case (AP) May 3, 2010
 - SAN DIEGO Prosecutors say Wal-Mart Stores Inc. has agreed to pay \$27.6 million to settle claims of improperly handling and dumping hazardous waste at stores across California.
- Walmart Faces The Largest Sex Discrimination Lawsuit In U.S. <u>History</u> April 27, 2010 - 2:32 pm (Forbes.com)
- Would a Brooklyn Wal-Mart Be Good For New York? Mayor, Speaker
 Disagree April 27, 2010, 4:43 PM ET (WSJ blogs)
- Fight against Va. battlefield Walmart lives on (AP) Apr 30, 2010
 - RICHMOND, Va. A judge has kept alive the battle to block a Walmart store near an endangered Civil War battlefield in Virginia.

Debate Process

- Assigned readings
- Two groups for each topic:
 - 1) to lay out the "case against Wal-Mart"
 - 2) to lay out the "Wal-Mart response."
 - Outcomes:
 - Position statement
 - Rebuttals
 - Personal Reflection

Personal Reflections

"After this assignment I am definitely more interested to learn the policies of various businesses so I can determine if I feel like I should give them my 'vote' by shopping there."

"When I found out that I was defending Wal-Mart's practices against suppliers I was initially disappointed because I had already researched and discussed many negative practices of Wal-Mart."

"From a practical standpoint, I enjoy the benefits of low prices and find it difficult to believe that Wal-Mart's competitors are exceedingly better performers in these other areas. So, in the end, I remain a patron of Wal-Mart, but with a completely new perspective and less willingness to bury my head in the sand as it were."

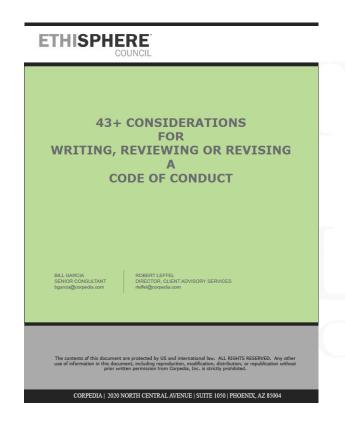
"I have always had a strong belief that the best learning for myself is when I am able to go over concepts and then do some practical work/discussions in the area of those concepts to reinforce how they apply to the real world.

For this reason, I believe that the Wal-Mart debate was a really great exercise which made me think about taking a stakeholder approach to business and really looking at the decisions that are made in a more holistic view taking into account all parties with interest."

Guest Speakers

- Relate to coursework and/or assignment
- Provide guest speaker background of course readings & assignments
- Prepare class with bio, company background reading, and reason for visit.

HP Ethics Manager Code of Conduct Assessment





| Component | Weighting | Grade | Score | Comments |
|--|-----------|-------|-------|---|
| Public Availability A Code should be made readily available to all stakeholders. What is the availability and ease of access to the Code? | 0.05 | 5 | 0.25 | The code is easily accessible to employees but I could not find it outside of our employee page. |
| Tone from the Top Level at which the leadership of the organization is visibly committed to the values and topics covered in the Code. | 0.15 | 11 | 1.65 | Both our CEO and owner, Warren Buffett, set the tone very clearly. |
| Readability and Tone What is the style and tone of the language used in the document? Is it easy to read and reflective of its targeted audience? | 0.2 | 8 | 1.6 | Overall the code reads well but there are a few sections that are too complex. Also it is too long. |
| Non-Retaliation & Reporting Is there a stated and explicit non-retaliation commitment and dedicated resources available for making reports of code violations? If so, is it presented clearly? | 0.1 | 11 | 1.1 | This is made very clear. |
| Commitment & Values Does the Code embed corporate values or mission language? Does it identify the ethical commitments held to its stakeholders (e.g. customers, vendors, communities)? | 0.1 | 8 | 0.8 | The corporate values are clear; however, several stakeholder groups are not mentioned. |
| Risk Topics Does the Code address all of the appropriate and key risk areas for the company's given industry? | 0.2 | 11 | 2.2 | All areas are covered and then some. |
| Comprehension Aids Does the Code provide any comprehension aids (Q&As/FAQs, checklists, examples, case studies) to help employees and other stakeholders understand key concepts? | 0.05 | 11 | 0.55 | Key concepts are explained and then further role played with numerous scenarios. |
| Presentation and Style How compelling (or difficult) is the Code to read? This depends on layout, fonts, pictures, taxonomy and structure. | 0.15 | 7 | 1.05 | There are no pictures or colors in the code. It reads like a term paper. |
| TOTAL | 1 | 72 | 9.2 | B+ |

Student Observations

- "I chose this organization because I recognize the need for improvement and wish to convey a clearer message to our stakeholders. I hope to influence positive change. The owner has given me a lot of latitude for change. Resistance is expected from some co-workers."
- "I wanted to assess the Code of Conduct of <Company> because I was interested in what the policy would be I wasn't even sure the <Company> had a policy, which is interesting because I've working for the <Company> for just a couple months shy of two years."
- "As an employee of <Company>, I feel comfortable saying that this code of conduct does not truly represent this company's dedication to acting as an ethical and moral institution, nor does it demonstrate the open, honest, trustworthy, and ethical environment that is created as a direct result of the guidance from top management."
- The "class gave me the confidence to write the Code of Conduct for the organization. Before my efforts, <the company> did not have a code of conduct. Often times, this is the case with young, small companies. ...After the semester ended, I was offered a full time job"

Better Business Bureau



GE Johnson Award for Marketplace Ethics

The GE Johnson Award for Marketplace Ethics was created to honor outstanding businesses whose commitment to ethical business practices help promote and uphold a fair marketplace.

Criteria

The criteria used is that of the BBB International Torch Award for Marketplace Excellence. BBB of SC can forward winning entries for consideration in the Marketplace Excellence category.

- Management Practices. (If you are the owner of the company, with no employees, explain how ethics are used in everyday business practices.)
- Pertinent sections from an employee handbook, company manual or training program (formal or informal) showing how ethics policies are communicated to and implemented by employees.
- Formal training and/or procedures used to address concerns an employee may have in dealing with an ethical dilemma.
- The existence of an Ethics Officer, Compliance Officer or Ombudsman should be noted, along with information concerning the responsibilities and authority of this position.
- Formal/informal management practices and policies that foster positive employee relations.
- Employee benefits and/or work place practices which contribute to the quality of family life.
- Actions by the business to assess risks and take appropriate actions to prevent workplace injury.
- · Examples of sound environmental practices.
- 2. Customer/ Vendor/ Supplier/ Shareholder Relations
- Examples of how your business has prospered because of your belief in honesty, integrity and doing the right thing.

Social/Stakeholder Audits

- Companies or nonprofit organizations
 - Local & national companies
 - Small & large organizations
 - Sports organizations professional, high school, National Governing Body
- Eight companies each semester
 *management must approve the project
- Nominate for BBB Marketplace Ethics Award

"As part of this assessment an **employee survey** was administered ... over **75%** of the employees surveyed thought their superiors **set a good example** by promoting the mission and goals of the company. **91%** of employees believe that their **supervisors behave in an ethical manner**."

"Our main effort was to give the director some feedback on how he was doing with a CSR perspective."

From stakeholder survey:

"As with most non-for-profit entities the <organization> sorely lacks the professional management expertise to run the program."

"The roles and responsibilities to the members are not clearly defined"

"There are too few employees who know the organization, its mission or its stakeholders."

Take-Away

- Debates provide opportunity to develop skills in communicating difficult messages and decisions, internally and externally.
- Bring in business people that are responsible for ethics and compliance as guest speakers.
- Encourage businesses & professional organizations involvement in your programs to provide for practical application.

