

2038

ACTIVITY

Business & Entrepreneurship – Business Ethics

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ACTIVITY

EVALUATING BUSINESS PRACTICES

SUBJECT

Business Ethics

OUTCOMES

Learners will:

- examine media coverage of business practices in order to identify ethical and unethical business activities
- identify characteristics of unethical business practices
- identify how unethical business practices negatively affect business operations
- identify stakeholders impacted by unethical business practices

SKILL LEVEL

Middle School – High School – Post Secondary – Adult

OVERVIEW

Business ethics are the rules and standards that govern a business. Most businesses operate in a responsible fashion – providing products and services within the law and according to what is considered ethical.

Ethical actions include:

- advertising goods and services honestly;
- reporting profits and losses accurately;
- treating employees equally and fairly; and
- preserving the environment.

Some businesses do not operate in an ethical fashion. When businesses and their executives provide misleading information about their products and services; are untruthful about their profits and losses; treat their employees unfairly; or waste resources, they are considered unethical.

When unethical activities are exposed, they can have a significant impact on the business and its stakeholders. Often businesses will fail due to unethical activities, as a result of negative media coverage, loss of consumer trust, and devaluation of company stock.

INSTRUCTOR



ACTIVITY

INSTRUCTIONS

1. Using any available information resources, including books, magazines, newspapers, television, radio and the Internet, identify a company that has allegedly used unethical business practices within the last five years.

Examples could include Enron; WorldCom; Bre-X.

2. Identify the unethical activity(ies).

Unethical activities could include insider trading; fraud; embezzlement of funds; falsifying financial documents; lying about company performance to increase stock prices; falsifying reports on compliance to laws.

3. Identify who (name and company position) allegedly carried out the unethical activity(ies).

Answers will vary according to the company selected. Could include CEO; Chairman; accountant.

4. Identify who was affected by the unethical activity(ies).

Examples include shareholders; customers; employees; management; suppliers; business' financial auditor; local community; and other businesses operating within the same industry.

5. Identify the results of the unethical activity(ies) in as many ways as you can (such as reduced product sales, lowered stock prices, negative public opinion).

Answers will vary – could include company bankruptcy; company downsizing; reduced stock value; negative media coverage; criminal prosecutions and prison terms; and impact on family relations of those accused (i.e. divorce).

6. Bonus activity – Many companies develop a code of ethics, or written standards of behavior, to which everyone in the company must subscribe. Identify one company that has developed a code of ethics, and reference where you accessed this information.

Answers will vary. Examples include:

Nortel Networks - www.nortelnetworks.com/corporate/community/ethics/guide.html

US Olympic Committee - www.olympic-usa.org



EVALUATING BUSINESS PRACTICES

Name

Score

Date

Business Ethics

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