

CHAPTER 2

ETHICS, SOCIAL RESPONSIBILITY, AND THE START-UP VENTURE

Author's Note

Realistically, the topic of ethics and social responsibility should not be a separate chapter in the book but rather infused throughout the book. We encourage instructors to consider dealing with this topic early in the course and then coming back to it regularly throughout the course at appropriate times.

At no previous time in history have ethics and social responsibility been more vital topics of discussion. In a global economy that juxtaposes multiple cultures, each based on a different value system, ethics and social responsibility issues are never far from anything we do as business people. With so many large corporations in the news for unethical and illegal behavior on the part of their CEOs, this chapter is that much more relevant. In our multicultural classrooms, we have a unique opportunity to play out many business scenarios and deal directly with all these issues.

Learning Objectives

This chapter will give students an understanding of:

- Vision and values and how they guide the organization
- The role of ethics in an entrepreneur's business
- The role of social responsibility in an entrepreneurial venture
- How core values relate to the success of the business

Supplementary Lecture Material

The Movies as a Learning Tool

In 2000, *Inc. Magazine* asked a group of small-company CEOs and senior executives to tell it the movies that inspired their leadership style and influenced their value system. Professors have often used the movie *Wall Street* to teach ethics. The movie *Citizen Kane* was often cited as an example of loss of integrity as the main character climbs the ladder of success. *Apollo 13* and its classic line, "failure is not an option," has been adopted as a mantra for entrepreneurs. The teamwork of the lead astronauts is displayed when there is an explosion on Lovell's craft (played by Tom Hanks). A staple during the winter holidays, *It's a Wonderful Life*, the 1946 film starring Jimmy Stewart, epitomizes the socially conscious entrepreneur who keeps his company alive during the depression so that his employees and their families would not go hungry.

A great example of visionary leadership can be found in an unlikely place: Jack Nicolson's portrayal of Randle Patrick McMurphy in *One Flew Over the Cuckoo's Nest*. Denied the right to watch the World Series on television, he deftly calls the plays to a blank screen and eventually gets everyone cheering the invisible players.

Source: Leigh Buchanan and Mike Hofman, "Everything I Know about Leadership, I Learned from the Movies," *Inc. Magazine*, March 1, 2000. John K. Clemens, *Movies to Manage By: Lessons in Leadership from Great Films* (NTC/Contemporary Publishing Group, 1999).

Films to Rent

Business Ethics: The Bottom Line

The film examines today's corporate culture and the moral obligations of companies to the people who work for them and to the communities they serve. A group of business experts discuss how business can do the right thing.

Item: **BVL7142**
Format: **VHS**
List Price: **\$89.95**

Business Ethics: A 21st Century Perspective

Ethics experts analyze the challenges to making ethical choices in the Information Age. It also raises the issues of the need for a set of core international business values.

Item: **BVL10685**
Format: **VHS**
List Price: **\$89.95**

Cases Relevant to This Chapter

Mrs. Gooch's

Franchising a Dying Business

Highland Dragon

Alcoholes de Centroamerica, S.A. de C.V.

Answers to Issues to Consider

1. *Do you believe that your code of ethics should stand firm in any situation? Why or why not?*

This is a question that should stir a provocative discussion in class and easily demonstrate different value systems among the students.

2. *Suppose you are doing business in a country where paying fees (bribes) to get through the process more quickly is standard practice. In the United States, bribery is against the law. How will you deal with this conflict in ethical standards when you're doing business in that country?*

Again, this question will provoke a variety of different responses. Try to relate the responses to the research discussed in the chapter. For example, some students may respond with "when in Rome..." This is a type of situational ethics. Is it right that your ethics change based on the situation?

3. *In addition to the suggestions given in the chapter, name two ways that your company can demonstrate its social responsibility.*

Students will come up with a variety of ways. We encourage you to make a list of these ways and try them on various types of businesses.

4. *Would you require your employees to give back to the community as part of their work contract with your company? Why or why not? If yes, how could you implement this policy?*

This question evokes the issue of whether social responsibility can and should be required by employers. Are there less dictatorial ways to accomplish the same thing?

5. *How will you define your personal success? How can your definition be applied to your business?*

The answers to this question will be very personal. You might want to create a spectrum of answers going from those related specifically to the business to those relating to the students' personal goals. This way it will be very clear that we all define success differently.

Suggestions for Experiencing Entrepreneurship

1. *Choose an industry that interests you and interview a manufacturer, a distributor, and a retailer about the code of ethics in that industry. Does the industry have ethical problems? If so, what are they and how are people responding? If not, how are they avoided?*

Have students categorize their findings to see if they can create a code of ethics for a business they're interested in. Ask the students if they found different ethical standards among different types of businesses in the value chain of the industry. You might suggest that students search the Internet to find industry and trade association codes of ethics.

2. *Choose two companies in different industries. Interview management in each company about its code of ethics and its stance on ethical standards. Compare their answers and account for any basic differences.*

This exercise helps students learn that different businesses may have different views of ethics. While there may be some commonalities, there are usually differences based on the environment in which the business operates.