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## CHAPTER 5

# SOCIALLY RESPONSIBLE BUSINESS – DOING THE RIGHT THING

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Businesses have an ethical responsibility to customers who buy goods and services from them. **Socially responsible business** means that companies do the right thing for their customers. Companies consider profit, consumer satisfaction, and societal well being as equally important in the way business is conducted. Governments often enact laws that force businesses to function ethically. Consumers also can force businesses to act ethically regarding their purchases. For example, in the United States today, consumers and consumer activists **boycott** over 800 products.

This chapter is on socially responsible business. Teachers and students want to know about ways in which businesses are held accountable to customers for goods and services that they sell. According to consumer rights laws, people who buy goods and services have four rights: the right to be safe, the right to be informed, the right to choose, and the right to be heard. This chapter will provide teachers and students with opportunities to learn more about socially responsible business and about doing the right thing.

In the United States, businesses are often judged by their socially responsible behaviors. Most people agree that these include the following specific elements: equal employment opportunity for all citizens regardless of their race, religion or sex; respect for employees' diversity, safety, and health in the workplace; and assurance and full disclosure on the quality of products and services. If any one of these elements is ignored or abused, a business is likely to be subjected to a penalty and sometimes, legal action.



### BACKGROUND INFORMATION

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In the 1960s, Ralph Nader, an American economist and consumer advocate, spoke and wrote about the social responsibility for businesses. Today, businesses use his ideas to make sure that customers' rights are protected.

Many companies use the following list of customers' rights (based on an abbreviated version of the United Nations' Universal Declaration of Human Rights) to guide them in their efforts to be socially responsible.

## What is socially responsible business?

A socially responsible business provides goods and services in line with a society's values. Socially responsible businesses in the United States are concerned about how customers are protected and how employees are treated. There are federal and state laws that protect the rights of customers and employees, as well as the environment, from unethical business practices. Businesses in all countries should consider social responsibility as an important part of operations.

A brief description of ways in which customers' rights are protected in the U. S. and in many other countries follows:

### *Customer Protection*

Mr. Nader's work in **consumerism** highlighted the value and need of protecting customers' rights which is the basis of consumer rights laws.

### *The Right to be Safe*

This right applies to the goods and services purchased by consumers. Injury or damage that consumers incur because of use of products or services is the responsibility of the manufacturer (**product liability**). As a result, many companies do comprehensive product testing to find any flaws or problems in their products before selling them on the open market.

### *The Right to be Informed*

Consumers have the right to information about the products that they buy. If product or goods information is not clearly and completely available to consumers, they are able to sue the company responsible. Groups that protect consumers' right to information are the Federal Trade Commission and the Food and Drug Administration. The Internet contains many deceptive marketing claims because it is a new area for consumer rights activists in the United States and elsewhere.

### *The Right to Choose*

In a competitive world, consumers have a right to choose among **competing brands** of goods and services. Ethical businesses encourage customers to "shop around," in order to find what they want to buy. Other companies may mislead and lie to customers in order to coerce them to buy a product which the customer may not want or need. This coercion is called **fraud** and is illegal. Fraud has become a serious problem for the telephone service industry, and others, in the United States.

### *The Right to be Heard*

Many companies are concerned about customer satisfaction. Some have responded to customer complaints about service and fraud. In some cases, groups within the company are assigned to address customer complaints and to rebuild customer trust in and loyalty to their products. Innovation and change in service and new product development occur within a company, often as a direct result of these efforts.

## *Employee Protection*

Typically, the areas of concern for employers in the United States regarding employee protection are these: equal employment opportunity for all citizens (regardless of their race, religion, sex or sexual orientation); respect for employees' diversity (religious and cultural), safety and health in the workplace; and high-quality products and services with consideration for environmental protection.

### *Equal employment opportunity for all citizens*

All citizens, regardless of race, religion, sex or sexual orientation, have a right to be considered for employment. This means that employers are not allowed to discriminate against an applicant on the basis of one or more of these factors. For example, it is illegal for an employer to refuse to hire a person because he/she is a member of a racial minority. The Equal Employment Opportunity Commission (EEOC) was established to ensure job opportunities for minorities and women.

### *Respect for employee diversity*

Employees have the right to work in an environment where their individual values are respected. In general, this means that an employee is not singled out or treated differently because of his/her race, religion, sex, or sexual orientation. For example, an employee is allowed to take a holiday for religious observances.

### *Safety Issues*

Historically, many employees have been subjected to extremely unsafe work conditions in the United States. Sweatshops produced life threatening working conditions for work with no fire exits and crowded work areas. Often this included young children working long hours for very low pay. As a result, the federal Occupational Safety and Health Administration (OSHA) was established to assure workplace safety and health. Worker safety is now a priority for almost all employers.

### *Quality of Life Issues*

In recent years, concern for employees' quality of life has become more common among employers. Businesses want their employees to be productive and to balance family and work life responsibilities. As a result, some companies have developed "flex-time" schedules, day care centers for children inside the company, on-site education and training programs for employees, and opportunities for work leave when a family emergency requires the employee to be with a new baby, a dying parent or other relative.

## CLASSROOM APPLICATIONS

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### PRELIMINARY LESSON PLANNING

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#### *Materials:*

- Make copies of the [Background](#) material from the beginning of this chapter. Cut the copies into several (5-8) strips to create "a strip story."
- Make an overhead transparency of [Basic Assumptions Driving the New Business Environment](#) (Appendix B). If a transparency is not possible, print copies and use as handouts.



### WARM UP ACTIVITY

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**(approximately 10-20 minutes)**

#### *Objectives*

- To encourage students to think about what they already know--and believe--about social responsibility in business
- To introduce new vocabulary for students to use

#### *Procedures*

1. Introduce the topic, Social Responsibility.
2. Have students review the new vocabulary in [Appendix A](#). Give them approximately 5-8 minutes for this review. Ask for questions on any of the new words.
3. Ask students to choose one of the words from the list in Appendix A and tell a brief story about an experience they have had for which use of this term would be useful. Have students complete this step either in small groups or pairs.
4. Now, have students tell their stories. Help them to use the words on the list in Appendix A.
5. Tell students that they already know some things about social responsibility. Now, they will be learning even more by visiting web sites.



## ACTIVITY #1 -- STRIP STORY

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**(approximately 20-40 minutes)**

In order to complete a strip story activity, students must use the following reading and thinking skills:

- A. Follow the "flow" of meaning of the text
- B. Read for meaning
- C. See how organization of a text works to create parts and whole
- D. Understand beginning, middle and end of a text
- E. Work in pairs

### *Objectives*

- To encourage students to apply the information contained in the [Background](#) section to their own lives
- To learn more about socially responsible business
- To understand the ways in which companies try to develop both an image and practices of ethical business

### *Procedures*

1. Tell students that they will now learn about social responsibility in business. In addition to vocabulary and concepts, they will also learn what some companies do to create an image, and business practices, in line with standards of business ethics.
2. Review the vocabulary in [Appendix A](#) with students. Make sure that students understand the meaning of the vocabulary. Tell students that they will now read a short text on the Background Social Responsibility in Business. Tell them that it is important that they understand the vocabulary before starting this activity.
3. Now place students in pairs based on reading proficiency. For example, highly proficient readers are paired; low proficiency readers work together and are asked to do only a half of the text. Teachers may wish to adapt this recommendation for use in their individual class settings.
4. Pass out the envelopes containing the 'strips,' one envelope to each pair, and ask each pair to produce one complete story. A 'strip story' is a text that has been cut into pieces; students must put the strips back together in order to create a coherent whole text. (Note: make sure to mix up the 'strips' so as not to hand the strips to students in order). Then, place the 'strips' in an envelope. Envelopes can be saved for use in a later class or activity.
5. Circulate to help students to develop the coherent text. This step should take students approximately 10 minutes to complete. Extending the time beyond 15 minutes will yield relatively low return in completion of the task.

6. When all pairs have finished ordering their 'strips,' ask one student per pair to read out the ordering. Note students' ordering decisions. Ask students to explain why they chose this order. Students will be eager to be handed "the right answer," that is, the text as you say it should be ordered. Allow time for all students to respond before giving them the original completed text.
7. Give students 4-7 minutes to compare their versions with the original. Ask them to speculate and consider why their order may have deviated from the original.
8. Finally, give the class an oral summary of the content of the Background reading. Include the main point(s) and the details. The summary should be no longer than 1/2 page of notes (3-4 minutes lecture).



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## ACTIVITY #2

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**(approximately 30 minutes)**

### *Objectives*

- To provide opportunities to apply the information in the [Background](#) section to the future of business
- To expand students' abilities and confidence in questioning authority
- To use the Internet to gain information and communicate with others about social responsible business

### *Procedures*

1. Look at the information presented in [Appendix B](#), "Basic Assumptions Driving the New Business Environment<sup>2</sup>.
2. Now, tell students that they will use the concepts and vocabulary learned in the Background to think about social responsibility for businesses in the 21<sup>st</sup> century. Review the material in Appendix B with students.
3. Once the students are clear on the contrasts and changes in business assumptions between now and the 21<sup>st</sup> century, have them consider the right-hand column in terms of social responsibility.
4. Tell students that they will discuss socially responsible business in the future. Write these questions on the blackboard:
  - A. What will companies have to do in the future in order to maximize chances for socially responsible business practices?
  - B. What specific industries face the most challenges in terms of social responsibility in the 21<sup>st</sup> century?
  - C. How can these challenges be addressed?

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<sup>2</sup> From *Doing Business Internationally – The Workbook for Cross-Cultural Success*, by Terence and Danielle Walker.

D. Choose one (or two) of the contrasting assumptions. Use the Internet to find an example of a company that seems to be ready for the 21<sup>st</sup> century. Find one that does not seem ready. Be ready to explain your choices.

5. Have students share their answers to 4A – 4D above. There are several ways of having students do this:
  - A. Record a student making a presentation to a company. The student represents a consumer activist group and offers reasons why the company must change its practices in order to be in line with 21<sup>st</sup> century socially responsible business.
  - B. Have each student write a journal entry reviewing a personal experience with a company and apply some of the information using at least six of the eight words in the vocabulary list, found in [Appendix A](#), [vocabulary list](#).
  - C. Record a conversation between students in which they analyze and interpret the results of their web searches regarding companies' preparations for socially responsible work in the 21<sup>st</sup> century.



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## COOL DOWN ACTIVITY

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**(approximately 5 minutes)**

### *Objectives*

- To wrap up the lesson
- To provide opportunities for students to reflect on what they have learned

### *Procedures*

1. Tell students that this is the end of the lesson on Socially Responsible Business and Doing the Right Thing. Tell them that they now have much more information and knowledge on this topic than they previously had.
2. Tell students that now they will be considering some of the ideas presented here in terms of their own national context. Have them complete the questionnaire in [Appendix](#) [C](#).
3. Have students discuss their responses.



## LESSON EXTENSIONS

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Students can have a debate on product safety. One side represents the company, the other the consumer. Have students prepare a dozen questions. Establish clear ground rules and make sure students understand them. At the end of the class, students can vote on whether the company or the consumer group presented a stronger case.

- Students should visit several of the web sites included in the [Internet Resources](#) section. They should choose a product and an ethical issue of interest to them. Ask them to find out about the product and an ethics issue. They should draw on information obtained at the site, as well as that presented so far in these chapters. Students can add to the list of useful terms and concepts [Appendix A](#) and learn about products that interest them. Students can present their findings to the class, another class, or even to a group outside of class – a consumer rights group or a parent group. Alternatively, have students participate in activities in electronic chat rooms and bulletin boards where they can register their concern and interest.
- Students can find out about an employee issue. They should determine which one (or more) violations of employee protection (see [Background](#)) may have been committed. They should try to interview stakeholders – the employee, the supervisor, consumer groups, or others. Students can also write a letter to the company, to the editor of a newspaper, or a university professor with expertise in the area. For example, if there is a rumor of a product for children being unsafe, the student can contact the manufacturer and interview him/her on the safety issue of the product; write a letter to the editor of a newspaper; or contact a researcher at a university with interest in safety features of this product or one like it.

## INTERNET RESOURCES

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### Exploitable Content

Links are provided at all of these sites for additional potential lesson content.

<http://www.burgerking.com/home.htm>

*Burger King*

This corporation describes its commitment to community and nutrition. There is also a kids' club on this web site. Visit and find out what socially responsible work Burger King does.

<http://www1.umn.edu/humanrts/links/gbrhumanrts.html>

This site provides corporate social responsibility reports on business ethics, environment, corporate citizenship, human rights and workplace issues.



<http://www.metgroup.com/content/index.php?pid=20>

Services for globally responsible businesses from Met Group. Organizations that focus on the triple-bottom line – integrated and improved economic, environmental and social – are ideally positioned to seize this opportunity. We literally wrote the book on socially responsible marketing: *Marketing That Matters: 10 Practices to Profit Your Business and Change the World* (co-authored by MG Creative Director/President Eric Friedenwald-Fishman, published by Berrett-Koehler and now published in English, Spanish, Portuguese, Chinese, Japanese and Korean).

<http://www.corpwatch.org>

*Corporate Watch*

This site contains information on companies that commit crimes and misdeeds.

<http://www.poclad.org>

*Program on Corporation, Law, and Democracy*

On this site, progressive activist organizations provide articles and analysis of the role of corporations in society.

<http://www.diversitynews.com/>

*Diversity News*

News and information on diversity in business. A business publication serving a diverse work community. Find out how it's done on this site!

<http://businessroundtable.org/>

*Business Roundtable Issues Information*

Task forces, headed by CEOs, focus on specific issues. The groups conduct studies, develop policy recommendations, and lay out plans of action. Links to issues: corporate governance, government regulation, civil justice reform, and health and health and retirement.

<http://www.oneworldtrust.org/>

*One World Broadcasting Trust*

This organization strives to advance public understanding of global development issues through creative and collaborative use of media. Its Web site provides guides that aim to challenge and inform, questioning assumptions and suggesting alternatives to a variety of subjects – ethical consumerism, child labor, trade, etc. The guide to Transnational Corporations

[http://www.oneworldtrust.org/index.php?option=com\\_content&view=article&id=89&Itemid=85](http://www.oneworldtrust.org/index.php?option=com_content&view=article&id=89&Itemid=85) is of particular relevance to this chapter.

<http://www.iccwbo.org/>

*International Chamber of Commerce (ICC)*

The ICC promotes an open international trade and investment system and the market economy. Topics addressed by this site include business and society, business law, and extortion and bribery.

<http://corporate.ford.com/>

*The Ford Motor Company: Better ideas*

This site provides information about corporate citizenship in the Ford Motor Company.

<http://www.citizen.org/trade/>

*Public Citizen Global Trade Watch*

As a coalition of over 600 development, human rights, labor, environment and consumer groups from around the world, with representation in over 70 countries, this group considers the draft Multilateral Agreement on Investment (MAI) to be a damaging agreement because the intention of the MAI is not to regulate investments, but to regulate governments.

### Official Documents

Find useful documents at the web sites of large corporations and other businesses and business-related organizations:

<http://www.bbb.org>

*The Better Business Bureau*

This organization encourages ethical standards for businesses and promotes good relationships between businesses and the public.

<http://www.usda.gov>

*The United States Department of Agriculture*

This U.S. government agency oversees agricultural commodity research and promotion programs.

<http://www.osha.gov>

*Occupational Safety and Health Administration (OSHA), U.S. Department of Labor*

The mission of OSHA is to save lives, prevent injuries and protect the health of America's workers.

<http://www.cpsc.gov>

*U.S. Consumer Product Safety Commission (CPSC)*

CPSC, an independent Federal regulatory agency, helps keep American families safe by reducing the risk of injury or death from consumer products.

<http://www.fda.gov/Safety/Recalls/default.htm>

*SafetyAlerts*

This site serves as a database and news source for consumers of toys, foods, baby items, autos and child care equipment.

[\(Back to Extensions\)](#)



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## APPENDIX A

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### Useful Terms and Concepts

**Socially responsible business-** Management's acceptance of the necessity of equal balance in decision making among the following business considerations: profit, consumer satisfaction, and societal well being

**Boycott-** An organized attempt to keep the public from purchasing the goods and services of a firm due to ethical considerations

**Activists-** People who take up the cause of a given ethical issue; these are usually individuals who are organized and focused on a specific ethical issue. For example, a group of animal rights activists formed a group called "PETA." Members of PETA do not approve of killing minks in order to make mink coats.

**Consumerism-** Public demand for business people to consider consumers' wants and needs in making business decisions and providing goods and services

**Product liability-** Claims made against the assets of a company by an individual or group for negligence in design, development, and sale of products

**Sue-** To file a claim in a court of law for damages caused by a company's failure to provide products in line with advertising and consumer rights

**Competing brands-** When more than one company produces the same product, the brands are in competition with one another. For example, in the soft drink industry, Coca-Cola and Pepsi are two competing brands. They are competitors.

**Fraud-** Lying or misrepresenting the truth in a business situation; an illegal action in business

[\(Back to Warm Up Activity\)](#)

[\(Back to Activity #1\)](#)

[\(Back to Activity #2\)](#)

[\(Lesson Extensions\)](#)



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## APPENDIX B

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### Basic Assumptions Driving the New Business Environment

#### 1980s and Before

Continuity

Planning

Management

Instruction

Individuals

Knowledge

Uninformed customers

National borders

#### 1990s and After

Change

Coping with the unexpected

Facilitation

Learning

Project Groups and Teams

Competence

Demanding customers

Freedom of movement

[Back to Preliminary Lesson Planning](#)

[Back to Activity 2](#)



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## APPENDIX C

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### Questionnaire on Social Responsibility in International Settings

*Answer each question below using the following scale:*

SA = Strongly Agree

A = Agree

D = Disagree

SD = Strongly Disagree

- \_\_\_ 1. Socially responsible business is a problem in the world today.
- \_\_\_ 2. Employees must determine on their own to what extent they will be concerned about social responsibility.
- \_\_\_ 3. The consumers' right to be safe is a concern for all businesses.
- \_\_\_ 4. Some information should be not made available to consumers (consumers' right to be informed).
- \_\_\_ 5. Consumers' right to choose among competing brands is not of interest to most businesses.
- \_\_\_ 6. In the future, businesses will be required to have all their products approved by consumer groups before they go on the market.
- \_\_\_ 7. Quality of life issues are not a concern for business.
- \_\_\_ 8. Companies should make sure they hire a diverse workforce.
- \_\_\_ 9. Safety is the number one concern for businesses in the 21<sup>st</sup> century.
- \_\_\_ 10. My biggest concern about socially responsible business in the 21<sup>st</sup> century is \_\_\_\_\_

[Back to Cool Down Activity](#)

