OVERVIEW:

In this lesson, students will examine the role of ethics in national business. Students will read the Knowledge@Wharton article, “Corporate Fraud on Trial: What Have We Learned?” and discover the lessons in corporate ethics violations. Then students will analyze various national corporate scandals to understand the importance of business ethics.

NBEA STANDARD(S):

- Management, V. Ethics And Social Responsibility

RELATED ARTICLES:

- “Volkswagen's Smog-filled Scandal”
- “Thinking Ethically and Philosophically About the Decisions Companies Make”
- “The Secret Life of Internet Trolls”
- “Peggy Bishop Lane on Why Accounting Is the Language of Business”
- “Parkland Activism: Teens Embrace ‘The Power of the Moment’”
- “Fighting for Environmental Justice”
- “Educator Toolkit: Exploring Ethics”
- “Debate and the Appeal of Opposing Views”
- “Career Insight: Thinking about Business Ethics in a Practical Way”
Objectives/Purposes:

The purpose of this lesson is for students to comprehend elements of ethics, specifically in the context of business management/competition at the national level. Students will be able to make connections at scale, understanding the organizational dynamics of a national operation.

Knowledge@Wharton Article: “Corporate Fraud on Trial: What Have We Learned?”

Other Resources/Materials: For Teachers: Internet Access for students groups

Activity:

Introduction (10 mins): Class discussion opener:

The teacher should introduce the concept of ethics. Ask students for a definition of ethics. Write this on the board, then share with students the following definition of ethics as: “The rules and principles that define right and wrong conduct.”

Guided Reading (10 mins):

Note: The teacher should project the Knowledge@Wharton article on the screen and ask the students to read it.

Partner Discussion (5 mins):

With partners, have students answer the following questions based on the article:

1. How does American culture affect corporate scandals in the U.S.?

   Answer: “There is a fascination with risk-taking, and I think it’s related to greed. Or at least the two go together.”

2. How does Japanese culture affect corporate scandals in Japan? How does this differ with the U.S.?

   Answer: “The idea is that ‘this happened on your watch. You are responsible for it and the honorable thing to do is to resign,’ says Skeel, adding that such a scenario is ‘completely different than what we see in the U.S. Here it’s usually the people at the top who are taking the risks, and the instinct is not to resign, but to keep fighting.”
3. What role does corporate culture play in a company's ethics?

**Answer:** “The culture within a corporation is critically important, he says. ‘Take companies like Johnson & Johnson or Goldman Sachs, which for decades have prided themselves on their integrity. It’s in the atmosphere, and people breathe it in when they work there.’ He also believes that reward systems need to be carefully structured and monitored. For example, a middle manager rewarded only for hitting his or her numbers is a recipe for disaster, he warns.”

As a class, allow various partner groupings to share and discuss their responses.

**Exploration Activity (15 min):**

Have students get into four or five groups. Each group will research the ethics violations of the following companies: Enron, Tyco, WorldCom and AIG. (If more groups are needed, the teacher can add to the list of companies.) Through research, students should answer the following questions.

**Questions for groups (see Worksheet I):**

1. What did the company sell or make?
2. What was its ethical violation(s)?
3. According to your group, what makes these violations unethical?
4. What has happened to the company since the corporate scandal?
5. How did this scandal affect people?
6. Using lessons learned in the article, what are the ways to ensure that companies behave ethically?

Have each group present their research and answers to the class. Then have a class discussion on ethics based on the following questions:

1. In light of what you have learned, why are ethics important for a society and for an individual?
2. What are some of the ethical standards we have as Americans?
3. How should ethics be taught? Do you believe that we are doing a good job teaching ethics? Why/Why not?
4. How can national companies improve ethical behavior?
Example answers include:

- Hire individuals with high ethical standards.
- Establish codes of ethics and decision making rules.
- Lead by example.
- Delineate job goals and performance appraisal mechanisms.
- Provide ethics training.
- Conduct societal audits.
- Provide support for individuals facing ethical dilemmas.

Closing (5 mins):

Use this time to answer questions and clarify points of confusion.

Tying It All Together:

This lesson plan can stand alone or the teacher could include other Wharton Global Youth Program lesson plans that highlight ethics and social responsibility considerations at other levels of organization (i.e., local, national, multinational, etc.).

Ethics and social responsibility are subsumed within the greater umbrella of Business Management including but not limited to:

- Theories of Management
- Five Management Functions
- Business Organization
- Personal Management Skills
- Human Resource Management
- Technology and Information Management
- Financial Decision Making
- Operations Management

Practice Outside of the Classroom: Students may wish to research multinational companies that have violated ethics and determine how these violations affected the company’s bottom line.