

**Dr. Benjamin L. Sadler**

Financial Accounting Department, Wolfson Campus

**Topic:** Social Responsibility, Business Ethics and Stakeholders

**Student Learning Goals:**

*The major student learning goals of this course component are:*

- Know what is meant by the terms: social responsibility, business ethics, and stakeholders.
- Describe four different views of social responsibility.
- Cite several environmental relate issues that businesses face today, and describe the steps companies can take to address these issues in a socially responsible manner.
- Cite several key employee-related issues that businesses face today, and describe the steps companies can take to address these issues in a socially responsible manner.
- Describe the responsibilities businesses have to their customers, investors, and communities.
- Explain how to measure a company's progress toward fulfilling its social responsibility goals.
- Demonstrate the value of business ethics and identify who determines an organization's ethical climate.

**Lecture Outline,**

**Lesson Overview:**

This Green Studies lesson deals with various approaches businesses take to be socially responsible to the environment, employees, customers, investors, and the community. The professor will describe how companies measure their social responsibility efforts using a Social Audit device. The professor will also investigate the nature of business ethics and offer guidelines for establishing ethical standards.

**Lecture Topics**

- I. Social Responsibility and Business Ethics Defined
  - a. The Evolution of Social Responsibility in the United States.
  - b. Approaches to Social Responsibility
    - i. Voluntary social Responsibility
    - ii. Other Views of Social Responsibility
  - c. Strategies for Maintaining High Standards of Social Responsibility and Ethics
- II. Social Responsibility in Action
  - a. Business = Responsibility to the Environment
    - i. Pollution
    - ii. Acid Rain
    - iii. Green House Effect
    - iv. Waste Disposal
  - b. Business = Responsibility to Employees
    - i. Drug Testing

- ii. Terrorism Threats
    - iii. AIDS
    - iv. Discrimination
    - v. Whistle Blowing
    - vi. Termination
  - c. Business = Responsibility to Customers
    - i. Product Safety and Quality
    - ii. Dependable Packaging
    - iii. Truthful Advertising
  - d. Business = Responsibility to Investors
    - i. Ethical Financial Reporting
    - ii. Proper Gains and Losses
    - iii. Return of Investment
  - e. Business Responsibility to the Community
    - i. Good Corporate Citizenship
    - ii. Jobs for Residents
    - iii. Educational Involvement
    - iv. Donations and Charity
- III. Social Responsibility Audits
  - a. Social Audit Steps
    - i. Identification of Ways the Company Affects Society
    - ii. Social Goals and Objectives for Influencing the Public
    - iii. Developing a Way to Measure Progress for Social Goals and Objectives
    - iv. Monitoring Programs (feedback)
    - v. Evaluation of Success or Failure of Social Goals

**Review Questions:**

1. Who are the stakeholders of a business?
2. Describe what is meant by the Voluntary Approach to corporate social responsibility.
3. Describe economist Milton Friedman's view on corporate social responsibility towards:
  - a. The Environment
  - b. Corporate Employees
  - c. Customers
  - d. Investors
  - e. The Community

**Key Terms:**

Social Responsibility  
 Stakeholders  
 Acid Rain  
 Terrorism  
 Social Audit

Business Ethics  
 Greenhouse Effects  
 Pollution  
 Whistle Blowers  
 Code of Ethics

**Assessment:**

Examination #2, Corporations and Business Organizations will include a Cost versus Environmental Concerns case worth 15 points. Essay questions will include at least the following:

1. What are the major arguments *for* businesses spending money on environmental issues?
2. What are the major arguments *against* businesses spending money on environmental issues?