YEAR NINE CORNERSTONE:

ETHICS, BUSINESS AND THE WORLD
TERM TWO, WEEKS SEVEN – TEN

"You spent so long wondering whether you could that you forgot to ask whether you could" Ian Malcolm. Jurassic Park (1993)
LESSON ONE: SURFWARE.

INTRODUCTORY TASK/WARMING UP (Prior views)

Write in your Cornerstone book:

- Do you think that the way money is spread around the world is reasonable and why?
  - (approximately five lines)
- ‘If I owned a business that sold fruit, do I have responsibilities to anyone other than myself? If so, what are they?’
  - (approximately five lines)

(Your teacher will come around and read your answers as you write to get a sense of your views).
Your class (in groups) is the board of the surf clothing company 'Wetware'. You have done the almost impossible and made 80s boardshorts and wetsuits fashion items the height of fashion again. Your firm is listed on the stock-exchange and has several hundred shareholders. Each member of the board owns a few percent of the shares too. Your firm is seen as cutting edge and is a style icon amongst boys and girls at the Beach.

QUICK ACTIVITY

a) Break into groups of approximately four.
b) Have a board meeting.
c) Elect a President and Treasurer (quickly).

A series of issues, opportunities and problems have begun to occur with the firm. You need to discuss as a board how to handle them.

When you have the answers to each one you will write them up in a confidential memo to be seen by members of the board (and your teacher)

PROBLEM ONE: ZEN BRACELETS

You have recently explored extending into iconic, ionic (but not ironic) 'Mother-Zen' bracelets that claim to give you balance to stay on your board. Your proposed $60 ionic
'Mother Zen' bracelet is a piece of plastic that costs 20c to make in a factory in Chullora (Sydney). It comes with a holographic square.

Your marketing gurus have written the following advertisements for it: 'Our extra cool bracelet exploits the holographic powers known for centuries amongst the Buddhist tribes of Sumatra. It also relies on the scientifically tested 'Placebo Effect'. Look cool on the beach and keep your balance on the board with Mother Zen.'

Also, Adam Blair, the latest cage fighting star has agreed to endorse the bracelet, saying 'it gives me balance even in the scariest cages.'

DISCUSS THEN DECIDE AS A BOARD:
* Do you go ahead with selling and marketing these bracelets?
* Do you use the above statements as marketing pitches for teenagers? Why/why not?
* What are your duties to
  * your shareholders to make money?
  * your customers not to make misleading statements?
  * society?
* Get together as a class and discuss what each group considered. What were the arguments for and against doing this.

PROBLEM TWO: YOUR ZEN IN A SCAM

The Australian Competition and Consumer Commission has concluded an investigation into your 'Mother Zen' bracelets. They say that 'there is no demonstrable effect of the bracelet and that no study shows that a holographic chip helps improve balance'. Further, they say that 'the placebo' effect can occur with any valueless product, and should not be used as a claim.

DISCUSS AND DECIDE AS A BOARD

What should you do? Consider
* 'Buyer beware' - it's up to buyers to work out what's real and what's not.
* Changing your market strategy so that you still sell them, but make no further claims about their balance.
* Withdraw them from sale
* Give refunds to people who have purchased them.

* Write down some notes in your Cornerstone book.
* Discuss as a whole class.

- Home learning: view these websites;
  - [http://www.powerbalance.com](http://www.powerbalance.com)

And write a 250 word reflection in your cornerstone book about your views on Powerbracelets.
LESSON TWO: PROBLEM THREE: LEASES AND COMPETITION

DISCUSS/DECIDE AS A BOARD:

a) 'Granny Betty's Goode Olde Surf Shop' has existed at the beach for eighty years. A lease comes up for the giant mega-shop next door. Opening up next door will very likely have the effect of shutting down her surf store. Do you take the lease?

b) In a stroke of good fortune five leases come up, all in shops next door to the five current surf shops at your beach. Do you take up all five leases and then have a massive sale in each of your five stores in an attempt to become the sole trader of surfware on the Beach?

What are your duties to

* Your shareholders
* Your customers
* The people who frequent the Beach?

When thinking about these decisions.

* Write down some notes in your Cornerstone book.
* Discuss as a whole class.
PROBLEM FOUR: WHERE TO MAKE YOUR CLOTHES

You have your surfwear made by a factory in South Australia. You have made some attempts to connect up with factories in China but they haven't worked out. A Brisbane based businessman with contacts in a rural province in China says that he can get you the same quality materials for half the price. He has several (verified) references from long established clothing firms saying that he delivers what he promises. You ask about conditions in the factories and whether they use child labour. He says that as he is a middleman and that you can trust him to make proper enquiries. He also claims that it won't be your ethical responsibility, it will be his.

DECIDE AS A BOARD
* Do you take his offer to have your clothing made in a factory in a rural province?
* Do you do something else?
* Who are your ethical obligations to? What are they?

* Write down some notes in your Cornerstone book.
* Discuss as a whole class.
LESSON THREE: PROBLEM FIVE: STAFF IR

No-one on the board particularly likes one of the sales reps in the store. She does a reasonable job—neither great nor terrible—but she just doesn't 'click'. You all find her jokes boring, her dress sense appalling and frankly, none of you think she is very bright at all. Her twelve month 'probation' period comes up.

At the same time you pay your sales rep staff the equivalent of $50 000 each year. This includes holidays, superannuation etc. It turns out that if you sacked them all and employed a series of people as casuals you could employ each person for $40 000 each year.

DECIDe AS A BOARD:

a) Do you re-employ the sales assistant after her twelve month probation period? Why/why not?

b) Do you sack all of your staff and employ casuals? Why/why not?

* Write down some notes in your Cornerstone book.
* Discuss as a whole class.
Proper ethical behavior exists on a plane above the law. The law merely specifies the lowest common denominator of acceptable behavior. (Gene Laczniak, "Business Ethics: A Manager's Primer," 1983)

Five fairly broad moral principles for business suggested by philosophers are as follows:

- **Harm principle**: businesses should avoid causing unwarranted harm.
- **Fairness principle**: business should be fair in all of their practices.
- **Human rights principle**: businesses should respect human rights.
- **Autonomy principle**: businesses should not infringe on the rationally reflective choices of people.
- **Veracity principle**: businesses should not be deceptive in their practices.

(These five principles are quoted from http://www.utm.edu/staff/jfieser/vita/research/busbook.htm)

Consider the following statement from Johnson and Johnson's Credo:

> We are responsible to our employees, the men and women who work with us throughout the world. Everyone must be considered as an individual. We must respect their dignity and recognize their merit. They must have a sense of security in their jobs. Compensation must be fair and adequate, and working conditions clean, orderly and safe. We must be mindful of ways to help our employees fulfill their family responsibilities.

http://www.utm.edu/staff/jfieser/vita/research/busbook.htm

**DISCUSS**

a) What do you think of the Johnson and Johnson Credo? What do you think would happen to business if it was adopted everywhere?

b) If you applied the Johnson and Johnson credo to the various ethical dilemmas presented by Wetware in the previous topic, what would some of your answers be?

c) Do we have other obligations over and above what the law expects?
d) Do religious or societal precepts also bind people (eg 'Do unto others as you would have done unto you')

Write in your cornerstone journal: ‘What did I learn from this discussion?’

EXTENSION ACTIVITY
How does the share market work? What can be ethical (or not ethical) about it? What is ‘limited liability’ in companies? What can be ethical (or not ethical) about it?
LESSON FOUR: THE BOARD DECISIONS IN SUMMARY

Go back to your cornerstone book and read your views from a few weeks ago. Also read your decisions over the last few days.

Write what you now believe. In what ways are your views more considered/sophisticated than they were?

HOMEWORK/FORMATIVE ASSESSMENTS: CONFIDENTIAL MEMO:

- A new chair has been elected to your board and has asked you to provide written advice as to WHY you have made two of the decisions you have made over the last fortnight.
- Provide him/her with a 500 word memo explaining what your decisions were and why you decided in this way.
LESSON FIVE: THE GOOD LIFE PIE

A) Split into pairs. Imagine that you get to split some of the things that go into making a good life as pieces of a pie, below. You get to choose how big each piece is by drawing it onto the pie. How big do you make each piece?

    Pieces to include:
    a) A happy family, including parents and children.
    b) A lot of money to buy things like a big house, great car, clothes and all the gadgets you want.
    c) A lot of good friends.
    d) A lot of education, learning and wisdom.
    e) Travelling around the world to see all sorts of amazing things.
    f) An interesting and worthwhile job.
    g) Parties, parties, parties.
    h) A chance to help other people — either in your job or by volunteering.

B) Put all of the different pies on the board using butcher’s paper.

C) Have a whole class discussion about the each of the pieces.

D) Each student to reflect in their cornerstone journal and draw up their own personal pie on the basis of the discussion.
LESSON SIX: MONEY, DEATH AND TAXES

1) WARMING UP: Write into your cornerstone journal:

a) Do other people have an obligation to spend money on you? Who, why and how much?
b) Do you have an obligation to spend money on other people? Who, why and how much?

2) YOUR FAMILY AND MONEY

c) If your parents earn a lot of money, should they have to save some of it for you or can they spend it all? Why?
d) If you earn a lot of money, should you have to save some of it for your children, or can you spend it all? Why?
e) If your great aunt Mildred leaves you five million dollars, can you spend it all? Or should you leave a lot of it for your great nephews and nieces? Why?
f) If your great aunt Mildred left your parents five million dollars, should they keep some of it for you? Why/why not?
g) Your parents looked after you when you were very young. Are you obliged to look after them when they are very old? Why/why not?

DISCUSSION: DEATH AND TAXES (M)

a) Imagine that you do not earn very much money and you have three children to support. At the same time Jim earns a LOT of money and also has three children. Indeed, he has enough for them each to buy a really nice house with his money when he dies. Should the government tax Jim when he dies to the extent that his children do not have as big an advantage over your children?
b) Imagine that you earn millions and millions of dollars in your life. Enough for each of your children to have a really nice house without paying a cent of their own. On the other hand, Jim earns practically nothing and has no money for his children. Should
the government tax you when you die so that your children do not get as much of an advantage over Jim’s children?
c) Should a nation (eg Australia) pay people who were wronged by a previous generation (eg Aboriginal Stolen Generations, British orphans) using money accumulated by the taxation system? Why/why not?

3) CORNERSTONE JOURNAL REFLECTION:
a) Should money be able to flow from one generation to the next at all? What would be the consequences in society if it did not?

EXTENSION ACTIVITY AT HOME
Research ‘death duties’. What are they? Do you think they are fair? If you were the government, would you include them in your tax system? Write a page in your cornerstone journal.
LESSON SEVEN: GAME: WIN AS MUCH AS YOU CAN!!!!!!!!!!!!!!!

(Game courtesy of Mr J Madin)

ACTIVITY

a) Break the class group up into two, evenly sized, clusters.
b) Break these two clusters up so that there are four different groups/pairs within each cluster.

The aim of the game is to win as much money as you can.

There will be ten rounds. In each of the ten rounds your group will confer and decide on something very simple.

For ten rounds, you and your partner/s will choose either an ‘X’ or a ‘Y’ (and keep the answer to yourself for a minute).

The pay-off of money for each round will depend on the choices made by all four groups according to the table below.

Your teacher will announce the start of each ‘round’. Each round goes for about one minute. At the end of each round the four groups compare whether they chose ‘x’ or ‘y’ and then add up the money accordingly (you don’t need real money….Just a tally of dollars on a piece of paper).
<table>
<thead>
<tr>
<th>Four X’s</th>
<th>Lose $1.00 each</th>
</tr>
</thead>
<tbody>
<tr>
<td>Three X’s, One Y</td>
<td>Win $1.00 each, Lose $3.00</td>
</tr>
<tr>
<td>Two X’s, Two Y’s</td>
<td>Win $2.00 each, Lose $2.00 each</td>
</tr>
<tr>
<td>One X’s, Three Y’s</td>
<td>Win $3.00, Lose $1.00 each</td>
</tr>
<tr>
<td>Four Y’s</td>
<td>Win $1.00 each</td>
</tr>
</tbody>
</table>

Each group should keep a tally of how much money they have won or lost in each round.

**STRATEGY:** You are to confer with your partner on each round and make a joint decision.

**VERY IMPORTANT:** Before Rounds 5, 8 and 10, you can confer with the other pairs in your cluster.
# THE SCORESHEET

<table>
<thead>
<tr>
<th>Round</th>
<th>Time</th>
<th>Confer With</th>
<th>Choice</th>
<th>$ won</th>
<th>$ lost</th>
<th>$ balance (cumulative)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2 mins</td>
<td>partner</td>
<td></td>
<td></td>
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<tr>
<td>2</td>
<td>1 min.</td>
<td>partner</td>
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<tr>
<td>3</td>
<td>1 min.</td>
<td>partner</td>
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<tr>
<td>4</td>
<td>1 min</td>
<td>partner</td>
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</tr>
<tr>
<td>5</td>
<td>3 mins 1 min.</td>
<td>Cluster partner</td>
<td></td>
<td></td>
<td></td>
<td>BONUS ROUND. Payoff multiplied by 3</td>
</tr>
<tr>
<td>6</td>
<td>1 min.</td>
<td>partner</td>
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<td>7</td>
<td>1 min</td>
<td>partner</td>
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<tr>
<td>8</td>
<td>3 mins 1 min.</td>
<td>Cluster partner</td>
<td></td>
<td></td>
<td></td>
<td>BONUS ROUND Payoff multiplied by 5</td>
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<tr>
<td>9</td>
<td>1 min.</td>
<td>partner</td>
<td></td>
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</tr>
<tr>
<td>10</td>
<td>3 mins 1 min.</td>
<td>Cluster partner</td>
<td></td>
<td></td>
<td></td>
<td>BONUS ROUND Payoff multiplied by 10.</td>
</tr>
</tbody>
</table>

**CLUSTER TOTAL:**

**Debrief**

a) How do you win as much as you can in this game?
b) What happened in your group? Why did this happen?
c) How does (and doesn’t) this game relate to the real world?
d) How does (and doesn’t) this game relate to business ethics?
e) What did you learn from this game?
1) WARMING UP: Write in your cornerstone journal.

a) Do you think that food should be distributed to people on the basis of how much they earn or how much they need to eat? Why?
b) Do you think that overseas holidays should be distributed to people on the basis of how much they earn or how much they are curious about the world? Why?

2) ACTIVITY

Break up into groups of four

You and your group are sent to live on the island of Microcosm. You don’t yet know what jobs you are going to have. It turns out there are only ten jobs on the whole island; everything else is done by machine. The leader of Microcosm tells you that according to the law, the newest people on the island get to decide what salary everyone earns for the next year. You don’t know what they earned in previous years. You have one million dollars to split amongst all of the workers.

a) How do you split the money up amongst the following ten jobs, all of which take up 40 hours per week?
   i) farmer
   ii) garbage collector
   iii) doctor
   iv) nurse
   v) lawyer
   vi) leader
   vii) banker
   viii) novelist
   ix) teacher
   x) builder
   xi) architect
Do some jobs deserve more money than others? If so, why? How do you decide which ones deserve more or less?

3) Homework: Write 400 words in your cornerstone journal about what you learned from this activity.

DISCUSS

a) Your teacher brings 200 Easter eggs to school and put them in the middle of the classroom. ‘Take whatever you want’ she says and leaves the room. There is a mad scramble for the Easter eggs. Some people end up with dozens, others only with two or three. When she comes back, people in the class complain that the eggs were distributed unfairly.

‘How should I have done it?’ she asks.
‘Each person should have been given an equal amount’ you say.
‘Okay,’ she replies. ‘I'll remember that for next time.’

Half an hour later your teacher exclaims ‘Oh no, I need 60 of those Easter eggs to give to the choir after school’. Then she says. ‘Okay, let’s do this fairly. Everybody should have to give back an equal amount. This means everyone gives two eggs back.’

Is what your teacher has done fair? Why/why not?

b) Chris and Alex work equally hard as house painters. They are the same age and are equally experienced. However, Chris is twice as good at it as Alex. Chris finishes two houses in the time it takes Alex to finish one house.

i) Should Chris get paid twice as much?
ii) Should Chris only work half the number of hours in a day?
iii) Should they get the same amount as they are both working hard?

If you were the boss of a company and you could choose how your workers got paid, how would you do it?

i) Depending on how good they are or how much ability they have.
ii) Depending on how long they have been with the company.
iii) Depending on how hard they work.
iv) Depending on how much they need the money.
CUMULATIVE TASK

Write a 800 word letter to yourself aged 35 in which you outline how you hope the resources of your family, country and world might look like and why. In this letter you will also explain how you hope you will have behaved if you own a small business.

Scaffold: If you are struggling with what to write you could include.
   a) Whether you have an obligation to look after your parents when they are old, and whether they have an obligation to give you money when you are an adult.
   b) Whether you think that the government should tax people after they die
   c) How different jobs should be paid
   d) How honest you would be in your advertising if you owned a business.
   e) How you would treat your staff and your competitors in a business.

How you will be assessed:
   a) The sophistication and thoughtfulness of your reflections.
   b) Your use of supporting evidence, both hypothetical and real.
   c) The extent to which your piece reflects the discussions that were had in the class over the past four weeks.
   d) The quality of your writing.