

# **Law Ting Pong Secondary School**

Business, Accounting and Financial Studies  
Business Environment and Introduction to Management



## **Topic 3 Business Ethics and Social Responsibilities**

Name: \_\_\_\_\_ (     )

Class: \_\_\_\_\_

Teacher: Miss Lam Wing Yiu

## Topic 3 Business Ethics and Social Responsibilities

### Learning Objectives:

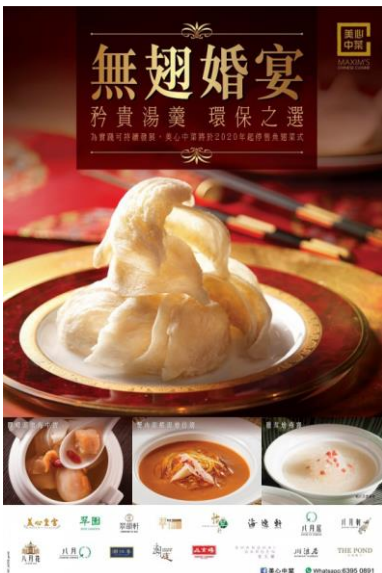
- (i) Explain the difference between business ethics and social responsibilities.
- (ii) Explain why and how a business should be ethically and socially responsible to various stakeholders.
- (iii) Explain the importance of business ethics and social responsibilities to a firm.
- (iv) Describe how business ethics and social responsibilities affect business decisions.

### Part 1: Social Responsibilities



**Social responsibility** is the responsibility of a firm to society. It is also used to refer to a firm's responsibility to all its stakeholders.

A firm has obligation to minimise the negative impact of its operations on society. For example, increase in prices is going to increase the profits of a company. However, the increase in price also increases the burden of customers. Therefore, businesses that consider their pricing decisions in relation to the ability of customers to afford a price increase can be regarded as socially responsibility.



### Research

Collect three examples of companies that are socially responsible and post your findings on Google Classroom.



## Group Activity

Case Study - Café De Coral Cancelled Their 45-minute Paid Meal Breaks

### Watch the following video

<http://www.youtube.com/watch?v=fp2ZPqa2mtA> (2010)

### Read the following article

#### Café De Coral cancelled their 45-minute paid meal breaks

South China Morning Post, 16 November 2010



While the minimum-wage law has yet to take effect, Café de Coral last month acted pre-emptively by increasing hourly pay by between HK\$2 and HK\$3.50. However, it also announced that the company would cancel the employees' 45-minute paid meal breaks.

Over the weekend, Café de Coral bowed to pressure and decided to reinstate the paid 45-minute lunch break.

A Café de Coral spokeswoman said the company decided to reinstate the paid lunch break, despite a "large majority" of employees agreeing to the change, in order to "allay public concerns" and "preserve social harmony." The wage increases, she said, would remain in effect.

### Discuss the following questions in a group of three to four people.

1. According to the news and video, did Café de Coral fulfill its social responsibility? Explain your answer.

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2. How did the above incident affect the employees and the company's image?

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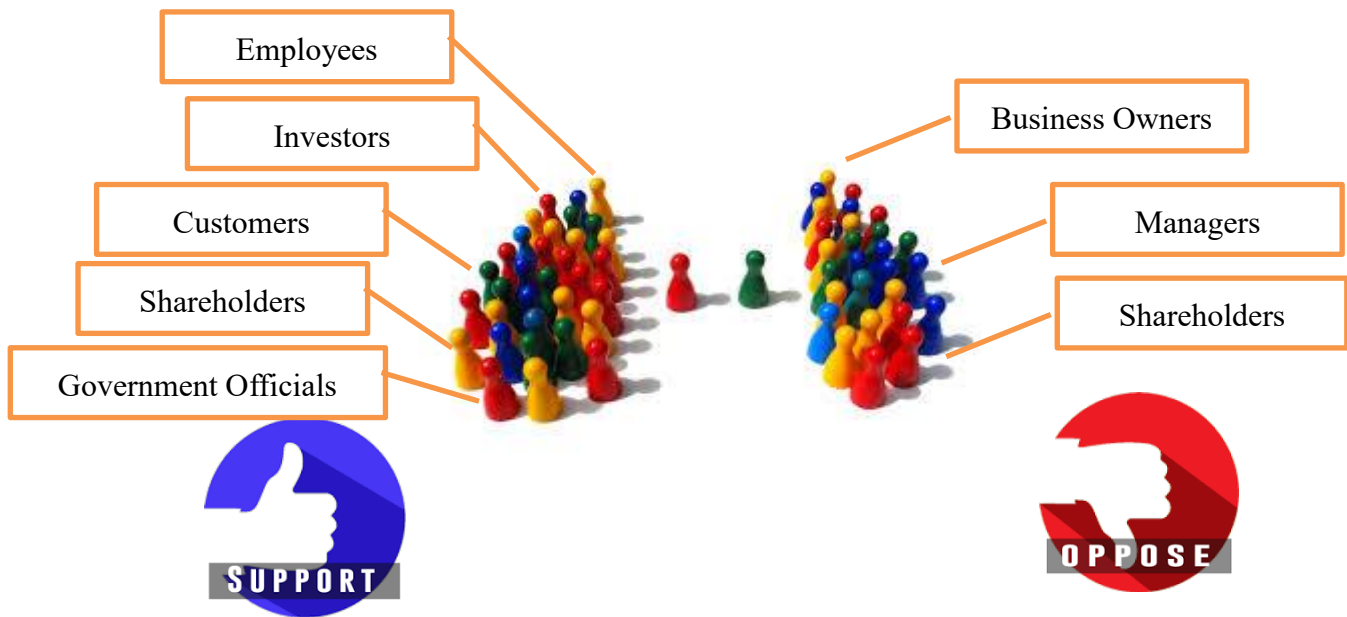
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## Consolidation

Debate: Should a business be socially responsible?



Learning Target:

- I can present my opinion, engage with others and defend my position.

Rules:

- Practice presenting a viewpoint clearly, concisely and accurately.
- Avoid exaggeration that can be used to derail a position by others.
- Not getting emotional when others disagree your point of view.
- Have a conversation about a topic and learn by listening to others.
- Take good notes and use credible sources for evidence.

Step 1:

Write your name in column of the Support or Oppose side that you wish to join.

Step 2:

Sit with your groupmates and use your phones to find evidence to support your claims.

Step 3:

Discuss your findings and take good notes.



## Part 2: Business Ethics



**Business ethics** are the rules or standard governing the conduct of a firm. They are important to a firm's image and reputation.

Usually business ethics involves a comparison of the actions to obtain monetary gains against the principles and moral standards of society. Ethical judgments require personal judgement and ample experience.

**Business ethics** may also involve cultural considerations. In some cultures, it is common to exchange gifts when doing business. However, the exchange gifts in Hong Kong can be considered bribery.



### Video-watching

Watch the following video and discuss the following questions in a group of three to four people.

1. According to the video, briefly describe the sale practice of Aroma Company.

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2. Does the sale practice of Aroma Company against the business ethics? Why?

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3. List three rights and three responsibilities of consumers.

Rights:

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Responsibilities:

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### Google Classroom: Laws and Ethics

Laws are systems of rules that are created and enforced through social or governmental institutions to regulate behaviour. Laws are legally binding and ethics are not. In other words, some business activities, though legal, can be unethical.

Read page 106 to 107 of the textbook and discuss the similarity and difference between laws and ethics on Google Classroom.

Similarity between laws and ethics	Differences between laws and ethics
Laws and ethics _____ _____ _____ _____ _____ _____	Laws _____ _____ _____ Ethics _____ _____ _____
Example: _____ _____ _____	Example: _____ _____ _____



## Individual Work

Decide whether the following situations that are legal or illegal and treated as ethical or unethical.

- (a) PARKnSHOP is the largest supermarket chain in Hong Kong. It increases the price of food and necessities greatly to earn more profit.



Legal       Illegal

Reason(s): \_\_\_\_\_  
\_\_\_\_\_

Ethical       Unethical

Reason(s): \_\_\_\_\_  
\_\_\_\_\_

- (b) Marlboro wants to put tobacco billboard advertising in Hong Kong.



Legal       Illegal

Reason(s): \_\_\_\_\_  
\_\_\_\_\_

Ethical       Unethical

Reason(s): \_\_\_\_\_  
\_\_\_\_\_





### Consolidation (Group Discussion)

Use examples to explain the unethical issues in business organisations.

Conflict of interest:

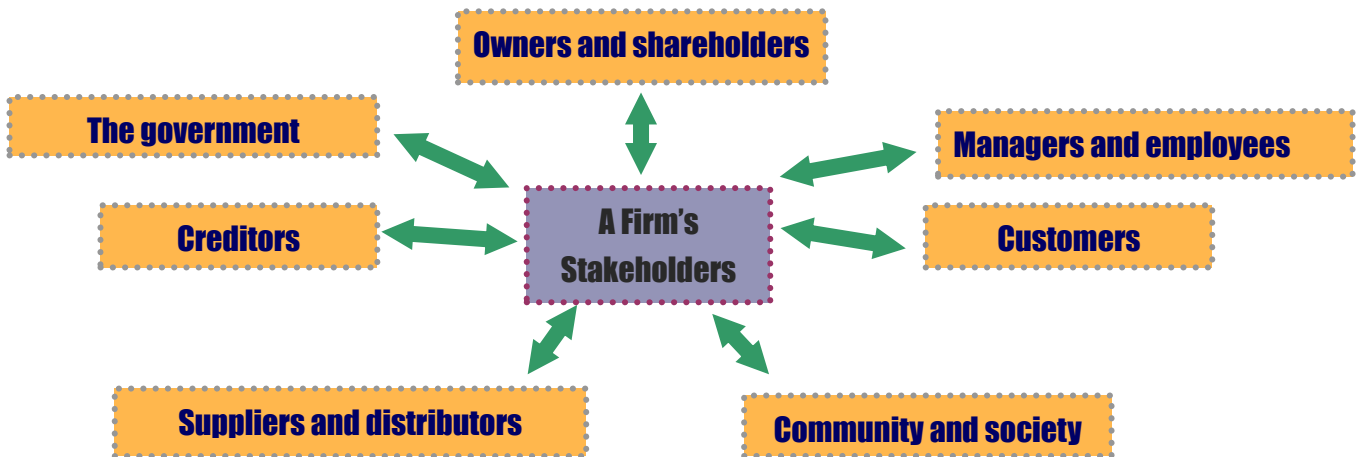
- Conflict of interest is a situation in which a person is in a position to derive personal benefit from actions or decisions made in their official capacity.

Example: A teacher involved in the admission and assessment of a student with whom they have or had a close personal or financial relationship.

**Examples of unethical issues in business organisations**

## Part 3: Various Stakeholders

A **stakeholder** is a person or a party who affects, and can be affected by the firm's decisions and behavior.



### Owners/Shareholders



I have invested capital in the business and I'm concerned about the business's profitability, financial position and long-term development.

### Managers/Directors



I am appointed by the business's shareholders and I manage the business. I'm concerned about business growth, my power and my bonus entitlement.

### Customers

I buy different goods and services from businesses. I'm concerned about the prices and quality of goods and services, after-sale service and the refund policy.



### Creditors

Banks provide financial services and make loans to businesses. We're concerned about the businesses' repayment ability and possible risks of lending loans.



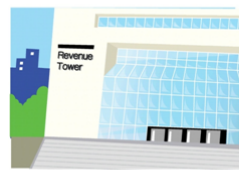
### Suppliers

I supply raw materials, goods and services to businesses. I'm concerned about the terms of contract and payment ability of the businesses.



### Government

The government collects taxes from businesses and imposes policies and law that affect businesses. It's concerned about whether businesses comply with laws and pay tax on time.



### Society/Community

Society/community provides labour force and a harmonious environment for businesses. It's concerned about whether businesses care for environmental protection and hold charitable activities.





## Group Project

Completion Date: \_\_\_\_\_



### Formative Instructional Practices (FIP)

**Task:** You are going to make a 20-minute PowerPoint presentation on how and why McDonald's acts ethically and is socially responsible to various stakeholders. You need to create a questionnaire and interview McDonald's stakeholder to investigate these issues.

In the PowerPoint, you are required to show your understanding of business ethics and social responsibilities of McDonald's to its stakeholders and the survey result.



#### Learning Targets:

- I am able to choose suitable methodologies to collect useful data.
- I can develop my observation, communication, interview and presentation skills.
- I can explain how a firm should be ethically and socially responsible to various stakeholders.

#### Self-learning:

- Read page 96 -104 of the New Horizon Textbook
- Read page 93-102 of the Longman Textbook

**Different Steps:**



Form a group of four to five people.



Use Google Docs to create a questionnaire to ask the stakeholders whether McDonald's is ethically and socially responsible to them.

Email Miss Lam the interview questions on \_\_\_\_\_.

My interview questions:

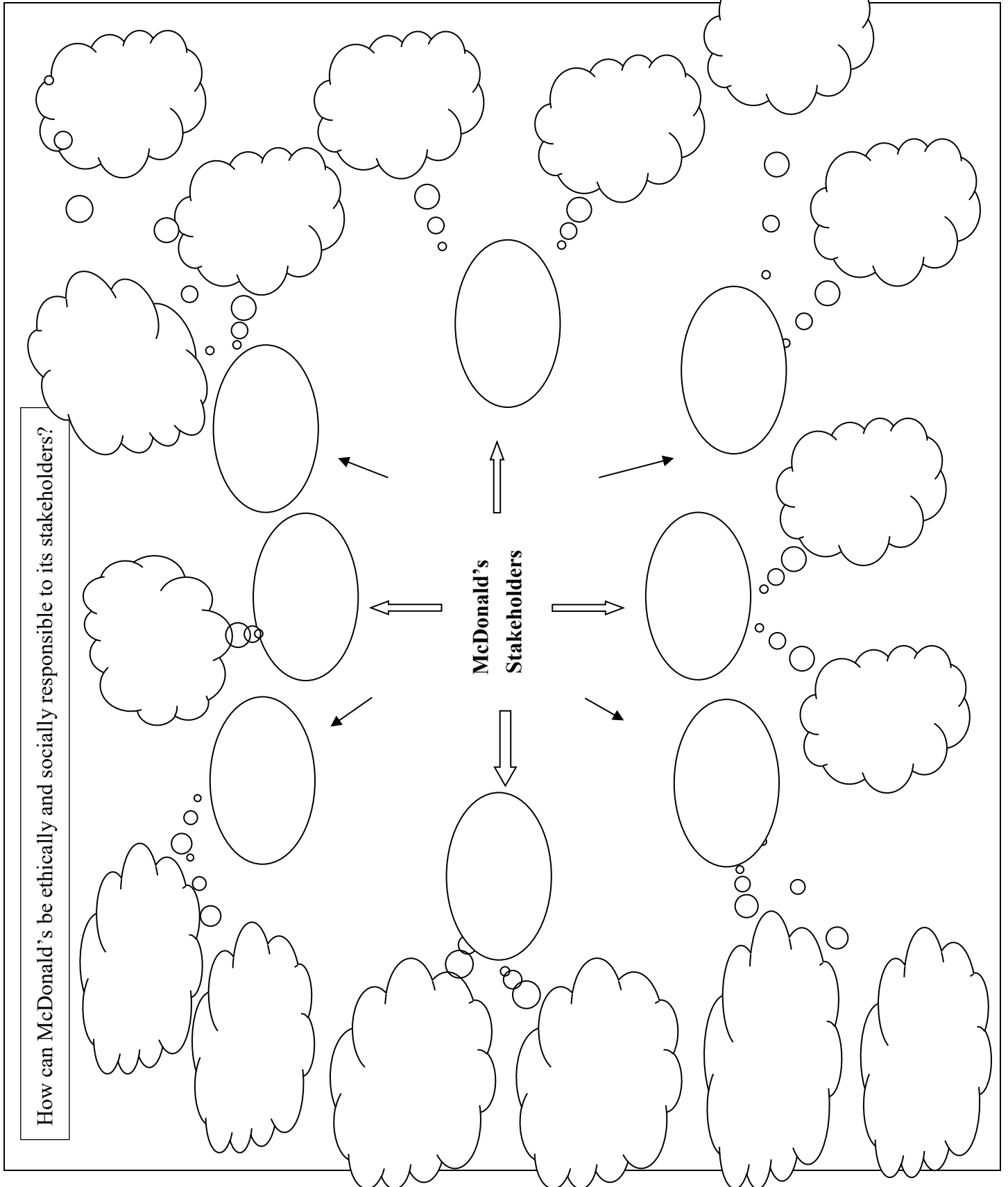
1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_
6. \_\_\_\_\_
7. \_\_\_\_\_
8. \_\_\_\_\_
9. \_\_\_\_\_
10. \_\_\_\_\_



Visit a McDonald's to observe its business operation and interview its stakeholders.



Draw a mind-map to identify the stakeholders of McDonald's and describe how McDonald's can be ethically and socially responsible to various stakeholders.



# STEP FIVE

Complete the following table to construct your ideas from the mind-map.

Stakeholders of McDonald's	How and why McDonald's acts ethically and is socially responsible to various stakeholders? (Write your answer in complete sentences)
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Create a 20-minute PowerPoint to present your answer.



Present your work in class.



Complete a peer evaluation form and a group self-evaluation checklist.

### Peer Evaluation Form

Name: \_\_\_\_\_ ( ) Class: \_\_\_\_\_ Date: \_\_\_\_\_

Write the name of your group members in the numbered boxes. Then, assign yourself a value for each listed attribute. Finally, do the same for each of your group members and total all the values.

Values: 5 = Superior 4 = Above Average 3 = Average 2 = Below Average 1 = Weak

Attribute	Myself	1.	2.	3.	4.
Participated in group discussions					
Helped keep the group on task					
Contributed useful ideas					
How much work was done					
Quality of work					

### Group Self-evaluation Checklist

Group Members: \_\_\_\_\_

As a team, describe which answers best suits the way your team worked together. Then, complete the remaining sentences.

	Yes	No
We finished our task on time and did a good job.		
We encouraged each other and cooperated with each other.		
We shared, listened and valued each other's ideas.		

We did best at \_\_\_\_\_.

Next time, we can improve on \_\_\_\_\_.



After the presentation, you will receive feedbacks from Miss Lam based on your presentation of knowledge and ideas, research to present knowledge, presentation strategies and language conventions.

**Rubric for the PowerPoint Presentation**

Group Members: \_\_\_\_\_

<b>Expectations</b>	<b>Exceeds Standard 4</b>	<b>Meets Standard 3</b>	<b>Nearly Meets Standard 2</b>	<b>Below Standard 1</b>
Presentation of knowledge and ideas	<p>Skillful report on a topic with many appropriate facts and relevant, descriptive details</p> <p>Pictures and visual display are elaborated and significantly enhance the oral presentation</p> <p>Present information using complete sentences while providing detailed responses to request for clarification</p>	<p>Recount an experience with a providing appropriate facts and relevant and descriptive details</p> <p>Add pictures or visual displays to clarify ideas, thoughts and feelings</p> <p>Present information using complete sentences; provide requested detail or clarification</p>	<p>Attempt to recount an experience with a topic, but details may be limited</p> <p>Include some pictures or visual displays, but may be limited or unrelated to topic</p> <p>Present information using some complete sentences; attempt to provide requested detail or clarification</p>	<p>Description of topic is minimal with few details</p> <p>Lack pictures or visual displays</p> <p>Lack complete sentences; speaks mostly in incomplete sentences; unable to provide requested detail or clarification</p>
Research to present knowledge	Recall and gathers information from experiences and multiple additional sources to strengthen presentation	Recall information from experiences or gather information from two or three sources to strengthen presentation	Recall information from experiences or gather information from one source	No experience or information provided in the presentation
Presentation strategies	<p>Hold attention with audience by maintaining direct eye contact with all members</p> <p>Fluctuate volume and inflection to maintain audience interest and to emphasize keys points</p>	<p>Maintain eye contact with most members of the audience</p> <p>The speech is audible and clear throughout presentation</p>	<p>Some eye contact with members of the audience</p> <p>The speech may be inaudible, monotone or unclear during some part of presentation</p>	<p>Minimal or no eye contact may cause audience to disengage</p> <p>The speech is mostly inaudible and unclear throughout presentation</p>
<p>Language conventions (Speaking)</p> <p>Vocabulary (Acquisition)</p>	<p>Demonstrate skillful command of the conventions of spoken standard English grammar and usage that exceed grade level expectation</p> <p>Accurately use general academic, and domain-specific words and phrases during presentation</p>	<p>Demonstrate command of the conventions of spoken standard English grammar and usage</p> <p>Use topic- specific words and phrases acquired during presentation</p>	<p>Minor errors of spoken standard English grammar and usage do not significantly interfere with content</p> <p>Minimal use of topic-specific vocabulary words during presentation</p>	<p>Lack command of spoken standard English grammar and usage</p> <p>Vocabulary words are not related to the topic during presentation</p>

Reference: <https://www.tes.com/teaching-resource/oral-presentation-rubric-grade-4-7067198>

Teacher's Comment:

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Score: \_\_\_\_\_ / 16

**Stick the sample work here!**  
**(The sample work will be distributed to you after the presentation.)**

**Stick the sample work here!**  
**(The sample work will be distributed to you after the presentation.)**

**Stick the sample work here!**  
**(The sample work will be distributed to you after the presentation.)**



## Consolidation

In the business environment, people have different roles, such as consumers, employees, entrepreneurs and investors. They need to make decisions from different perspectives. Now, you are going to make decisions as an investor, a customer, an employee and a graduate student.

### Learning Target:

- I can make business decisions from different perspectives.

### Answer all questions:

1. The share market is booming. If you were an investor, would you buy the McDonald's share?

Mr Chan: An Investor



I will buy McDonald's share because \_\_\_\_\_

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I will not buy McDonald's share because \_\_\_\_\_

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Miss Chan: An Investor

2. Most of the fast food chains serve unhealthy meals. If you were a parent, would you take your child to eat at McDonald's?



Mr and Mrs Wong (Parents)

We will not take my son to eat at McDonald's because

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Jamie (A ten years old boy)

My mum and I love to eat at McDonald's because

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3. Do you like/want to work at McDonald's?



Carol

I am happy to work in McDonald's because

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I have just graduated from university. My friend told me that McDonald's was recruiting a management trainee. But I will not work at McDonald's even if it offers attractive salary and fringe benefits. I think McDonald's

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Ben

## Part 4: Importance of Business Ethics and Social Responsibilities



Why business ethics and social responsibilities are important to a firm?

### + **Builds up a positive corporate image:**

If a firm is ethically and socially responsible, it will build up a positive corporate image and reputation for the firm. It can enhance the investors' confidence in the business and be easier for the firm to raise capital from investors.

### + **Earns more profit:**

If a firm provides high-quality goods and services to customers at reasonable prices, customers will be willing to buy its products and services. In the long run, a firm can create customers' loyalty and earn more profit.

### + **Boosts employee engagement:**

Employees like working for a company that has a good public image. If a firm shows that it is dedicated to act ethically and fulfill social responsibility, it is more likely to attract and retain valuable, hardworking and engaged employees.



How to improve ethical behavior in a business organisation?

### + **Create a code of conduct:**

A Company can set up a code of conduct to list out the rules, standards and behavior that a company expect employees to follow.

### + **Influence from managers and co-workers:**

Managers should always act ethically and set a good example to his subordinates to follow.

### + **Emphasis ethical behaviour during employment process:**

A company should emphasis the importance of ethical behaviour during the employment process and set up an ethical test for the interviewees.

### + **Provide training:**

A company should provide some ethical training to employees regularly. Employees can also join the ethical activities organized by the Hong Kong Ethics Development Center.





## Consolidation

Task:  
It is the time to reflect what you have learnt! Now, form a group of four to five people to discuss 'how business ethics and social responsibilities affect business decisions.'

How do business ethics and social responsibilities affect business decisions?

Three vertical rectangular boxes with horizontal lines, intended for writing answers to the question above. Each box is connected to the question box by a blue arrow pointing downwards.



**Part 1 Multiple-choice Questions (10 marks)**

1	2	3	4	5
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1. \_\_\_\_\_ is/are a set of principles, values and beliefs, which govern business behaviour, decisions or actions that conforms to generally accepted norms.
- A. Business ethics
  - B. Social responsibility
  - C. Company law
  - D. Accounting principles
2. Which of the following are benefits of being a socially responsible business?
- (1) Low production costs
  - (2) Better business reputation
  - (3) Attraction of customers who are also concerned about social responsibility
- A. (1) and (2)
  - B. (1) and (3)
  - C. (2) and (3)
  - D. (1), (2) and (3)
3. Which of the following companies is/are socially responsible?
- (1) A power company which develops new technology to help reduce gas emissions.
  - (2) A printing company which accepts many orders from social welfare organizations.
  - (3) A trading company which encourages employees to participate in voluntary work to serve the community.
- A. (1) and (2)
  - B. (1) and (3)
  - C. (2) and (3)
  - D. (1), (2) and (3)

4. Which of the following policies can help a firm enhance awareness of business ethics among its employees?
- (i) Punishing unethical practices.
  - (ii) Adopting a code of ethics that employees must comply with
  - (iii) Assessing the business ethics of candidates during the recruitment process
- A. (i) and (ii)  
 B. (i) and (iii)  
 C. (ii) and (iii)  
 D. All of the above
5. Which of the following statements about stakeholders of a company is correct?
- A. Competitors are not stakeholders of a company.
  - B. Stakeholders of a company would be affected by the decisions made by the company.
  - C. All stakeholders can share the assets of the company upon its liquidation.
  - D. A client becomes a company's stakeholder only after he/she settled his/her outstanding debts to the company.

**Part 2 Short Questions (15 marks)**

**HKDSE 2017 Q4**

John commenced a firm selling grocery and household products. Three employees were hired for the operation of the firm.

- (a) What is business ethics? (1 mark)

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- (b) For each of the following stakeholders, illustrate with one example how John can ensure that the operation of his firm is socially responsible:

- (i) Employees of the firm (2 marks)

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- (ii) Residents living around the firm (2 marks)

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**HKDSE 2014 Q5**

Mike learns from a research report that the materials of some of his products may be harmful to people's health. He plans to give these products as free gifts to his customer, without mentioning the potential health hazards. His wife warns him that this is an unethical practice and will adversely affect his business.

- (a) If Mike decides to give away those products as planned, explain two possible adverse impacts on his business. (4 marks)

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- (b) Apart from customers, identify two other stakeholders of Mike's business. (2 marks)

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**HKDSE 2012 Q6**

Peter was a sole proprietorship running a small business without any employees. His company went bankrupt. Give two types of stakeholders in Peter's business and explain the adverse effect of the closure on each of them.

(4 marks)

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## Homework

Marks: \_\_\_\_\_/28

### Part 1 Multiple-choice Questions (12 marks)

1	2	3	4	5	6
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1. Business ethics
  - A. are the same as business laws
  - B. will not change over time
  - C. are the same for all firms
  - D. reflect society's values.
  
2. Which of the following statements correctly explain why employees are key stakeholders of a company?
  - (i) They can go on strike and/or take other industrial actions.
  - (ii) Their unions have bargaining power.
  - (iii) They can contact the creditors of the companies and ask them to demand loan repayment.
  - (iv) They can seek support from the general public when they are mistreated by their employers.
  - A. (i), (ii) and (iii)
  - B. (i), (ii) and (iv)
  - C. (i), (iii) and (iv)
  - D. (ii), (iii) and (iv)
  
3. The social responsibilities of a firm include
  - (i) Producing recyclable products.
  - (ii) Providing a healthy working environment of employees.
  - (iii) Maximizing profits made by the firm.
  - A. (i) and (ii)
  - B. (i) and (iii)
  - C. (ii) and (iii)
  - D. All of the above

4. A company is considered socially responsible to its creditors if it
- (i) Repays loans on time.
  - (ii) Updates creditors regularly on its financial position.
  - (iii) Informs them of the decision to cease production of products which sell poorly.
- A. (i) and (ii)  
B. (i) and (iii)  
C. (ii) and (iii)  
D. All of the above
5. Which of the following is not a stakeholder of ABC bank?
- A. Mr. Lo lent \$10,000 to a customer service officer of ABC Bank, who has been a friend of Mr. Lo for more than 10 years.  
B. Mr. Chan has taken out a mortgage loan with ABC Bank, which he has to repay in installments over 20 years.  
C. Lee and Leung Solicitors is one of the legal firms hired by ABC Bank to give advices on corporate legal matters.  
D. Ms. Lee has bought shares in ABC Bank, a bank listed on the Hong Kong Stock Exchange.
6. Which of the following policies can help a firm enhance awareness of business ethics among its employees?
- (i) Punishing unethical practices.
  - (ii) Adopting a code of ethics that employees must comply with
  - (iii) Assessing the business ethics of candidates during the recruitment process
- A. (i) and (ii)  
A. (i) and (iii)  
B. (ii) and (iii)  
C. All of the above

**Part 2 Short Questions (16 marks)**

1. Explain the difference between business ethics and social responsibilities. (2 marks)

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2. Juice Pouch is a famous international company who sells fruit drinks to many fast food restaurants.
- a. Explain two kinds of social responsibility Juice Pouch takes to customers based on the packing information of the product. (4 marks)




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- b. Explain the importance of social responsibility to Juice Pouch. (4 marks)

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3. A garment factory is considering moving its factory from Hong Kong to the Mainland. Identify three types of stakeholders that will be affected by the above decision. What can the factory do to be socially responsible to them? (6 marks)

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Complete the following checklist.

After studying this chapter, I am able to ....

	Yes	No
explain the difference between business ethics and social responsibilities.		
explain why and how a business should be ethically and socially responsible to various stakeholders.		
explain the importance of business ethics and social responsibilities to a firm.		
describe how business ethics and social responsibilities affect business decisions.		

## Reflection

1) What problem(s) did you encounter while you were learning this chapter?

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2) How did you solve these problem(s)?

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Message to Miss Lam