

Excellence through Ethics™

Session 10

Giving Back—Corporate Philanthropy and Social Investing



High School



Junior Achievement®



Excellence through Ethics

High School

Session 10

Giving Back—Corporate Philanthropy and Social Investing

Content: Ethics and Corporate Social Responsibility

Methods: Discussion and Group Activity

JA Foundational Pillars: Ethics, Entrepreneurship, and Financial Literacy

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Acknowledgements

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Giving Back—Corporate Philanthropy and Social Investing

Overview

Students discuss corporate philanthropy and social investing. They decide whether their student companies will devote a portion of their retained earnings to the community, the amount of that portion, and on what basis it will be allocated.

Objectives

Students will be able to:

- Examine the efforts of businesses to contribute to their communities.
- Discuss the reasons for increased shareholder interest in socially responsible corporations.
- Balance social responsibility with shareholder responsibility.
- Decide whether and how to allocate a portion of student company earnings to corporate philanthropy.

Preparation

Review the activity. Prepare the necessary copies and session materials.

Group work is incorporated into this session. You may consult with the teacher to determine how best to form the groups.

Post Key Terms and definitions in a visible place.

- **Ethics:** The standards that help determine what is good, right, and proper.
- **Corporate philanthropy:** a company donation of a portion of corporate earnings to charitable causes in the community.

Review your company's policy and record regarding contributions to the community. If your company doesn't have a giving program, familiarize yourself with a local company that does.

Recommended Time

This session typically takes 45 minutes to complete. Ask the teacher to help you keep track of time.

Materials

- Corporate Philanthropy (1 per student)
- Social Investing (1 per student)
- Pens or pencils (1 per student)

Presentation

Introduction (15 minutes)

Greet the students.

Begin the lesson by explaining to the class why you chose to spend your time volunteering with Junior Achievement.

Introduce the notion that companies have a responsibility to be good corporate citizens. Explain that ethics is good business, and that companies have a social responsibility to the communities in which they operate. Companies, just like people, need to be good citizens. Encourage questions.

Students should ask you questions similar to the following:

- Does your employer actively encourage, or simply allow, such volunteer activities?
- Why does your employer let you leave work for this activity?
- Who is responsible for your work while you are away?
- Is there any cost to you for volunteering?
- Does your employer support any other contributions to the community? Why?
- How do they determine which organizations they will support?

If they do not ask these kinds of questions, guide them into a discussion that will draw out these topics.

Use Junior Achievement to illustrate the importance of volunteering:

- JA is dependent on business volunteers to carry out its programs in classes.
- JA also depends on business contributions to pay for the writing and publishing of materials used in classes.

Define and discuss the term **corporate philanthropy** as **a company donation of a portion of corporate earnings to charitable causes in the community.**

Ask if any student has a parent who volunteers in the community. Do any contribute money to causes or organizations in the community? Why do they do it?

Ask if students have heard of any companies that have donated money to charitable programs or institutions. Answers could include: Paul Newman food products—all after-tax profits go to educational and charitable causes; Target Corporation donates 5 percent of profits to public education.

Tell students that corporate philanthropy has become much more prominent in the modern information age. Corporate philanthropy helps fill the gap created when government is not able to meet all community responsibilities through the collection of taxes.

Still, many corporations do not donate. Can students think of any reasons why not? **Possible Answers:** They are not able to meet all the requests due to limited resources; it's just not part of their business philosophy; they are too small and have no employees to spare; their shareholders may object.

Activity

Planning Corporate Giving (25 minutes)

Tell students that you will now distribute a handout for them to read. They will learn why and how some companies donate money, products, and/or services to society.

Distribute the Corporate Philanthropy handout, and allow students 5 minutes to read to themselves. When most students have finished their reading, call the class to order.

Ask students if they have any questions or comments. Then, ask students to raise their hands if they have ever been on a sports team outside of school. Tell them to keep their hands up if they had team T-shirts. Tell them to continue to keep their hands up if their shirts had the logos of local businesses on them.

Explain that businesses contribute financially to support their communities. One of several benefits companies receive—in addition to an improved community—is logo visibility.

Ask, “What type of giving do you think would be the first to go if a company is not doing well financially?” **Answer:** cash contributions.

Next, ask students how they think shareholders feel about donating a portion of corporate earnings to charitable causes. Have them explain their views.

Distribute the Social Investing handout, and have students begin reading. When most students have finished reading, see if they have any questions or comments.

Separate the class into business-management teams, and ask each team to devise a plan for corporate giving that matches their company philosophy and resources.

- They should draw from the handouts to establish their rationale and guidelines.
- Students should feel free to develop philanthropic ideas of their own.
- They should also decide on a dollar amount or a percentage of their pre-tax profits that they would be willing to commit to philanthropy.

When they are ready, ask a student from each team to present its plan to the class.

As each team presents its plan, call on members of other teams to play some of the following roles to comment on the plan:

- A shareholder
- An employee
- A proposed community recipient
- A customer
- A community organization that will not be eligible for funds.

Summary and Review (5 minutes)

Briefly review the vocabulary introduced in the session.

Corporate philanthropy is a key component of a corporation's broader social responsibility, and includes cash gifts, product donations, and employee volunteerism. It serves as a major link between the corporation and its communities.

Corporate philanthropy helps fill the gap created when governments are not able to meet all community responsibilities through the collection of taxes.

Thank the students for their participation.

Session Outline

Introduction

- Greet the students.
- Explain why you chose to volunteer your time with Junior Achievement.
- Discuss your company's policy regarding employee volunteerism.
- Give other examples of corporate philanthropy.

Activity

- Distribute the Corporate Philanthropy handout.
- Ask students if they have had sports team T-shirts with company logos on them; discuss why a company might provide these.
- Ask how they think shareholders feel about a portion of profits going toward philanthropy.
- Distribute the Social Investing handout.
- Direct business-management teams to prepare a corporate giving program.
- Have each team present its plan, and have members of other teams comment.

Summary and Review

- Briefly review the vocabulary introduced in the session.
- Companies have a social responsibility to the communities in which they operate. Corporate philanthropy is a key component of its broader social responsibility.
- Thank the students for their participation.

Corporate Philanthropy

Corporate philanthropy is a key component of a corporation's broader social responsibility, and includes cash gifts, product donations, and employee volunteerism. It serves as a major link between the corporation and its communities.

Corporations support their communities in numerous ways—foundation giving, providing local volunteers, donating goods and services, and even pro bono assistance (without charge). Corporations work hard to help improve the quality of life in their communities and have a strong sense of responsibility to the people in their communities. As a result, companies get countless requests to support community organizations. Whether a business contributes support depends on numerous factors, one of which is limited resources. Companies are not able to provide support for every request.

In our country, people of all ages volunteer to help organizations whose missions they support. Many students are volunteers outside school, and many adults are volunteers outside business hours. Organizations often depend on such volunteers to get their work done.

Businesses that believe strongly in community improvement may support their employees who volunteer. One way to do this is to recognize employees in a company publication, or at a staff meeting, for the many hours they have donated. Some companies contribute money to the organizations their employees volunteer for. Other companies support employees who need to perform their volunteer service during the workday. There are also businesses that not only allow, but actively encourage, their workers to volunteer during business hours. The Xerox Corporation, a pioneer in this field, allows 10 employees annually to take a whole year off—with pay—to pursue volunteer interests. IBM and several other large corporations have similar programs. Companies recognize that volunteer service can give employees experience and training that will help them become better leaders. Volunteer work may be listed in their personnel files.

By sponsoring charitable events, businesses accomplish two goals. One is to help an event take place, with money, volunteers, or supplies, and thereby improve life in the community. Another is to showcase their company at the event by means of signs, banners, or publicity so that their contributions are recognized. Philanthropy is good public relations. In fact, the company's public relations department often manages giving, which in turn is part of the marketing function.

Outright donations to community organizations are also common. Many companies have special committees that meet a few times a year to consider requests for help. Usually the committees have guidelines for giving and a budget. Some focus their giving on particular segments of interest, such as environmental causes, education in fields related to the product or service they produce, health, or social diversity. A common requirement is that the receiving organization be a tax-exempt, nonprofit entity whose impact is community-wide. Causes that good customers or employees champion are often given special preference. Corporate philanthropy is a sound business practice that is in the best interest of shareholders and should be institutionalized as an integral part of a company's mission. The need for business leaders to play an active role in civic affairs is greater than ever before, especially since the federal government has reduced its own involvement.

As an example of philanthropic policies, here is a paragraph taken from the Marshall Field’s website:

Every time you shop at Marshall Field’s, you support worthy causes in your community: arts and cultural events, projects that encourage children to read, and programs that strengthen the lives of children and families in a variety of ways. Marshall Field’s community giving program also includes many team–member volunteer activities and The United Way.

Here is a statement from the Goodrich Corporation’s website:

The Foundation provides support to charitable organizations serving the needs of the public in Goodrich Corporation’s United States headquarters and plant communities, to selected educational institutions, and to selected national groups.

The Foundation will generally allocate its annual charitable giving according to the following percentages:

Education	30-40 percent
Arts and Culture	15-25 percent
Civic and Community	15-25 percent
Health and Human Services/United Way	20-30 percent

The 2002 Cone Corporate Citizenship Study Fact Sheet shows that Americans would likely react in the following ways if they were to find out about a company’s negative corporate citizenship practices:

These stakeholders are more likely to

- Consider switching to another company’s product or services (91%).
- Speak out against that company among family and friends (85%).
- Refuse to invest in that company’s stock (83%).
- Refuse to work at that company (80%).

Americans feel that supporting the following social needs is one of many important practices companies need to rebuild their trust with stakeholders:

- Fair treatment of employees (96%)
- Quality and fair-priced products or services (94%)
- Adherence to laws and regulations (94%)
- Environmentally safe business practices (94%)
- Employees volunteering in the community (86%)
- Support of social issues important to individuals and the community (86%)

Sources: The Foundation Center— www.fdncenter.org; Giving USA—www.aafrc.org
Cone/Roper Cause Related Branding Study www.roper.com

Social Investing

In the first three months of 2003, investors committed \$185 million to funds holding assets thought to be socially or environmentally responsible.

More than 200 U.S. public mutual funds—most of them small—focus on socially responsible investing (SRI). Together, these funds have attracted \$13 billion in investment and, as a group, have performed at the same level as the Standard & Poor’s 500-stock index. The SRI group had an average annual gain of 9.64% over the last 10 years, while the S&P’s gain was 9.66%.

Concepts of social responsibility differ among SRI fund managers. One fund will not invest in companies that make alcohol, tobacco, or guns; operate nuclear power plants; or earn 2% or more of sales from military weapons. Another fund eliminates companies based on poor records on worker safety and the environment. Still another might favor companies with positive records in employee relations, community involvement, human rights, or product safety.

A different philosophy of social investing is that one should buy stock in companies that are managed well and ethically, regardless of what one thinks of their product or service. One who makes money on these shares can donate it to the charity of his or her choice.

Sources: The Social Investment Forum (www.socialinvest.org), James K. Glassman, “Mixing Money and Morality,” *The Washington Post National Weekly Edition*, June 2-8, 2003.

Appendix

Welcome to Junior Achievement's

Excellence through Ethics

As a Junior Achievement (JA) volunteer or teacher, you are joining other teachers and volunteers from across the United States in providing students with a unique educational experience. Junior Achievement's *Excellence through Ethics* offers students learning opportunities to share knowledge and information regarding ethics in business. JA strives to show students how business works, and to better evaluate organizations that conduct their operations in the right way.

Excellence through Ethics is designed to equip volunteers and teachers with supplemental, ethics-based activities for use with JA in-class programs for grades four through twelve. All these activities provide students with current and essential information about business ethics.

These activities are designed to reinforce students' knowledge and skills, teach them how to make ethical decisions, assist them in learning to think critically, and help them to be better problem-solvers. All the activities are hands-on, interactive, and group-focused to present the material to students with the best instructional methods.

Within these supplements, you will find sections to help you effectively implement the activities in your volunteer experience. Materials include: (a) an introductory discussion of business ethics, marketplace integrity, and the growing capacity of students for ethical decision-making; (b) activities and student materials that connect to and expand current classroom-based Junior Achievement programs; and (c) a functional glossary of terms relating to a wide spectrum of ethics, quality, service, and social responsibility considerations in business.

JA greatly appreciates your support of these important and exciting activities. If you have comments about the *Excellence through Ethics* program content, curriculum, and/or instruction, please access <http://studentcenter.ja.org.aspx/LearnEthics/> and choose the "*Excellence through Ethics* Survey" link located in the middle of the page.

Appendix

Introduction and Overview

- *How do I do the right thing in this situation?*
- *Should I be completely honest, even if it puts others in jeopardy?*
- *What kind of community do we want to be?*
- *How do we do what's best for the long term?*
- *Who should cover the cost of "doing the right thing"?*

These are all questions having to do with business ethics. They are valid and necessary questions, and good business people have asked them for generations. They form the backdrop of vital discussions as business, community, and political leaders grapple with significant issues. Many students would ask these questions, even if Junior Achievement hadn't developed this ethics curriculum.

Business Ethics Discussions Are Here To Stay

Business ethics has been in the spotlight for much of the past decade, especially as examples of wrongdoing come to light in the media. New technologies and international competitive pressures cause a steady focus on the question, "Is it possible to be competitively successful in business today and still operate in an honest and ethical manner?" The past decade has seen individuals search for deeper personal meaning in the workplace, which has contributed to lively ethics discussions in the business realm. For these reasons, the discussion of business ethics is not a passing fad; it's here to stay.

Many graduate schools of business have either required ethics coursework or integrated ethics principles throughout all areas of study. That is commendable. We believe this vital area of exposure and instruction also should happen at earlier ages and continue throughout the students' educational journey. Many of today's students haven't had access to a well-rounded education in economics and free enterprise or have come to see these in a very negative light. They have limited awareness of the extent to which good business leaders engage in the challenging exercises of ethical decision-making amid heavy competitive pressures. As students learn the general principles of economics and business, it's critical that these be underpinned with a strong foundation in ethics. This will accentuate the best in American business traditions, while laying the groundwork for students' continued evolution into future generations of leaders.

Integrity in the Marketplace?

Many adults and young people choose to believe that the marketplace is driven only by greed. They view it as bringing out only the worst in human behavior, demoralizing the human spirit, and driving out any sense of idealism. While elements of greed and extreme self-interest among some individuals cannot be denied, solid research has shown time and again that companies with a long-term focus on ethics and a broad consideration of stakeholders' interests are much more profitable than those lacking such a focus.

James A. Autry, in his book *Love and Profit: The Art of Caring Leadership*, said it well: "I do not doubt the presence of greed in the marketplace because I do not doubt the presence of greed in people. But, I also do not doubt the ennobling aspects of work, of the workplace, of the community, of endeavor, of

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the marketplace. So I choose to believe that most of the marketplace is driven by people who want to do good work for others and for themselves.”

Excellence through Ethics accepts the challenge of educating youth in the basics of economics and business while establishing a positive balance on the side of well-informed, ethical business practice. This may appear to place a heavy burden on Junior Achievement volunteers, who are not trained ethics experts. The following informational pages will not turn you into an ethics expert. That’s not what we’re striving for here. What students need most is meaningful interaction with people who are willing to engage in a discussion of these vital issues.

Lively Practitioners Rather Than Dry Theorists

This program is more about day-to-day ethics practice than the nuances of ethics theory. Some believe that working in business requires a disconnect from one’s personal ethics. We do not believe this is the case. Students need to know that what they learn about fairness and honesty in general also applies to business. While business ethics may address some specific areas of business practice, it’s not a separate and distinct specialty to be set apart from the general ethical principles that apply in other areas of life. Young people need to encounter the wisdom of age and experience that volunteers bring to the classroom.

Students’ Growing Capacity for Ethical Decision-Making

Excellence through Ethics is designed to foster discussions at the appropriate level for each age group. The curriculum developers have designed the ethics activities with sensitivity to student’s mental maturity. At the late elementary and middle-grades levels, students’ capacities for ethical reasoning tend toward good personal behavior as determined by adult rules and authority. In relationships, personal trust, loyalty, and respect are of paramount importance. For these students, corporate ethical behavior is viewed in much the same light as their own personal behavior: it’s governed by rules.

As students advance into high school, their ethical decision-making moves into the larger arena of social contracts and systems that guide and govern societal and group behavior. Here the rationality and utility of laws are scrutinized, as students become more capable of higher-ordered, principled thinking. Students are increasingly aware of the diversity of values among different cultures and communities. At this level, students’ capacities for processing the complex, ethical dilemmas that may be encountered in business are greatly enhanced.

You will gain confidence as you come to realize that conducting a robust, provocative discussion with students is more important than “having the right answer.” The activities have been designed to leave room for lively discussion and multiple points of view. Having the courage to share your own experiences is very valuable to students.

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You don't have to apologize for the excesses students may see in business. Don't assume responsibility for actions that are not your own, and do not try to defend the indefensible. While accentuating the fact that most businesses operate ethically, it's okay to scrutinize the unethical players in the marketplace who give business in general a bad name.

Continuing Education

Teaching this material to students will no doubt strengthen and enhance your own ethics awareness and continuing education. Some students will challenge your best reasoning capacities. Having your own support network of professional colleagues with whom you can share and discuss some of these issues is very valuable. It's also helpful to seek out colleagues with philosophical views that differ from your own. This serves as a valuable "cross-pollination" function because you will be able to understand and discuss a variety of views with students, as well as share students' perspectives with your colleagues. In this way, everyone learns.

Finally, please be assured that your contributions here have tremendous value to students and will serve to upgrade business ethics in the future. We're dealing with the future generation of leaders in their formative years. We can take pride in the fact that we've had a hand in shaping the very people who will be responsible for business ethics and social responsibility in the future.

Appendix

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Many educators, economists, businesspeople, and consultants have contributed to the development of *Excellence through Ethics*. We would like to acknowledge the following individuals and groups for their efforts, creative talents, and support in creating these materials:

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Appendix

Excellence through Ethics Evaluation

Junior Achievement has discontinued all paper versions of program surveys. However, we greatly appreciate your comments and feedback about *Excellence through Ethics*. Please help us improve the quality of *Excellence through Ethics* by sharing your comments through our new online survey process. The online survey should take less than 10 minutes to complete.

If you have comments about the *Excellence through Ethics* program content, curriculum, and/or instruction, please access <http://studentcenter.ja.org/aspx/LearnEthics/> and choose the *Excellence through Ethics* Survey link located in the middle of the page.

Thank you for participating in JA!



Excellence through Ethics Volunteer Survey

1. Including this session, how many individual sessions of Excellence through Ethics have you presented? _____

2. Do you feel that the students were engaged through this session?
 - A. Not at all
 - B. Somewhat engaged
 - C. Engaged
 - D. Very Engaged
 - E. Unsure

3. Do you feel the session was relevant to students?
 - A. Not relevant
 - B. Somewhat relevant
 - C. Relevant
 - D. Very relevant
 - E. Unsure

4. Do you feel students are more prepared to make ethical decisions after participating in this session?
 - A. Significantly more prepared
 - B. Somewhat more prepared
 - C. Somewhat less prepared
 - D. Significantly less prepared
 - E. Unsure

5. On a scale of 1 to 10 (10 being excellent), how would you rate the overall quality of the Excellence through Ethics session? _____

6. After this JA experience, how likely are you to volunteer for JA again?
 - A. More likely to volunteer
 - B. Less likely to volunteer
 - C. No more or less likely to volunteer
 - D. Unsure

7. What comments or suggestions do you have regarding the overall session (including format, content, etc.)?

Optional: City _____

State _____ Country _____

Email _____

Excellence through Ethics Student Survey

1. What grade are you in? _____

2. Please fill in the circle that best describes how you feel about the following statements.
There is no right or wrong answer.

	Strongly Disagree	Disagree	Neither agree or disagree	Agree	Strongly Agree
This topic is very important.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I am able to apply what I learned in this session to the real world.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The activities were interesting.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I learned something about ethics from this session.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

3. Do you feel more prepared to make ethical decisions after participating in this session?

- A. Significantly more prepared
- B. Somewhat more prepared
- C. Somewhat less prepared
- D. Significantly less prepared
- E. Unsure

4. I saw someone at my job taking money from the cash register, I would:

- A. Ask someone I trust what I should
- B. Tell a supervisor
- C. Talk to the person taking the money
- D. Do nothing
- E. Not sure

5. To help us better understand who you are, please answer the following questions: How do you describe your ethnicity (family background)? (Fill in all that apply)

- A. African American
- B. Asian American
- C. Latino (a) or Chicano (a)
- D. European American (white)
- E. Native American
- F. Other – how do you identify yourself? _____

6. Do you have any additional comments regarding this session?

Optional: City _____ State _____ Country _____