

# Excellence through Ethics™

Session 12

*My New School Store*



**High School**



Junior Achievement®



*Excellence through Ethics*  
**High School**  
**Session 12**

*My New School Store*

**Content:** Ethics, Business Start-up, Conflicting Responsibilities, and Shoplifting

**Methods:** Role-Playing and Discussion

**JA Foundational Pillars:** Ethics and Work Readiness, and Entrepreneurship

# Contents

<b>Guide for Volunteers and Teachers</b> .....	3
<b>Student Handout</b> .....	7
<b>Appendix</b> .....	8-14
Volunteer and Teacher Welcome .....	8
Program Introduction and Overview .....	9
Program Acknowledgements.....	12
<i>Excellence through Ethics</i> Pilot Cities .....	13
<i>Excellence through Ethics</i> Evaluation.....	14

# Acknowledgements

## **Sponsorship**

JA Worldwide® (Junior Achievement) gratefully acknowledges Deloitte & Touche USA LLP for its commitment to the development and implementation of the supplementary program *Excellence through Ethics*. JA Worldwide appreciates its relationship with Deloitte & Touche USA LLP to develop and implement vital and innovative programs designed to foster ethical decision-making skills.

## My New School Store

---

### Overview

Students create a school store and brainstorm a product list. They will be presented with ethical issues surrounding the store's products, pricing policies, and employee and customer theft.

### Objectives

Students will be able to:

- Review and practice the principles of starting and operating a business.
- Weigh their sometimes conflicting responsibilities to customers and investors.
- Recognize the need to balance friendship with company loyalty.
- Recognize the “hidden” cost of shoplifting.

### 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.
- **Ethical:** Acting upon the standards that help determine what is good, right, and proper.

### Recommended Time

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

### Materials

- Internal and External Theft Fact Sheet (1 per student)
- Pens or pencils (1 per student)

### Presentation

#### Introduction (15 minutes)

---

Greet the students. Ask students to name all the steps they think they would need to open their own school store. List these on the board. Then, ask a volunteer to number the steps in order of completion:

- Organize as a board of directors and elect officers
- Sell stock (for capital to buy inventory)
- Select a product or service
- Develop a business plan
- Produce the item or provide the service
- Advertise and sell the product or service
- Keep financial records
- Adjust prices
- Analyze productivity and costs
- Manage inventory
- Pay employees

Ask how long it would take to get this much accomplished.

Tell students that during this class period, they are going to design a new company. This imaginary company will open and operate a store within the school building. Community funders have invested the money to start the store. Their wish is that the school store be run ethically and earn an annual profit.

**Note:** Some students will be from schools that already have stores. Ask them to try to ignore what they know about their own school store and design another one from scratch.

Tell students that as part of the activity, they will have to decide what to sell, how much to charge, what hours to be open, and how to staff the store. However, in the course of the period, you are going to raise some ethical questions related to the operation of a store, and in particular a school store. **Ethical** questions examine **acting upon the standards that help determine what is good, right, and proper.**

## **Activity**

### **New Business Ethical Decisions (25 minutes)**

---

Ask the class to brainstorm the items they would want to sell in their school store. Caution them not to make judgments about any products at this time. Write all the suggestions on the board.

**Note:** Next, you will ask students to pare down the list on the board to get them to make value judgments and perhaps raise ethical issues.

If there are more than 20 items, ask them to pare down the list to the best 20, with students making suggestions and giving reasons for eliminating the extra items. If less than 20 items were suggested, reduce the list to 15, and so on.

Now, have students review their school store product list. Explain that you will now lead a discussion that centers on competition, prices, profits, quality, staffing, and shoplifting. Ask students if it is fair to compete with the school cafeteria.

### **Ethical issue—competition with cafeteria**

Assume the school cafeteria sells soda, candy, and snacks. Is it fair/ethical for the student store to sell food items that the school cafeteria sells? Inform students that cafeteria programs are also supposed to break even. In order to do this, they sometimes sell candy, cookies, or soda at high prices to cover the cost of unsold food that must be thrown out at the end of the day.

What about selling the same item, but a different brand? Why would you do so?

This could be considered following the “letter” but ignoring the “spirit” of proper ethics, in the name of sales and profits.

Next, ask students how they would set prices in their store. Would they add a flat percentage profit to each wholesale price? Would they charge more for single items that are urgently needed, for example, a single #2 pencil for 50¢ as opposed to selling a package of five for \$1.00?

### **Ethical issue—prices and profits**

A school store has no competition during the school day. Would it, therefore, be okay to charge high prices in order to make greater profits? How high is too high and, therefore, unethical? Does the noncompetitive business environment put a special ethical burden on price-setting? What if you all decided to donate 25 percent of company profits to the Student Council or student activity fund? Would it be all right to charge extremely high prices?

Emphasize that if prices are too high, sales will drop off.

### **Ethical issue—product quality**

Would it be advisable to offer products of somewhat inferior quality with reasonable profit to try to increase sales and overall profits? If students came back to return faulty products, such as smudgy ballpoint pens, what would your policy be?

During what hours of the school day would students want their store to be open? Before school? During class? Lunchtime? All day? Answers will depend on the students' school day schedules and rules.

Given the desired business hours, how would students staff the store?

### **Ethical issue—staffing**

Ask how many students would be willing to come in before school to staff the store. If you wanted to open the store before school, how would you fairly allocate those early work hours?

If particular students have study hall periods, would you expect them to give those up in order to staff the store? How often? Would you expect students to give up their lunchtime to work in the store?

If a student thought he or she could get out of a class once a week to work in the store, would it be ethical to encourage him or her to do so? Encourage students to weigh the difference between getting legitimate credit in a class and engaging in a profit-making business pursuit.

### **Ethical issue—shoplifting**

Distribute the Internal and External Theft Fact Sheet. Ask volunteers to read aloud one short paragraph each. Why do students think these things are happening? Some reasons given in the literature are that companies fail to provide training in honesty and ethics for current employees and neglect to discuss the importance of honesty with new employees. Furthermore, dishonest employees are seen as an embarrassment to the company and are not systematically prosecuted.

If a student company employee were on duty in the store and saw a classmate not in the company pocket some items without paying, what should he or she do? Ask two or three pairs of volunteers to role-play an encounter in which the outcome is that the would-be shoplifter returns the merchandise. Would it be advisable to have an adult advisor present in the store?

Suppose a particular student put in many more hours on this company project than others in the group did. Should this student feel justified in taking home a school sweatshirt from the store without paying? What about taking a stapler ... or just a pencil or two? Would this student then be tempted to

steal a more valuable item in the future, since she or he wasn't caught? The decisions we make today build the foundation for future decisions and behaviors.

Today, companies are increasing by prosecuting employee or customer theft, not just terminating employees as they have done in the past. Ask students to suggest or describe an inventory control or accounting system that would warn them of an employee theft.

### **Summary and Review (5 minutes)**

Briefly review the vocabulary introduced in the session.

Ask the class if they think they could operate a school store that made money for its investors and operated ethically. Ask the students what some ethical considerations are in designing and operating a business.

Thank the students for their participation.

## **Session Outline**

### **Introduction**

- Greet the students.
- Review and list on the board the steps students have taken to design their student company.
- During one class period, they will design a school store that will operate ethically and earn a profit for community investors.

### **Activity**

- Brainstorm and then prioritize a list of items to be sold in the school store.
  - Ethical issue: competition with the cafeteria for sale of popular snacks.
- How will students set prices in this noncompetitive business environment?
  - Ethical issue: prices and profits...how high is too high?
- What if 25 percent of profits went to fund student activities?
  - Ethical issue: product quality...reduce it to increase sales?
- During what hours would the store be open?
  - Ethical issue: staffing...assigning hours before school; missing classes
  - Ethical issue: shoplifting
- Distribute and read the Internal and External Theft Fact Sheet.
- Role-play an encounter between a school store staff member and a fellow student who is attempting to shoplift.
- Discuss school store "employee" theft and prevention.
- Point out that reporting employee or customer theft is not just the ethical or right thing to do, it is the lawful thing to do.

### **Summary and Review**

- Briefly review the vocabulary introduced in the session.
- In designing and operating a business, what are some ethical considerations?
- Thank the students for their participation.

## **Internal and External Theft Fact Sheet**

According to the University of Florida 2003 National Retail Security Survey (NRSS) Final Report:

- In 2003, U.S. retailers lost \$33.6 billion in inventory as a result of employee theft, shoplifting, administrative error, and vendor fraud.
- An overwhelming 47 percent of retail losses, or \$15.8 billion, resulted from employee theft. No other form of larceny annually costs American citizens more money than employee theft.
- In comparison, 32 percent of inventory shrinkage, or \$10.7 billion, resulted from shoplifting. While incidences of shoplifting outnumber those of employee theft, the average cost of employee theft is much greater than the cost of shoplifting.

The Sixteenth Annual Retail Theft Survey conducted by Jack L. Hayes International reports on more than 370,000 apprehensions taking place in just 24 large retail companies representing 8,130 stores with combined 2003 annual sales in excess of \$159 billion. Some major results from the survey:

- Total dollar recoveries from apprehended shoplifters and dishonest employees exceeded \$69 million, an increase of 1.66 percent over the prior year.
- Only 4.6 percent of total retail theft losses resulted in a recovery. This means that for every \$1.00 recovered by surveyed companies, \$20.76 was lost to retail theft.
- One in every 28.2 employees was apprehended for theft from their employer. (Based on more than 1 million employees.)
- On a per-person basis, dishonest employees steal approximately 4.8 times the amount stolen by shoplifters (\$661.37 vs. \$137.76).
- Shoplifting and employee theft take their toll on retailers, bottom-line profits. These losses hurt the economy, cost consumers higher prices, and can cause a loss of jobs if retailers are forced to close stores or go out of business.



# 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

# Appendix

---

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.

## Appendix

---

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

---

## Acknowledgements

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:

### **Deloitte & Touche USA LLP**

#### **Junior Achievement Blue Ribbon Panel on Ethics**

Charles E. Abbott, Director, Ethics and Compliance, Textron Inc.

James D. Berg, Director, Ethics and Business Practice, International Paper

Arthur P. Brief, Ph.D., Lawrence Martin Chair in Business, Director of Burkenroad Institute, A.B. Freeman School of Business, Tulane University

Frank Daly, Corporate Director of Ethics and Business Conduct, Northrop Grumman Corporation

Gary L. Davis, Executive Vice President, Chief Human Resources and Administration Officer, J.C. Penney Company, Inc.

Jacquelyn Gates, President and CEO, SOARing LLC

Patrick J. Gnazzo, Vice President Business Practices, United Technologies Corporation

Frances Hesselbein, Chairman, Leader to Leader Institute (formerly the Peter F. Drucker Foundation)

Evelyn Howell, Executive Director, Business Practices & Compliance, Sara Lee Corporation

William A. McCollough, Ph.D., Director, Business Ethics Foundation and Research Center Administration, Warrington College of Business, University of Florida

John H. O'Byrne, Vice President, New York Life Insurance Company

John Pepper, Chairman, Executive Committee of the Board, The Procter & Gamble Company

Eric Pressler, Director of Legal Compliance and Business Ethics, PG&E Corporation

Jack Robertson, Ph.D., Charles T. Zlatkovich Centennial Professor in Accounting, Department of Accounting, University of Texas–Austin (retired)

Harold Tinkler, Chief Ethics Officer, Deloitte & Touche LLP

# Appendix

---

## **Excellence through Ethics Writers and Consultants**

Ron Ausmus, Integrity Associates

Susan Dilloway

Karen D. Harvey, Ed.D., Educational Writer and Diversity Curriculum Consultant

Insight Education Group

Motion Picture Association of America Public Relations Council

Dave Somers, Owner of Brevity; Adjunct Professor, DeVry University

## **Excellence through Ethics Junior Achievement Pilot Offices**

JA of Arizona, Inc.

JA of Central Carolinas, Inc.

JA of Central Michigan, Inc.

JA of Central Ohio, Inc.

JA of Central Texas, Inc.

JA of Chicago

JA of Columbia Empire, Inc.

JA of Dallas, Inc.

JA of Georgia, Inc.

JA of Greater Baton Rouge & Acadiana

JA of Middle America, Inc.

JA of Middle Tennessee, Inc.

JA of Mississippi Valley, Inc.

JA of New York, Inc.

JA of Northern New England, Inc.

JA of Owensboro, Inc.

JA of Rhode Island, Inc.

JA of Rocky Mountain, Inc.

JA of Southeast Texas, Inc.

JA of Southeastern Michigan, Inc.

JA of Southern California, Inc.

JA of The Bay Area, Inc.

JA of The Heartland, Inc.

JA of The National Capital Area, Inc.

JA of The Upper Midwest, Inc.

JA of West Texas, Inc.

JA of Wisconsin, Inc.

## 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 \_\_\_\_\_