

**Regional Micro-Enterprise Credential: Ethics and Social Responsibility Student Exercise**

(Updated: June 12, 2017)

1 Which of the following are stakeholders for a small business?	_____ Suppliers	Why is it important for a small business to care about how it treats each of these stakeholders?
	_____ Customers	
	_____ Employees	
	_____ Out-of-State Competitors	

2 How can entrepreneurs demonstrate transparency to key stakeholders?	_____ Briefing employees on company financial goals and results	What potential benefits would an entrepreneur realize from behaving in these transparent ways?
	_____ Providing suppliers with sales forecasts for the next quarter	
	_____ Telling neighborhood residents that a sidewalk sale was scheduled in a month	

<p>3 Which actions demonstrate ethical behavior by a small business owner?</p>	<p>_____ Signing an NDA with a supplier but then disclosing that information to a competitive supplier</p> <p>_____ Honoring a stated refund policy to customers</p> <p>_____ Pointing out a billing error where your supplier charged you an incorrect lower price</p>	<p><b>What</b> are the potential financial and non-financial costs to a small business owner for <b>not</b> behaving ethically?</p>
<p>Extra Credit: Why would a small business owner act ethically even though it costs the business owner money?</p>		

<p>4 Your accounting firm serves a number of area small businesses with their financial records.</p> <p>Client A is having financial troubles. This year they can not pay bonuses to their top-performing employees as they have in the past.</p> <p>Client B is a competitor to Client A.</p> <p>You are considering going to this Client B to tell them that they might be able to hire away top-performing employees from Client A if they offer bonuses. You believe this information will make Client B a more loyal client and a more successful company capable of paying higher accounting fees in the future.</p>	<p>Would telling Client B about Client A's financial troubles be a conflict of interest?</p> <p>_____</p> <p>Would telling Client B about Client A's financial troubles be ethical?</p> <p>_____</p> <p>What policy could your accounting firm implement that would remove potential conflicts of interest with its clients?</p> <p>_____</p>
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<p>5 Your small business provides computer systems training to area businesses.</p> <p>Services you offer include training in your computer lab facility that has ten computers linked to an overhead projector. You also offer computer installation and training onsite to local companies.</p> <p>As an entrepreneur who grew up in your neighborhood you feel a very strong commitment to your community.</p> <p>You try to demonstrate this commitment in ways that are sound business practices.</p>	<p>Can you design a sales event that uses your facilities and/or capabilities in a way that demonstrates your social responsibility while improving your business?</p>
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