RAAD-RETURNING ADULT ACCELERATED DEGREE PROGRAM

SOCIAL RESPONSIBILTY
IN BUSINESS
RBUS 402

EDGEWOOD COLLEGE

STUDENT READINGS PACKET

Summer 2007, Term E

WEEK 1 HANDOUTS

CLASS GUIDELINES AND CONFIDENTIALITY AGREEMENT

During this class we will create a "circle of trust," which educational philosopher Parker Palmer defines as "a community that knows how to welcome the soul and help us hear its voice." [Parker J. Palmer, 2004, *A Hidden Wholeness: The Journey Toward an Undivided Life*, San Francisco: Jossey-Bass.]

The most rewarding classes are those where participants feel free to express themselves without being judged by others. Therefore, as a class participant I agree to:

1) Voluntarily express my own inner truth, whatever I think that might be (i.e., "I think people in organizations are good/bad.")

2) Listen respectfully to the inner truth spoken by others.

3) Ask participants honest and open questions that expand rather than restricts the exploration of their own inner truth (i.e., "What did you mean when you said you felt happy/angry?" instead of "Why didn't you feel happy/angry? I would have!").

4) Honor the identity and integrity of the other participants.

5) Not fix anyone, save anyone, advise anyone, or set anyone straight; when people listen to others more deeply they tend to learn to listen more deeply to themselves.

6) **Never repeat anything personal spoken by other participants outside of class**.

Name (printed): _____

Name (signed): _____

Date: _____

HOW BUSINESS ETHICS IS GOOD FOR BUSINESS*

Developing a "culture of trust" enhances an organization's **reputation** and relationships with customers, employees, suppliers, investors and local community

Research in Business Ethics and Social Responsibility has found that ethical firms are more likely to have (A) **increased efficiency** in daily operations and (B) **higher profits** due to:

    (1) Increased Customer Satisfaction, Trust and Loyalty

    (2) Increased Employee Satisfaction, Trust and Loyalty

    (3) Cost Reductions due to less organizational politics, less need for supervision, lower turnover, lower recruiting costs, and better decision making

    (4) Increased Product Quality

A person's ethics is generally formed by his/her early 20's. So why study business ethics?

- It has a positive impact organizational performance

- The values learned from family, religion and school may not provide specific guidelines for complex organizational decisions

- Not everyone agrees on what is ethical or unethical

- Many people with limited business experience suddenly find themselves making decisions about product quality, advertising, pricing, sales techniques, hiring practices and pollution control

- It sensitizes business people to moral issues and increasing social expectations

- Although people are generally very good, organizational time and financial pressures results in some employees cutting ethical corners

* Modified from O.C. Ferrell, John Fraedrich & Linda Ferrell (2005) *Business Ethics: Ethical Decision Making and Cases,* sixth edition, Boston: Houghton Mifflin Company.

TEN COMMON RATIONALIZATIONS

FOR UNETHICAL ACTS

AMENDED FROM JOSEPHSON INSTITUTE OF ETHICS (www.josephsoninstitute.org)

(1) It Might Seem Unethical, But It's Necessary

This rationalization rests on the false assumption that necessity breeds propriety. The approach often leads to ends-justify-the-means reasoning and treating non-ethical tasks or goals as moral imperatives.

(2) It Might Seem Unethical, But It's Legal

This substitutes legal requirements (which establish minimal standards of behavior) for personal moral judgment. This alternative does not embrace the full range of ethical obligations, especially for individuals involved in upholding the public trust. Ethical people often choose to do less than the maximally allowable, and more than the minimally acceptable.

(3) It Might Seem Unethical, But It's Just Part of the Job

Conscientious people who want to do their jobs well often fail to adequately consider the morality of their professional behavior. They tend to compartmentalize ethics into two domains: private and occupational. Fundamentally decent people thereby feel justified doing things at work that they know to be wrong in other contexts. They forget that everyone's first job is to be a good person.

(4) It Might Seem Unethical, But It's All for a Good Cause

People are especially vulnerable to rationalizations when they seek to advance a noble aim. "It's all for a good cause" is a seductive rationale that loosens interpretations of deception, concealment, conflicts of interest, favoritism and violations of established rules and procedures.

(5) It Might Seem Unethical, But I Was Just Doing It for You

This is a primary justification for committing "little white lies" or withholding important information in personal or professional relationships, such as performance reviews. This rationalization pits the values of honesty and respect against the value of caring. An individual deserves the truth because he has a moral right to make decisions about his own life based on accurate information. This rationalization overestimates other people's desire to be "protected" from the truth, when in fact most people would rather know unpleasant information than believe soothing falsehoods. Consider the perspective of people lied to: If they discovered the lie, would they thank you for being thoughtful or would they feel betrayed, patronized or manipulated?

(6) It Might Seem Unethical, But I'm Just Fighting Fire With Fire

This is the false assumption that promise-breaking, lying and other kinds of misconduct are justified if they are routinely engaged in by those with whom you are dealing.

(7) It Might Seem Unethical, But It Doesn't Hurt Anyone

This rationalization falsely holds that one can violate ethical principles so long as there is no clear and immediate harm to others. It treats ethical obligations simply as factors to be considered in decision-making, rather than as ground rules. Problem areas: asking for or giving special favors to family, friends or public officials; disclosing nonpublic information to benefit others; using one's position for personal advantage.

(8) It Might Seem Unethical, But Everyone's Doing It

This is a false, "safety in numbers" rationale fed by the tendency to uncritically treat cultural, organizational or occupational behaviors as if they were ethical norms, just because they are norms.
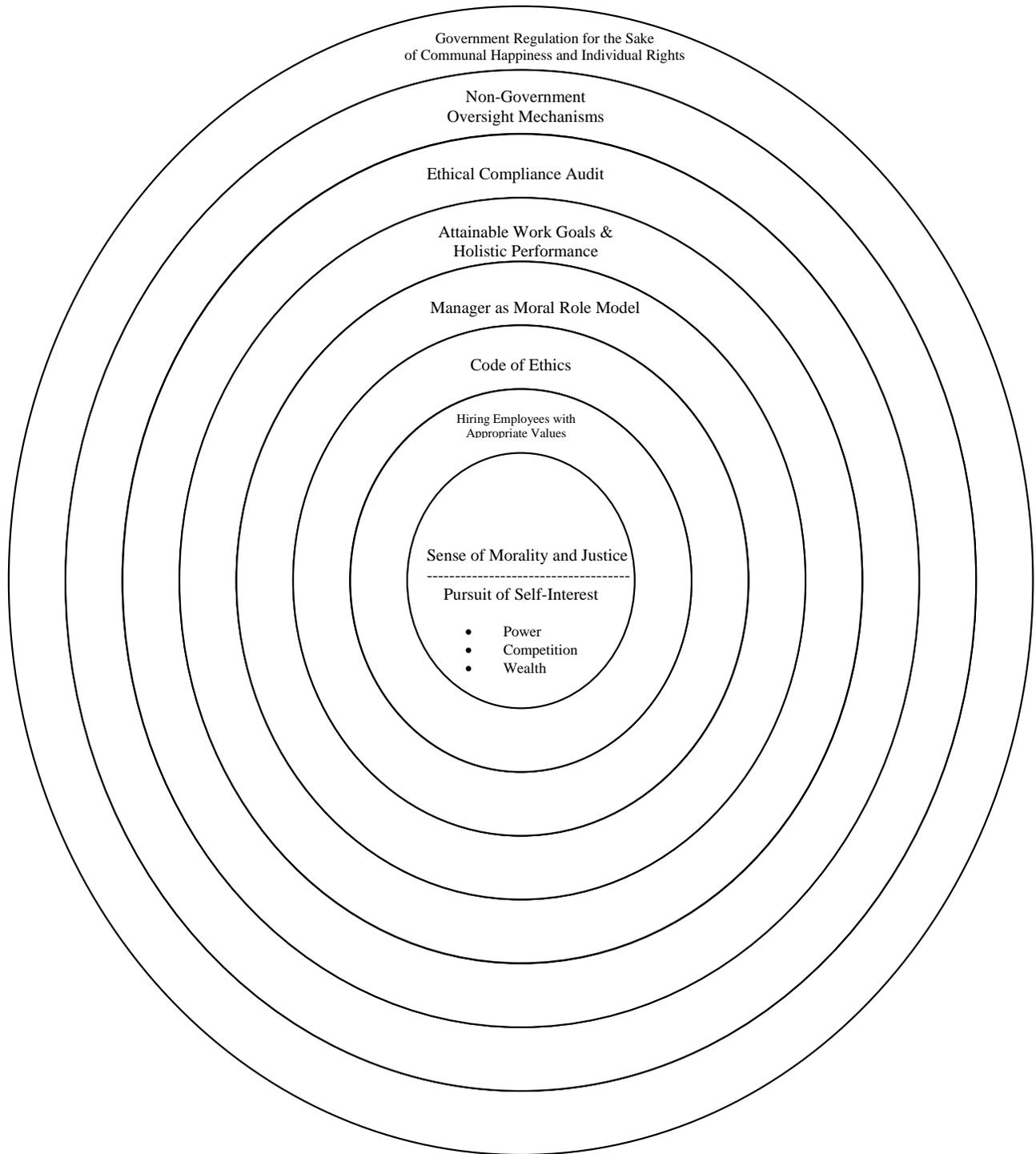
(9) It Might Seem Unethical, But It's OK Because I Don't Gain Personally

This justifies improper conduct done for others or for institutional purposes on the false assumption that personal gain is the only test of impropriety. A related but narrower view is that only behavior resulting in improper financial gain warrants ethical criticism.

(10) It Might Seem Unethical, But I've Got It Coming

People who feel they are overworked or underpaid rationalize that minor "perks" — such as acceptance of favors, discounts or gratuities — are nothing more than fair compensation for services rendered. This is also used as an excuse to abuse sick time, insurance claims, overtime, personal phone calls and personal use of office supplies.

Preservation of the Free Market System

Government Regulation for the Sake
of Communal Happiness and Individual Rights

Non-Government
Oversight Mechanisms

Ethical Compliance Audit

Attainable Work Goals &
Holistic Performance

Manager as Moral Role Model

Code of Ethics

Hiring Employees with
Appropriate Values

Sense of Morality and Justice

Pursuit of Self-Interest

- Power
- Competition
- Wealth

Five Ethical Theories
EGOISM: How does the action relate to me? If the action furthers my interests, then it is right. If it conflicts with my interests, then it is wrong.
SOCIAL GROUP RELATIVISM: How does the action relate to my social group (peers, friends, etc.)? If the action conforms with the social group's norms, then it is right. If it is contrary to the social group's norms, then it is wrong.
CULTURAL RELATIVISM: How does the action relate to the national culture, particularly its laws? If the action conforms with the law, then it is right. If it is contrary to the law, then it is wrong.
UTILITARIANISM: How does the action relate to everyone who is affected by it? If the action is beneficial to the greatest number of people affected by it, then it is right. If it is detrimental to the greatest number, then it is wrong.
DEONTOLOGY: How does the action relate to my duty to become an ideal human being who treats others in the way that I would want to be treated? Does it treat <u>every stakeholder</u> truthfully and with respect and integrity? If it does, then it is right. If it does not, then it is wrong.

Applying Ethical Theories to Decision Making*

Instructions: Answer Questions 1 through 6 to gather the information necessary for performing an ethical analysis. Based on this information, develop a policy option that has the strongest ethical basis.

1. Who are all the people affected by the action (stakeholder analysis)?

2. Is the action beneficial to me (egoism)?

3. Is the action supported by my social group (social group relativism)?

4. Is the action supported by national laws (cultural relativism)?

5. Is the action for the greatest good of the greatest number of people affected by it (utilitarianism)?

6. Are the motives behind the action based on truthfulness and respect/integrity toward each stakeholder (deontology)?

- *If answers to Questions 2 through 6 are all "yes,"* then do it.

- *If answers to Questions 2 through 6 are all "no,"* then do not do it.

- *If answers to Questions 2 through 6 are mixed,* then modify your decision.

    o *If answers to Questions 5 and 6 are " yes,"* this action is the *most* ethical. You may need to modify this decision in consideration of any "no" answer to Questions 2 through 4.

    o *If answers to Questions 5 and 6 are "no,"* this action is the *least* ethical. Modify this decision in consideration of these objections.

    o *If answers to Questions 5 and 6 are mixed,* this action is *moderately* ethical. Modify this decision in considerations of objections raised by Questions 5 or 6. You may need to further modify this decision in consideration of any "no" answer to Questions 2 through 4.

* Denis Collins (2006) *Behaving Badly: Ethical Lessons from Enron*, Indianapolis, IN: Dog Ear Publishing, http://business.edgewood.edu/behavingbadly

The Ethics of Capitalism

On the 1-6 scale below, with "1" being very ethical and "6" being very unethical, circle the number that represents how ethical you think free-market capitalism is?

1	2	3	4	5	6
Very Ethical	Ethical	Slightly more ethical than unethical	Slightly more unethical than ethical	Unethical	Very Unethical

Why did you believe this? Defend the number you chose.

IS CAPITALISM ETHICAL?	
Adam Smith (1723-1790): **YES, Capitalism is Ethical**	**Karl Marx (1818-1883):** **NO, Capitalism is Unethical**
1) Allows for Economic Freedom and Liberty (Egoism & Deontology)	1) Selfish capitalists lie to consumers about value of product (Violates Deontology)
2) People are, for the most part, self-interested and not altruistic (Egoism)	2) Selfish capitalists lie to laborers about the value of their labor (Violates Deontology)
3) Division of Labor Helps Unskilled Laborers Develop a Skill (Egoism)	3) Most efficient factories typically pay the lowest wages (Violates Utilitarianism)
4) Encourages Efficient Allocation of Resources (Utilitarianism)	4) Rich get richer, poor get poorer (Violates Utilitarianism)
5) Society functions based on individual economic exchanges, where people learn what other people's needs are and voluntarily provide them (Utilitarianism)	5) Selfish capitalists exploit nations with lowest wage rates and least amount of environmental regulations (Violates Utilitarianism)
6) Increases general welfare and wealth of nation (Utilitarianism)	6) Selfish capitalists corrupt politics, legal system, education, religion, art and science (Violates Utilitarianism)
7) Requires a strong system of justice (Deontology)	7) Laborers become alienated from their work (work & life feels meaningless) (Violates Deontology)

Adam Smith on why self-interest will not generate greediness and social harms, and why capitalists typically restrain the temptation to be selfish

(1) Reason. We apply rationality to restrain our self-interested passions, on an individual and societal level.

(2) The Impartial Spectator.
      1) our conscience
      2) an imagined moral agent watching us
      3) an imagined group of moral agents watching us
      4) belief in God

(3) An Impartial and Strong System of Justice

WEEK 2 HANDOUTS

MACHIAVELLI ON POWER

ASSUMPTIONS ABOUT HUMAN NATURE
      1) Wicked
      2) Desire for Power
      3) Paradox between not wanting to be oppressed, and
           oppressing others

HOW TO OBTAIN POWER [STAGE 1]
      1) Heredity
      2) Virtue
      3) Military Force
      4) Fortune (Luck, $)
      5) Crime
      6) Support of the Citizens of the Great

HOW TO MAINTAIN TEMPORARY POWER AND SECURITY [STAGE 2]
      1) Live Amongst the People
      2) Establish Colonies of Loyal Citizens
      3) Strong & Supportive Standing Army
      4) Be Protector of Lesser Powers
      5) Weaken the Existing Powerful
      6) Attack Foreign Threats First
      7) Alliances with Friends
      8) Bring Disorder and Resolve It
      9) Put in Cruel Person for Dirty Work, then Replace
      10) Special Case for Democracies

HOW TO MAINTAIN PERMANENT POWER AND SECURITY [STAGE 3]
      1) Keeping People Inspired
      2) Strong Army and Don't Be Hated
      3) Managing the Paradox Between The Great and The People
      4) Mean Between Art of War and Amenities
      5) Mean Between Liberality and Parsimony
      6) Mean Between Cruelty and Mercy
      7) Be Held in High Esteem
      8) Surround yourself with capable and faithful ministers
      9) Listen to the wise men, not the flatters
      10) Take counsel when you want to, not when others want it
      11) Be a very broad questioner
      12) Be a good listener
      13) Become angry at people who are hesitant to talk with you
      14) Be wise, don't just rely on the wisdom of others

MACHIAVELLIAN SURVEY
Richard Christie and Florence I. Geis, 1970, *Studies in Machiavellianism.*

Circle the answer that most closely resembles your attitude for each of the following 10 statements using the following 1-5 Scale. The more honest you are the more helpful the information you will receive.

1 = Strongly Disagree;   2 = Disagree;   3 = Neutral;   4 = Agree;   5 = Strongly Agree

	SD	D	N	A	SA
1. The best way to handle people is to tell them what they want to hear.	1	2	3	4	5
2. When you ask someone to do something for you, it is best to give the real reason for wanting it rather than giving reasons that might carry more weight.	1	2	3	4	5
3. Anyone who completely trusts anyone else is asking for trouble.	1	2	3	4	5
4. It is hard to get ahead without cutting corners here and there.	1	2	3	4	5
5. Honesty is the best policy in all cases	1	2	3	4	5
6. It is safest to assume that all people have a vicious streak, and it will come out when they are given a chance.	1	2	3	4	5
7. Never tell anyone the real reason you did something unless it is useful to do so.	1	2	3	4	5
8. One should take action only when it is morally right.	1	2	3	4	5
9. It is wise to flatter important people.	1	2	3	4	5
10. All in all it is better to be humble and honest than important and dishonest.	1	2	3	4	5
11. P.T. Barnum was very wrong when he said there's a sucker born every minute.	1	2	3	4	5
12. People suffering from incurable diseases should have the choice of being put to death painlessly.	1	2	3	4	5
13. It is possible to be good in all respects.	1	2	3	4	5
14. Most people are basically good and kind.	1	2	3	4	5
15. There is no excuse for lying to someone else.	1	2	3	4	5
16. Most people more easily forget the death of their father than the loss of their property.	1	2	3	4	5
17. Most people who get ahead in the world lead clean, moral lives.	1	2	3	4	5
18. Generally speaking, people won't work hard unless they're forced to do so.	1	2	3	4	5
19. The biggest difference between most criminals and other people is that criminals are stupid enough to get caught.	1	2	3	4	5
20. Most people are brave.	1	2	3	4	5

To obtain your "Mach" score:

1) <u>Score A</u>: Add the number you have circled for questions 1, 3, 4, 6, 7, 9, 12, 16, 18, 19.

2) <u>Score B</u>: For statements 2, 5, 8, 10, 11, 13, 14, 15, 17, 20, **reverse** the numbers you have checked: 5 becomes 1, 4 becomes 2, 3 remains a 3, 2 becomes 4, and 1 becomes 5. Then add the number of the reversed scores.

3) **Add** your "Score A" total and your "Score B" total. This is your "Mach" score.

4) The higher your score, the more Machiavellian attitudes you express. Among a random sample of American adults, the national average is 50.

Kohlberg's Stages of Moral Development and Ethical Theories

AGE GROUP	STAGE OF MORAL DEVELOPMENT	ETHICAL REASONING
Mature Adulthood	**Stage 6: Universal Ethical Principles –** Justice, Equality, Fairness for Everyone, Universal Human Rights	Deontology
Mature Adulthood	**Stage 5: Prior Rights, Social Contract, Utilities** – Human Rights	Deontology, Utilitarianism
Adulthood	**Stage 4: Social System** – Duty to society's customs, traditions, laws	Cultural Relativism
Early Adulthood, Adolescence	**Stage 3: Mutual Interpersonal Expectations** – Well-being of friends and coworkers	Social Group Relativism
Adolescence, Youth	**Stage 2: Reward Seeking** – Self-interest, fairness to me, reciprocity	Egoism
Childhood	**Stage 1: Punishment Avoidance –** Obedience to rules due to fear of authority	Egoism

FEATURES

- Pass through one-stage at a time
- Can stop at any stage
- Admire one stage up
- Consider people two stages up as naïve
- Most managers stop progress at Stage 3, laws & customs (Stage 4) are nuisances
- Purpose of education is aimed at Stages 5 & 6

OUR VALUES

Communication

We have an obligation to communicate. Here, we take the time to talk with one another … and to listen. We believe that information is meant to move and that information moves people.

Respect

We treat others as we would like to be treated ourselves. We do not tolerate abusive or disrespectful treatment. Ruthlessness, callousness and arrogance don't belong here.

Integrity

We work with customers and prospects openly, honestly, and sincerely. When we say we will do something, we will do it; when we say we cannot or will not do something, then we won't do it.

Excellence

We are satisfied with nothing less than the very best in everything we do. We will continue to raise the bar for everyone. The great fun here will be for all of us to discover just how good we can really be.

DISCUSSING ETHICAL DILEMMAS AT WORK

Prepared by Professor Denis Collins, Business Department, Edgewood College, Madison, WI 53711, 608-663-2878, dcollins@edgewood.edu

STEP 1: Form small groups around common job tasks and have them read the organization's "Code of Ethics." If none exists, write on the board that organizational members are expected to treat owners, company property, employees, customers, suppliers, the government, and the natural environment with utmost respect and integrity.

STEP 2: Each small group thinks about a troubling situation where stakeholders have not been treated with utmost respect and integrity. As a team, compose a one-paragraph scenario summarizing the troubling situation, changing names of the people involved and other specifics to protect confidentiality. End the dilemma with the questions: "What would you do? Why?"

STEP 3: Small group leader presents the troubling situation to the entire workshop.

STEP 4: After asking clarifying questions, workshop participants write down what they would do if faced with that troubling situation and why.

STEP 5: Small group leader asks the other workshop participants for a range of answers to the "What would you do?" question, and writes them on the board.

STEP 6: Workshop participants vote on which answer is the most appropriate response. Write the number of votes next to each answer.

STEP 7: Ask several people with the minority viewpoint to defend their choice, explaining why their answer is better than the other choices.

STEP 8: Small group leader facilitates the ensuing discussion. After a wide variety of opinions have been shared, try to reach a consensus on what would be the most appropriate response to the troubling situation.

DEVELOPING A CODE OF ETHICS

1) No institution or person is perfect. We all have our faults. This is a blessing, not a curse, as we have our entire lives to continually improve our ethical well-being. By yourself, on a piece of paper answer the following two concerns:

   A) Reflect on an incident, or series of incidents, at work that represented an ethical dilemma, something that troubled your conscience. What was it? What moral principle was violated (always be honest, keep promises)?

   B) What decision made by someone at work was one of the following:

      1. Contrary to the firm's interests
      2. Contrary to industry standards
      3. Contrary to national laws
      4. Not to the greatest good of the greatest number of people affected by it
      5. Disrespectful toward other human beings

2) Honoring confidentiality, and protecting the anonymity of the company and those involved, share your answers to "A" and "B" above in small groups of 3 or 4.

3) As a group, discuss how to close the gap between the "ideal" and "actual" relationships.

4) Develop a policy statement that includes:
   a. Statement of the ideal standard
   b. Description of how the ideal standard will be obtained, monitored, and rewarded.

Core Values

Operate with integrity and respect

Integrity means acting in an ethical and honest manner. Respect requires showing patience and acknowledging differences with civility. We expect you to ac respectfully and with integrity in all business situations, whether inside or outside the office.

Provide, promote, and celebrate Legendary Service

You are responsible for providing products and services that meet or exceed the expectations of our business partners.

Utilize superior communications

All of your communications must be professional, courteous, and prompt.

Embrace continuous improvement

Change being constant and necessary, you must embrace opportunities to become more efficient and productive.

Actively engage in self-management

Assume responsibility for self-management at work by assessing your own performance daily, advance your professional growth, and improve your confidence in your ability to provide Legendary Service.

LIVING UP TO THE VALUES STATEMENT

Please use the 1-5 scale below to assess how well each of the following statements exemplifies your work performance. The more honest you are the more helpful the information you will receive. First assess the behavior of NSI executives, and then NSI associates.

1=Strongly Disagree; 2=Disagree; 3=Neither Agree nor Disagree; 4=Agree; 5=Strongly Agree

	SD	D	N	A	SA
NSI Executives					
Operate with integrity and respect	1	2	3	4	5
Provide and promote Legendary Service (meet & exceed customer expectations)	1	2	3	4	5
Utilize superior communications (professional, courteous, and prompt)	1	2	3	4	5
Embrace continuous improvement (becoming more productive and efficient)	1	2	3	4	5
Actively engage in self-management (they assess their performance daily)	1	2	3	4	5
NSI Executives Subtotal: Add the five scores and divide by five:					
NSI Associates					
Operate with integrity and respect	1	2	3	4	5
Provide and promote Legendary Service (meet & exceed customer expectations)	1	2	3	4	5
Utilize superior communications (professional, courteous, and prompt)	1	2	3	4	5
Embrace continuous improvement (becoming more productive and efficient)	1	2	3	4	5
Actively engage in self-management (they assess their performance daily)	1	2	3	4	5
NSI Associates Subtotal: Add the five scores and divide by five:					

1) What are NSI executives and/or associates doing right in terms of living up to the company's Values Statement?

2) What are several examples of areas where NSI executives and/or associates fall short of living up to the company's Values Statement?

3) What are several strategies for transforming specific current weaknesses (your answer to #2) into strengths?

WEEK 4 HANDOUTS

QUALITIES OF AN IDEAL EMPLOYEE

General Character
- o   Treat all associates, agents and other business contacts with respect.
- o   Keep your promises.
- o   Be accountable for your actions and mistakes.
- o   Abide by WBM/NSI policies and procedures.

Customer Relations
- o   Know what your customers need and expect
- o   Establish rapport with your customers
- o   Understand and meet your service standards
- o   Inform customers when you are not available, when you will return, and to whom their communications can be directed in my absence

Colleague Relations
- o   Be an active member of your team
- o   Provide constructive criticism
- o   Learn best practices from other associates
- o   Help other associates

Communication Skills
- o   Listen actively by providing appropriate and timely responses
- o   Keep written communications concise and grammatically correct
- o   Date correspondence and include your name, telephone number and extension
- o   Return telephone messages on the day they are received
- o   Use the most effective form of communication for a specific situation

Work Task Skills
- o   Do your assigned work
- o   Organize your work and your work space for efficient use of time
- o   Ask for help when you need it
- o   Be responsive to questions about your work
- o   Ask for and use feedback

Continuous Improvement
- o   Be receptive to change
- o   Identify opportunities to improve your job
- o   Incorporate improvements into your daily work
- o   Communicate and collaborate with your team to implement improvements
- o   Disagree when it is likely to promote constructive change
- o   Set objectives to enhance your professional growth
- o   Enroll and actively participate in professional development opportunities (e.g., insurance classes, seminars, designations, etc.)
- o   Be prepared to explain your contribution to WBM/NSI

Company Pride
- o   Actively promote the accomplishments of WBM/NSI
- o   Celebrate your successes and those of WBM/NSI
- o   Volunteer and participate annually in at least one NSI activity, function, group outing, etc., that is not directly related to your job
- o   Volunteer annually for at least one community activity

QUALITIES OF AN IDEAL EMPLOYEE

Please use the 1-5 scale below to assess how well each of the following statements exemplifies your work performance. The more honest you are the more helpful the information you will receive.

1=Strongly Disagree; 2=Disagree; 3=Neither Agree nor Disagree; 4=Agree; 5=Strongly Agree

	SD	D	N	A	SA
General Character					
I treat all associates, agents and other business contacts with respect	1	2	3	4	5
I keep my promises	1	2	3	4	5
I hold myself accountable for my actions	1	2	3	4	5
I abide by WBM/NSI policies and procedures	1	2	3	4	5
General Character Subtotal: Add the four scores and divide by four:					
Customer Relations					
I know what my customers need and expect	1	2	3	4	5
I have rapport with my customers	1	2	3	4	5
I understand and meet service expectations	1	2	3	4	5
I inform customers when I am not available, when I will return, and to whom their communications can be directed in my absence	1	2	3	4	5
Customer Relations Subtotal: Add the four scores and divide by four:					
Colleague Relations					
I am an active member of my team	1	2	3	4	5
I provide constructive criticism	1	2	3	4	5
I learn best practices from other associates	1	2	3	4	5
I help other associates	1	2	3	4	5
Colleague Relations Subtotal: Add the four scores and divide by four:					
Communication Skills					
I listen actively by providing appropriate and timely responses	1	2	3	4	5
I keep written communications concise and grammatically correct	1	2	3	4	5
I date correspondence, include my name, telephone number and extension	1	2	3	4	5
I return telephone messages on the day they are received	1	2	3	4	5
I use the most effective form of communication for specific situations	1	2	3	4	5
Communication Skills Subtotal: Add the five scores and divide by five:					
Work Task Skills					
I do my assigned work	1	2	3	4	5
I organize my work and work space for efficient use of my time	1	2	3	4	5
I ask my colleagues for help when I need it	1	2	3	4	5
I am responsive to questions about my work	1	2	3	4	5
I ask for and use feedback	1	2	3	4	5
Work Task Skills Subtotal: Add the five scores and divide by five:					

1=Strongly Disagree; 2=Disagree; 3=Neither Agree nor Disagree; 4=Agree; 5=Strongly Agree

	SD	D	N	A	SA
Continuous Improvement					
I am receptive to change	1	2	3	4	5
I identify opportunities to improve my job	1	2	3	4	5
I incorporate improvements into my daily work	1	2	3	4	5
I communication and collaborate with my team to implement improvements	1	2	3	4	5
I disagree when it is likely to promote constructive change	1	2	3	4	5
I set objectives to enhance my professional growth	1	2	3	4	5
I enroll and actively participate in professional development opportunities	1	2	3	4	5
I am prepared to explain how I contribute to WBM/NSI	1	2	3	4	5
Continuous Improvement Skills Subtotal: Add the eight scores and divide by eight:					
Company Pride					
I actively promote the accomplishments of WBM/NSI	1	2	3	4	5
I celebrate my successes and those of WBM/NSI	1	2	3	4	5
I volunteer and participate annually in at least one NSI activity, function, group outing, etc., that is not directly related to my job	1	2	3	4	5
I volunteer annually for at least one community activity	1	2	3	4	5
Company Pride Skills Subtotal: Add the four scores and divide by four:					

WEEK 5 HANDOUTS

POLICIES AND PROCESSES AIDING ETHICAL PERFORMANCE

Prepared by Professor Denis Collins, Business Department, Edgewood College, Madison, WI 53711, 608-663-2878, dcollins@edgewood.edu

- Create a Code of Ethics that respects all stakeholders (owners, customers, employees, suppliers, government, natural environment)

- Employees annually evaluate the code of ethics by rating how well each stakeholder is respected, then praising accomplishments and exploring solutions to possible violations

- Ethics Hotlines

- Suggestion Systems for improving company or unit performance

- End day on TQM teams discussing what went right and wrong, and changes needed to be made.

- Gainsharing – Department Teams with measurable performance goals and group-Based Bonuses for achieving the measurable performance goals.

- Profit Sharing for all employees, vested over 5 to 10 years

- Highest quality and environmentally friendly product or service

- Put at least 3% of payroll into an employee pension plan

- Spend at least 2% of payroll on employee training and development

- Flexible work schedules for unique individual and family needs

- Clear performance evaluation criteria with employee feedback

- 360 Degree performance evaluations

- Continuously improve occupational safety and environmental compliance

- Purchase supplies locally

- Choose suppliers according to their ethical performance

- Limit number of hours an employee can work to 50 hours a week

JACK WELCH On Work and Family
Newsweek

April 4 issue - If there was ever a case of "Do as I say, not as I did,'' this is it. No one, myself included, would ever call me an authority on work-life balance. For 41 years, my operating principle was work hard, play hard and spend some time as a father.

It's clear that the balance I chose had consequences for the people around me at home and at the office. For instance, my kids were raised, largely alone, by their mother, Carolyn. And from my earliest days at GE, I used to show up at the office on Saturday mornings. Not coincidentally, my direct reports showed up too. Personally, I thought these weekend hours were a blast. We would mop up the workweek in a more relaxed way and shoot the breeze about sports. I never once asked anyone, "Is there someplace you would rather be—or need to be—for your family or favorite hobby or whatever?'' The idea just didn't dawn on me that anyone would want to be anywhere but at work.

My defense, if there is one, is that those were the times. In the 1960s and '70s, all my direct reports were men. Many of those men were fathers, and fathers were different then. They did not, by and large, attend ballet recitals on Thursday afternoons or turn down job transfers because they didn't want to disrupt their kids' sports "careers.'' Most of their wives did not have jobs with their own competing demands. All that changed, of course.

I have dealt with dozens of work-life balance situations and dilemmas as a manager, and hundreds more as the manager of managers. And over the past three years, I've heard from many people—bosses and employees—about the complex issue of work-life balance. I have a sense of how bosses think about the issue, whether they tell you or not. You may not like their perspective, but you have to face it. There's lip service about work-life balance, and then there's reality. To make the choices and take the actions that ultimately make sense for you, you need to understand that reality: your boss's top priority is competitiveness. Of course he wants you to be happy, but only inasmuch as it helps the company win. In fact, if he is doing his job right, he is making your job so exciting that your personal life becomes a less compelling draw.

Most bosses are perfectly willing to accommodate work-life balance challenges if you have earned it with performance. The key word here is: *if*.

Bosses know that the work-life policies in the company brochure are mainly for recruiting purposes and that real work-life arrangements are negotiated one on one in the context of a supportive culture, *not* in the context of, "But the company says …!"

People who publicly struggle with work-life balance problems and continually turn to the company for help get pigeonholed as ambivalent, entitled, uncommitted, incompetent—or all of the above.

Even the most accommodating bosses believe that work-life balance is your problem to solve. In fact, most know that there are really just a handful of effective strategies to do that—staying focused on what you're doing and saying no to demands outside your work-life balance, for example—and they wish you would use them.

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TAKE BACK YOUR TIME

John de Graaf, editor, *Take Back Your Time: Fighting Overwork and Time Poverty in America,* The Official Handbook of the National Movement, 2003, San Francisco: Berrett-Koehler.

Websites: www.timeday.org; www.simplicityforum.org; www.puttingfamilyfirst.info; www.swt.org;

Confucian Saying: "He who knows he has enough is rich."

Some History
- First national Take Back Your Time Day was October 24, 2003, a dialogue day based on the Earth Day model.
- October 24 is 9 weeks from the end of the year, symbolizing the nine full weeks Americans work every year more than their Western European peers.
- During the first half of the 1900s, Americans were the leaders in the worldwide movement for shorter work time; 1926, Henry Ford's auto plants introduced 40-hour work week; 1930s unions had achieved 8-hour work day and next pursued a 6-hour day followed by a four-day work week
- 1930, W.K. Kellogg initiated a six-hour day in his Michigan cereal factories.
- 1933, Senate passed the Black-Connery bill to limit the work week to 30 hours; but bill was sidetracked for a government jobs program to increase employment during depression.
- 1960s scholars predicted that by the year 2000 new technology advancements would reduce people's work week to 20 hours.
- Between 1973 and 2000, the average American worker added 199 hours of work to his or her annual schedule, an additional 5 weeks of work per year.
- 1967: 1716 annual hours worked; 1973: 1679 hours worked; 1979: 1703 hours; 1989: 1783 hours; 1995: 1827 hours; 2000: 1878 hours
- Between 1979 and 2000, among all married couple households in the 25-54 age bracket, total annual hours of paid work by both husbands and wives rose by 388 hours, a gain of 12%
- Labor saving technologies create anxiety over job loss and increased number of hours worked
- Downsizing has caused the survivors to do the work of two people, while those dismissed work two jobs to achieve equivalent prior income
- Companies prefer paying overtime than hiring extra workers, requiring more employee benefits
- Meanwhile 24 percent of Americans, according to the Economic Policy Institute, earn below poverty income ($8.71 an hour or less), primarily women and blacks
- 2003: 25% of American workers received no vacation; 33% work more than 40 hours a week; 20% work at least 50 hours a week.
- Americans have taken productivity gains in the form of more money, rather than more time off
- For environmental sustainability, people need to work fewer hours and reduce consumption

International Comparisons
- Americans work an average of 350 more hours a year than Western Europeans
- France and Australia workers get four to six weeks off a year, as required by local law; China mandates 3 weeks off
- Typically, Americans receive 8 days off for first year on the job, and 10 days after 3 years.
- 1996, 25% of Germans enjoyed a 35-hour work week through collective bargaining agreement
- 2000, France legislated 35-hour work week
- Sweden law allows parents to take 15 months of job-protected leave per child at up to 80% of previous pay until child reaches age 8; In Norway, parents can take 42 weeks of leave at 100% pay or 52 weeks at 80% pay

- European Union's Working Time Directives implemented in 1998 set 48 hours as the weekly maximum and gave workers the right to daily rest periods, at least one day off per week, and four weeks paid vacation per year.

Long Working Hours Impact on Companies
- Increase error rates; involuntary turnover; overt and covert expressions of anger; reduced productivity; poor employee health

Long Working Hours Impact on Families
- Less time for sit down family meals
- Increased job-escape drinking
- Increased work-family conflict
- Since late 1970s, children have lost 12 hours per week in free time, replaced by structured activities; due to more opportunities for girls and parental overreaction to make sure their kids succeed or not fall behind, and peer pressure.
- Top concern of teenagers (20%) is not enough time with parents.
- As insecurely attached kids get older, they are more likely to become anxious, aggressive, depressed, and unable to have close interpersonal relationships.

Long Working Hours Impact on Civil Society
- Less time available for volunteer activities, community and civic causes
- Increased government spending to offset less volunteer support
- Less jobs available for other people

Long Working Hours Impact on Health
- Increased stress; Fatigue; Depression; Impaired judgment; High blood pressure; Heart attacks; Obesity; Diabetes
- Cost of depression to businesses estimated at $44 billion, with depression leading to absenteeism, high health care costs in other areas, and high turnover
- In 2000, 61% of Americans overweight, double what it was in 1975.
- Increased accidents and injuries at work
- Consume more unhealthy fast food and fewer healthy home cooked meals
- People who take an annual vacation reduce risk of heart attack by 30%
- Frequent vacations reduce death form heart disease among women by 50%.
- Pets are more obese and suffer from separation anxiety.

Long Working Hours Impact on Environment
- People spend increased time driving to work, causing more pollution
- Less time for recycling and greater use of throwaway items
- Over-consumption results in more garbage

Solutions
Limit Hours
- 1986 UAW Local 95 at General Motors plant in Janesville signed agreement for a four-day work week, four 10-hour days followed by three days off. Hours per week have since increased.
- SAS, a privately held software firm in North Carolina, limits weekly work hours to 35-40 hours a week, including those of the CEO.
- Southwestern Bell caps mandatory overtime at 10-15 hours per week.

- Northwest Airlines permits employees to refuse overtime if they provide reasons that cannot be altered on short notice, such as childcare.
- European firms plan for the time offs through cross-training current workers

Legislation
- "Work to Live" legislative amendment proposals to Fair Labor Standards Act
    (1) Three weeks of paid vacation for one year of employment
    (2) Pro-rated starting after 3 months, with 1.5 weeks off after 6 months
    (3) Four weeks off after 3 years of employment
    (4) Protect workers against retaliation for taking all earned vacation
- In 1999, after a tragic accident, Maine became the first state to limit the number of involuntary overtime hours employers could work an employee to 80 hours within a two-week period.
- California is the only state to limit the work week by law, at 72 hours.
- Beginning July 2004, California workers can receive 6 weeks partial wage payments to care for new children and ill family members

Other Ideas
- Job share, flex-time; temporary work; consulting arrangements
- Sabbaticals
- Set aside one week a year as neighborhood festival time
- Phased retirements: Age 55 cut back to 32 hours a week and receive 20% of pension; Age 60, 24 hours; 65, 12 hours; 70, 0 hours and full pension

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Typical Work-Life Strategies: Some organizations believe that work-life initiatives are a strategic imperative to attract and retain quality employees, and that achieving a healthy balance between work and life reduces stress and enhances performance.

Time-Based Strategies
Flextime; compressed work weeks; job sharing; part-time work; leave for new parents; phased return to work following childbirth or adoption; telecommuting

Information-Based Strategies
Intranet work-life options website; resource and referral system; relocation assistance; eldercare resources; eldercare/child care fairs; work-life balance brochures

Money-Based Strategies
Vouchers for child care; flexible spending accounts; adoption assistance; leave with pay

Direct-Service Strategies
On-site child care; emergency back-up care; homework helpline; concierge services; take-out dinners

Work Culture Change Strategies
Link management pay to employee satisfaction; focus on employee's actual performance outcomes rather than "face time;" train managers to help employees deal with work-life conflicts

Key Points

1. **Work-life balance can improve profitability**
   - First Tennessee Bank in Memphis allowed full-time employees who were planning to quit their jobs for family-related reasons to work part-time with benefits. Bank saved $5,000 to $10,000 in replacement costs for each nonmanagerial employee and $30,000 to $50,000 for each executive. Also created a shift schedule to have longer shifts at the beginning of the month when demand is heaviest and shorter ones at the end. As a result, account reconciliation declined from 10 days to 4. Bank has saved more than $3 million in turnover costs alone, and productivity and customer satisfaction increased dramatically.
   - Lancaster Laboratories in Lancaster, Pennsylvania found that 50% of its employees who went on maternity leave never returned to work. 10-15 of its 600 employees take maternity leave each year, with costs for replacing employees ranging from $10,000 to $15,000. In response, managers provided flexible work schedules, an on-site child care center, licensed kindergarten programs, and an adult day care facility. As a result, 94% of employees who go on maternity leave return to work. Estimated annual savings is $100,000.
   - See *Working Mother* website at www.workingmother.com for a description of the 100 best companies for working mothers and related links.

2. **Simple solutions (e.g., job sharing, flextime, on-site child care) usually do not go far enough.**
   - Although these benefits can significantly reduce stress and increase productivity, many **career-minded employees are reluctant to take advantage of them because they fear their careers will suffer.**
   - Managers must develop a culture that supports the use of family-friendly benefits.
   - Managers must become more comfortable measuring performance outcomes rather than face-time at the office.
   - Management pay must be linked to employee satisfaction and work-life balance.

3. **Work-family balance is not just a woman with children issue.**
   - The gap between women and men caring for children and doing household tasks is narrowing.
   - Work-family balance also affects single people and married people without kids caring for parents or a loved one.
   - Single people can become resentful if extra work burdens placed on them

Simplicity Survey

Circle your answer for each of the following statements. The more honest you are the more helpful the information you will receive. Items adapted from Linda Breen Pierce (2000) *Recipe for Simplicity.*

	Rarely	Sometimes	Usually
1. I only bring items into my home that I absolutely need or plan on keeping for many years	1	2	3
2. Every room in my house is used on a daily basis	1	2	3
3. I limit my time at work to 40 hours a week	1	2	3
4. I live within a 30 minute drive to work	1	2	3
5. I limit my children's or grandchildren's extracurricular activities to one to three a week, depending on age	1	2	3
6. I take three to four months off every few years to live in a foreign country	1	2	3
7. I spend at least one to four hours a week in a natural setting, away from crowds of people, traffic, and buildings.	1	2	3
8. For 15-30 minutes every day, I connect with my spiritual life through prayer, religious services, meditation, or journaling	1	2	3
9. I seek the support of others who want to simplify their lives	1	2	3
10. I say "No" to additional material goods, career responsibilities, and/or social activities	1	2	3
11. I notice the changing phases of the moon and the changing of the seasons	1	2	3

What other ways do you simplify your life?

What obstacles do you face trying to simplify your life?

Five Years of the Best Corporate Citizens List 2000-2004 (*Business Ethics* magazine)

1. Fannie Mae [Unknown to rankers, involved in accounting scandal during this period]
2. Procter & Gamble
3. Intel Corporation
4. St. Paul Companies
6. **Deere & Company**
7. Avon Products
8. Hewlett-Packard
10. Ecolab Inc.
12. IBM
14. Herman Miller
17. Timberland Company
19. Cisco Systems
22. Southwest Airlines
24. Motorola
27. Cummins Inc.
31. Adolph Coors
32. **Modine Manufacturing** (Racine heat-transfer/storage technology manufacturer – 2006 #59)
33. Clorox
43. AT&T
44. Pitney Bowes
45. Starbucks Coffee
48. Merck & Company
49. Graco
53. **Brady Corporation** (Milwaukee industrial identification and safety products firm – 2006 #67)
57. Medtronic
63. New York Times Co.
74. Golden West Financial
89. Sonoco Products
98. Whirlpool

Also: Johnson Controls Inc (Glendale automotive interiors systems and facility management systems and controls manufacturer) often makes the list, 2006 #73.

How the Best Corporate Citizen List Is Put Together: The methodology behind the corporate citizenship rankings

By Samuel P. Graves, Sandra Waddock, and Marjorie Kelly

The aim of this listing is to identify firms that excel at serving a variety of stakeholders well. For 2004, the 100 Best Corporate Citizens list marks its fifth anniversary. Over those five years, KLD Research & Analytics in Boston has been the consistent source of our social data, while our methodology has evolved slightly. Initially, the list was drawn from 650 firms used in the socially screened Domini Index: the S&P 500, plus 150 other firms selected for industry balance and social performance. In 2003 we expanded to cover the Russell 1000, the 1,000 largest public traded firms (for consistency we included the 150 Domini firms). We also switched in 2003 from using three-year average scores to one-year scores. The stakeholder list has also expanded from four stakeholder groups to seven.

The seven stakeholder groups are (1) shareholders, (2) community, (3) minorities and women, (4) employees, (5) environment, (6) non-U.S. stakeholders, and (7) customers. In each category, KLD notes where companies have "strengths" and "concerns." For example, in the employee category, a firm might get three strengths for profit sharing, retirement benefits, and employee involvement, while it gets two concerns for union relations and workforce reductions. To arrive at a net score in this category, we take three strengths and subtract two concerns. The same is done in each category. Environmental strengths, for example, might include beneficial products, pollution prevention, and recycling, while concerns would include emissions, climate change, and regulatory problems.

Since all seven variables have different scales, we standardize them to determine a standard deviation from the mean -- which indicates performance relative to peers. For the shareholder performance measure, we use one-year total return to shareholders (stock appreciation plus dividends), standardized in the same way.

Next we take an unweighted average of all seven stakeholder measures, to arrive at a single score per company. The fact that the scale is unweighted means that all stakeholders are accorded equal status.

In a final step, a selection committee does additional research on social scandals, or other issues possibly missed, and recommends firms to be pulled. Firms were removed for accounting fraud, for example, or if they lost money two or more years in a row.

Data analysis was done by Sandra Waddock and Samuel Graves with the Carroll School of Management, Boston College. Additional consultation on selection was provided by Shelley Alpern of Trillium Asset Management in Boston and Eric Fernald of KLD Research & Analytics, Boston. An activist advisory panel included Conrad MacKerron of As You Sow Foundation in San Francisco, and Tracey Rembert of Co-op America in Washington, D.C. The individuals involved may own stock in one or more companies studied.

WEEK 6 HANDOUTS

MORAL LEVEES ORGANIZATIONAL CHECK-UP

This questionnaire allows you to benchmark your organization's ethical health. Rate your organization against the following 28 best practices in ethics management. Mark either "Yes," "Sometimes," or "No," according to your current situation. **At the end, count your total "Yes" answers**.

HIRING EMPLOYEES WITH ETHICAL VALUES	Yes	Sometimes	No
1. Our organization highlights the importance of ethics in our job listings.			
2. Our organization conducts character checks with a potential employee's former employer or superior.			
3. Our organization conducts personal interviews with job finalists and asks them to respond orally to potential ethical dilemmas.			
4. Our managers take into consideration a potential employee's ethics when making a final hiring decision.			
Subtotal for Ethics Hiring Practices Items #1 through #4			

CODES OF ETHICS	Yes	Sometimes	No
5. Our organization has an up-to-date code of ethics (or conduct) that describes typical dilemmas in our industry, and defines ethical work practices.			
6. Our organization's ethics policies have been developed in consultation with employees and other stakeholders.			
7. All employees are trained to implement our ethics code.			
8. Our organization has published a set of values that reflect its expectations for ethical work practices.			
9. Our stated values note the importance of external stakeholders.			
10. All employees participate in an annual ethics code survey to determine how well the organization is living up to the code.			
Subtotal for Code of Ethics Items #5 through #10			

MANAGER AS MORAL ROLE MODEL	Yes	Sometimes	No
11. Our organization's commitment to ethics is reflected in specific actions, and not just rhetoric.			
12. Our managers demonstrate their understanding that ethical integrity overrules other business demands.			
13. Our managers are encouraged to accurately portray the limitations, as well as the benefits, of our products/services.			
14. Employees can openly discuss ethical issues with our managers.			
15. Managers provide employees with feedback and take appropriate actions after employees share their ethical concerns.			
Subtotal for Manager as Moral Role Model Items #11 through #15			

WORK GOALS AND APPRAISALS	Yes	Sometimes	No
16. Employee work goals are challenging, yet attainable.			
17. Work goals are jointly determined by managers and their subordinates.			
18. There are clear consequences for those who do not adhere to our stated ethics policies.			
19. Ethical integrity is a critical factor when considering promotions.			
20. Our incentive pay and career advancement systems reward ethical behavior, even if it costs us time, money or business.			
21. People engaged in unethical behaviors do not receive incentive pay and career advancement.			
Subtotal for Work Goals and Appraisals Items #16 through #21			

ETHICAL COMPLIANCE AUDIT	Yes	Sometimes	No
22. Our organization systematically examines its ethical performance on an annual basis.			
23. Our employees have a safe resource for guidance when they have a question about ethics or law.			
24. Our organization benchmarks itself to the industry's best ethical practices.			
25. Our organization collects information from suppliers and customers about our ethical performance.			
26. Unethical behaviors are tracked to their systematic cause (hiring problem, ethics training problem, role model problem, work goal problem, performance appraisal problem, etc.).			
27. Corrective actions are taken when unethical behaviors occur, and managers are held accountable for implementing appropriate changes and achieving improved results.			
28. Relevant information about the organization's ethical performance is shared with the CEO.			
Subtotal for Ethical Compliance Audit Items #22 through #28			

Count your total "Yes" answers. If you scored:

17 to 28:   Well done! Your organization's ethical health is better than that of most companies. Remember, there is always room for continuous improvement!

9 to 16:   Pretty good! However, you can be a lot healthier when it comes to managing business ethics.

0 to 8:   Time to get to work on improving your organization's ethical health.

STEPS FOR CONDUCTING AN ETHICAL COMPLIANCE AUDIT

Step 1	Gain the CEO's commitment.
Step 2	Appoint an ethics committee to guide the audit.
Step 3	Appoint an auditing team (auditors, key managers, and organizational development experts) that will develop questions to be used in examining the firm's ethical performance.
Step 4	Diagnose the corporate culture and investigate designated functional areas, such as employee issues, community relations, customer relationships, and environmental practices.
Step 5	Analyze the mission statement and look for circumstances when the desired mission/goals and actual ethical performance do not coincide.
Step 6	Determine underlying reasons that ethical performance and organizational goals are not consistent.
Step 7	Collect relevant industry information, existing benchmark studies, and available information on competitors and industry ethical standards in each designated functional area.
Step 8	Interview relevant stakeholders who are involved in each functional area about their perceptions of the firm's ethical and socially responsible performance.
Step 9	Compare internal data about ethical performance and external stakeholder perceptions.
Step 10	Write a formal report for company managers and the audit committee, and, if possible, obtain an external evaluation of the report.

From Sandra Waddock and Neil Smith, "Corporate Responsibility Audits: Doing Well by Doing Good," *Sloan Management Review*, Winter 2000, p. 79.

THE TOTAL QUALITY MANAGEMENT OF ETHICS

Managing Ethical Performance

1. Focus on a particular unethical activity an employee(s) might have done.

2. Instead of blaming the particular employee(s), determine the systematic source that allowed the problem to occur. Did the problem originate from a(n):

a) Hiring Process Problem (an unethical person was hired?)

b) Code of Ethics Problem (situation is not addressed in the code?)

c) Ethics Training Problem (employees not adequately trained in ethical issues?)

d) Manager Role Model Problem (managers are not good role models?)

e) Unrealistic Work Goal Problem (work goals are unattainable or misdirected?)

f) Performance Evaluation Problem (performance evaluation measures are inadequate?)

g) External Stakeholder Oversight Problem (regulation, professional association issue)

3. Seek input from affected constituents on how to strategically address the problem

4. Develop an action plan:
        a. Clearly stated problem
        b. Initial solution to the problem
        c. Major obstacles against implementing the solution
        d. Recommendations for overcoming the obstacles
        e. Develop and monitor metrics measuring success

5. Make managers accountable for the results. Senior leaders should set unambiguous objectives, and provide the necessary resources and appropriate incentives.

Federal Sentencing Guidelines for Organizations*

The 1991 Federal Sentencing Guidelines for Organizations apply to all felonies and Class A misdemeanors that employees commit in association with their work. Organizations are held accountable for the conduct of their employees and for all business decisions and outcomes.

A company that lacks an effective ethical compliance program can incur severe penalties if an employee violates the law. The most common forms of business misconduct in the federal court system are fraud, environmental violations, and price fixing/market allocation (antitrust violations). After the victim is made "whole" again, organizational fines for misconduct can be reduced by 95% or increased as high as four times a specified amount based on its due diligence and ethical compliance program.

The United States Sentencing Commission developed seven mandatory steps that companies must implement to show due diligence and ethical compliance. They are:

(1) **A code of conduct** that communicates required standards and identifies key risk areas for the organization.

(2) Ethical compliance program **oversight by high-ranking personnel** (for example, vice president of human resources or ethics officer).

(3) No one with a **known propensity to engage in misconduct** should be put in a position of authority.

(4) A **communications system for disseminating** standards and procedures (ethics training and publications).

(5) A communications system for employees to **report misconduct without fearing retaliation** (for instance, an anonymous hot line or ombudsman).

(6) If misconduct is detected, the firm must take **appropriate and fair disciplinary action**. Sanctions must be appropriate for the offense.

(7) After misconduct has been discovered, the organization must take steps to **prevent similar offenses in the future** (such as continuous improvement of the ethical compliance program).

* O.C. Ferrell, John Fraedrich and Linda Ferrell, 2005, *Business Ethics: Ethical Decision Making and Cases,* Boston: Houghton Mifflin Company.

SARBANES-OXLEY ACT OF 2002

Passed by Congress in response to public outrage over accounting scandals, the Sarbanes-Oxley Act establishes new rules governing public corporations.

MAJOR PROVISIONS OF THE SARBANES-OXLEY ACT*
1. Requires the establishment of a Public Company Accounting Oversight Board in charge of regulations administered by the Securities and Exchange Commission.
2. Requires CEOs and CFOs to certify that their companies' financial statements are true and without misleading statements.
3. Requires that corporate board of directors' audit committee consist of independent members who have no material interests in the company.
4. Prohibits corporations from making or offering loans to officers and board members.
5. Requires codes of ethics for senior financial officers and registered with the SEC.
6. Prohibits accounting firms from providing both auditing and consulting services to the same client without the approval of the client firm's audit committee.
7. Requires company attorneys to report wrongdoing to top managers and, if necessary to the board of directors; if mangers and directors fail to respond to reports of wrong-doing, the attorney should stop representing the company.
8. Mandates "whistle-blower" protection for persons who disclose wrongdoing to authorities.
9. Requires financial securities analysts to certify that their recommendations are based on objective reports.
10. Prohibits the two senior auditors from working on a corporation's account for more than five years; other auditors are prohibited from working on an account for more than seven years.

* Modified from O.C. Ferrell, John Fraedrich & Linda Ferrell (2005) *Business Ethics: Ethical Decision Making and Cases,* sixth edition, Boston: Houghton Mifflin Company.

WEEK 7 HANDOUTS

ENERGY USE

More people on earth require the use of more resources and consumer greater amounts of energy [Population Clock: www.census.gov/main/www/popcld.html].

What is U.S. Population? 1900: 76 million; 2007: 301 million
What is World Population? 1900: 1.7 billion; 2007: 6.6 billion

Fossil Fuels (coal, oil, natural gas) are burned to create energy, the burning of which releases carbon dioxide (CO_2) that pollute our land, air, and water, and is the primary cause of global warming. Coal is the worse – compared to natural gas, coal releases twice the amount of CO_2 per unit of useful energy. **U.S. accounts for about 36% of worldwide CO_2 emissions.**

What is Global Warming? [info from www.ucsusa.org, Union of Concerned Scientists]

- Solar radiation passes through the earth's atmosphere
- Some of it is reflected back into the Earth's atmosphere
- Some of this solar radiation is absorbed by heat-trapping gases (including carbon dioxide and methane) that insulate the Earth, allowing life to flourish
- Earth's average surface temperature is 59 degrees Fahrenheit, 15 degrees Celsius
- Without insulation, earth's surface temperature would be 0 degrees Fahrenheit, killing life
- Driving a car, using electricity from coal-fired power plants, or heating homes with oil or natural gas releases carbon dioxide and other heat-trapping gases into the air
- Methane released in atmosphere from agricultural activities like growing rice an raising cattle
- Carbon dioxide in earth's atmosphere has increased 31% and methane 151% the past 150 years, trapping more solar radiation
- Trapping heat leads to cooling upper part of atmosphere, which destroys the protective ozone layer
- Ozone also depleted by human-made gases such as chlorofluorocarbons
- 1800, carbon dioxide accounted for 280 parts per million of atmospheric gases; now its 380 parts;
- Global average surface temperature has risen by about 1 degree Fahrenheit during 1900s, equivalent to half the change the previous 10,000 years (1.8 degrees); small change in surface temperature has a big impact on climate issues [a few degrees in temperature separates today from the ice age]
- Artic region warming rapidly
- Rise in global average sea level and ocean water temperatures
- Intergovernmental Panel on Climate Change (2,500 scientists and risk experts) estimate a 2.5 to 10.4 degree Fahrenheit increase in earth temperature by 2100 if no major efforts undertaken to reduce greenhouse gas emissions

If temperatures continue to warm:

- melting glaciers will increase sea levels causing coastal erosion and flooding
- water spills over to wetlands, river deltas, and populated areas
- increase in mosquito and rodent population
- inland farmlands to suffer more draughts
- Altered weather patterns will cause more extreme weather patterns

What is the impact on Wisconsin?
- Wisconsin summers to become like Arkansas, winters like Iowa
- Wisconsin Dells? Farming? Ski Industry?

International Environmental Agreements
- 1992 Earth Summit in Rio Framework Convention on Climate Change – created systems for reporting data on emissions of greenhouse gases, but not targets or how to limit them.
- August 1997 the United States Senate voted 95 to 0 not to approve a climate treaty that:
    - (1) Did not also force developing countries to cut emissions and
    - (2) would result in serious harm to the U.S. economy
- December 1997 Kyoto Protocol - Set targets and timetables for <u>38 industrialized nations</u> for average emissions of greenhouse gases during 2008-2112, but they would have to be ratified by national legislatures
    - U.S. accounts for 36% of industrialized nations' carbon dioxide emissions in 1990; Russia 17%
    - **Goal for Worldwide average: 5% below 1990 level**
    - European Union: 8% below 1990 level
    - Russia: 100% of 1990 level
    - U.S.: **7% below 1990 level**
- **Developing nations are excluded because it would restrain their progress; only those who have already caused and benefited from greenhouse gases are under the treaty.**
- Plan is to sell permits for carbon dioxide emissions [$10 to $20 per ton per year]; with money then allocated to fund more efficient technologies; nations are allocated a certain amount of permits and if they need more they must buy from another country, or if they need less they can sell them to those who need more
- Treaty goes into effect when signed by nations accounting for 55% of greenhouse emissions
- Clinton Administration agreed to seek ratification in November 1998 (two-thirds approval by states)
- But by end of 1999, U.S. emissions had risen 12% above 1990 levels and projections were for another 12% increase above 1990 levels by 2008; so the goal would now be a **30% reduction** and it can only be met through drastic action.
- By 2020, developing nations not regulated by Kyoto Protocol projected to account for 50% of greenhouse gas emissions
- March 2001 President Bush withdrew the U.S. from the Kyoto Protocol treaty

- (1) Developing nations are excluded and they are some of the worst polluters. 9 of the top 20 polluters are developing nations, with China being #2 polluter and India #6.
- (2) Will seriously harm the U.S. economy
    - o Estimated $397 billion reduction in GNP by 2010
    - o Estimated loss of 2.4 million jobs
    - o Electricity prices would rise 87%
    - o Gas and utilities would rise $2,500 per family
    - o All these hurt the worst off the most
- November 5, 2004, Russia becomes 126th signer
- **February 2005: Kyoto Agreement goes into effect without the U.S.**

Stern Review on the Economics of Climate Change (February 2007; Great Britain Treasury Department): http://www.hm-treasury.gov.uk/Independent_Reviews/stern_review_economics_climate_change/sternreview_index.cfm

- If we don't act, the overall costs and risks of climate change will be equivalent to losing at least 5% of global GDP each year, now and forever. If a wider range of risks and impacts is taken into account, the estimates of damage could rise to 20% of GDP or more.

- In contrast, the costs of action – reducing greenhouse gas emissions to avoid the worst impacts of climate change – can be limited to around 1% of global GDP each year.

- If no action is taken to reduce emissions, the concentration of greenhouse gases in the atmosphere could reach double its pre-industrial level as early as 2035, virtually committing us to a global average temperature rise of over 2°C. In the longer term, there would be more than a 50% chance that the temperature rise would exceed 5°C. This rise would be very dangerous indeed; it is equivalent to the change in average temperatures from the last ice age to today.

- The costs of extreme weather, including floods, droughts and storms, are already rising, including for rich countries.

- The risks of the worst impacts of climate change can be substantially reduced if greenhouse gas levels in the atmosphere can be stabilized between 450 and 550 parts per million (ppm) CO2 equivalent (CO2e). The current level is 430ppm CO2e today, and it is rising at more than 2ppm each year. Stabilization in this range would require emissions to be at least 25% below current levels by 2050, and perhaps much more.

- Ultimately, stabilization – at whatever level – requires that annual emissions be brought down to more than 80% below current levels.

- Central estimates of the annual costs of achieving stabilization between 500 and 550ppm CO2e are around 1% of global GDP, if we start to take strong action now.

EDGEWOOD COLLEGE CERTIFIED "GREEN TIER"
BY WISCONSIN DEPARTMENT OF NATURAL RESOURCES
http://dnr.wi.gov/org/caer/cea/environmental/participants/edgewood/

In October 2006, Edgewood College became the <u>first college or university in Wisconsin</u> to be accepted into the Department of Natural Resources' Green Tier program, a statewide program that encourages institutions and businesses to go beyond current rules and regulations to reduce their impact on the environment.

Institutions and companies participating in Green Tier can benefit through specific flexibilities outlined in statute, individual contracts and charters. Statutory incentives include, for example, a single point-of-contact within DNR to facilitate effective communications, and use of the Green Tier logo for marketing. Most importantly, companies are recognized for environmental performance that goes beyond what the law requires them to do, and for systematically and continually improving on that performance. Recent environmental accomplishments at Edgewood include:

- Environmental Management System
- Environmental Management Policy
- Annual Environmental Audit
- Annual Environmental Indicator Report
- New Residence Hall LEED (Leadership in Energy and Environmental Design) Certified http://www.usgbc.org
- Mazzuchelli renovation awarded *2005 Environmental Excellence Award*
- Rain gardens designed to capture large volumes of runoff from the campus
- Annual Eco-Olympics

CALCULATING YOUR ECOLOGICAL FOOTPRINT

How many people are in your household? _____

Car Energy Use:

Vehicle 1:

_____ **miles** driven per **Month/Year** (circle one)

_____ **miles per gallon for vehicle** OR is it: **small/medium/large-truck** (circle one)

Vehicle 2:

_____ **miles** driven per **Month/Year** (circle one)

_____ **miles per gallon for vehicle** OR is it: **small/medium/large-truck** (circle one)

Vehicle 3:

_____ **miles** driven per **Month/Year** (circle one)

_____ **miles per gallon for vehicle** OR is it: **small/medium/large-truck** (circle one)

Air Travel:

_____ miles traveled by airplane per **Month/Year** (circle one)

Electricity Use:*

_____ kwh per **Month/Year** (circle one)

Home Heating:*

Natural Gas: _____ therms per Year

Or Oil: _____ gallons per Year;   Or Propane: _____ gallons per Year

*Local utility telephone hotline, extrapolate from last bill, or use MGE Website:
http://www.mge.com/home/rates/energyuse.htm
        a) Click on "Log in Now" on bottom of page
        b) If already registered type in User ID and password; if not registered enter account number from a recent bill <u>and</u> dollar amount of the last bill and then establish User ID and password
        c) Click "View Energy Use Detail"
        d) Click "View Detail" under electric and gas accounts

        e) Copy down last full year or previous 12 months
        f) Can also click on hotlink "Calculate My Home Heating Rating" under gas detail by inputting square footage heated and decade house constructed.

SUBMIT INFORMATION INTO ECOFOOTPRINT CALCULATOR AT:
http://www.nativeenergy.com/lifestyle_calc.html; I am 18 tons, and can offset with $180 wind turbine

Socially Responsible Purchasing Survey

Circle your answer for each of the following statements. The more honest you are, the more helpful the information you will receive. Items adapted from Robert Giacalone, Karen Paul & Carole Jurkiewicz, 2005, "A Preliminary Investigation into the Role of Positive Psychology in Consumer Sensitivity to Corporate Social Performance," *Journal of Business Ethics*, 58(4), pp. 295-305.

General Socially Responsible Purchasing Habits

	Rarely	Sometimes	Usually
1. I consider a company's record in hiring and promoting women when purchasing products/services	1	2	3
2. I consider a company's environmental record when purchasing products/services	1	2	3
3. My broker and/or I use a socially responsible company screening mechanism for determining my stock market investments	1	2	3
4. I avoid purchasing products from companies that have a reputation for being socially irresponsible	1	2	3
5. I consider a company's record for hiring and promoting blacks when purchasing products/services	1	2	3
6. I purchase products from companies that do not use animals for product tests	1	2	3
7. I shop at Wal-Mart	1	2	3
8. I purchase products from locally-owned stores rather than chain stores	1	2	3
9. I do my grocery shopping at Copps or Pick'n Save	1	2	3
10. I purchase fair trade coffee rather than other brands of coffee	1	2	3

Socially Responsible Purchasing Habits
Score A: Add scores for items 1, 2, 3, 4, 5, 6, 8, 10 =
Score B: Add scores for items 7, 9 =
General CSR Score: Score A minus Score B =

How do you encourage organizations to be socially responsible?

How do you discourage organizations from being socially irresponsible?

Environmentally-Friendly Consumption Survey

Circle your answer for each of the following statements. The more honest you are, the more helpful the information you will receive. Items adapted from www.eartheducation.com.

Food Consumption and Packaging Habits

	Rarely	Sometimes	Usually
1. I take my own paper sacks (or other containers) to the grocery store	1	2	3
2. I grow some of my own food	1	2	3
3. I compost food waste	1	2	3
4. I use Styrofoam products	1	2	3
5. I eat red meat at least twice a week	1	2	3
6. I avoid eating animals raised in modern factory-farm production	1	2	3
7. I am a vegetarian	1	2	3
8. I grow or buy organically produced foodstuffs	1	2	3
9. I belong to a food co-op	1	2	3
10. I do grocery shopping at Whole Foods or other health food stores	1	2	3
11. I shop at the farmer's market	1	2	3
12. I eat at fast-food restaurants	1	2	3

Household Energy & Supplies

	Rarely	Sometimes	Usually
1. I turn off electric lights and appliances when no one is in the room	1	2	3
2. I heat a portion of my home using renewable resources (biogas, wood, solar)	1	2	3
3. I run a dishwasher only when it is full and then let the dishes drip dry	1	2	3
4. I set the thermostat at no higher than 68 degrees during the day and 55 degrees at night	1	2	3
5. I use air conditioning during the summer	1	2	3
6. I use storm doors and windows	1	2	3
7. I use a non-motorized push lawnmower	1	2	3
8. I wash my clothes in cold water	1	2	3
9. I use low wattage and/or energy saving light bulbs	1	2	3
10. I use pesticides or other chemical fertilizers	1	2	3

Water & Waste Water

	Rarely	Sometimes	Usually
1. I bathe every day	1	2	3
2. I limit my showers to five minutes or less	1	2	3
3. I turn off the water heater when leaving the house for more than a day	1	2	3
4. I turn off the water when brushing my teeth or shaving	1	2	3
5. I install regulators on shower heads to reduce the water used	1	2	3
6. I use phosphate free detergents	1	2	3
7. I have low flow toilets in my home	1	2	3
8. I use naturalistic landscaping	1	2	3

Transportation Habits

	Rarely	Sometimes	Usually
1. I drive a vehicle that achieves 30 miles or more per gallon	1	2	3
2. I recently purchased a hybrid	1	2	3
3. I recently purchased an SUV	1	2	3
4. I regularly walk or ride a bicycle somewhere rather than driving	1	2	3
5. I car pool or use mass transit	1	2	3
6. I keep my vehicle properly tuned and serviced	1	2	3
7. I purchase radial tires and keep them properly inflated	1	2	3
8. I purchase a new car every few years	1	2	3

Recycling & Reusing

	Rarely	Sometimes	Usually
1. I recycle aluminum	1	2	3
2. I recycle newspaper	1	2	3
3. I recycle glass bottles	1	2	3
4. I recycle metal cans	1	2	3
5. I recycle magazines or give them to other people	1	2	3
6. I use both sides of a sheet of paper	1	2	3
7. I throw items away rather than repairing them	1	2	3
8. I give unnecessary clothing and furnishings to charity	1	2	3
9. I reuse plastic and paper bags	1	2	3
10. I buy throw-away pens	1	2	3
11. I reuse envelopes	1	2	3

What other ways do you consume products and services in an environmentally-friendly manner?

What obstacles do you face trying to become an environmentally-friendly consumer?

Scoring Keys

<u>Food Consumption & Packaging Habits</u>
Score A: Add scores for items 1, 2, 3, 6, 7, 8, 9, 10, 11 =
Score B: Add scores for items 4, 5, 12 =
Food Consumption & Packaging Score: Score A minus Score B =

<u>Household Energy & Supplies</u>
Score A: Add scores for items 1, 2, 3, 4, 6, 7, 8, 9 =
Score B: Add scores for items 5, 10 =
Household Energy & Supplies Score: Score A minus Score B =

<u>Water & Waste Water</u>
Score A: Add scores for items 2, 3, 4, 5, 6, 7, 8 =
Score B: Score for item 1 =
Water & Waste Water Score: Score A minus Score B =

<u>Transportation</u>
Score A: Add scores for items 1, 2, 4, 5, 6, 7 =
Score B: Add scores for items 3, 8 =
Transportation Score: Score A minus Score B =

<u>Recycling & Reuse</u>
Score A: Add scores for items 1, 2, 3, 4, 5, 6, 8, 9, 11 =
Score B: Add scores for items 7, 10 =
Recycling & Reusing Score: Score A minus Score B =

Ethical Shopping Websites

www.thegoodshoppingguide.co.uk/the-ethical-company-accreditation-scheme.htm -- An Ethical Company Accreditation system monitored by "The Ethical Organisation" (British) based on 15 criteria in 3 general categories: Environment (environmental reporting, pollution, nuclear power), Animals (animal testing, factory farming), and People (oppressive regimes, worker's rights, armaments, irresponsible marketing). Accreditation is awarded to the top 33% overall scores for each business sector.

www.thegoodshoppingguide.co.uk/the-book.htm -- *The Good Shopping Guide,* a leading ethical shopping reference book published by "The Ethical Company Organisation."

www.gooshing.co.uk/ -- Free on-line ethical shopping tool ranking 250,000 products. Rating system available at: http://www.gooshing.co.uk/brands/

www.getethical.com/ -- *Red Pepper* and *The Big Issue* magazines have created getethical.com to promote and advance ethical consumerism, defined as a commitment to the goals of social and environmental responsibility.

Other websites to consider:
www.ethicalconsumer.org – *Ethical Consumer* magazine, lists boycotts and major consumer movement achievements
www.greenchoices.org – Environmentally-friendly products
http://sweatshop.clc-ctc.ca/pdf/children_toys.pdf -- children's apparel and toys manufactured in unionized facilities in Canada and the U.S.
www.ethicalexchange.co.uk – Directory of ethical organizations in Britain
www.ethicaljunction.co.uk – Directory of ethical organizations in Britain and Ireland
www.greenshop.co.uk – small independent mail order service for "green" businesses
www.naturalcollection.com – "green" products, Friends of the Earth trading partner
www.oxfam.org.uk/shop -- Workers' rights, poverty-relief organization
www.traidcraftshop.co.uk – Fair trade products
www.fairtrade.net -- Fairtrade Labeling Organizations International, monitors worker rights
www.greenfibres.com – organic products
www.motherhemp.com – Pesticide free hemp products

Books:
1) *Ethical Shopping: Where to Shop, What to Buy and What to do to Make a Difference,* William Young & Richard Welford, 2002, Fusion
2) *The Rough Guide to Ethical Shopping,* Duncan Clark, 2004, Gardners Books

WATER SAVING AND WATER QUALITY IDEAS

Fix Dripping Faucets.
Replace old toilets, the largest water user inside your home. Pre 1992 toilets use 4-8
    gallons per flush; new high efficiency toilets use 1.6 gallons or less per flush.
Wash clothes with care. New high efficiency washing machines reduces hot water use by
    60% and saves family of four 8,000 gallons of water a year.
Use the dishwasher (and turn off the drying cycle).
Only use full loads for dishwasher and washing machines.
Take a shower instead of a bath. Low-flow showerheads about 2 gallons per minute.
Turn off the water when brushing your teeth and washing your hands.
Compost your vegetables. Garbage disposals use water and adds unwanted materials into
    lakes.
Better lawn care. Less water, leave grass clippings, proper soil preparation, water only at
    night.
Keep lawn fertilizer on your grass and off driveways and sidewalks. Runs off to storm
    drains.
Don't put anything down storm drains. Drain to lakes.
Plant local plants. They survive on natural precipitation.
Use a car wash. Car washes use recycled water; dirty water goes to treatment plant.
Drink public water. Bottled water privatizes water and has high transportation costs.
Buy locally owned organic produce.
Build a rain garden and collect rainwater in a barrel for reuse.
Minimize use of salt to de-ice driveways. Ends up in lakes through storm drains.

TRANSPORTATION THOUGHTS

- Consider reducing down to 1 car per family
- In Wisconsin, transportation contributes 30% of daily greenhouse gas emissions, more than industrial, commercial, or residential facilities.
- Every mile you drive produces one pound of Carbon monoxide
- One gallon of gas emits 20 pounds of Carbon Dioxide
- Number of cars are growing 6 times faster than the population
- Transportation costs are about 18% of household budget
- Average cost of a new car is $638 a month
- Madison family of 4 spends about $780 a month on cars
- 25% of all trips are less than one mile (walk or bike it)

INDUSTRY'S SUSTAINABILITY LEARNING CURVE					
	Prior to 1970s	1st Era, 1970s: Compliance	2nd Era, 1980s: Beyond Compliance	3rd Era, 1990s: Eco-Efficiency	4th Era, 2000s: Sustainable Development
					Design for Sustainability
				Product Stewardship, Environmental Cost Accounting, Integrated Management Systems	
			Stakeholder Participation, Total Quality Environmental Management Systems		
		Pollution Control/Compliance, Pollution Prevention and Waste Minimization			
CORPORATE RESPONSE	UNPREPARED	REACTIVE	ANTICIPATORY	PROACTIVE	HIGH INTEGRATION
INDUSTRY GOALS	**None**	**Regulatory Standards**	**Cost Avoidance** Impact Reduction, Pre-empt Regulation, Leadership, Protect Legitimacy, Partnerships, Competitive Edge	**Profit Center Approach** Eco-efficiency profits via ISO 14000 monitoring environmental policies, planning, implementation, corrective action, and review	**Explicit Mainstreaming of Environmental Goals** Design for Environment System, Environmental Cost Management, The Natural Step

- Brian Nattrass & Mary Altomare, 1999, *The Natural Step for Business: Wealth, Ecology and the Evolutionary Corporation,* British Columbia, Canada: New Society Publishers, p. 16.

COMPANY BENEFITS OF GOOD ENVIRONMENTAL MANAGEMENT SYSTEM	
Issue	**Explanation**
Production Cost Savings	Eco-efficiency reduces energy and material costs of production
Lower insurance premiums	Insurance companies are including sustainable development initiatives in the underwriting process
Lower bank loan rates	Major banks conduct environmental risk analysis as part of lending money for mortgage and land acquisitions
Enhance due diligence protection	Environmental convictions and fines are increasing
Customer attraction and retention	Increasingly, customers are demanding higher environmental standards
Higher employee commitment	Environmental reputation enhances employee commitment and effort
Socially responsible mutual funds	Inclusion in increasing number of CSR fund screens affects share price
Better relations with community	Increases community acceptance of new project start-ups & expansions
Better activist and media relations	Negative activist attention creates long-term public relations problems
Industry self-regulation	Enhances trust and practical, cost-effective self-regulatory legislation
Personal Integrity	Personal commitment to good stewardship generates pride

- Brian Nattrass & Mary Altomare, 1999, *The Natural Step for Business: Wealth, Ecology and the Evolutionary Corporation,* British Columbia, Canada: New Society Publishers, p. 193 (revised)

SUMMARY OF, AND RATIONALE BEHIND, THE NATURAL STEP (TNS) SYSTEM FRAMEWORK [A Common Framework All Organizations and Communities Should Apply]		
Problem	**TNS Sustainable Society System Objective**	**If Sustainable Society Objective Is Not Met**
#1 Removal of Stored Deposits form the Earth: We are removing too many substances from the Earth's crust.	#1: **Reduce wasteful dependence on fossil fuels, underground metals, and minerals**. Substitute certain abundant minerals for those that are scarce in nature and use all mined materials efficiently.	#1: The concentrations of substances within the earth will decrease and eventually reach limits beyond which unknown irreversible changes will occur.
#2 Creation of Synthetic Compounds and Other Societally-Produced Materials: We are producing too many synthetic compounds that are difficult for nature to breakdown.	#2: **Reduce wasteful dependence on chemicals and unnatural substances**. Substitute certain persistent and unnatural compounds with ones that are normally abundant or break down more easily in nature, and use all substances produced by society efficiently.	#2: The concentrations of unnatural substances in the ecosphere will increase and eventually reach limits beyond which unknown irreversible changes occur.
#3 Ecosystem Manipulation: We are increasingly interrupting the natural flow of ecosystems. Human activities need to work in harmony with the cyclic principle of land, water and wildlife.	#3: **Reduce encroachment on nature (land, water and wildlife).** Draw on resources from only well managed eco-systems; use them efficiently and minimize the manipulation of nature.	#3: Our health and prosperity will decline.
#4: Unmet Socio-Economic Needs: Human needs are not being met on a worldwide basis.	#4: **Meet human needs fairly and efficiently**. Use all our resources efficiently, fairly and responsibility so that the needs of all stakeholders – customers, staff, neighbors, people in other parts of the world, and people who are not yet born – stand the best chance of being met.	#4: Unless basic human needs are met worldwide through fair and efficient use of resources, it will be difficult to achieve the first three sustainable society system objectives.

- Brian Nattrass & Mary Altomare, 1999, *The Natural Step for Business: Wealth, Ecology and the Evolutionary Corporation,* British Columbia, Canada: New Society Publishers, p. 42 (revised)

IKEA TEXTILES: FOUR GREEN STEPS TOWARDS GREATER ENVIRONMENTAL RESPONSIBILITY [Moving Up a Step Involves Fulfilling Additional or Tougher Requirements]			
First Small Step: Customer Product Stage	**Second Small Step: Add Production Impact Stage**	**Third Small Step: Add Product Life Cycle Stage**	**Fourth Small Step: Add Raw Material Supply Stage**
Lead free, No cadmium, No PCPs, No AZO dyes, No PVC, Specific formaldehyde limits	Non-chlorine bleach, No organic solvents, Minimum heavy metal residue, Specific pH limits, Tougher formaldehyde limits	Water treatment system, No AZO dyes, No PCBs, Minimum pesticide residue	Certified organically grown; Entire chain from obtaining raw materials to finished product for customer is carried out under controlled conditions and with minimum impact on the environment

- Brian Nattrass & Mary Altomare, 1999, *The Natural Step for Business: Wealth, Ecology and the Evolutionary Corporation,* British Columbia, Canada: New Society Publishers, p. 62.

IKEA Concepts/Targets (*The Natural Step for Business,* pp. 56-57)
Renewable: Change over to renewable raw materials and energy sources   *Degradable:* Use substances and materials that are easily broken down in nature and converted into new resources   *Nature:* Refrain from all unnecessary intrusions into nature and the eco-cycle   *Sortable:* Construct products so that constituent materials can be easily separated for recycling   *Save:* Always ask yourself whether you can avoid or cut back on your use of resources   *Quality:* Choose products with a long useful life, which can be repaired if they break   *Efficiency:* Plan use of materials, energy, technology, and transport to achieve maximum benefit for minimum expenditure of resources   *Reuse:* Reuse by-products, recycle, incinerate materials for energy use
Scandic Hotel Targets (*The Natural Step for Business,* p. 84)
- To the greatest extent possible, follow the principles of nature's cycle in our work   - Develop products and services that use nature's resources as sparingly as possible   - Choose raw materials and recyclable packaging   - Strive to use environmentally safe and recyclable energy sources   - Use a distribution system that puts less burden on the environment   - Reduce waste and promote waste reduction   - Choose, influence, and educate our suppliers to help us implement our environmental policy   - Develop an environmental network of enthusiastic representatives from each hotel   - Every year, review the environmental policy results and establish goals for further development
Mitsubishi Electric America Targets (*The Natural Step for Business,* pp. 178-182)
Facility Level   - Reduce energy use by 25% in three years   - Reduce waste disposal by 30% in three years   - Reduce tree-based paper use and purchase by 75% in two years and by 90% in three years   - Eliminate the use of old growth/primary forest products in one year   - Eliminate the use of chlorinated solvents in open systems in three years   Product Level   - Increase the use of recycled materials in products by 30% in three years   - Reduce packaging materials by 20% in three years

GREEN BUSINESS PARK ZONE IN UMEA, SWEDEN **BASED ON THE NATURAL STEP FRAMEWORK**

- Green Zone Business Park established in 2000 housing Ford Motor Company dealerships, gas station, car wash, convenience store, and McDonalds
- Designed for 100 percent renewable energy [electricity use down 60 percent], 100 percent reuse of storm water onsite [fresh water use down by 70 percent], and 100 percent reuse or recycle of waste by-products.
- One component of the business park's closed cycle loop serves as food for another component in park
- Geothermal pump helps heat buildings and heat recycling system recirculates heat through underground pipes to other buildings [heat from McDonald's cooking grills and heated water from mini-mart refrigeration system is redistributed through pipes to other buildings in the business park]
- All building parts can be disassembled after their useful life; building wood from local forest
- Grass and plants grow on building roofs to insulate building in winter and cool it in summer
- Green roofs also absorb one-half the rainwater falling on them and serve as bird habitats
- Grass-and-gravel parking surface rather than asphalt; absorbs water and sent to retention pond which is piped into car wash, which recirculates 99 percent of post car-wash water
- Solar panels, skylights, light-pipes, motion sensors turns off lighting
- Instead of mechanical Heating, Ventilating, and Air Conditioning system, terrarium air filters clean and cool the building's interior air, add oxygen and plants absorb carbon dioxide; twice per hour, jets of water spray plant leaves; fresh air enters through underground duct that cools air in summer and heats in winter
- Electricity comes from a coastal windmill 15 miles away
- Sewage converted to purified fertilizer and used for farming
- Ford service center recycles oil and fluids for cleaning, lawn mowers or industrial engines; vegetable oil (not petroleum-based oil) lubricates hydraulic car lifts
- Each business educates suppliers to meet higher environmental standards

- Sarah James & Torbjorn Lahti, 2004, *The Natural Step for Communities: How Cities and Towns can Change to Sustainable Practices,* British Columbia, Canada: New Society Publisher, pp. 76-

THE ENVIRONMENTAL CHANGE PROCESS FOR THE NATURAL STEP (TNS)		
Aspect	**Objectives**	**Tools and Methodologies**
Leadership	CEO/COO support, Top management support, Engage other leaders	Ask CEO and others about their environmental vision for firm, Introduce top management to business case for sustainability, Request they convey message to rest of firm
Vision and Strategy	Develop the vision of a sustainable firm in a sustainable society	Integrate TNS framework into vision and strategy, Exercises to note "low-hanging" fruit and high-leverage areas, Financial modeling and environmental action plans
Training, Education, Coaching	Educate all employees, Coaching to embed principles into practice	Adapt TNS training materials to specific context/employees, Train the trainers and coaches, Games, booklets, videos, exercises
Employee Involvement	Team building activities, Encourage suggestions, Continual reinforcement	Teams focus on reducing wastes and resources used, Follow-through on employee suggestions, Friendly competition among employees, business units
Practical Application & Innovation	"Low-hanging fruit," Practical change ideas for immediate and long-term	Mechanisms for reviewing suggestions and innovations, Provide resources to experiment and try new ideas, On-going coaching and sharing lessons learned
Feedback and Measurement	Benchmark, track, measure, evaluate, feedback, reward results	Develop baseline measures, document, post results, Translate resource savings into financial language, Recognize and communicate achievements
Influence	Employees, Suppliers, Customers, Competitors, Shareholders, Community	TNS Workshops and partnerships with stakeholders, Booklets for customers, labeling of products, Annual reports, website resources
Integrate into all business functions	Make sustainability a normal business consideration	Adopt environmental management systems, Address at all meetings and include in all reports, Include in business plan, performance evaluation, and bonuses

- Brian Nattrass & Mary Altomare, 1999, *The Natural Step for Business: Wealth, Ecology and the Evolutionary Corporation,* British Columbia, Canada: New Society Publishers, p. 152-153.