

## Business Ethics and Social Responsibility

### Chapter Objectives

After completing this chapter, you will be able to:

#### ▶ Section 4.1 Business Ethics

- **Define** ethics and business ethics.
- **Describe** why ethical behavior is good for business.
- **List** the steps for dealing with an ethical dilemma.

#### ▶ Section 4.2 Social Responsibility

- **Define** what is meant by the social responsibility of business.

### Ask

#### STANDARD & POOR'S The Time Value of Money

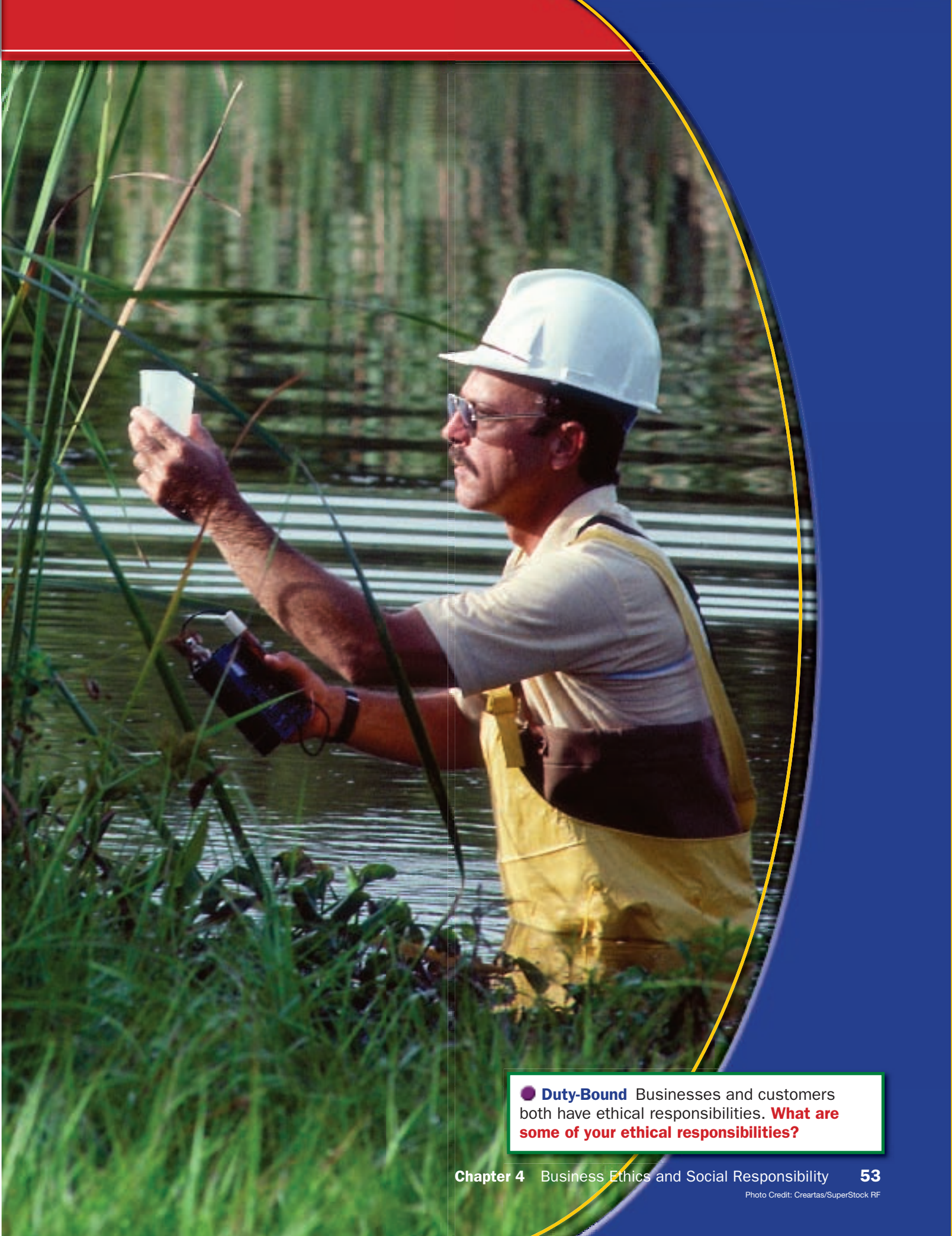
**Q:** This past summer I worked as a carpenter. I saved close to \$4,000. I'm thinking about buying a new computer with my savings. My father said that if I didn't spend the money, but let it sit in my savings account without touching it, I would be a millionaire when I retire. Could that be true?

**A:** Your father is teaching you the time value of money. Because of compounding interest, savings can grow substantially over time. That is why it is important to start saving and investing money early in your life.

**Mathematics** The balance of your account in the future is known as the *future value* of your starting principal. Calculate the future value of your \$4,000 in 50 years at a 5% interest rate.

**CONCEPT** **Calculating Future Value** To find a formula for future value, write P for your starting principal, r for the rate of return expressed as a decimal, and n for the number of years in the future. (Assume that the interest rate is 5%, so r equals .05). Your balance will grow according to the following formula:

$$FV = P(1 + r)^n$$



● **Duty-Bound** Businesses and customers both have ethical responsibilities. **What are some of your ethical responsibilities?**

# Business Ethics

## Reading Guide

### Before You Read



Think about an example of an ethical business you have read or heard about and the reasons you consider it to be ethical.

### Read to Learn

- Define ethics and business ethics.
- Describe why ethical behavior is good for business.
- List the steps for dealing with an ethical dilemma.

### The Main Idea

Ethics are moral principles by which people conduct themselves personally, socially, and professionally. Business ethics are rules that guide the behavior of a business and its employees. Business ethics are generally based on moral principles. In business, good ethics is beneficial for long-term profitability and success.

### Key Concepts

- The Nature of Ethics
- Ethics as Good Business
- Ethical Questions

### Vocabulary

#### Key Terms

|                 |                      |
|-----------------|----------------------|
| ethics          | sweatshop            |
| business ethics | conflict of interest |
| code of ethics  |                      |

### Academic Vocabulary

You will find these words in your reading and on your tests. Make sure you know their meanings.

|            |             |
|------------|-------------|
| principles | encounter   |
| conduct    | alternative |

### Graphic Organizer

Print or draw a graphic like the one below. In the left column, list three questions you need to ask when facing an ethical dilemma. In the right column, list the five steps to take to decide which choice to make.

| Ethical Questions | Steps to Take |
|-------------------|---------------|
| 1.                | 1.            |
| 2.                | 2.            |
| 3.                | 3.            |
|                   | 4.            |
|                   | 5.            |



Go to the *Introduction to Business* Online Learning Center through [glencoe.com](http://glencoe.com) for a printable graphic organizer.

### Academic Standards

#### English Language Arts

**NCTE 1** Read texts to acquire new information

**NCTE 9** Develop an understanding of diversity in language use across cultures

#### Mathematics

**Number and Operations** Understand the meanings of operations and how they relate to one another

## The Nature of Ethics

**Ethics** are moral **principles** by which people **conduct** themselves personally, socially, or professionally. For example, you do not cheat on a test or lie to friends or your family because of your personal honor and integrity. For the good of society, you may recycle to take care of the environment. **Business ethics** are rules based on moral principles about how businesses and employees ought to conduct themselves. Most businesses are committed to providing safe products, creating jobs, treating their employees fairly, protecting the environment, and being truthful about their financial situation.

The effects of unethical behavior by customers are not always obvious. However, to make up for problems caused by unethical behavior, businesses have to charge more for their products. As a result, customers have to pay more.

Different cultures, businesses, and industries have different ethical standards. For example, in some cultures, including the United States, excessive gift giving is considered bribery, which is unethical. Bribery occurs when gifts, money, or favors are offered to encourage a business deal. In other cultures, excessive gift giving is overlooked or considered ethical.



**Identify** What are three kinds of ethics?

### As You Read

Think about some businesses that you consider to be run ethically. In what ways are they ethical?



**Business Ethics** Businesses have a set of moral principles that they follow.  
**In what ways can a business behave ethically toward its employees?**

**Cultural Etiquette**

In Thailand, it is customary to exchange gifts during a second business meeting. In China, however, gift giving is considered a form of bribery and is illegal. *Do you think it is unethical for businesspeople not to observe another country's rules of etiquette in the global marketplace?*

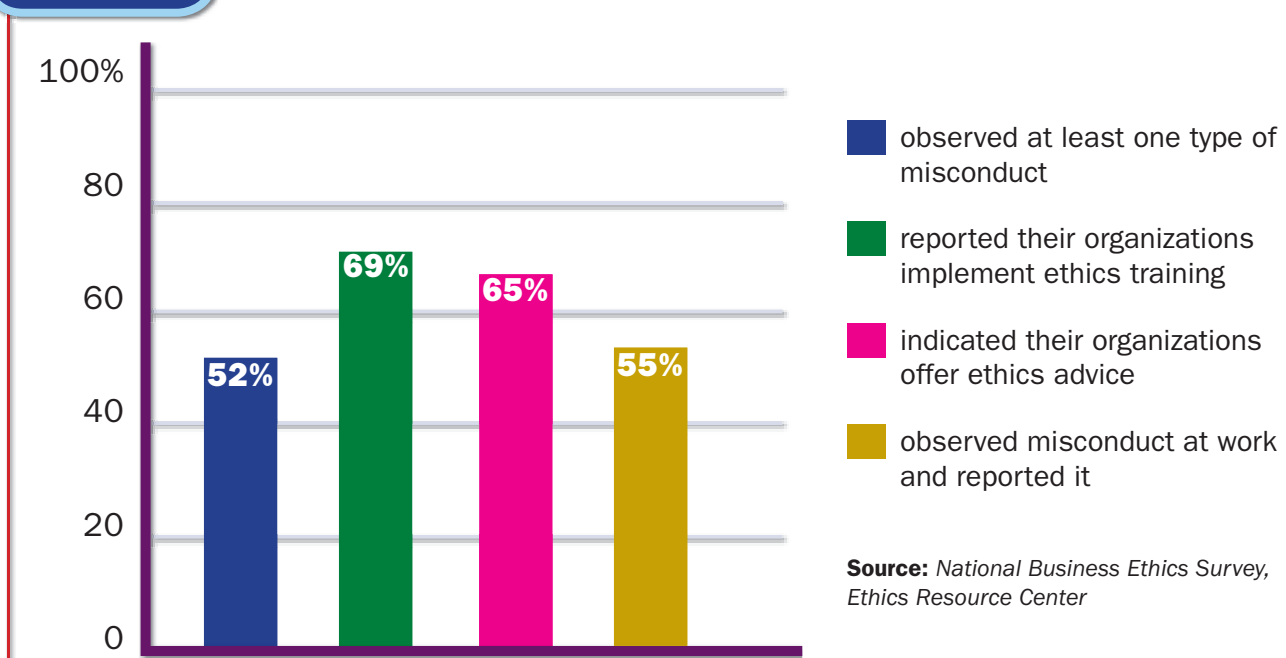
**Law and Ethics**

Ethics involve a system of moral principles that govern the appropriate conduct for a person or group. Laws involve rules for conduct that may be used to punish violators. In business, people follow rules as well as a code of ethics. A **code of ethics** is a set of guidelines for maintaining ethics in the workplace. Most businesses follow their own code of ethics. **Figure 4.1** includes some findings about how employees feel about ethical behavior in their workplace.

Many unethical behaviors lead to the passage of legislation that makes those behaviors illegal. In the United States, bad working conditions are not only unethical, they are also illegal. On March 25, 1911, a fire at the Triangle Shirtwaist Factory Company in New York City killed 146 workers—mostly young female immigrants. The business's inadequate exit doors and fire escapes along with overcrowded conditions led to the deaths of the workers. This industrial tragedy brought about changes in laws governing conditions in sweatshops. A **sweatshop** is a shop or factory in which workers are employed for long hours at low wages and under unhealthy conditions.

The Occupational Safety and Health Administration (OSHA) is a division of the U.S. Department of Labor. OSHA sets and enforces work-related health and safety rules. Other agencies protect consumers, address discrimination in the workplace, and promote truthfulness in financial reporting.

**Figure 4.1** — **Ethical Observations by Employees**



**A National Survey of Employees** These are some of the key findings of a recent National Business Ethics Survey. **Does American business seem to be becoming more or less concerned about ethical behavior?**

## Ethics as Good Business

Most businesses police themselves with codes of ethics. Professionals such as doctors, lawyers, journalists, and teachers have their own codes of ethics. A code of ethics can cover issues such as employee behavior and environmental safety.

Unethical business practices include lying, offering merchandise known to be substandard, or treating customers or employees unfairly. If a business violates government regulations, the owner can be fined or go to jail. If an employee violates a company or professional code of ethics, the employee might be fired or lose his or her license. Not all unethical practices are covered by the law. Unethical business practices affect businesses indirectly.

Suppose you own an auto-body paint shop. To increase your profits, you charge top price and use the cheapest paint. One of your customers complains about the quality of the paint, but you do not care because she has already paid. What is one customer, right? The fact is that most businesses (especially small businesses) rely on repeat customers and word of mouth to get new customers. The amount you make in profits from one unhappy customer may not be worth the lost business.

Treating employees unethically can also backfire. Suppose you manage a small film distribution company. You hire Jaime fresh out of business school to run the office. You teach him how to use the computer system, how to deal with customers, and how the business works. You also pay him very little, make him do all your work, and treat him poorly. The first chance Jaime gets, he quits and ends up being hired by one of your competitors. You now have to retrain a new employee to take his place. Meanwhile, your competition now has a well-trained employee, who is much more efficient.

## Conflicts of Interest

Another major ethical question that is generally not illegal relates to conflict of interest. A **conflict of interest** is a conflict between self-interest and professional obligation. Suppose that a manager of a small business hires his sister to do some work in the firm, but she is clearly unqualified to do the work. Giving the position to the sister will help out the family but will create morale problems with the other employees. It may also damage the business if her work does not get done. When making business decisions, employees have an ethical obligation to act in the best interest of the company.

## International Business

### Trade Barriers

Before a business can enter a foreign market, its managers must first recognize the barriers to trade that it faces. For example, a fast-food hamburger restaurant chain will face considerable barriers if it tries to expand into India, a place where beef is seldom eaten. A U.S. company wanting to market its products in Cuba will face prohibitions and regulations from the U.S. government. From cultural barriers to legal and political barriers, there are a lot of things a company needs to consider when looking at expanding into international markets.

### Examples of Languages Across Cultures

**Q:** In Bahasa-Indonesian, how do you say: "Hello"?

**A:** **Halo** (pronounced: Hă-lōw)

What are some cultural differences that might create barriers to trade? How can they be overcome?

### As You Read

Think about how your school operates and the practices that could be included in a school code of ethics.

### ● As You Read

Consider a conflict of interest you have encountered in your life. How did you resolve it?

## Ethical Questions

When you **encounter** an ethical decision and must choose a course of action, ask yourself these important questions:

- Is it against the law? Does it violate company or professional policies?
- Even if everyone is doing it, how would I feel if someone did this to me?
- Am I sacrificing long-term benefits for short-term gains?

## The Ethical Decision-Making Process

Here are some steps to take if you find yourself in an ethical dilemma:

1. Identify the ethical dilemma.
2. Discover **alternative** actions.
3. Decide who might be affected.
4. List the probable effects of the alternatives.
5. Select the best alternative.

Using this process will enable you to make a more informed ethical choice. Making an ethical decision involves more people than just you.

## Section 4.1

### ● After You Read



#### Review Key Concepts

1. What is the difference between personal and business ethics?
2. Describe some of the ways that unethical business practices can affect a business.
3. What is the relationship between illegal behaviors of business and unethical behaviors of business?

#### Academic Skills

4. **Mathematics** A large company decided it would give  $\frac{1}{8}$  of its profits to charity. If the amount given was spread equally among five different charities, what fraction of the company's profits was given to each? What percent of the company's profits is this?

**CONCEPT** **Number and Operations: Dividing Fractions** To divide a fraction, invert the divisor and multiply.



For math help, go to the Math Appendix.



Go to the *Introduction to Business* Online Learning Center through [glencoe.com](http://glencoe.com) to check your answers.

# Social Responsibility

## Reading Guide

### Before You Read

Think about some things a business can do to be socially responsible.

### Read to Learn

- Define what is meant by the social responsibility of business.

### The Main Idea

Social responsibility is the duty to do what is best for the good of society. Producing goods and services that are beneficial to society and providing jobs for people are not sufficient for a business to be considered socially responsible. They are expected to do more. Many businesses provide money for projects that benefit society.

### Key Concept

- Business and Social Responsibility

### Vocabulary

#### Key Term

social responsibility

#### Academic Vocabulary

You will find these words in your reading and on your tests. Make sure you know their meanings.

integrity  
integral

benefit  
sufficient

### Graphic Organizer

In a figure like the one below, list four responsibilities of each business.

#### Business Responsibilities



Go to the *Introduction to Business* Online Learning Center through [glencoe.com](http://glencoe.com) for a printable graphic organizer.

## Academic Standards

### English Language Arts

**NCTE 1** Read texts to acquire new information

**NCTE 4** Use written language to communicate effectively

**NCTE 12** Use language to accomplish individual purposes

### Science

**Content Standard F** Students should develop an understanding of science and technology in local, national, and global challenges

### As You Read

Think about the damage that is done to the environment when people do not recycle.

## Business and Social Responsibility

Business ethics focus on decisions considered good or bad, correct or incorrect. The social responsibility of business takes into consideration all that business does or does not do to solve the problems of society. **Social responsibility** is the duty to do what is best for the good of society. Businesses that follow ethical standards value **integrity** and honesty in employees. Ethics are an **integral** part of their business practices.

Some people believe that if a company produces goods that **benefit** society, it is fulfilling its social responsibility. However, many people and businesses do not think that is **sufficient**. They consider social responsibility to be more than that.

Some firms are very concerned about limiting the damage that they do to the environment. The *Los Angeles Times*, a daily newspaper with more than 1 million readers, uses recyclable paper and environmentally friendly soy-based ink. Automakers such as Honda and Toyota offer eco-cars, which reduce air pollution.



Reading Check

**Explain** What ways can a business fulfill its social responsibilities?

## BusinessWeek Reader and Case Study

### It's Getting Easier Being Green

Interest in integrating business with the needs of the environment is prompting a harder look at achieving a sustainable economy.

Justin DeKoszmovszky, a rising second-year student at the S.C. Johnson School of Management at Cornell University in Ithaca, N.Y., is spending his summer living and working with small-scale farmers in Kenya. As part of a six-person team, he's exploring new opportunities for communities, entrepreneurs, government organizations, local universities, and S.C. Johnson, the school's benefactor. The team has many goals, including finding ways to diversify crops.

Many MBA students are following DeKoszmovszky's path and pursuing careers involving sustainable development, which is defined as a job or project that meets the needs of the present generation without compromising the ability of future generations to succeed.

Usually, sustainability is focused on the environment, but it can also include finding ways for factories to reduce carbon emissions to fundraising for patients who need medicine in Africa. It's the latest "it" field for MBAs.



**CASE STUDY** Go to the *Introduction to Business* Online Learning Center through [glencoe.com](http://glencoe.com) for the *BusinessWeek* Reader Case Study.

### Active Learning

Form a group to explore new opportunities to achieve a sustainable economy in your community. Write a brief presentation to present to an entrepreneur, government official, or local university professor to propose ways to implement your group's ideas.

### Biotechnology

Biotechnology is any technique that uses living organisms to make or modify products, improve plants, or develop microorganisms to serve a specific purpose. The work scientists have done in the biotechnology field has impacted the agricultural industry, the health-care and medical industries, and environmental protection.

### WebQuest

Go to the *Introduction to Business* Online Learning Center through [glencoe.com](http://glencoe.com) for links to Web sites where you can research different examples of how biotechnology has been used by businesses. Write a few paragraphs describing the impact biotechnology has had and the ethical issues, if any, that might arise.

## Responsibility to Customers

Customers are a business's first responsibility. Businesses should offer a good, safe product or service at a reasonable price. The Food and Drug Administration (FDA) is a federal government agency that protects consumers from dangerous or falsely advertised products. Most companies obey the government's rules.

Some companies do not act responsibly in the marketplace, especially when it comes to fair competition. Fair competition between businesses is necessary for the marketplace to operate effectively. It is a major component of a market economy. The market economy relies chiefly on market forces to allocate goods, services, and other resources, and to determine prices. Some companies use unethical tactics to eliminate competition. One of the most common means is to conspire with other companies to control the market for a product. Together, the companies can control the supply of a product and the prices they charge.

When companies restrict competition, consumers are affected. Consumers have fewer choices in what they can buy and how much they have to pay. When a company does not have to compete, its productivity decreases. This can backfire on a business. When the market changes or new markets open up, a company can find itself unprepared to compete. For example, in the 1940s, a handful of entertainment studios controlled the film industry. They kept control by owning most of the theaters. Smaller studios could make movies, but they could not get them shown anywhere. The government sued the big studios and forced them to sell their theaters. As a result, small studios were able to compete in the marketplace.



**Earth-Friendly Products** Many beauty-product companies include mission statements regarding the environment in their advertising and on their labels. Origins™, for one, promises to preserve the earth, animals, and the environment. *What products do you have at home that promise to be environmentally friendly?*



**A Community Concert** People enjoy going to community concerts. **How could a business demonstrate social responsibility by participating in an event like this?**

## Responsibility to Employees

Some businesses provide work experience for people with limited job skills. Many of these people are public assistance recipients. The purpose of such programs is to develop the skills and confidence levels necessary for success.

Volunteerism is another way businesses tackle societal problems. Some companies allow employees to take one or more paid days off during the year to work on community projects.

Businesses have a social responsibility to provide employees with safe working conditions, equal treatment, and fair pay. Less than 100 years ago, however, workers had few rights. Over the years the government has passed laws to protect workers from a range of issues, from child labor abuses to the rights of workers to organize. As the workplace has changed, the government has passed new laws. The Equal Pay Act (passed in 1964) requires that men and women be paid the same wages for doing equal work. More than 40 years later, however, the gap still exists. Another law, the Americans with Disabilities Act, bans discrimination against people with physical or mental disability. More than 50 million workers are likely to be covered by this law.

It is in a company's best interest to treat its workers fairly. Otherwise, it may suffer from low morale, poor production, and a high turnover rate.

### Real World

#### Independent Films

Independent studios, including Lions Gate, Fox Searchlight, Focus Features, and Fine Line Features, have flourished since the 1940s. Some of these studios are subsidiaries of larger studios. They focus on developing less commercial, more character-driven films. *What advantages or disadvantages do you think an independent studio has compared to a large studio?*

## Responsibility to Society

Businesses have responsibilities not only to customers and employees but also to society. One of the biggest social issues facing businesses today is environmental responsibility.

In 1970, the U.S. government created the Environmental Protection Agency (EPA), which enforces rules that protect the environment and control pollution.



Reading Check

**Identify** What is one of the biggest social issues facing businesses today?

### As You Read

Think about owning a business. What type of project would you like your employees to do to benefit your community?

## Responsibility to Creditors and Owners

In the late 1990s and the early part of the 21st century, a number of major corporations reportedly kept inaccurate accounting records. Records showed that the firms had higher profits than they reported. Their behaviors were unethical and unlawful. Such behaviors are harmful to creditors (those who loan money) and outside shareholders (those who are owners but do not work in the business). Because of these behaviors, the federal government passed additional legislation. The Sarbanes-Oxley Act mandates truthful reporting and makes the CEO more accountable for the actions of the financial managers of a firm.

### Section 4.2

#### After You Read

##### Review Key Concepts

1. How is producing a good or service a way of being socially responsible?
2. What is the mission of the Food and Drug Administration?
3. What is one of the biggest social issues that businesses face today?

##### Academic Skills

4. **English Language Arts** Situations involving ethics and social responsibility are not found only in the business world. They come up in everyone's day-to-day life. Write a paragraph explaining an ethical decision made by you or someone you know. Explain what made it an ethical decision and the steps that were taken to make the final decision.
5. **English Language Arts** The terms below all relate to business ethics. Imagine that you are asked to explain these terms to a group of sixth-grade students who are just beginning to study how businesses work. Plan a talk designed to define each term. Give examples that might help a sixth grader understand the ideas.  
code of ethics                      conflict of interest  
social responsibility              volunteerism



Go to the *Introduction to Business* Online Learning Center through [glencoe.com](http://glencoe.com) to check your answers.

# Chapter 4 Review and Activities

## Section 4.1 Summary

**Business Ethics** Ethics are the set of moral principles by which people conduct themselves personally, socially, and professionally. Business ethics are guidelines for how businesses should conduct themselves. Many unethical business practices are against the law. The guidelines that can be used when facing ethical dilemmas are similar to the steps of the problem-solving process. Good ethics can be beneficial for the long-run profitability and success of a business.

## Section 4.2 Summary

**Social Responsibility** Social responsibility is the duty to do what is best for the good of society. In today's society, producing goods and services that are beneficial to society is not enough for a business to be considered socially responsible. Businesses must also be ethical and fair to consumers, workers, creditors, and society in general. Businesses also have a responsibility to the environment. In a corporation, management must be truthful about the financial health of the firm.

## Vocabulary Review

1. On a sheet of paper, use each of these key terms and academic vocabulary terms in a sentence.

### Key Terms

ethics  
business ethics  
sweatshop  
code of ethics  
conflict of interest  
social responsibility

### Academic Vocabulary

principles  
conduct  
encounter  
alternative  
integrity  
integral  
benefit  
sufficient

## Review Key Concepts

2. Define ethics and business ethics.
3. Describe why ethical behavior is good behavior for business.
4. Using the ethical decision-making process, list the steps for dealing with an ethical dilemma.
5. Define what is meant by the social responsibility of business.

## Critical Thinking

6. Give an example of an unethical decision that is not illegal. Can a legal decision also be an unethical one?
7. Do you think the United States should trade with countries that have a poor human rights record? Why or why not?
8. Why do you think businesses with written codes of ethics and ethics programs for their employees have fewer ethical problems than other companies?
9. One study showed that young, inexperienced managers are twice as likely to feel pressured to compromise ethical standards as their older counterparts. Why do you think that is true?
10. Why do you think that some employees tell their managers about unethical behaviors of other workers? Do you think this is a good development?
11. Imagine that your manager says she cannot give you a raise but will allow some personal items in your travel expense report. What impression does that give you of her professional ethics?
12. Is ethical behavior always easy? Why or why not? What can a person do to make the best decision regarding an ethical dilemma?

## Write About It

13. Some people believe that to solve social problems, money should come from government, not businesses. Write a letter to the editor of your local newspaper about your opinion of this stance.
14. Imagine that you discover your company is cheating the government out of thousands of dollars each year. Write a short essay about your options in this case.
15. In a paragraph or two, describe a situation in which you showed ethical behavior that resulted in some positive reactions from others.
16. Think of a business that you believe shows ethical behavior. Write a letter to the business owner about your observations.
17. Write an e-mail to your teacher discussing whether the drive to maximize profits is the reason some businesses are ethical and others are unethical.
18. Businesses have an ethical responsibility to their employees. Describe the type of ethics you would look for in an employer.
19. Write at least two paragraphs detailing ways that the government has helped working people.

## Technology Applications

### Internet

20. Using the Internet, select three codes of ethics from various professions (such as the medical, legal, educational, and accounting fields) or businesses. Compare and contrast the codes of ethics. Report your findings to the class.

## Business Ethics

### Making Ethical Decisions

21. What would you do if a friend at work was making about \$100 worth of personal phone calls each month? Would your answer be different if the cost were \$10 a month? Use the ethical decision-making process to determine what you should do.

# Chapter 4 Review and Activities

## Applying Academics to Business

### English Language Arts

22. Each of the following sentences contains a grammatical mistake. Identify the errors, and rewrite the sentences to make them correct.
- A. Businesses must concerned with environmental issues.
  - B. Most nonprofit organizations are social responsible.

### Mathematics

23. Jimmy's company had a code of ethics that only allowed its sales representatives to accept gifts from clients if they cost less than  $\frac{1}{8}$  of the employee's yearly bonus. The bonuses were equal to  $\frac{1}{36}$  of the employee's total sales for the year. If Jimmy's total sales equaled \$58,000, could he ethically accept a \$250 TV from a client?

#### CONCEPT

#### Number and Operations:

**Multiplying Fractions** Multiply fractions by multiplying the numerators and then multiply the denominators. To find how much Jimmy's bonus will be, multiply \$58,000 by  $\frac{1}{36}$ . Then multiply that product by  $\frac{1}{8}$ .

### English Language Arts

24. Read the following phrases and note the underlined words. Write a sentence describing what they have in common and naming their part of speech.
- decision-making process
- short-term goals

### Mathematics

25. A manufacturing company with 8 million shareholders normally pays a \$2 dividend per share at year-end. Because of an unexpected \$20 million windfall in profits, one member of the board of directors proposes raising the dividend by 40 percent and reserving \$15 million for future environmental cleanup operations. Is there enough extra money to do both?

#### CONCEPT

#### Problem Solving

Solving word problems sometimes requires several mathematical steps. Read the situation described carefully in order to figure out what the steps should be. To better understand the problem, you might try restating the question: *Is \$20 million greater than the additional dividend paid to shareholders plus the \$15 million reserve?*

## Active Learning

### Dealing with a Dilemma

26. Ask a family member if he or she has ever been faced with an ethical issue at work. If so, find out what happened and how it was resolved. Ask that person to explain the steps in making an ethical decision. Write two paragraphs listing what you learned from your conversation.

## Business in the Real World

### Interview a Businessperson

27. Interview a manager of a business in the local community. Ask the manager if the business has a code of ethics and how it is enforced. What are some common violations of the code? Ask for at least three experiences in which ethical behavior was beneficial to the firm. Then prepare a report based on your findings.

## Real LIFE skills

### DEVELOP ETHICAL SKILLS

28. As a class, create a formal code of ethics for the classroom. Be sure to include the purpose of the code, the rules for classroom behavior, the steps for making ethical decisions, and the consequences of breaking the code. Use the code of ethics in the class for the remainder of the year. Revise as needed.

## COOL Business CAREERS

### FIND YOUR DREAM JOB

29. Go to the *Introduction to Business* Online Learning Center through [glencoe.com](http://glencoe.com) for a link to the Occupational Outlook Handbook Web site. Click on the “OOH Search/A-Z Index” link and enter the job title “paralegals and legal assistants.” Then write a one-page report about this type of occupation. Conclude your report with a list of things you could do now to prepare yourself to pursue the occupation.

## Role Play

### BUILDING ON A HISTORIC SITE

30. **Situation** Your firm wants to put up an apartment building on a site where the oldest building in town currently rests. The people in the area are very interested in historical preservation.

**Activity** When the initial planning for the apartment building was made, there was no idea that this property was historically significant. Prepare a report to the president of your firm with recommendations for the project.

**Evaluation** Your report will be evaluated on how well you meet the following performance indicators:

- Explain alternate courses of action.
- Explain the ethical implications of proceeding with the project.
- Describe the community’s reaction to the project.
- Demonstrate an understanding of the ethical decision-making process.

## Standardized Test Practice

**Directions** Choose the answer that is the most effective substitute for the underlined part of the sentence. If no substitution is necessary, choose “Leave as is.”

1. Consider your values and goals when determining the advantages and disadvantages of alternatives: you can use this information to compare and evaluate your choices.

- A alternatives, you can
- B alternatives; you can
- C alternatives. You can
- D Leave as is



**TEST-TAKING TIP** Budget your time. Make sure you have sufficient time to study so that you are well prepared for the test.



**READING** Go to the *Introduction to Business* Online Learning Center through [glencoe.com](http://glencoe.com) for a list of outside reading suggestions.

# Real-World Business and Career Profile

Photo Credit: Benjamin Clasen



**Keri Barney**  
**Ken Hall**  
**Jodene Jensen**

## **Co-Founders, P.B.Loco Holdings**

P.B.Loco Holdings is a company that produces gourmet peanut butter and has cafés, franchises, an online store, and other ventures.

## **Q & A**

### **Describe your job responsibilities.**

**Jodene:** Right now Keri handles the day-to-day operations and takes care of our production facility. Ken and I support our franchisees and handle the finances and the Web site.

**Ken:** For the first three months, the three of us actually made the peanut butter just so we would know how.

**Keri:** We have a daily meeting in the morning. We always have multiple task lists.

### **What skills are most important in your business?**

**Keri:** Knowing how to wear different hats and deal with different people. I was a communications studies major in college; it is a nice skill to have for dealing with people. Basic business knowledge and analytical skills also help.

**Ken:** You have to assimilate a great deal of facts and make sure everything works together as far as your strategy goes.

**Jodene:** So much of what we do involves making decisions. Relationships with other people are also important.

### **What is your key to success?**

**Ken:** When we have a new idea, we're able to implement it quickly.

**Keri:** We're constantly juggling things and staying in communication.

**Jodene:** There's almost a cult-like feeling about peanut butter, because people feel very nostalgic about it. We have a premium product.

### **What advice would you give students interested in starting a business?**

**Jodene:** Learning how to juggle tasks is critical. It's important to do different things. So take a class, play a sport, and if you can, get a job.

**Keri:** Educate yourself in all aspects related to the business. And put in sweat equity, the hard work.

**Ken:** Keep an open mind. There's always something great if you use your imagination.



## **Critical Thinking** *Why is it important to conduct market research before starting a business?*

## Some Qualifications of a Food Services Business Owner

### Academic Skills and Abilities

Mathematics; verbal and written communication skills; general business management; creativity; interpersonal skills; multitasking, organizing, and planning skills.

| Academic Skills Required to Complete Tasks at P.B.Loco |      |         |                       |
|--|------|---------|-----------------------|
| Tasks  | Math | Science | English Language Arts |
| Hold meetings  |      |         | ◆                     |
| Assign duties  |      |         | ◆                     |
| Develop recipes  |      | ◆       |                       |
| Customer service                                       | ◆    |         | ◆                     |
| Contact vendors  |      |         | ◆                     |
| Schedule employees                                     | ◆    |         | ◆                     |
| Order supplies   | ◆    |         | ◆                     |
| Analyze financials                                     | ◆    |         | ◆                     |

### Education and Training

At least a high school diploma, with coursework in basic math and work experience within the food industry or other service-oriented field.

### Career Path

Retail careers often begin with entry-level positions in established stores. Niche businesses, such as P.B.Loco, often spring from a personal hobby or interest.

## Preparing for a Career Self-Assessment Checklist

Use this self-assessment checklist to help determine your career path.

- ✓ Think about your skills, the things that you do well, such as being organized, solving problems, or getting along with people.
- ✓ Write down your interests or favorite activities.
- ✓ Think about the kind of lifestyle you want in the future. What do you want to accomplish? Where would you like to live?
- ✓ Consider your values, the beliefs and principles by which you live. You can determine your values by taking a close look at what you feel is truly important.
- ✓ Write down your aptitudes and abilities. An aptitude is your potential for learning a skill. An ability is a skill you have already developed.
- ✓ Consider your personality. Your personality is the combination of your attitude, behaviors, and characteristics.
- ✓ Determine your learning styles. Learning styles are the different ways people naturally think and learn.
- ✓ Consider the types of careers that might match your skills, interests, lifestyle goals, values, aptitudes, abilities, personality, and learning styles.

# Unit 1 Thematic Project

## Trends in the World of Business

The business world is constantly changing. To meet the challenges of the dynamic business environment, businesses and workers need to understand and react to trends.

### Thematic Project Assignment

In this project, you will research trends that are affecting businesses and careers and write a report about them. These trends include the rise of globalization, the evolution of technology, and the increasing importance of cultural diversity.

### Step 1 Brainstorm Skills You Need to Complete This Activity

Your success in business will depend on your skills. Preview the activity, then brainstorm a list of the skills you will need to use to complete the activity and describe how you will use them. Skills you might use include:

- Academic Skills** reading, writing, math, and science skills
- Basic Skills** speaking, listening, thinking, problem-solving, and interpersonal skills
- Technology Skills** word processing, keyboarding, database, spreadsheet, presentation, telecommunications, and Internet skills



**SKILLS PREVIEW** Go to the *Introduction to Business* Online Learning Center through [glencoe.com](http://glencoe.com) for a graphic organizer you can use to brainstorm the skills you will use to complete the project.

### Step 2 Choose a Business and a Career That Interest You

Think of a business that you find interesting. Then think of a career that interests you. As you investigate trends in business, you will research the effects of globalization, technology, and cultural diversity on the business and career of your choice.

### Step 3 Build Background Knowledge

Preview the business trends you will research.

#### Business Trends

The globalization of the world's economies has increased competition for businesses and jobs. Globalization is the process by which the world economy is becoming a single interdependent system.

Globalization has been spurred by the evolution of technology. New technology has

resulted in the growth of certain jobs and businesses and the decline of others.

Cultural diversity has become increasingly important to businesses. The blending of people with different skills and perspectives in the workplace can help businesses understand and react to an increasingly diverse population.

### Step 4 Connect with Your Community

Interview an adult family member about how the business world has changed. Find out what the workplace was like when he or she first entered the workforce.

## Step 5 Research Business Trends

Use library and Internet resources to research business trends. Use the Preview Project checklist as a guide to your research. Keep records of your sources of information.

## Step 6 Develop a Report

Use word processing and other software to develop a two-page report that includes all of the information described in this checklist.

### Business Trends

- ✓ Describe globalization and the factors that have promoted globalization.
- ✓ Describe the effect of globalization on businesses and the job market.
- ✓ Create a time line showing the technological innovations that have promoted globalization.
- ✓ Describe how technology has changed the global business environment.
- ✓ Explain how technological change has created new businesses and affected existing businesses and jobs.
- ✓ Describe how diversity creates an advantage for businesses.
- ✓ Use information from the U.S. Census Bureau to create a chart that compares the U.S. population today with projections for the population in 2050.

### Self Connections

- ✓ Describe the results of your interview with an adult family member.
- ✓ Describe how technology, globalization, and diversity have affected the business and career in which you are interested.
- ✓ Explain what the investigation and its results mean to you.

## Step 7 Evaluate Your Report

@ **RUBRIC** Go to the *Introduction to Business* Online Learning Center through [glencoe.com](http://glencoe.com) for a rubric you can use to evaluate your final report.

