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

(Updated: June 12, 2017)

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| 1 Which of the following are stakeholders for a small business? | \_\_\_\_\_ Suppliers  \_\_\_\_\_ Customers  \_\_\_\_\_ Employees  \_\_\_\_\_ Out-of-State Competitors | Why is it important for a small business to care about how it treats each of these stakeholders? |
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| 2 How can entrepreneurs demonstrate transparency to key stakeholders? | \_\_\_\_\_ Briefing employees on company financial goals and results  \_\_\_\_\_ Providing suppliers with sales forecasts for the next quarter  \_\_\_\_\_ Telling neighborhood residents that a sidewalk sale was scheduled in a month | What potential benefits would an entrepreneur realize from behaving in these transparent ways? |
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| 3 Which actions demonstrate ethical behavior by a small business owner? | \_\_\_\_\_ Signing an NDA with a supplier but then disclosing that information to a competitive supplier  \_\_\_\_\_ Honoring a stated refund policy to customers  \_\_\_\_\_ Pointing out a billing error where your supplier charged you an incorrect lower price | | **What** are the potential financial and non-financial costs to a small business owner for ***not*** behaving ethically? |
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| Extra Credit: Why would a small business owner act ethically even though it costs the business owner money? | |  | |

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