

Launch Hack: ETHICS & STAKEHOLDERS

“The first step in the evolution of ethics is a sense of solidarity with other human beings.”

What are Ethics? Ethics are a set of moral principles: a theory or system of moral values, that govern a person's or business's behavior, actions and decision making.

What are Business Ethics? Business Ethics are moral principles that guide the way a business behaves. Businesses that take into consideration all stakeholders that may be affected by that company's actions or decisions and demonstrate ethical practices when making decisions are ethical businesses.

What is a Stakeholder? A stakeholder is any person, organization, social group, or society at large that is either directly or indirectly affected by a business.

Examples of Stakeholders:

Owners, Employees, Customers, The Community, Vendors & Suppliers, Investors & Shareholders, Governments, the Environment.

No matter what type of business you are in, you are in the position to affect either people or the environment around you. There are stakeholders in every type of business and it is important to understand how business decisions affect each of them.

Doing Well AND Good



Typically, businesses are created to make money and to be profitable (of course!) Most business owners are moral, caring people that want to contribute to positive change in the world. GOOD NEWS - These motives don't need to conflict with each other! A business can do well financially and it can also do good in the world.

Tweet Tweet... Bad Ethical Practices = Bad Publicity



There has been a huge shift over the past few years that has forced businesses to completely rethinking their values, ethics, and stakeholders. With social media creating more and more transparency, there is a large focus on social accountability, making the decisions of a company everyone's business.

Put Ethics into Play



Business ethics consist of the actions of individuals (people) working within businesses. That is why it is important to know your company's values, mission, and expectations of ethics so that everyone in the organization knows the standards. This is also known as **governance**, the process that leads and governs an organization.

One World



Globalization has made all of us interconnected. The decisions we make can affect someone on the other side of the world. It is our responsibility as global citizens to make sure that the businesses that we create or the businesses that we are working for are doing the best to contribute to a better future.

Let's Practice:

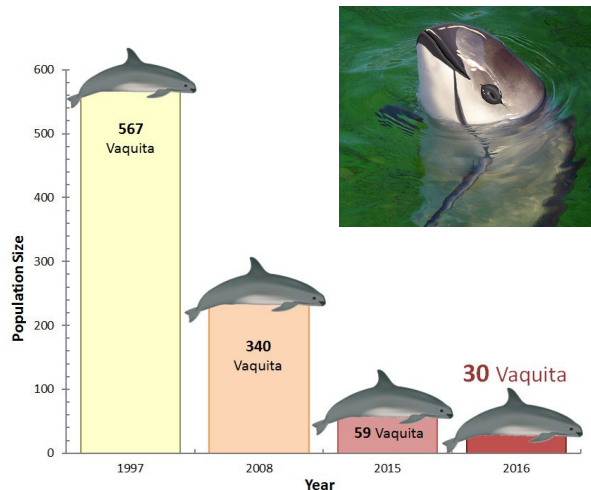
DOLPHIN DILEMMA

SAN FELIPE is a remote desert community in Baja, Mexico that sits on the shores of the Sea of Cortez, only 250 miles from San Diego. San Felipe was founded in 1916 as a small fishing port. The entire town is built around their fishing industry, bringing in approximately 250,000 tourists each year.

Vaquita dolphins are mini dolphins that live only in this small area around San Felipe. They are now on the endangered species list due to the massive amounts of them being entangled and killed in fishing nets set by fishermen in the Sea of Cortez. In order to save the Vaquita, Mexico has established a law preventing the San Felipe fisherman from fishing with nets in the Sea of Cortez. This law has ended the fishing industry in this small town.

STAKEHOLDERS

- San Felipe Community
- Fishermen
- Families of Fishermen
- Local Restaurants
- Local Seafood/Grocery Stores
- Boat Workers
- Tourists
- Vaquita Dolphins



EFFECTS

Loss of Income = For Fisherman
↓
Loss of Product for Restaurants and Stores
↓
Loss of Customers for Restaurants and Stores
↓
Loss of Jobs

POVERTY

Increase in Crime
↓
Decline in Tourism
↓
Exodus of community in order to find work

This once booming fishing town and tourist attraction is now experiencing what could be the end of their city.

**We have helped the Vaquita, but what have we done to the community?
Is it possible to save both?**

What is the solution?

Facilitator's Guide:



ETHICS & STAKEHOLDERS



THE GOAL:

The objective of this activity is for the participant(s) to understand the role that ethics plays in business decisions. Students should be able to define ethics and stakeholders and brainstorm who the stakeholders are for a particular industry.

THE LOGISTICS:

- Introduce the definition of ethics. Explain how ethics play a role in business decisions and that stakeholders are those who are impacted by the decisions.
- Brainstorm who the stakeholders are related to Starbucks Coffee. Record the stakeholders on a whiteboard or flipchart. Remind the participant(s) that this is anyone who is impacted by the company. This list may include: company founders, owners/investors/shareholders, employees, customers, farmers, communities (both where the coffee is grown and where the coffee is sold), and the environment.
- If more than 3 participants, divide into small groups and have them read the "Dolphin Dilemma." Ask each group to present their stance on the dilemma, including what their approach would be if they were in charge. Probing questions may include:
 - Did the Mexican government make the right decision in prohibiting the use of fishing nets?
 - Is reviving the Vaquita dolphin more important than saving the community?
 - Is there a solution that saves both the dolphin species and the community?

THE ITEMS:

- Launch Hack (one per participant)
- Whiteboard or flipchart for brainstorming

THE WRAP:

In business and in life, decisions are not always black and white. There are often circumstances where a choice positively impacts one stakeholder, while negatively impacting another. It is critical that we are aware of the ripple effects of our decisions and think through these effects with care before we take action.