

# Excellence through Ethics™

Session 16

*Why Choose a  
Not-for-Profit Enterprise?*



**Middle School**



**Junior Achievement®**



*Excellence through Ethics*

**Middle Grades**

**Session 16**

*Why Choose a  
Not-for-Profit Enterprise?*

**Content:** Ethics and Not-for-Profit Enterprises

**Methods:** Group Project

**JA Foundational Pillars:** Ethics, Entrepreneurship, and Financial Literacy

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# Acknowledgements

## Sponsorship

JA Worldwide® (Junior Achievement) gratefully acknowledges Deloitte & Touche USA LLP for its commitment to the development and implementation of the supplementary program *Excellence through Ethics*. JA Worldwide appreciates its relationship with Deloitte & Touche USA LLP to develop and implement vital and innovative programs designed to foster ethical decision-making skills.

## **Why Choose a Not-for-Profit Enterprise?**

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### **Overview**

This activity introduces the not-for-profit (NFP) sector as a specific class of enterprise. NFPs are valuable resources and operate by many of the same principles as business, particularly in upholding high ethical standards. Many NFPs are dedicated to the advancement and protection of people, their communities, and the environments in which they work.

### **Objectives**

Students will be able to:

- Identify the ethical standards and expectations for this type of enterprise.
- Describe ways in which the NFP sector is both alike and different from the business sector.
- Create a framework that defines and guides a new, not-for-profit organization, including an appropriate name, mission statement, and basic values.

### **Preparation**

Review the activity. Prepare the necessary copies and session materials.

Group work is incorporated into this session. You may consult with the teacher to determine how best to form the groups.

Post Key Terms and definitions in a visible place.

- **Ethics:** The standards that help determine what is good, right, and proper.

### **Recommended Time**

This session typically takes 45 minutes to complete. Ask the teacher to help you keep track of time.

### **Materials**

- BetterWorld Enterprise Handouts (1 per group)
- A board, or easel sheets that can be taped to the wall
- A mission and values statement from a NFP you support or work with
- Pens or pencils (1 per student)

### **Presentation**

#### **Introduction (5 minutes)**

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Greet the students. Ask if the goal of every enterprise is to make a profit.

Introduce students to basic knowledge about the not-for-profit sector.

## **Activity**

### **Analyzing NFPs (15 minutes)**

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Explain to students that NFPs are enterprises that are both alike and different from for-profit businesses. NFPs often are thought of as “charitable organizations,” such as the Salvation Army, American Red Cross, and religious institutions. Explain that NFPs are tax-exempt and to be not-for-profit organizations, they must meet certain criteria set forth by the Internal Revenue Service.

Ask students to name NFPs they’re aware of, and write their responses on the board or easel sheets. Be prepared to determine whether some examples are true NFPs, as opposed to governmental institutions or for-profit businesses with similar missions. For example, state and local governments operate some hospitals, but other hospitals have switched to for-profit status.

NFPs in the United States serve a wide variety of causes and missions. General categories include:

- Charity and relief aid
- Education
- Conservation and preservation
- Religion
- Health and medical services

Return to the list on the board or easel sheets and invite students to categorize the NFPs they’ve listed.

Ask students to describe a few of the main ways that NFPs are different from commercial businesses. They don’t operate for profit or to return dividends to investors. They don’t pay the same kinds of taxes that businesses pay. They receive donations, and many receive both government and NFP foundation aid.

Ask, “What would happen if the Girl Scout organization operated as a business and was required to show a profit from its operations and pay dividends and taxes?” **Answer:** The organization would have to market to those who could pay a higher price for membership, goods, and services. As a not-for-profit organization, it is able to serve more members at lower economic levels within the larger community.

Emphasize that many community-minded, for-profit businesses share the missions of NFPs and fund their work. Point out that the value of the services provided by NFPs often is incalculable.

Share the NFP mission and values statement you brought. If students are not familiar with the organization, briefly explain its work. Emphasize the ethics content in the values statement.

Ask, “Are NFPs held to higher ethical standards than for-profit businesses?” **Answer:** No. Just as the leadership of a public company is charged with maintaining and creating value for shareholders, NFPs must have high ethical values to create maximum trust and goodwill with its contributors and other stakeholders. The integrity and conduct of leaders, employees, and volunteers is extremely important.

Explain that NFPs are supported by some combination of the following:

- Donations
- Grants from the government and other NFP foundations
- Bequests
- Volunteer labor force
- Unpaid, public-service advertising
- Investments
- Income from services and products provided
- Fundraising activities (benefits, auctions, raffles, events)
- Membership dues

NFP organizations must be good stewards of all their resources and invest their funds to achieve growth in value. Point out the need for NFPs to make secure, less speculative investments. Explain that donors have a legitimate level of expectation as to how donated funds will be used and that expenses/ administrative overhead should be kept to a minimum so the greatest percentage of each dollar raised is directed toward an NFP's mission.

Federal, state, and local governments carefully regulate NFPs that are required to have a board of directors, which is usually made up of volunteers. Many business leaders serve on the boards of these organizations. Fundraising is a major activity of the board and other volunteers.

Inform students that there are many similarities in operating for-profit and not-for-profit enterprises. Point out that the basic business and economics principles are similar to those of a for-profit business. For example:

- Efficient use of scarce resources
- Entrepreneurship
- Competition
- Marketing and pricing, where applicable
- Product differentiation (Girl Scout cookies, for example)
- Value and use of volunteers as a major human resource
- High level of ethical and social responsibility
- Responsible financial management

Conclude by reminding students that not-for-profit organizations are an important part of the larger community. They operate by many of the same economics and ethics principles as for-profit business. The two types of enterprise have a lot to offer each other in making our communities better and stronger.

## **Activity**

### **BetterWorld Enterprise (20 minutes)**

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Review the list of general categories of not-for-profit organizations, plus any examples that emerged from the discussions.

Based on their interest in the various areas, separate the class into groups of four or five. Assign more than one group in a general category, as necessary. Choose a group leader or rely on emerging leadership. Each group should have a spokesperson report to the class.

Announce that each group will create the basics of its own not-for-profit enterprise with a mission and cause it decides is important.

Distribute the BetterWorld Enterprise Handouts and briefly instruct students in each topic:

- **Organization Name:** Emphasize that product name and branding principles apply. It's important that an NFP's name anchors its mission and purpose, for example, Sierra Club, Save the Children Foundation, Goodwill Industries.
- **Mission Statement:** Stress that this should be brief and compelling to inspire strong support from employees, funders, volunteers, and the public. It should reflect a commitment to ethics and integrity.
- **Values:** Based on your group's mission, what are the most important values you want your leaders, employees, and volunteers to uphold? Shared values help define an organization's expected core behaviors.
- **Funding:** How will your organization be supported?

After groups have completed the worksheets, listen carefully to reports from spokespersons from each group. Make positive, supportive comments regarding students' comprehension of the material presented.

### **Summary and Review (5 minutes)**

Briefly review the vocabulary introduced in the session.

Students should conclude that there is a need for both for-profit and not-for-profit enterprises. Not-for-profit organizations depend upon the efficiency, success, and volunteerism of for-profit businesses. Most economics and ethics principles apply equally to each enterprise. The relationship between the two is very important to ensure a high standard of ethics, good will, and social improvement.

Thank the students for their participation.

## **Session Outline**

### **Introduction**

- Greet the students.
- Ask students, “Must all non-governmental enterprises operate to generate a profit?”
- Introduce the not-for-profit concept and ask students to give examples of NFPs.

### **Activity**

- Compare the similarities and differences between for-profit and not-for-profit enterprises.
- Share and explain the mission and values statement from your selected not-for-profit organization.
- Stress that NFPs cultivate community trust and support by adhering to high ethical standards.
- Discuss how NFPs are organized and funded differently than business enterprises.
- Compare ways that JA business and economics principles apply to for-profit organizations.
- Conduct the BetterWorld Enterprise activity.

### **Summary and Review**

- Review the Key Terms for the session.
- For-profit and not-for-profit enterprises need each other, and many share similar missions to create a better world.
- Thank the students for their participation.

## **BetterWorld Enterprise Handout**

In your group, brainstorm and come up with an idea for a new, not-for-profit enterprise. Using what you have learned, decide and state the following key steps to start your enterprise. One spokesperson from each group will report to the class.

Organization Name: \_\_\_\_\_

Mission Statement:

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Key Values:

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_

The organization will be supported (funded) by: \_\_\_\_\_

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# Appendix

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## Welcome to Junior Achievement's *Excellence through Ethics*

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As a Junior Achievement (JA) volunteer or teacher, you are joining other teachers and volunteers from across the United States in providing students with a unique educational experience. Junior Achievement's *Excellence through Ethics* offers students learning opportunities to share knowledge and information regarding ethics in business. JA strives to show students how business works, and to better evaluate organizations that conduct their operations in the right way.

*Excellence through Ethics* is designed to equip volunteers and teachers with supplemental, ethics-based activities for use with JA in-class programs for grades four through twelve. All these activities provide students with current and essential information about business ethics.

These activities are designed to reinforce students' knowledge and skills, teach them how to make ethical decisions, assist them in learning to think critically, and help them to be better problem-solvers. All the activities are hands-on, interactive, and group-focused to present the material to students with the best instructional methods.

Within these supplements, you will find sections to help you effectively implement the activities in your volunteer experience. Materials include: (a) an introductory discussion of business ethics, marketplace integrity, and the growing capacity of students for ethical decision-making; (b) activities and student materials that connect to and expand current classroom-based Junior Achievement programs; and (c) a functional glossary of terms relating to a wide spectrum of ethics, quality, service, and social responsibility considerations in business.

JA greatly appreciates your support of these important and exciting activities. If you have comments about the *Excellence through Ethics* program content, curriculum, and/or instruction, please access <http://studentcenter.ja.org.aspx/LearnEthics/> and choose the “*Excellence through Ethics* Survey” link located in the middle of the page.

# Appendix

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## Introduction and Overview

- *How do I do the right thing in this situation?*
- *Should I be completely honest, even if it puts others in jeopardy?*
- *What kind of community do we want to be?*
- *How do we do what's best for the long term?*
- *Who should cover the cost of "doing the right thing"?*

These are all questions having to do with business ethics. They are valid and necessary questions, and good business people have asked them for generations. They form the backdrop of vital discussions as business, community, and political leaders grapple with significant issues. Many students would ask these questions, even if Junior Achievement hadn't developed this ethics curriculum.

## Business Ethics Discussions Are Here To Stay

Business ethics has been in the spotlight for much of the past decade, especially as examples of wrongdoing come to light in the media. New technologies and international competitive pressures cause a steady focus on the question, "Is it possible to be competitively successful in business today and still operate in an honest and ethical manner?" The past decade has seen individuals search for deeper personal meaning in the workplace, which has contributed to lively ethics discussions in the business realm. For these reasons, the discussion of business ethics is not a passing fad; it's here to stay.

Many graduate schools of business have either required ethics coursework or integrated ethics principles throughout all areas of study. That is commendable. We believe this vital area of exposure and instruction also should happen at earlier ages and continue throughout the students' educational journey. Many of today's students haven't had access to a well-rounded education in economics and free enterprise or have come to see these in a very negative light. They have limited awareness of the extent to which good business leaders engage in the challenging exercises of ethical decision-making amid heavy competitive pressures. As students learn the general principles of economics and business, it's critical that these be underpinned with a strong foundation in ethics. This will accentuate the best in American business traditions, while laying the groundwork for students' continued evolution into future generations of leaders.

## Integrity in the Marketplace?

Many adults and young people choose to believe that the marketplace is driven only by greed. They view it as bringing out only the worst in human behavior, demoralizing the human spirit, and driving out any sense of idealism. While elements of greed and extreme self-interest among some individuals cannot be denied, solid research has shown time and again that companies with a long-term focus on ethics and a broad consideration of stakeholders' interests are much more profitable than those lacking such a focus.

James A. Autry, in his book *Love and Profit: The Art of Caring Leadership*, said it well: "I do not doubt the presence of greed in the marketplace because I do not doubt the presence of greed in people. But, I also do not doubt the ennobling aspects of work, of the workplace, of the community, of endeavor, of

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the marketplace. So I choose to believe that most of the marketplace is driven by people who want to do good work for others and for themselves.”

*Excellence through Ethics* accepts the challenge of educating youth in the basics of economics and business while establishing a positive balance on the side of well-informed, ethical business practice. This may appear to place a heavy burden on Junior Achievement volunteers, who are not trained ethics experts. The following informational pages will not turn you into an ethics expert. That’s not what we’re striving for here. What students need most is meaningful interaction with people who are willing to engage in a discussion of these vital issues.

## **Lively Practitioners Rather Than Dry Theorists**

This program is more about day-to-day ethics practice than the nuances of ethics theory. Some believe that working in business requires a disconnect from one’s personal ethics. We do not believe this is the case. Students need to know that what they learn about fairness and honesty in general also applies to business. While business ethics may address some specific areas of business practice, it’s not a separate and distinct specialty to be set apart from the general ethical principles that apply in other areas of life. Young people need to encounter the wisdom of age and experience that volunteers bring to the classroom.

## **Students’ Growing Capacity for Ethical Decision-Making**

*Excellence through Ethics* is designed to foster discussions at the appropriate level for each age group. The curriculum developers have designed the ethics activities with sensitivity to student’s mental maturity. At the late elementary and middle-grades levels, students’ capacities for ethical reasoning tend toward good personal behavior as determined by adult rules and authority. In relationships, personal trust, loyalty, and respect are of paramount importance. For these students, corporate ethical behavior is viewed in much the same light as their own personal behavior: it’s governed by rules.

As students advance into high school, their ethical decision-making moves into the larger arena of social contracts and systems that guide and govern societal and group behavior. Here the rationality and utility of laws are scrutinized, as students become more capable of higher-ordered, principled thinking. Students are increasingly aware of the diversity of values among different cultures and communities. At this level, students’ capacities for processing the complex, ethical dilemmas that may be encountered in business are greatly enhanced.

You will gain confidence as you come to realize that conducting a robust, provocative discussion with students is more important than “having the right answer.” The activities have been designed to leave room for lively discussion and multiple points of view. Having the courage to share your own experiences is very valuable to students.

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You don't have to apologize for the excesses students may see in business. Don't assume responsibility for actions that are not your own, and do not try to defend the indefensible. While accentuating the fact that most businesses operate ethically, it's okay to scrutinize the unethical players in the marketplace who give business in general a bad name.

## **Continuing Education**

Teaching this material to students will no doubt strengthen and enhance your own ethics awareness and continuing education. Some students will challenge your best reasoning capacities. Having your own support network of professional colleagues with whom you can share and discuss some of these issues is very valuable. It's also helpful to seek out colleagues with philosophical views that differ from your own. This serves as a valuable "cross-pollination" function because you will be able to understand and discuss a variety of views with students, as well as share students' perspectives with your colleagues. In this way, everyone learns.

Finally, please be assured that your contributions here have tremendous value to students and will serve to upgrade business ethics in the future. We're dealing with the future generation of leaders in their formative years. We can take pride in the fact that we've had a hand in shaping the very people who will be responsible for business ethics and social responsibility in the future.

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## Acknowledgements

Many educators, economists, businesspeople, and consultants have contributed to the development of *Excellence through Ethics*. We would like to acknowledge the following individuals and groups for their efforts, creative talents, and support in creating these materials:

### **Deloitte & Touche USA LLP**

#### **Junior Achievement Blue Ribbon Panel on Ethics**

Charles E. Abbott, Director, Ethics and Compliance, Textron Inc.

James D. Berg, Director, Ethics and Business Practice, International Paper

Arthur P. Brief, Ph.D., Lawrence Martin Chair in Business, Director of Burkenroad Institute, A.B. Freeman School of Business, Tulane University

Frank Daly, Corporate Director of Ethics and Business Conduct, Northrop Grumman Corporation

Gary L. Davis, Executive Vice President, Chief Human Resources and Administration Officer, J.C. Penney Company, Inc.

Jacquelyn Gates, President and CEO, SOARing LLC

Patrick J. Gnazzo, Vice President Business Practices, United Technologies Corporation

Frances Hesselbein, Chairman, Leader to Leader Institute (formerly the Peter F. Drucker Foundation)

Evelyn Howell, Executive Director, Business Practices & Compliance, Sara Lee Corporation

William A. McCollough, Ph.D., Director, Business Ethics Foundation and Research Center Administration, Warrington College of Business, University of Florida

John H. O'Byrne, Vice President, New York Life Insurance Company

John Pepper, Chairman, Executive Committee of the Board, The Procter & Gamble Company

Eric Pressler, Director of Legal Compliance and Business Ethics, PG&E Corporation

Jack Robertson, Ph.D., Charles T. Zlatkovich Centennial Professor in Accounting, Department of Accounting, University of Texas–Austin (retired)

Harold Tinkler, Chief Ethics Officer, Deloitte & Touche LLP

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## **Excellence through Ethics Writers and Consultants**

Ron Ausmus, Integrity Associates

Susan Dilloway

Karen D. Harvey, Ed.D., Educational Writer and Diversity Curriculum Consultant

Insight Education Group

Motion Picture Association of America Public Relations Council

Dave Somers, Owner of Brevity; Adjunct Professor, DeVry University

## **Excellence through Ethics Junior Achievement Pilot Offices**

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## Appendix

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### **Excellence through Ethics Evaluation**

Junior Achievement has discontinued all paper versions of program surveys. However, we greatly appreciate your comments and feedback about *Excellence through Ethics*. Please help us improve the quality of *Excellence through Ethics* by sharing your comments through our new online survey process. The online survey should take less than 10 minutes to complete.

If you have comments about the *Excellence through Ethics* program content, curriculum, and/or instruction, please access <http://studentcenter.ja.org/asp/LearnEthics/> and choose the *Excellence through Ethics* Survey link located in the middle of the page.

**Thank you for participating in JA!**



## Excellence through Ethics Volunteer Survey

1. Including this session, how many individual sessions of Excellence through Ethics have you presented? \_\_\_\_\_
  
2. Do you feel that the students were engaged through this session?
  - A. Not at all
  - B. Somewhat engaged
  - C. Engaged
  - D. Very Engaged
  - E. Unsure
  
3. Do you feel the session was relevant to students?
  - A. Not relevant
  - B. Somewhat relevant
  - C. Relevant
  - D. Very relevant
  - E. Unsure
  
4. Do you feel students are more prepared to make ethical decisions after participating in this session?
  - A. Significantly more prepared
  - B. Somewhat more prepared
  - C. Somewhat less prepared
  - D. Significantly less prepared
  - E. Unsure
  
5. On a scale of 1 to 10 (10 being excellent), how would you rate the overall quality of the Excellence through Ethics session? \_\_\_\_\_
  
6. After this JA experience, how likely are you to volunteer for JA again?
  - A. More likely to volunteer
  - B. Less likely to volunteer
  - C. No more or less likely to volunteer
  - D. Unsure
  
7. What comments or suggestions do you have regarding the overall session (including format, content, etc.)?

Optional: City \_\_\_\_\_

State \_\_\_\_\_ Country \_\_\_\_\_

Email \_\_\_\_\_

## Excellence through Ethics Student Survey

1. What grade are you in? \_\_\_\_\_

2. Please fill in the circle that best describes how you feel about the following statements.  
There is no right or wrong answer.

	Strongly Disagree	Disagree	Neither agree or disagree	Agree	Strongly Agree
This topic is very important.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I am able to apply what I learned in this session to the real world.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The activities were interesting.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I learned something about ethics from this session.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

3. Do you feel more prepared to make ethical decisions after participating in this session?

- A. Significantly more prepared
- B. Somewhat more prepared
- C. Somewhat less prepared
- D. Significantly less prepared
- E. Unsure

4. I saw someone at my job taking money from the cash register, I would:

- A. Ask someone I trust what I should
- B. Tell a supervisor
- C. Talk to the person taking the money
- D. Do nothing
- E. Not sure

5. To help us better understand who you are, please answer the following questions: How do you describe your ethnicity (family background)? (Fill in all that apply)

- A. African American
- B. Asian American
- C. Latino (a) or Chicano (a)
- D. European American (white)
- E. Native American
- F. Other – how do you identify yourself? \_\_\_\_\_

6. Do you have any additional comments regarding this session?

Optional: City \_\_\_\_\_ State \_\_\_\_\_ Country \_\_\_\_\_