

Checkpoint 3.1

1. Describe the importance of a business code of ethics.

Answer: A company's code of ethics provides general principles or values, often social or moral, that guide an organization. A code of conduct lists the acceptable behavior for specific business situations. It is based on a company's code of ethics.

2. What is the difference between a code of ethics and a code of conduct?

Answer: A code of ethics is a set of principles to guide decision making. A code of conduct is a set of rules for specific situations when dealing with customers, vendors, and fellow employees.

3. Why is it important to have employees sign a confidentiality agreement?

Answer: A confidentiality agreement is important when a business has product information that would benefit competitors if they had it. These agreements can also prevent former employees from working for a competitor for a certain time period.

4. What is a conflict of interest?

Answer: A conflict of interest is when an employee has competing interests or loyalties.

5. Describe why it is important not to send spam.

Answer: Marketing efforts should include sending e-mails only to customers who have given that permission. Sending spam can reflect poorly on an entrepreneur's business.

Checkpoint 3.2

1. Explain how an entrepreneur can be socially responsible.

Answer: Entrepreneurs can be socially responsible by donating to nonprofits, recycling, supporting local businesses, using nonanimal testing, or supporting a cause like cancer research.

2. Socially responsible entrepreneurs are aware of which three categories of issues?

Answer: Social, economic, and environmental.

3. What is philanthropy?

Answer: Philanthropy is promoting the welfare of others—usually through volunteering, protecting resources, or donating money or products.

4. Name three ways business owners can protect the environment.

Answer: Student answers will vary, but can include the following: Use environmentally friendly or *green* products—both in the business and when packaging products. Provide customers with reusable shopping bags or those made from recycled materials. Recycle everything the business uses, such as paper, printer cartridges, or glass bottles.

5. How might companies use the Internet to discuss their socially responsible efforts?

Answer: Many companies discuss their socially responsible activities on their websites and through social media. This makes a statement about the business and its dedication to the community. It is good for public relations and makes the company visible to current and potential customers as well as employees.