



Ethical Dilemma

ABC Childcare Scenario

Description	An ethical dilemma: government support for ABC Childcare centres
Task Type	in-class activity, tutorial, assignment
Time	45 minutes-1 hour
Level	Appropriate at a later level
Class Size	Small or large classes. Class needs to be divided into groups of 4 students
Learning Outcomes	<p>Students should be able to:</p> <ul style="list-style-type: none"> ✦ Demonstrate an understanding of social responsibility and sound business practices in the context of a failed company. ✦ Demonstrate an understanding of the role of government following corporate failure. ✦ Demonstrate an understanding of the ethical issues involved.
Method	<p>Students are asked to read the attached summary before the class. Divide the class into groups of 5 students and allocate a representative position to each member: one student should represent the parents and children in ABC centres, another the staff, another, the ABC shareholders, another, the company directors, and the final student the tax payers. Representatives of the same interested parties from each group should get together to discuss their responses to the following questions. The original groups with a diverse range of stakeholders should reform for further discussion.</p> <ul style="list-style-type: none"> ✦ Justify the decision of the Australian government to support the child care centres run by ABC Learning after the failure of the company. Are the arguments convincing? ✦ Have the directors of ABC exercised sound corporate governance reflected in transparency of business operations in a socially responsible manner? What are the ethical implications of your

	<p>findings?</p> <ul style="list-style-type: none"> ✦ Should there be some limits on pay outs for corporate leaders whose failed companies receive government-funded bail outs? If so, how should these be determined? <p>Each group should prepare a summary response synthesising the views of the stakeholders to each of these questions.</p>
Concluding Activity	<p>Each group should present a summary to the class of the issues covered in their discussion. The class discussion should cover:</p> <ul style="list-style-type: none"> ✦ The arguments for and against government bailouts of private companies. ✦ Principles of sound corporate governance and social responsibility. ✦ The arguments for and against regulating executive pay. ✦ The ethical dimensions of the questions.
Assessment	<p>Group oral or written reports.</p> <p>Students could be assessed individually on a written report addressing the questions. The length would depend on the weight given to the assignment. Material covered in group discussions would form a basis for individual assignments.</p>
Student Instructions	<p>Students may require some additional guidance on ethical frameworks and the topic of sound corporate governance that reflects social responsibility.</p>
Additional Material	<p>Students are asked to read the attached summary on ABC Learning. The annual reports of ABC Learning are available at www.childcare.com.au and provide useful background information. The Australian Government also has a web site detailing its involvement with ABC Learning [Link]. Students will be asked to take on the role of one of the major stakeholders in ABC Learning and to argue a case in answer to each of the questions. The final solution offered by the group will involve a compromise between each of the stakeholder positions.</p> <p>Gary Banks speech on the issues raised in the Productivity Commission's 2009 enquiry into executive remuneration is available on the PC web site [Link].</p>