

BUSINESS ETHICS

“Making the Right Choice”

Definition

ETHICS - complex of morals or rules of conduct followed by an individual....



- ▣ Doing the right or moral thing when no one is looking
- ▣ It is a moral and business choice
- ▣ Ethics are supposed to improve our lives and invoke good feeling

Facts

- ❑ Ethical misconduct in the business world is soaring -- reaching levels not seen since before the 2001 Enron scandal.
- ❑ Employees are unlikely to report ethical misconduct when they witness it.
- ❑ The number of companies that are successful in incorporating a strong enterprise-wide ethical culture into their business has declined since 2005. Only 9% of companies have strong ethical cultures.

Facts

Reporting misconduct in business organizations

- ▣ **65% don't report misconduct.**
- ▣ 68% feared retribution from their supervisors.
- ▣ 96% feared being accused of not being a team player.
- ▣ 81% feared corrective action would not be taken.

Unethical - Examples

▣ Things that are considered unethical related to school:



- Plagiarism
- Downloading unauthorized music/movies
- Cheating on exams
- Forging signatures
- Fabricating/falsifying information or data

▣ Things that are considered unethical related to business:

- Abuse of power
- Falsify financial reports
- Sell defected products
- False advertising
- Distribute incorrect data on products
- Create a hostile environment



Business Ethics

- ▣ Business ethics is no longer an academic matter, it is very much about the bottom line.
If a corporate leader chooses not to address business ethics, he or she is increasing the risk of:
 - fines, penalties
 - the cost of litigation
 - the loss of reputation, and the defection of investors

Business Ethics

Business ethics includes:

- ▣ The character of the CEO and other executive leaders (most important point)
- ▣ Rules of the industry
- ▣ Treatment of employees
- ▣ Social responsibility
- ▣ Awareness of the pitfalls of the profit motive
- ▣ Practices of both the individual and the company



Risk – Business Ethics

- ▣ It's a risk that can harm or even destroy a business
- ▣ It's a risk that can DESTROY your career
- ▣ It's a risk that can cause incarceration
- ▣ It's a risk that can RUIN your reputation
- ▣ It's a risk that you can SUFFER with for the rest of your life

Avoiding Unethical Situations

How do you avoid “unethical” decisions:

- Stay true to yourself – meaning, do what is right for you without compromising your morals/values
- READ, READ, READ articles and the company’s Code of Conduct
- Be honest and let your peers/boss/co-workers know that you will not involve yourself in unethical practices
- Have unethical requests put in writing by the person requesting it



Problem

You work in the accounting department of your company and learn that a customer has been overcharged \$100 per month.

The customer has not yet caught the error. Nevertheless, you bring the matter to the attention of your supervisor, and you are nicely told to mind your own business. It is apparent that nothing will be done about the past overcharge and that there may be additional overcharges in the future.

You know that your supervisor does not like to be challenged on any point and has reacted vindictively in the past against those who opposed her. What do you do?

Resolutions

- ▣ What would you do:
 - Ignore what your boss said and contact the customer
 - Act like you did not see it and did not hear your boss' comment
 - Send an email to your boss about your findings
 - Tell another employee so you will have backup after you act on the information
 - Quit your job

Problem

You have a friend that has a copy of a course final exam. You are not passing the course and you are supposed to graduate next week.

- ▣ What would you do?
 - Ignore it and try your best to pass the course
 - Asked the person what is on the exam, but you do not look at it
 - Copy the exam
 - Tell the instructor

Alleged – Unethical Companies

- ▣ Halliburton
- ▣ Healthsouth
- ▣ Diebold
- ▣ Clear Channel
- ▣ Bayer
- ▣ Boeing
- ▣ Safeway

Unethical Companies - Reasons

Money
and the
Avoidance
of being “shut” down

Things to Remember...

- ▣ Ask yourself: Whatever I do, would I want it to be printed in the Houston Chronicle.
- ▣ Will I be able to sleep at night and look in the mirror at myself every day?
- ▣ Is it really worth losing my career, family, and reputation?
- ▣ Who does it benefit?
- ▣ Will I be able to move on without repercussions?

