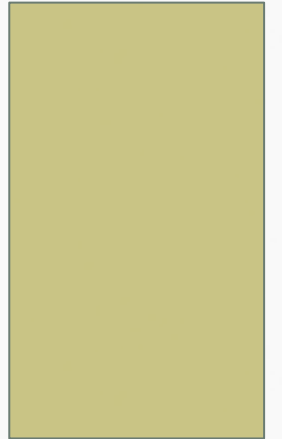


WK 1

ETHICS IN INFORMATION TECHNOLOGY



OBJECTIVES

1. What is ethics, and why is it important to act according to a code of principles?
2. Why are corporations interested in fostering good business ethics?
3. Why is business ethics becoming increasingly important?

OBJECTIVES (CONTINUED)

4. What are corporations doing to improve business ethics
5. What approach can you take to ensure ethical decision making?
6. What trends have increased the risk of using information technology unethically?

WHAT IS ETHICS?

- **Moral code**
 - Set of rules
 - Establishes boundaries of generally accepted behavior
 - Different rules often have contradictions
- **Morality**
 - Social conventions about right and wrong
 - Widely share

WHAT IS ETHICS? (CONTINUED)

Morality may vary by:

- Age
- Cultural group
- Ethnic background
- Religion
- Gender

DEFINITION OF ETHICS

- Ethics is a set of beliefs about right and wrong behavior
- Ethical behavior conforms to generally accepted social norms
- Virtues
 - Habits that incline people to do what is acceptable •
- Vices
 - Habits of unacceptable behavior
- Value system
 - Scheme of moral values

INTEGRITY

- Integrity is a cornerstone of ethical behavior
- People with integrity
 - Act in accordance with a personal code of principles
 - Extend to all people the same respect and consideration that you desire
 - Apply the same moral standards in all situations

ETHICS IN THE BUSINESS WORLD

- Risk is the product of multiplying the likelihood of an event by the impact of its occurrence
- Risks associated with inappropriate behavior have increased due to
 - Globalization
 - Heightened vigilance by
 - Employees
 - Shareholders
 - Regulatory agencies

WHY FOSTERING GOOD BUSINESS ETHICS IS IMPORTANT

- To gain the goodwill of the community
- To create an organization that operates consistently
- To produce good business
- To protect the organization and its employees from legal action
- To avoid unfavorable publicity

GAINING THE GOODWILL OF THE COMMUNITY

- Basic responsibilities to society
 - Declared in formal statement of company's principles or beliefs

GAINING THE GOODWILL OF THE COMMUNITY (CONTINUED)

- Include:
 - Making contributions to charitable organizations and nonprofit institutions
 - Providing benefits for employees in excess of legal requirements

CREATING AN ORGANIZATION THAT OPERATES CONSISTENTLY

- Many business values include:
 - Operating with honesty and integrity, staying true to corporate principles
 - Operating according to standards of ethical conduct, in words and action
 - Treating colleagues, customers, and consumers with respect
 - Striving to be the best at what matters most to the company
 - Accepting personal responsibility for actions
 - Valuing diversity
 - Making decisions based on facts and principles

GOOD ETHICS CAN MEAN GOOD BUSINESS

- Produce safe and effective products
 - Avoid costly recalls and lawsuits
- Provide excellent service
 - Maintain customers
- Develop and maintain strong employee relations
 - Suffer less turnover
 - Enjoy better employee moral

GOOD ETHICS CAN MEAN GOOD BUSINESS (CONTINUED)

- Suppliers and other business partners prefer companies that operate in a fair and ethical manner
- Bad ethics can lead to bad business results

PROTECTING THE CORPORATION AND ITS EMPLOYEES FROM LEGAL ACTIONS

- U.S. Justice Department sentencing guidelines suggest more lenient treatment for convicted executives if their companies had ethics programs
- Fines for criminal violations can be lowered by up to 80 percent if the organization has implemented an ethics management program and cooperates with authorities

AVOIDING UNFAVORABLE PUBLICITY

- Public reputation of company strongly influences
 - Value of its stock
 - How consumers regard products and services
 - Degree of oversight received from government agencies
 - Amount of support and cooperation received from business partners

IMPROVING CORPORATE ETHICS

- Risks of unethical behavior are increasing
- Improvement of business ethics is becoming more important

APPOINTING A CORPORATE ETHICS OFFICER

- Corporate ethics definition includes
 - Ethical conduct
 - Legal compliance
 - Corporate social responsibility

APPOINTING A CORPORATE ETHICS OFFICER (CONTINUED)

- Corporate ethics officer
 - Is a senior-level manager
 - Provides vision and direction in the area of business conduct
 - Tries to establish an environment that encourages ethical decision making

APPOINTING A CORPORATE ETHICS OFFICER (CONTINUED)

- Responsibilities include:
 - Complete oversight of the ethics function
 - Collecting and analyzing data
 - Developing and interpreting ethics policy
 - Developing and administering ethics education and training
 - Overseeing ethics investigations

ETHICAL STANDARDS SET BY BOARD OF DIRECTORS

- Board responsible for supervising management team
- Directors of company are expected to
 - Conduct themselves according to the highest standards of personal and professional integrity
 - Set standard for company-wide ethical conduct
 - Ensure compliance with laws and regulations

ESTABLISHING A CORPORATE CODE OF ETHICS

- Code of ethics:
 - Highlights an organization's key ethical issues
 - Focuses employees on areas of ethical risk
 - Cannot gain company-wide acceptance unless
 - Developed with employee participation
 - Fully endorsed by organization's leadership
 - Must continually be applied to company's decision making

CONDUCTING SOCIAL AUDITS

- Social audit
 - Identifies ethical lapses committed in the past
 - Sets directives for avoiding similar missteps in the future

REQUIRING EMPLOYEES TO TAKE ETHICS TRAINING

- Comprehensive ethics education program encourages employees to act responsibly and ethically
 - Often presented in small workshop formats
- Principle-based decision making is based on principles in corporate code of ethics

INCLUDING ETHICAL CRITERIA IN EMPLOYEE APPRAISALS

- Some companies base a portion of employee performance evaluations on:
 - Treating others fairly and with respect
 - Operating effectively in a multicultural environment
 - Accepting personal accountability
 - Continually developing themselves and others
 - Operating openly and honestly with suppliers, customers, and other employee

WHEN GOOD ETHICS RESULT IN SHORT-TERM LOSSES

- Operating ethically does not always guarantee business success
- Organizations that operate outside the United States
 - Deal with a “business as usual” climate
 - Are placed at a significant competitive disadvantage
- Hope good ethics will prove to be good business in the long term

CREATING AN ETHICAL WORK ENVIRONMENT

- Good employees sometimes make bad ethical choices
- May be encouraged to do “whatever it takes” to get the job done
- Employees must have a knowledgeable and potent resource available to discuss perceived unethical practices

ETHICAL DECISION MAKING

- Get the facts
- Identify stakeholders and their positions
- Consider the consequences of a decision
- Weigh various guidelines and principles
- Develop and evaluate options
- Review a decision
- Evaluate the results of a decision

ETHICS IN INFORMATION TECHNOLOGY

- Public concern about the ethical use of information technology includes:
 - E-mail and Internet access monitoring
 - Peer-to-peer networks violation of copyright
 - Unsolicited e-mail
 - Hackers and identify theft
 - Plagiarism
 - Cookies and spyware

ETHICS IN INFORMATION TECHNOLOGY (CONTINUED)

- The general public has not realized the critical importance of ethics as applied to IT
- Important technical decisions are often left to technical experts
- General business managers must assume greater responsibility for these decisions

ETHICS IN INFORMATION TECHNOLOGY (CONTINUED)

- They must be able to make broad-minded, objective, ethical decisions based on technical savvy, business know-how, and a sense of ethics
- They must also try to create a working environment in which ethical dilemmas can be discussed openly, objectively, and constructively