**California State University Sacramento**

**Electrical and Computer Science Department**

**EEE 193B/CPE 191**

**Ethics Paper**



**Team Member:** Ammar Ahmed/Thomas Bock

/Tan Hua/ Michael Golez

**INSTRUCTOR:** Suresh Vadhva

**Contents**

[Abstract:](#_30j0zll)

[Introduction:](#_1fob9te)

[I. Compromising Personal Credibility and Integrity](#_3znysh7)

[A. Definition](#_2et92p0)

[B. Importance in Businesses](#_tyjcwt)

[C. Examples](#_3dy6vkm)

[D. Conclusion (why is it important in businesses?)](#_1t3h5sf)

[II. Unethical Practices Leads to Potential Danger](#_4d34og8)

[III. Immoral Practices Creates Unfair Advantages in Businesses](#_2s8eyo1)

[IV. Preventing Unethical Standard in Common Businesses](#_17dp8vu)

[A. Definition](#_3rdcrjn)

[B. Importance in Businesses](#_26in1rg)

[C. Examples](#_lnxbz9)

[D. Conclusion (why is it important in businesses?)](#_35nkun2)

[V. Conclusion](#_1ksv4uv)

[VI. References:](#_44sinio)

### Abstract:

Asdasdasdasdasdasdas Type abstract here

### Introduction:

In today’s society, ethics is a fundamental basis for establishing both moral safety and guidance for the benefit of a community. It is through this guidance that a society can thrive to achieve a moralistic principle that every person can follow. As a contributing member of society, each person will face a situation in their employment where they will encounter an ethical issue. For example, an engineer may encounter a project deadline that consists of an ethical stance on a certain feature, product, or a person itself. This ethical stance then comes into question towards the engineer themselves, is it questionably ethical to follow protocols established by management even if deemed protocols may be illegal/immoral/unethical by others.

One ethical stance that is worth examining would be the Volkswagen case, in which employees were ordered to follow management protocols whether it opposes their moral beliefs or not. During the Volkswagen scandal, management gave specific instructions towards their employees to create a software program that can alter the emission of the vehicles during government testing. The software design altered gas emission to enhance fuel regulation and the car’s torque and acceleration. These so called “enhanced feature” then creates a moralistic question towards the employee; is it ethical to make a program that subverts the government testing, if instructed or incentivize by management to do so.

Another ethical example that demonstrates following established management protocols would be the Wells Fargo Case. During the Wells Fargo Scandal over 2 million bank accounts were opened without the customer consent by employers. The ethical dilemma falls on the employees that were either forced or incentivized to open account for customers unknowingly. The question of ethics then arise from this scandal as to whether it is ethical for employees to, who are only following procedures and protocols from management, to practice these possibly illegal/immoral/unethical acts?

### Compromising Personal Credibility and Integrity

## In ethics, integrity is considered as the accuracy, truthfulness and honesty of the actions of an individual, whereas credibility is taken to be the quality of being believable and trustworthy. When an individual compromises their personal integrity and credibility, they end up damaging their image. Moreover, there are many negative effects for both the individuals and the organizations who compromise their integrity and credibility. In order to illustrate more about compromising personal integrity and credibility, it is worth to initiate the discussion by focusing on the ramifications on the individual or organization that compromises their credibility and integrity.

## Despite how it is interpreted or viewed, compromising personal integrity and credibility is considered to be unethical. When an individual compromise, he or she ends up accepting standards that are lower than what is mostly desired by all individuals. In turn, by compromising integrity and credibility, the individual or organization ends up giving the impression to others that they cannot be trusted. Hence, losing trustworthiness of other individuals can then be stated to be one ramification of compromising integrity and credibility. For example, in the Volkswagen case, the company compromised its credibility and integrity by fitting a device in the engine and implementing software in their vehicles in order to improve test results (Hotten, 2016). This resulted in the cars emitting more pollutants than what was expected. As a result, the company did not only end up losing the trust of its customers together with that of the public but also they also lost a $14.7B settlement. This has been recorded as the first quarterly loss for 15 years (Hotten, 2016).

## Alternatively, compromising credibility and integrity also has the impact of destroying the reputation of an individual or an organization. In the society, the reputation of an individual matters because a good reputation will mean that the individual exhibits values that other individuals like. Hence, an individual with good reputation will attract good things in return, whereas an individual with bad reputation causes others to avoid that individual. In addition, organizations with bad reputation end up losing their competitive advantage and incur more losses than profits. In fact, what makes a great company or organization is its reputation among people. In the Wells Fargo case, the bank compromised its credibility and integrity by opening up accounts for its customers, without their consent, while at the same time charging the accounts. As such, by compromising integrity and credibility, Wells Fargo destroyed its reputation in the banking industry.

## Nevertheless, individuals who compromise their integrity and credibility may end up losing their jobs together with their career. After being found guilty of compromising integrity and credibility, some organizations take harsh actions, such as firing the individual and ensuring that the individual does not get employed in the same market industry. Such actions usually occur because the credibility and integrity of the organization are questioned. For example, in the Wells Fargo case, more than five thousand employees who were involved in opening up the fake accounts lost their jobs (CNBC, 2016). This goes to show that compromising integrity and credibility is an unethical act that may destroy the career of an individual. To support this further, one of the executives at Volkswagen who knew about the software manipulation but did not do anything about it was actually suspended. Further, the CEO Winterkorn of Volkswagen became the public face of this case which forced him to resign and lose the trust of the investors. From these two examples and so many others, one can see that compromising integrity and credibility does not only destroy the company or organization reputation but also destroy the reputation of everyone involved which leads to losing jobs and career.

## A lesson learned from these examples that must be followed in organizations and individuals is that compromising integrity and credibility is regarded as an unethical action. Individuals or the organizations that compromise their personal integrity and credibility have more to lose than what they expect to achieve. For instance, Wells Fargo and Volkswagen compromised their personal credibility and integrity, an act which caused both of the companies tarnish their good reputation and also lose trust from their customers and from the public. In addition, individuals from both companies who compromised ended up losing their jobs and damaging their careers. Therefore, it is imperative to not compromise either integrity or credibility.

### Unethical Practices Leads to Potential Danger

As you begin working in a new field you will be faced with challenges that not only affect yourself but those around you. These challenges will test your understanding and moral principles in reference towards management, employers, and potential clients. As an employer, your moral behavior can have significant impacts or danger depending on the moral choices you have chosen. If you choose to follow a protocol that not only endangers, but harms certain individuals by managements order, are you ethically inclined to follow? Or is the action committed so unethical that it is excusable to ignore management protocols to better preserve the safety of the employer, client, and management.

In order to run a successful business the first and foremost aspect that a company follows and regulates is the ethical standard of safety for both employers and the business. [4]This ethical standard demonstrate a company’s responsibility, builds a connection between the corporation and clients, enhances the productivity and commitment of employers, and finally reducing business expenditure and enhancing company yield[4]. By following these important ethical standard both the employers and business can coalesce to create an environment where each one mutually benefit from each other. The business yielding large profits from the successful employers working, and an employer’s commitment to the job because of the valued principles they are upheld to.

However, often time’s employers are faced with an ethical dilemma that not only questions their morals but also their standard characteristics values. When faced with these circumstances an employer experiences a questioning belief towards his moral values versus the company’s ethical values. This creates a conundrum between the employer’s ethical value and the business ethical values to determine whose values are more essential in accomplishing the task with the best yield possible towards the products. As a result, there will certain corporations when an employer’s ethical values are either compromised or exploited for the benefits of the corporation.

Upon examining cases like the Volkswagen Scandal and the Wells Fargo Case there are multiple occurrences where an employer’s personal moral conduct was questioned towards the benefit of the company. In both of these examples, management protocols gave specific instruction for employers to finish or accomplish a task that was deemed to be illegal/immoral/ or unethical. Upon being forced to follow these tasks to ensure that the products are accomplished and prepared for consumers to be purchased and distributed, the examination of ethical safety is then questioned. The value of moral conduct comes into question in regards to safety regulation, is it ethical to practice this type of behavior on protocol order in compliance to safety, or is it more beneficial to act within your own guidance to ensure that public safety is established between the consumer and producer.

In September 18, 2015 a Volkswagen Scandal arose, and more than 482 cars were recalled due to a software program that can alter the emission level of cars. [1] According to article, “Volkswagen: The Scandal Explained”, Russel Hotten explains that Volkswagen was accused of creating a “ defeat device”- or software that is capable of altering the emission of Nitrogen Oxide based on driving performances or routine checkups[1]. These differences in emission level caused by the cars generated ethical questions that are difficult to answer. From the companies perspective, is it ethical to instruct an employer to create a device that can alter emission levels knowing it can affect public safety of the environment? Then looking towards the perspective of a Volkswagen Employee, is it ethical to follow the protocols given by management knowing it would compromise your moral values or everything you have stood for. Further investigating the ethical stance that is generated from these questions one might consider both options to be unethical.

The perspective of a business creating defeat device software that altered emission level of cars promotes an unethical standard that leads to danger and dilemma. The excess amount of Nitrogen Oxide emitted through the atmosphere poses concerns for the community these vehicles populate. Over time these gases would accumulate and the pollution within that area would soar through the sky (literally). The pollution then creates health problems such as emphysema, bronchitis, and other respiratory diseases within the community. As a result, it is unethical for management to order employers to create a device that can alter the emission of Nitrogen oxide in the atmosphere in regards to the consequences that it entails for the community. Continuing to do so ethically endangers the livelihood of the community and reputation of Volkswagen itself.

On the perspective of the employer following management protocols it is unethical to create the device for a Volkswagen automobile that can alter the emission of Nitrogen Oxide. The reasoning behind this, even though the employer is following protocols established by managements, he or she is ultimately contributing to the danger posed by the gas emission. As a person who stands on their moral beliefs it is evident anything that can cause harm towards another person is deemed unethical in the public eyes. Also, considering from a perspective of an engineer who was tasked with to create a defeat device, he or she is upheld to a higher level conduct and integrity. Engineers are tasked to better society through works that can promote both safety and enhancement towards the future.

[2]In reference to the Wells Fargo Case in September 8, 2016, in the article, “5300 Wells Fargo employees fired over 2 million phony accounts”, Matt Egan explains that an allegation was made towards the company concerning unauthorized bank and credit card accounts being created without the knowledge or consent of the customer[2]. The objective behind these unauthorized accounts was to ensure that employees of Wells Fargo could reach their sales target in an allotted time in order to receive bonuses. As a result, over 1.5 million accounts were opened by Wells Fargo employees, thus creating over numerous insufficient or overdraft fees on the new bank accounts. Upon further examination, the code of ethics is questioned towards management and employee once more. Is it ethical to follow management protocols if regarding the subjects is deemed to be immoral, illegal, or unethical? Or is it even ethical for management to create an incentive on bonuses regarding “illegal accounts”.

The behavior demonstrated by the employees of Wells Fargo would be considered unethical, immoral, and illegal. Although following management protocols is important, a person should be held by his or her standard of morals when dealing with fraudulent accounts. By continuing to pursue the incentive of bonuses and creating fraud expenses at the expense of another person’s daily income; employers are disregarding their ethical values. These actions advocate the need to establish a sense of immoral standard when dealing with a person’s assets, property, or even capital. The continuous immoral/illegal actions pursued by the people corrupt a person’s standard, leading to future danger that might arise. These dangers could include theft, bribery, and so on. The corruption of a person may cause them act irrationally thereby damaging both the image of a person and their previous employer.

On the other hand the actions of management are not based on ethical values but rather on immoral and illegal acts. Through incentive bonuses, management has created a hierarchy of competition within the fellow employees, where if not achieved employees lose their jobs. In a way management back the employees into a corner where they are faced in a now win situation. Lose the job or illegally commit fraud. This ethical treatment endangers not only the reputation of the company but also forces fellow employees to commit fraud. These actions, if convicted can amount to numerous fines or even foreclosure of the business.

From examining the Wells Fargo Case and the Volkswagen Scandal it can be concluded that ethical practices in businesses are thoroughly important. By establishing and following an ethical code of conduct during businesses, companies can avoid potentially dangerous activities. As stated beforehand, the actions committed by both the employers and employees in Volkswagen and Wells Fargo shows the effect of unethical behavior. These effects can be harmful as shown in the Volkswagen automobiles and the Wells Fargo fines. As a result, by following this regulated ethical code of conduct businesses everywhere can avoid this crisis and succeed as a company that thrives on the betterment of both man and society.

### Immoral Practices Creates Unfair Advantages in Businesses

According to Business Dictionary, business practice is consisted of methods, procedures, processes, or rules that are employed or followed by a company in order to pursue its goals and objectives. Ethical business practices are very crucial for the companies as they develop and grow over time. Ideally, companies would like to build very good standard in their business practices because of multiple benefits that can be gained. First aspect that can be benefited through good business practice is the value of the company. In modern business, the level of competition is greater than before or it has ever been. One simple mistake could easily cost the entire business from everything to zero. Therefore, maintaining the value and reputation always remains as the first priority for the companies, especially when they aim to go public, where trust from customers can beat anything. A second benefit that good business practice can provide is to reduce the risk of damages when unfortunate incidents happen. By providing good standard and trainings in business practices, companies are able to low the possibility of losing due to any damages during the business time. By doing that, companies will be able to retain as many clients or customers as possible because of the honesty and transparency the companies provide to public. Another factor that can get the business to perform well for companies with good business practices is their employees’ real concern to the benefits of the communities. By being involved with charitable activities, the companies are able to draw and create their images to public through their ethical acts, which gain more trust from the customers and business partners as well.  And as the result, these will lead to a very stable and solid reputation for the company brand that is really hard to achieve in short period of time. However, those are only describing the ideal situation, whereas there are many unethical business practices happening daily, even in big and top companies.

Digging a little more deeply in the unethical business practice conception, it is actually not too often violated to the business rules or regulation. The reasons why these acts are conducted are the great advantages and profits for the companies if these go through. Also, they are, most of the time, legal in a sense. However, the damage from these unethical acts to the human society is unexpectedly huge, significant and destructive. Also, it the acts happened to be public, the reputation of the companies will completely go downhill shortly afterwards.

The first example of unethical business practices is from Formosa Corporation, a chemical Taiwanese company based in Taiwan. It is a very big corporation, which is ranked on the public companies lists of Forbes Global 2000. However, a lot of scandals have been going along with the company despite the profits that they have made. The latest scandal and destructive act from Formosa happened in Ha Tinh, Vietnam, where Formosa’s Steel Factory is based. About six months ago, a vast amount of fish was killed along hundreds of miles of coastline in Ha Tinh without any physical attacks noticed. While it was being investigated to understand what happened, thousands of people, whose lives are dependent on the fish, suffered from the loss of their only source of income. Couple days later, it was quickly announced that the fish was poisoned due to the toxic waste from a nearby steel mill belong to Formosa Corporation. However, the worst had not yet come until few divers were assigned to check the waste system of Formosa. On that day, four of the divers went down to the ocean to start checking the system, yet only three came back alive. One of the divers was having trouble breathing and was not able to come back on time. The other three, a day later, started behaving awkwardly and vomiting a lot. They all were hospitalized immediately, and they were also diagnosed with breathing problems. Not surprisingly, it was concluded that the divers were poisoned as well just couple minutes they jumped into the water. That indicated a very high concentration of toxic waste in the ocean. After the divers, the villagers from the nearest town started having similar symptoms as the divers. It caused the fear in a huge amount of population because no one wanted to try anything related to the ocean anymore. Everyone rioted and protested. Yet, the damage had only gone more and more badly along with the slow reaction from the government. 100 tons of fish carcasses were collected, and no fishing or seafood activities were allowed in the region. It was reportedly costing $5.2 million and reduced 30% of tourism industry profits due to cancellation (http://www.voanews.com/a/vietnam-bans-unsafe-seafood-in-central-provinces/3316289.html). Until couple weeks later, the official announcement was made that Formosa was the cause of all the incidents happened in the coastline of Ha Tinh, and it had to be responsible for it. Formosa intentionally ignored its recycling process for toxic waste and dumped them out directly to the ocean to increase its annual revenue. It was reportedly that Formosa eventually admitted and agreed to pay $500 million in return to the damages that they had made to Vietnam citizens. Also, they had to be responsible for cleaning up the ocean and restoring all the damages they had caused. Even though the penalty that they received was big, the damages that they were making would be way bigger and prolonged for generations (http://www.voanews.com/a/vietnam-bans-unsafe-seafood-in-central-provinces/3316289.html).  Besides the latest incident in Vietnam, Formosa had dumped tons of mercury laden waste in Cambodia in 1999, which caused the death of couples of local villagers. Also, it was responsible for the explosions in Illinois in 2004 and South Texas in 2005. Furthermore, it was accused to increase the cancer risk of the villagers near its Plastic facility in Taiwan in 2012. They were all done because of the attempt to save the cost of protecting society and increasing the revenues that they can make. As the result, it is not as pretty as it was planned, and the company now is always included in the list of top worst companies in the world.

<http://www.nytimes.com/2016/10/04/world/asia/formosa-vietnam-fish.html?_r=0>

<http://www.nytimes.com/2016/06/09/world/asia/vietnam-fish-kill.html>

<http://thediplomat.com/2016/07/its-official-formosa-subsidiary-caused-mass-fish-deaths-in-vietnam/>

A second example regarding to the unethical business practice is British Petroleum (BP) with the Deepwater Horizon oil spill, the largest oil spill in the history as well as the worst environmental disaster in U.S. history with massive outcomes that may take generations to recover (CNN http://www.cnn.com/2015/04/14/us/gulf-oil-spill-unknowns/). On April 20, 2010, a huge explosion of an oil well happened in the Gulf of Mexico.

(Picture)

Figure 1 Deepwater Horizon Explosion

It killed 11 workers who were currently on board and took 87 days to stop the fire. Even scarier, the oil spill, which was approximately about 4.9 million barrels, were spreading all over the ocean.

(Picture)

Figure 2 Oil Spill Approaching the Coast of Mobile, Ala.

It has caused a huge negative impact in the environment of the nearby areas, especially the marine species. In this case, the one who was responsible was none other than BP with a series of unethical business practice before and after the disaster. First of all, according to the federal report from the investigators, BP was taking a lot of shortcuts along with its partners to complete its Macondo well in the Gulf of Mexico (NY <http://www.nytimes.com/2011/09/15/science/earth/15spill.html>) due to the schedule and budget limitations. As mentioned in another report, the root cause diagnosis of Deepwater Horizon disaster was the “result of poor risk management, last-minute changes to plans, failure to observe and respond to critical indicators, in adequate well control response and insufficient emergency bridge response training by companies” to meet the deadlines and generate profits as soon as possible (NY). After the disaster happened, BP, instead of trying their best to recover the damages that they did, tried to blame other partners and cover their errors to reduce the penalty cost. According to the laws, BP had to pay a certain amount per barrel that was spilled on the ocean. Therefore, their estimation was significantly low around 5,000 barrels a day leaking. However, until the government and military were involved, the estimation went up to almost 19,000 barrels, which resulted in the total of almost 5 million barrels (<http://www.nytimes.com/2010/05/31/us/31spill.html>). Also, BP’s executives kept on appearing on the press and showing that the explosion and oil spill had no effects on the nearby species, whereas the waters were way more poisonous than before and slowly affecting everything around it, especially the extinction of some rare species. Even up until this essay is written, the impact from the oil spill is still studied and carefully watched over to ensure the minimum effects on everything. As the results, due to different charges along with settlements, BP was reportedly required to pay a total amount of $53.8 billion, which is the largest corporate settlement in U.S. history. As the results have shown, the consequences of unethical business practices are huge and unexpectedly destructive to the company itself and the society.

### Conclusion

### References:

1. Hotten, Russell. "Volkswagen: The Scandal Explained." *BBC News*. N.p., n.d. Web. 01 Nov. 2016.
2. Egan, Matt. "5,300 Wells Fargo Employees Fired over 2 Million Phony Accounts." *CNNMoney*. Cable News Network, n.d. Web. 01 Nov. 2016

## 

## Hotten, R. (2016). *Volkswagen: The scandal explained - BBC News*. *BBC News*. Retrieved 31 October 2016, from<http://www.bbc.com/news/business-34324772>

## *Wells Fargo will pay $190 million to settle customer fraud case*. (2016). *CNBC*. Retrieved 31 October 2016, from

## 