

Weekly Discussions Summaries

1. Assess where your employer or business (present or past) fits in this business ethics spectrum.

In the past I worked at a local public mental health facility. I felt that though out the course of my employment with them that the ethical atmosphere started changing dramatically. The management constantly started wanting to run in the “grey area” as they referred to it. This allowed them to make decisions based on a person’s personal situation. I constantly had problems with this because I felt that we should treat people equally given the base circumstances. Also by operating in the grey area they were also able to justify their questionable decisions that sometimes took a person’s legal freedom away for a short time. This is where I had problems while working for them because I ran by the rule that the laws set forth trumped whatever disposition they had with the person of interest. When assessing this company on business ethics I would classify them as using the relativism. I say this because they are operating not on a single set of standards. They were operating on different standards depending on who saw the client at the time. These people were meaning good for the individual but the conduct was based on the persons own moral conduct and standards for judging actions.

2. Assess which institution that you feel that you fit in best with.

I myself feel that I hold myself to a high standard of ethics in both my personal life and business life. I also feel that my personal life choices and moral standards plays a big part in how I act and respond in my professional life. As to assess my institution that I follow I think that I follow a mixture of two different ones. First I base every action from the principles of Virtue. I strongly believe that this is a good moral foundation that was instilled in my thinking since I was a kid in the Boy Scouts then further ingrained when joining the Navy. Both of these organizations teach that truthfulness, integrity, and honesty is the way to live your life and if we live our lives in such a way we in turn will be rewarded similarly. The second institution that I identify with is the utilitarianism philosophy. This is in part because I do not take actions based on my personal feeling all the time. Many times I choose actions based on what is going to be good for the most number of people. An example of using this philosophy is when I decided to leave the military to start off on my college career I was working for the Forest Service as a forest firefighter. I loved that job and wished I was still doing it many times even though it required me to be working out of state for four months out of the year. This left my wife home by herself wondering if I was okay. Then the unexpected happened, we had a kid, my life changed and so I thought that my choice of work should change too. It would be unfair to leave my wife and kid home for so many months while I am out traveling the country. I ended up leaving the job to benefit the family as a whole.

Who are you when no one else is looking? I feel that is the real question of what personal ethics is.

Business ethics is a very broad subject that is not so much involved with law than it is with philosophy, morality, culture, and even religion. There are distinctions too between corporate/organizational level ethics and personal/professional ethics (We will look at corporate ethics next week). Lawyers,

accountants, physicians, dentists, psychologists, etc... are considered regulated professions and they often have state laws and discipline boards that will enforce and regulate professionals in the field. This is not so for business in general. Hence, there is a lot of questioning on the academic side in business school about the place of ethics in the curriculum and even whether it is worth teaching it (McAdams, 78-9).

I am on the side of teaching it. I teach business ethics to my undergrad students and I am often disappointed to learn how weak some of their integrity is. One course cannot undo personal choices and a lifetime of bad influence. But the lawyer in me finds the value in giving notice. If people know the law, they will usually obey it. Presenting standards that are expected, or should be aspired to, is an excellent way of letting someone know that he/she "should know better," or even the basis of convictions when the standards are criminal laws.

In business ethics, there is an assessment process when one encounters a dilemma. The first step is to define a dilemma, which is obvious. It is a situation that involves competing options that pose zero-sum outcomes for multiple stakeholders. How you handle the dilemma will be a measure of your own ethics and values. Keep this in mind as you do the forum this week.

Forum Assignment:

Refer to Part One of Chapter 2 (57-64).

Listen to the podcast below (20 minutes).

Answer Questions:

1. Every one of the employees that this man asked to conspire in the fraud. Why would do you think they helped him and knowingly breaking the law?

Not only did every one of the employees help in the fraud but outside companies did also. I found that the explanations provided were interesting that they helped with the fraud because humans like other humans and want to help out a person in need. Albeit I find that this explanation is a bit broad in nature. When looking at the perspective that when given a choice that involves business people tend to make the decision based on what is going to be best for business. For the employees their help in the scandal I think resides in the fact that the employees knew that if they didn't help they would be out of a job because the company would go out of business. In their case this was the best solution for them along with the possible thought that there would be some backlash from him if they did not participate. When I look at why the other companies helped with the fraud even though they have nothing to do with the company I think that those decisions were possibly based money. Title companies have money to be gained when drawing up title work and closing the sale of everything. My theory here is

that sure they wanted to help out somebody but the companies also saw that they would gain money from titling process and at over 7 million dollars, if that is percent based, that is quite a bit in fees they would have collected in the process of helping Tony out. The theory that human act unethically because we simply like each other I find too simple I truly feel that there are underlining motivators at work that simply push a person into the unethical realm.

2. Would you cross the line? And don't be so fast to say no! What if it were your spouse? Child? Parents?

I really don't know if I can say no here. I would like to say no I would never cross the line, but I can't say this because I have not been in that situation. When I look at different philosophies and realize that sometimes we act in a way that affects the greater good or the biggest population of people. I have to realize that sometimes we may in fact make these poor decisions because we are trying to find the best possible solution that will help the greatest number of people. When thinking about the common good in that instance where Tony purchased fake properties for over 7 million dollars I think he didn't want to see his business go under and un-employ so many people. If I were in the same situation I think that I would have a hard time doing what he did. Looking from the outside it is easy to say that it would have been easier to file bankruptcy than to do what he did. On the other hand we don't know what the exact circumstances were that drove him to defrauding banks.

Bribery, what a hot button issue? When we use the term bribery the thought immediately is, this is bad. However, when we think about the act outside the term bribery it makes it much easier to start considering the act more lawful. I personally find it interesting how the simple act of changing the word makes and act become more appealing.

Not only do I consider the FCPA to be lawful I also find that it is necessary for business growth. I say this because when bribery becomes the norm for conducting business the only companies that are winning are the large companies because they have the larger pockets. In the system of bribery the small businesses simply cannot compete in the market. The example that was on the PBS special, BAE, obviously had lots and lots of funds totaling billions of dollars available to support the lavish life styles of the Saudi Princes. I would be surprised if anyone other than BAE being able to compete in that deal. When we are looking at whether or not this deal hamper the growth of business in foreign countries I think it does only if the country deals heavily in bribery or not. I do think though however that a company that does not participate in black money will eventually be better off within that country because they cannot then be black mailed into making business decisions. As our text points out more and more countries are starting to participate in anti-bribery treaties and as the PBS special shows if a company started brokering deals with bribery before a treaty they can certainly be investigated after the law takes effect for acts of bribery.

The FCPA is also important from the ethical standpoint in my opinion. As I said before these deals

generally favor the larger corporations because of the money they have. When participating in deals that uses “black money” those companies and those countries are effectively not participating in the free market. These practices push down the small business and the non-wealthy. I find this unethical because I feel everyone should have the chance to succeed and these practices discourage free trade, capitalism, and small businesses.

1. If you were a shareholder in a company with a CEO that gets paid \$3000 an hour, would you vote her/his salary down?

This is a hard question to answer for me. I understand that this salary sounds audacious when we talk about how much one makes in an hourly context. However, like our instructor points out these CEO's are constantly tied to work having to travel from place to place. This is a demanding lifestyle that incurs many costs. For these reasons I feel that maybe the wages of these CEO's might be justified. On the other hand when we look at these salaries we might be inclined to think to ourselves that 15 million dollars for a bonus might be a bit excessive and that money could go back in to employee salaries. If I recall correctly CEO salaries were really made to light during the financial institution break down when the government needed to bail out these companies. Some of these CEO's had rather outrageous salaries, and it didn't seem justified considering how the companies were performing and on the brink of bankruptcy. When I look at these facts these high level executives are making too much money and could still live the same life styles with less of a salary. Depending on the circumstances under which the CEO was to get a raise and salary and bonuses I would want to see if the CEO made their targets and if the targets were hard to reach or if they had been dumbed down and easily obtainable. In one of the pod casts that we listened to the Walmart CEO met his targets but the targets were dumbed down where there was going to be no way that he couldn't meet the goals to obtain his bonus. In these cases I would vote down the increase in salary based on merit. If I were to vote to increase salary I would vote for the increase based on inflation or some other measurable metric.

2. Are there ethical issues that C-level officers owe to shareholders, employees, or society?

I have never been too upset about these C-level officer making so much money. When talking about ethical issues when talking about shareholders I don't believe there is any here. I hold the idea that shareholders are investors in the company and that is the extent of their involvement. If the company isn't performing how they feel it should be then they are more than welcome to pull out their investment and put their money elsewhere. When we look ethical issues and if these officers owe society I also don't believe there are any. If we start regulating corporations in these ways just because we feel that they are earning too much we would not be democratic society. We would be leaning more on the complete socialist/communist society. This would start breeding corporate corruption. Looking at ethical issues concerning employees I believe there may be some there. In many of these corporations the high ranking officers make millions of dollars while 90% of their employees are making minimum wages are a little higher than

that. I feel it is fine that they make a lot more money but as a person that truly believes that a company is only as good as their employees and not as good as their tope figure heads. I feel that the ethical issues here is that much of this money would be better served going to the employees instead of the top tier executives. I say go ahead and let them make a couple of million dollars a year but the rest could go back in investing in their employees.

1. In response to a point made in the August 2011 WUBR podcast, do you think that it was Boeing's decision to build the South Carolina plant as a negotiating point to the Washington unions demands?

I don't feel that this was a negotiation tactic on Boeing's part. This would have been a major expense to build a plant that was close to one billion dollars just to make a point to lower wages and avoid other strikes. I do think they wanted to offset costs of the union in Washington, and offset the cost of the loss of production in case of another strike in the future if the union decided to strike again. Also South Carolina is a right to work state. That is not to say that the workers there could not unionize under the same union as the one's in Washington.

2. In March of 2013, Boeing announced layoffs, specifically in Washington. Hypothetically, assume the aviation industry's business picks up again. And assume you were on Boeing's board or a shareholder.
 - a. Would you be for Boeing to rehire the Washington employees or move to South Carolina with it's new plant?

Yes, I would be willing to rehire the Washington employees back enough to keep up with production. However, I would not solely build the aircraft in Washington. I would build them in both places to hedge against delays in one area of the country. I think this would be a smart move. I would however invite to hire them back at the same wage and benefits that the plant in South Carolina is at. I am for the organization to have the same wages and benefits adjusted for their region they live. This would account for the cost of living wages etc.. If the engineers refused that negotiation I guess they chose to be unemployed by Boeing.

- b. What are some cost/benefit factors that Boeing might look at?

Like I said before I don't think they should manufacture in strictly one plant or the other. If they had to choose between the two I think Boeing is going to look at cost primarily. Then they will look at productivity, which plant can produce more in less time. This goes back to cost. If it cost more to pay workers in one state but their production is greatly higher than the other in the long run they would profit more in the higher wage and benefit state. But if they choose to strike again then production stops costing the company potential millions in revenue. This is why I chose to have the production spit

between the two states so the company can hedge against possible delays in their manufacturing process.