**Group 5 Ethics Case Study**

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**Table of Contents**

Introduction1

Possible Ethical Issues and Legal Consequences1

How it Affects the People2

Responsibilities of a Decision Maker of a Company2

Importance of Accurate Data3

Possible Solutions3

Conclusion3

References4

**Introduction**

It is a company’s responsibility to store truthful information about their customers and to protect that information. In this particular case, we have a company that is taking information from bank loan application forms, storing that information, and evaluating it. In the case that the applicant did not submit a viable option in the race category of the form, the company has decided to default the applicant’s race to ‘white’. This decision would skew the demographics towards an untruthful direction and could have serious legal ramifications if this data were to be used in published studies. Companies should strive to gather accurate data on their customers to avoid misleading conclusions being drawn, better their service to the customer, and use data to solve and prevent problems. This article will discuss the possible consequences of this decision and alternative courses of action to avoid those consequences.

**Possible Ethical Issues and Legal Consequences**

Typically, when an engineer or a company is hired for a service, the nature and purpose of the service is agreed upon in a written agreement or contract between the company and the client. This agreement usually contains specifications and requirements that the service must have in order to meet their contractual obligations. However, there can be unforeseen problems that arise or specifications that were not thought through. This is where some ethical issues can arise as well as legal consequences if they are not properly dealt with.

In this scenario, the manager wants to default the race form to ‘white’ because the contract did not have a specification on how the client would want to default that form. The manager may or may not know how this form will be used, if third party clients will use the data, or if defaulting that form to ‘white’ will serve the best interests of their client.  In the Association for Computing Machinery’s Software Engineering Code of Ethics, Principle 1 says

“Software engineers shall act in a manner that is in the best interests of their client and employer, consistent with the public interest.” In this situation, the manager can’t act in the best interests of the client if they do not know how this software will be used and if it is justified to default any form to a value. Code 3.08 explains that software engineers shall “Ensure that specifications for software on which they work have been well documented, satisfy the users’ requirements and have the appropriate approvals.” (“Software Engineering Code.”) If the manager tells the engineer to default a form to a particular setting, they both need to get approval from the client. The manager is ethically at fault assuming that a default of ‘white’ would meet the customer’s needs. Therefore, not serving the clients’ interests. In any case, if the software team cannot get in contact with the client’s point of contact, they must make sure to properly document any problems and solutions encountered (“Software Engineering Code”).

If any of these codes of ethics are documented in the company’s “Code of Conduct” or “Code of Ethics”, then the manager would have to deal with the consequences of violating company policy. These consequences could range from a warning to job termination (Leonard). If a third party uses this data and correlates their subject of interest with the race, they would be provided with false data. If the company finds out about this flaw, the company that created the program and obtained the information could be seen as negligent. If the clients contract stated that the hired company would be liable for this data, the manager’s decision could be seen as negligence and can be used as supporting material in a lawsuit. Also, if the hired company agreed to the integrity of the data obtained by their software in their contract, they could be in breach of contract or be seen as committing fraud. Both can be used in a court of law (Dieter,pp.833).

**How it Affects the People**

Specifications are important when making sure projects meet either client or company expectations. If the project doesn’t meet the specifications, then it could lead to unforeseen consequences which could affect not only the company and its customers, but also other companies and their customers. A possible consequence of unmet specification would be the loss of an applicant’s information. With their information lost, a loan applicant’s loan may become invalid and suffer more serious consequences.

If the company were to default applicants race to ‘white’ on blank entries, it could create a public image of prejudice upon them. This would affect the company’s reputation and employment ratio. Also, the company would have to pay reparations for any damages that this decision may cause for the loan applicants. The loss of revenue will cause employees to find themselves out of a job, even the ones who had nothing to do with the incident. The company’s competitors will benefit from their mistake, as customers will take their business elsewhere. The increase in the customers of the company’s competitors will lead to the company’s inability to provide a service as good or better than their competitors. A company will not stay in operation if it cannot provide a proper service to its customers. To prevent this, a company and its products must always work in the customer's best interest. They must always strive to make sure that their products will cause no harm to their customers.

**Responsibilities of a Decision Maker in a Company**

A decision maker refers to a person that has to make key decisions that are necessary in the betterment of a company. Responsibilities of a decision maker include interpreting data, creating possible courses of action, weighing the pros and cons of each course of action, deciding the best course of action, and conveying what needs to be done to his or her employees in a clear and concise manner. Decision makers also have moral obligations to fulfill during this process. They must not make any decisions that they know may cause avoidable harm to their employees and customers. In this scenario, the manager of the company makes a decision that is not in the best interest of his or her employees and the customers of the company. It is now the responsibility of the employees implementing the decision to discuss it with the manager or someone higher in the chain of command. An employee who implements an unethical decision knowingly is just as responsible of the consequences as the person who made the decision. An important quality of a decision maker is to admit fault when confronted. If an employee were to express their concerns about the decision to the manager in this situation, it is important for the manager to realize the possible consequences of his or her decision and try to come up with a better solution.

**Importance of Accurate Data**

Data accuracy is the most important part of the research and development process. With accurate data, decisions can be made to increase efficiency and profits. On the other hand, decisions influenced by inaccurate data usually lead to poor results. Some of these poor results include loss of customers, damaged company reputation, decreased revenues, and possible company shutdown. Assuming a person’s race is ‘white’ and using it in the data collection process makes the data inaccurate and will lead to the poor results mentioned previously. If the data is found to be inaccurate during the data analysis phase, the data must be regathered such that all the data is accurate. Carrying on with inaccurate data is not a viable course of action. It is better to have incomplete information than inaccurate data. To control the data inaccuracy problems, companies should implement an effective and subjective data entry process.

**Possible Solutions**

If the company were to decide against the manager’s initial decision, they would have to come up with an alternative course of action. The first possible alternative course of action would be to contact all the loan applicants who failed to document their race on the application. This course of action would assure the accurate retrieval of data but could potentially cost the company a massive amount of time depending on how many applicants left the race entry blank. Also, there is no guarantee that applicant will reply, and the company will have to contact every applicant that left other vital information blank. Another course of action would be to discard the applications that had blank entries. This would be the best course of action if the data could not be adequately retrieved but would not be viable if every application had to be utilized by the program. If it was discovered that applicants were wrongly deemed ‘white’ by the company, they might try to solve the issue by getting the applicant’s race from their Facebook account or other online means. This is of course another unethical path to follow as gathering data on people for commercial purposes without their consent is against the law. An unethical decision usually leads to more unethical decisions being made as cover ups. It is a snowball effect that leads to severe consequences, so it is in the best interest of everyone involved to try to refrain from taking any unethical courses of action. That being said, the company will have to consider options similar to these and take the option that gathers the data the most accurately, reliably, and ethically.

**Conclusion**

It is clear that the manager in this scenario acted unethically and did not have the customer’s best interest in mind. It is tempting in situations where a problem occurs to take the easiest path to a solution. In this case, it is very easy to set a person’s race to ‘white’ if they failed to fill it out on their loan application. If a loan application could not be discarded in the creation of this program, the company would have to take time to try to get all the data on the application correct if entries were left blank. Taking time to get the data accurate will cause the product to be delivered at a later date, which will cost the company money. The manager’s decision will save the company money during the development of the product but will most likely cost the company a considerable amount more in lawsuits. Even more money will be lost when customers are dissuaded to do business with the company based on past unethical events. Meeting deadlines and solving a difficult problem are common situations in which an unethical decision may be made. While making an unethical decision to satisfy these conditions may pay off in the short-term, the long-term consequences will always significantly outweigh the short-term benefits.

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