**Review Case Answers**

**Ethics**

**1. Issue Presented: Is it ethical for a consultant to gather information from a company without revealing her association with their direct competitor?**

Dilemma: Giving or allowing false impressions. Different perspectives: Mapack may believe that she has no choice but to be deceptive when acquiring the information, because she may worry about losing the client or losing her job. Her professional reputation may be ruined if her conduct becomes known publicly. Her family will be affected if she loses her job. The competing firms could be at a competitive disadvantage and lose business and profits if their proprietary information is shared with Mapack’s client. The shareholders of Mapack’s client’s company may be upset if this scheme to collect information is discovered and negative public opinion of the company results in a loss of business. The lower-level employees may lose their jobs or be reprimanded because they shared company information with a competitor. Rationalizations: I was just following orders; everybody else does it; we’ll wait until the lawyers tell us it’s wrong; if we don’t do it, someone else will.

Mapack clearly cannot lie about her employer when gathering data; to do so would be fraud. She also should not solicit trade secrets or encourage others to violate any nondisclosure agreements; otherwise, she might violate the Uniform Trade Secrets Act or be liable for intentional interference with a contract.

Talking with low-level employees would be legal if done in accordance with these strictures. Its ethical character is a closer call. On the one hand, competitors should train their employees not to disclose sensitive data. On the other, taking advantage of a low-level employees’ ignorance seems questionable. Ideally, she would figure out a way to get permission from the higher level managers, perhaps by offering to share some of the results of the study. In any event, if she personally views the calls as unethical, she should not make them. Instead, she should talk with other consultants and managers in the firm and try to persuade them that she is right or let them persuade her that they are. She might also promote an industry code of conduct as Chartered Financial Analysts have done.

**2. Issue Presented: Is it ever ethical for an employee of a company to accept gifts from someone or some enterprise that does business or wishes to do business with that company? If so, under what circumstances?**

Dilemma: Buying influence/engaging in conflict of interest. Different perspectives: The three other competitors may not be given fair consideration to have the company continue carrying their brands. Washington’s company may be disadvantaged if she does not choose the best brands to carry in their stores. The customers may not have the best brands available to purchase. Washington may lose her job when her employer learns that she accepted a “bribe” from a supplier or that she did not inform them that she had a conflict of interest. Rationalizations: Everybody else does it; that’s the way it has always been done; it doesn’t really hurt anyone.

Cassandra Washington should decline the tickets to the Super Bowl offered to her by the makers of Brand One. Washington is ethically obliged to decline any gift if her business judgment might be affected by such a gift, or if there would even be the appearance that her judgment might be affected. Even small gestures, such as dinner, should be accepted only if there are no strings attached. Given that Washington is an ardent football fan, it is clear that she would greatly value tickets to the Super Bowl. In addition, there is a strong likelihood that her favorite team, the Eagles, will be there. Given the fact that Washington must decide whether to cut Brand One shoes or one of Brand One’s competitors from her retail chain’s line of shoes, accepting such a valued gift might in fact cloud her judgment. It would most definitely create a suspicion of unfairness. This is particularly true given that the brands are equally profitable and there is no easy way to decide which brand to cut. Even if Washington were to accept the tickets and then decide to cut Brand One simply so that no one could accuse her of favoritism, this would be unethical. Washington must make the decision purely on the grounds of what is best for her company. As a responsible manager, Washington’s first instinct should be to decline the tickets as politely as possible.

There is sometimes a fine line between business gifts and bribes. A bribe implies a clear-cut intention to win someone’s favor. To decide whether the tickets are an out-and-out bribe, we would have to know more about the specific motivations of and information possessed by Brand One. However, Brand One may have a general policy of showering gifts upon those people who can make decisions favorable to the company. If these gifts are significant, then it may be fair to say that Brand One in fact uses gifts to get favors. Such a policy would constitute a form of bribery.

It should not make any difference whether the person who offered the tickets to Washington is a family member or a close friend. Washington is ethically obligated to decline the tickets, given her position of power with respect to Brand One. In fact, if the representative of Brand One is a relative or friend, Washington may have an even greater obligation to decline the tickets. Friendship and family ties should be kept separate from business relations and business decisions. Washington’s company has an ethical obligation to treat its suppliers fairly, and require them to compete on genuine competitive issues, not on having personal connections with the company’s buyer, or showering the buyer with gifts.