

CASE STUDY SITUATION

You are to assume the roles of vice president of human resources and vice president of purchasing for HANSON'S, a department store chain. The owner of HANSON'S (judge) has asked you to analyze the ethical and legal implications of a situation involving the chain's purchasing agent and to recommend a course of action.

HANSON'S was established in 1980 and for many years experienced dynamic growth. In recent years, competition from super centers has seriously affected profits. HANSON'S is now operating at a loss, and all aspects of the company are being scrutinized. Through an anonymous tip line, it was reported that the chain's purchasing agent recently received an all-expense-paid trip to the Super Bowl from one of the chain's largest suppliers.

The owner (judge) believes that the purchasing agent owes HANSON'S impartial judgment and that such thank-you gifts will compromise, or appear to compromise, objectivity. Hanson's has a policy that states "no employee may accept anything of value from a vendor in exchange for favorable treatment that results in Hanson's paying more than market value for goods or services."

Although the purchasing agent has a reputation for purchasing goods and services based on best price, the owner (judge) views the acceptance as a possible kickback for buying overpriced merchandise. The purchasing agent states that the trip was merely a thank-you gift for doing business and does not view the acceptance of a gift as illegal or dishonest. It has been verified that the supplier who bestowed the gift offers the best prices, consistently delivers on time, has good quality control, and will promptly replace any damaged goods. The owner (judge) understands that most business situations require simple moral choices—everyone knows not to steal or lie—but sometimes the right decision is not so obvious.

The owner (judge) has asked you to analyze the situation and to recommend either (1) action, if any, against the purchasing agent or (2) clarification of the policy. The owner (judge) also asks you to keep in the mind that the purchasing agent has been a trusted employee for more than years. You are to analyze the situation using the following steps:

- Determine the ethical/legal issue.
- Identify the possible actions for handling the situation.
- Identify the people affected by the situation.
- Analyze the effects each possible action will have on the people involved.
- Decide which of the actions to take.

You will present your recommended course of action to the owner (judge) in a meeting to take place in the conference room of the chain's headquarters. The owner (judge) will begin the meeting by greeting you and asking to hear your recommendations. After you have recommended a course of action and have answered the owner's (judge's) questions, the owner (judge) will conclude the meeting by thanking you for your expertise.