

Ethics Key

SOLUTIONS TO ETHICS ACTIVITIES

ACTIVITY 1: INTRODUCTION TO ETHICS

This activity presents the framework for analyzing ethical behavior that will be applied in subsequent Ethics Activities. The solution given illustrates the use of the three-step checklist; however, the remaining Activities will not provide solutions to the students. The Activity also allows students to place themselves in the job applicant's position to decide whether they would follow his actions.

ACTIVITY 2: WHO OWNS MY TIME?

Situation 1:

Step 1. *Is the action illegal?* No. The receptionist has no legal obligation to perform tasks not specifically assigned.

Step 2. *Does the action violate company or professional standards?* No. Unless the company has a policy that prohibits employees from using idle time for personal activities, no company standard has been violated.

Step 3. *Who is affected, and how, by the action?* (See Table 1.)

Table 1

People Affected	Negative	Positive
Saran Khut	Failure to spend time improving skills may lead to termination. May be resented by other employees.	Enjoys recreation.
Other Employees	May resent Saran Khut's light workload.	
Media Technologies	Fails to fully utilize employee. Customers who observe receptionist might question the quality of company's management.	

Situation 2:

Step 1. *Is the action illegal?* No. Laws generally do not require businesses to provide employees with a minimum number of hours or health care benefits.

Step 2. *Does the action violate company or professional standards?* No. Company and professional standards do not apply.

Step 3. *Who is affected, and how, by the action?* (See Table 2.)

Table 2

People Affected	Negative	Positive
Customers		Reduced benefit costs may reduce the cost of merchandise.
Part-Time Employees	Part-time employees must buy their own health insurance policy.	Reducing total employee expenses provides more employment opportunities for

		typical part-time employees, such as students.
Full-Time Employees		Benefits may be better than would be available if all employees were insured. Company can spend its benefit dollars to buy better coverage for fewer employees.
Cooks' World	Employee morale and commitment to the firm may be low, resulting in poor production. Employee turnover may be high, resulting in higher training costs.	Reduces total employee expenses.
Local Community		Provides a good source of employment for traditional part-time employees.

ACTIVITY 3: IS THIS REALLY A BUSINESS EXPENSE?

Situation 1:

Step 1. *Is the action illegal?* Yes. The government allows expenses to include only those items necessary to conduct business. Unless Ms. Feldman could prove a business purpose for the phone calls, reporting the cost of the personal calls on the tax return would be illegal.
 Steps 2 and 3. Because the action is illegal, no evaluation of these questions is necessary.

Situation 2:

Step 1. *Is the action illegal?* Yes. The government allows expenses to include only those items necessary to conduct business. Unless Ms. Feldman could prove a business purpose for hiring Rebecca, reporting the costs of paying Rebecca on the tax return would be illegal.
 Steps 2 and 3. Because the action is illegal, no evaluation of these questions is necessary.

ACTIVITY 4: IS IT DISCRIMINATION OR POOR JUDGMENT?

Step 1. *Is the action illegal?* No. The committee members have not done anything illegal by expressing their opinions. However, denying a candidate employment based solely on his or her age constitutes discrimination, and age discrimination in employment is illegal.

Step 2. *Does the action violate company or professional standards?* No.

Step 3. *Who is affected, and how, by the action?* (See Table 3.)

Table 3

People Affected	Negative	Positive
Candidate A	This person may be denied employment because of his age.	This candidate may be happier working at a different company where age and experience are welcome.
Candidate B	A candidate who met the stated qualifications may be denied employment.	If the position does require more than two years' experience, this candidate

		might be unsuccessful in the position if hired.
Candidate C	Other candidates might not get proper consideration if they have no connections.	This person may get the job because of her connections.
Info Tech	The company may miss hiring the best candidate in the case of Candidates A and B. If Candidate C is hired based on connections rather than qualifications, she may not be a useful resource to the company.	

ACTIVITY 5: TECHNOLOGY TEMPTATIONS

Situation 1:

Step 1. *Is the action illegal?* No.

Step 2. *Does the action violate company or professional standards?* Yes. Most credit card companies have company standards related to information about customers. Accessing information for fun is probably a violation of company policy.

Step 3. *Who is affected, and how, by the action?* (See Table 4.)

Table 4

People Affected	Negative	Positive
Customers	Unable to protect information about their financial transaction.	
Andrew Whitbeck	Could be fired for violating company standards.	Increased popularity with his friends.
The Company	Could be sued if a customer discovered the privacy invasion.	

Situation 2:

Step 1. *Is the action illegal?* No.

Step 2. *Does the action violate company or professional standards?* No.

Step 3. *Who is affected, and how, by the action?* (See Table 5.)

Table 5

People Affected	Negative	Positive
Other employees	Unable to protect mail files.	

Situation 3:

Step 1. *Is the action illegal?* No.

Step 2. *Does the action violate company or professional standards?* No.

Step 3. *Who is affected, and how, by the action?* (See Table 6.)

Table 6

People Affected	Negative	Positive
Customers	Are sometimes overcharged.	Are sometimes undercharged.
The Company	Will not have accurate sales figures.	

ACTIVITY 6: IS ANYONE LISTENING?*Situation 1:*

Step 1. *Is the action illegal?* No. Yuri Rostov is not violating any laws.

Step 2. *Does the action violate company or professional standards?* No. Company or professional standards do not apply.

Step 3. *Who is affected, and how, by the action?* (See Table 7.)

Table 7

People Affected	Negative	Positive
Yuri Rostov	Is seen as a gossip by some co-workers and management.	Enjoys the popularity that comes with being "in the know."
Co-Workers	Cannot assume that their workspace is private.	Enjoy learning the information that Yuri provides.

Situation 2:

Step 1. *Is the action illegal?* No. Emilio Alvarez did nothing illegal.

Step 2. *Does the action violate company or professional standards?* No. Company or professional standards do not apply.

Step 3. *Who is affected, and how, by the action?* (See Table 8.)

Table 8

People Affected	Negative	Positive
Emilio Alvarez	May receive poor ratings because he completes less work than expected.	Enjoys a break from his work.
Other Employees	Might have to answer more calls because Emilio is not doing his job.	
Customers	Might not get prompt service because telephone lines are busy or customers are put on hold.	
The Berger Company	Might lose sales because customer calls are not answered promptly.	

Situation 3:

Step 1. *Is the action illegal?* No. Lori Shoaf did nothing illegal when she looked through Lu Chang's computer files.

Step 2. *Does the action violate company or professional standards?* No.

Step 3. *Who is affected, and how, by the action?* (See Table 9.)

Table 9

People Affected	Negative	Positive
Lu Chang	Might feel repercussions since his supervisor knows he is job hunting.	

ACTIVITY 7: COMMUNITY INVOLVEMENT

Step 1. *Is the action illegal?* No. Based on the information presented, the action is not illegal. In some cases, government bodies have rules that address conflicts of interest and when a board member must abstain from voting.

Step 2. *Does the action violate company or professional standards?* No. LeBron faced a conflict between the interests of the community as a member of the zoning board and the interests of the business owners who are his clients. However, the CPA is not involved in providing professional services to a client in his role as a member of the zoning board.

Step 3. *Who is affected, and how, by the action?* (See Table 10.)

Table 10

People Affected	Negative	Positive
LeBron Neale	Might cause LeBron to lose current clients who disagree with his vote. Might cause potential clients to choose a different accountant.	Protects the income LeBron earns from providing professional services to current clients.
CPA's Clients		Protects LeBron's clients from competition.
Elmwood Heights Residents	Prevents residents from having access to lower-cost merchandise. Limits tax revenues and employment opportunities.	Protects interests of current businesses and their employees.
Great Stuff	Prohibits Great Stuff from entering market and increasing sales/profits.	
Landowners	Prevents landowners from earning a profit from the sale of their land.	

ACTIVITY 8: AT WHAT PRICE SAFETY?

Step 1. *Is the action illegal?* No. The system using the new components still exceeds government quality standards.

Step 2. *Does the action violate company or professional standards?* No. No company or professional standards apply.

Step 3. *Who is affected, and how, by the action?* (See Table 11.)

Table 11

People Affected	Negative	Positive
Safe Automotive	Increases the risk of potential litigation.	Reduces costs.
Car Manufacturers	Increases the risk of potential litigation.	
Car Owners	Slightly increases the risk of a serious injury if involved in an accident.	

ACTIVITY 9: CONFIDENTIALITY

Step 1. *Is the action illegal?* No.

Step 2. *Does the action violate company or professional standards?* Yes. The client-accountant relationship is confidential.

Step 3. *Who is affected, and how, by the action?* (See Table 12.)

Table 12

People Affected	Negative	Positive
Mitchell Moran	Might be fired. Might lose the respect of clients, peers, and friends.	Gets attention from friends.
Client	Confidentiality was broken.	
Accountant's Friends		Learn interesting information.

ACTIVITY 10: CAUGHT IN THE MIDDLE

Step 1. *Is the action illegal?* No. It is not illegal because the checks have not been sent to the suppliers. It is illegal to give a check to someone when you know that the bank will not honor the check.

Step 2. *Does the action violate company or professional standards?* No. This kind of small business probably would not have a company policy related to this. However, this is not a good business practice.

Step 3. *Who is affected, and how, by the action?* (See Table 13.)

Table 13

People Affected	Negative	Positive
Lydia Velez	Must keep track of the check.	
Owner of the Brighton Inn	Is not following good business practices.	
Suppliers	Are not getting paid promptly.	