

The Stories:

Bill has a job at a fast food restaurant working the counter and drive through. His boss gives him his cash drawer (till) at the beginning of his shift and it is supposed to have \$200 in it. A co-worker and his shift lead often use his register when things are busy. On Friday night, the night manager counts out the till at closing and says that it is \$85 short. Bill has never been off by more than \$2 in the last 6 months. He swears that he didn't take the money, but gets fired anyway. He complains to the store owner, but he still isn't believed over the word of the night manager.

Sal buys a pair of shoes for Prom and the heel falls off as soon as she gets them home. She tries to take them back, but the store manager claims she broke them and won't give her money back. She glues the heel back on the shoe and it still looks like new. She takes them back to the same chain store but in a different town a couple of days later, says they didn't fit right, and gets her money back. When this store resells them, the buyer breaks her ankle when the heel falls off.

A grocery store takes cartons of eggs off the shelf when they are near expiration date. They wash the eggs, and re-pack them in cartons with dates two months further in the future. Since "everyone knows" that eggs are good well past the expiration date, the store feels like they have done nothing wrong, and they can make more money.

What each of these stories show is that employees, customers and businesses can have very different interpretations of what is right and wrong, and find ways to justify their actions in their own mind. Where might they get their belief system from which they make their decisions?

- When something is said to be **illegal**, we mean that the action is breaking a written law (federal, state, local, etc.).
- When something is said to be **immoral**, we generally mean that it goes against the practices of a belief system, such as those of a particular religion.
- When something is said to be **unethical**, we usually mean that it goes against a set of common practices that a community has determined, rather than beliefs of a religion.

The Purpose of Today's Lesson:

A company's ethics will determine its reputation. Good business ethics are essential for the long-term success of an organization. This helps build a positive company culture, and increases profitability by creating a reputation for operating ethically.

A company's ethics will have an influence on all levels of business, including its customers, employees, suppliers, and competitors. Today, ethics is very important, as the 24 hour news cycle and social media can spread a message faster and farther than ever before.

Lesson Objectives:

- Define and understand ethics.
- Understand the benefits of ethics.
- Identify ethical and unethical behavior.

PART 1: ETHICS IN A NUTSHELL

WHAT IS ETHICS?

A human being's personal ethics determine individual standards of right and wrong. Ethics allow people to determine what they should do in a given situation. Personal ethics may come from a set of religious beliefs (morals), or they may be determined by what is likely to be the best for the majority of the population. For some, they may be determined by what action will protect the most vulnerable. And for some, they may believe that whatever benefits them the most is what is right.

What Is Business Ethics?

In business, ethics refers to the behavior relating to the "moral" problems that occur in business organizations. **Business ethics are the principles and obligations that guide a company's decision making.** Because of the large number of scandals reported in the news, people often automatically assume that businesses are unethical. An ethical company has to prove it operates with different principles, and needs to remind its customers how their support helps encourage others to do the same.

Ethical Obligations:

- **Employees:** Companies need to treat all of their employees ethically, providing them with at least the rights guaranteed to them by the United States Department of Labor.
- **Shareholders and investors:** There is a moral obligation to pay back investors and meet the needs of shareholders, particularly low level shareholders (those who hold only a small number of shares of common stock).
- **Customers:** Every business needs to build ethical customer relationships by providing safe products and honoring warranties.
- **Community:** Businesses have an ethical obligation to be involved in their local communities. This includes communities where they interact with customers and beyond.
- **Vendors and Other Companies:** Companies must deal ethically with vendors and other organizations they work with, or they will undermine their long-term survival.

Complete the short answer question below.

1. Short Answer : Which of the Ethical Obligations above do you believe are the most important AND why? This is a two part question (which and why). You will only get credit if you do both.

Five Benefits of Managing Ethics

Operating an ethical business has a number of rewards.

Benefits:

- Ethical companies comply with all legal requirements and are less likely to be fined or sued.
- Consumers are more likely to support a business with a reputation as an ethical organization.
- Companies with ethical values improve their communities.
- Established ethical guidelines will lead a company in times of change and stress.
- Ethical companies promote teamwork, so they retain employees and save money in turnover.

Part 2: ETHICS IN THE WORKPLACE

IMPLEMENTING ETHICS IN THE WORKPLACE

Implementing ethics in the workplace can be difficult, because each employee has their own set of ethical standards. If each person followed their own moral compass there could be chaos. An employee who feels that they have been cheated by the company may feel that they are justified in stealing. A supervisor who believes they should have been promoted, may spread lies about the company to drive away customers. An owner who believes his employees are stupid, may try to cheat them by paying them for less hours than they actually worked. Companies need to focus on creating and enforcing clear ethical standards and rules throughout their organizations. An employee should never have to guess if they are doing the right thing.

Benefits

Implementing ethics in the workplace will lead to better profits and long-term growth. Unethical business practices can cause immediate financial gain, but they will cost companies customers and employees over time. When unethical practices become public knowledge, it is difficult for a business to recover its reputation. Organizations with reputations for being ethical will also find it easier to earn credit, find investors, and expand into international markets.

Guidelines for Managing Ethics in the Workplace

Managing ethics in the workplace is made easier by a clear Code of Ethics, Code of Conduct, and Policies and Procedures.

Guidelines for Implementing and Managing Ethics:

- **Give it time:** Managing ethics requires time and constant assessment.
- **Focus on behavior:** Do not give vague requirements; make sure that ethics management has an impact on behavior.
- **Avoid problems:** Create clear codes and policies that will prevent ethical problems.
- **Be open:** Involve different groups in ethics program and make decisions public.
- **Integrate ethics:** Make sure that all management programs have ethical values.
- **Allow for mistakes:** Teach employees how to behave ethically, and do not give up when mistakes happen.

Roles and Responsibilities

Who is responsible for making sure that a business operates ethically? It depends on the type of company or organization. A large business may have a Chief Executive Officer (CEO), or a Board of Directors who set the tone for ethical behavior. A small business may have just the owner or managers to do so. Ultimately, every employee plays a part in helping a business run ethically.

Complete the short answer question below.

2. Short Answer : An unethical company may make more money in the short term by using parts that aren't as durable, because they believe that no one will catch them, or it will be too late when their behavior is noticed. The owner sees the short term benefit as most important. What are three reasons why that is a wrong way to make decisions?

- A.
- B.
- C.

Part 3: IDENTIFYING ETHICAL AND UNETHICAL BEHAVIOR

For each of the statements, mark whether the behavior is ethical or unethical. The easiest method is to use the **highlight** or underline tool to mark your answers.

3. A seafood restaurant dumps its fryer oil into the storm drain in their back parking lot. This drain runs into a local lake where people swim. Ethical Unethical
4. The owner of a grocery store gives nearly expired groceries to a local food bank at the end of every week. Ethical Unethical
5. A customer sneaks in his own Super Big Gulp cup to a fast food restaurant, and fills it up at the soda machine when the employees aren't looking while waiting for his meal. Ethical Unethical
6. A worker drops a cup on the floor. He picks it up and then fills it with a cappuccino for one of his customers. Ethical Unethical
7. Your friend comes through the drive through and orders a burger. When you hand her the food, you also put some fries and an apple pie in the bag that she did not pay for. Ethical Unethical
8. Your co-worker is telling stories about another worker that probably aren't true. You don't want to be a snitch, but you tell your boss what is happening. Ethical Unethical
9. You aren't sure that an item on the menu contains bacon, but you tell your customers that it does not have it since they won't be able to see it anyway. Ethical Unethical.

Complete the short answer question below.

10. Short Answer : Describe a situation you have seen or heard about where a company behaved unethically (they cheated you or someone you know, they lied about a service or policy, they caused harm to their community, etc.).