

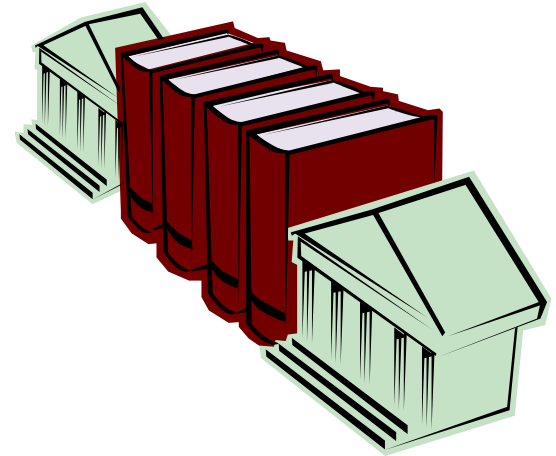


Chapter 3

Emerging Business Ethics Issues

Recognizing an Ethical Issue

- ✚ Recognizing an ethical issue is difficult
- ✚ Is business a game?
- ✚ Abusive or intimidating behavior
- ✚ Lying to various stakeholders
- ✚ Conflicts of interest
- ✚ Is business a war?



What do you see as some of the causes of unethical behavior?



Specific Types of Observed Misconduct

TABLE 3-1

Specific Types of Observed Misconduct

Abusive or intimidating behavior toward employees	21%
Lying to employees, customers, vendors, or to the public	19%
A situation that places employee interests over organizational interests	18%
Violations of safety regulations	16%
Misreporting of actual time worked	16%
E-mail and Internet abuse	13%
Discrimination on the basis of race, color, gender, age, or similar categories	12%
Stealing or theft	11%
Sexual harassment	9%
Provision of goods or services that fail to meet specifications	8%
Misuse of confidential information	7%
Alteration of documents	6%
Falsification or misrepresentation of financial records or reports	5%
Improper use of competitors' inside information	4%
Price fixing	3%
Giving or accepting bribes, kickbacks, or inappropriate gifts	3%

SOURCE: From *2005 National Business Ethics Survey: How Employees Perceive Ethics at Work*, 2005, p. 25. Copyright © 2006, Ethics Resource Center (ERC). Used with permission of the ERC, 1747 Pennsylvania Ave., N.W., Suite 400, Washington, DC 20006, www.ethics.org.

Causes of Unethical Behavior

- ✦ Meeting overly aggressive financial or business objectives which clash w/employee personal objectives and customers safety
- ✦ Meeting schedule pressures
- ✦ Helping the organization survive
- ✦ Resisting competitive threats
- ✦ Saving jobs



Honesty and Fairness

- Honesty relates to truthfulness, integrity and trustworthiness.
- Fairness relates to being just, **equitable**, and **impartial**.
- **Breaking or bending** laws violates trust.
- Business should not be played as a “game.”
- Lack of rules and poor **enforcement** lead to **unethical** behavior.



Abusive and Intimidating Behavior

- What constitutes abusive (corruption) or intimidating behavior?
- Bullying in the workplace
- Bullying between companies

Lying

- ✦ Lying Commission lying about being at work, contracts, procedures
- ✦ Noise deceiving receiver
- ✦ Lying by omission don't tell about any defect in products

Conflicts of Interest

Exist when an individual must choose whether to advance his or her own personal interests, those of the organization, or some other group

✚ The individual must be able to **separate** personal interests from business dealings.

✚ Bribery is a significant concern.

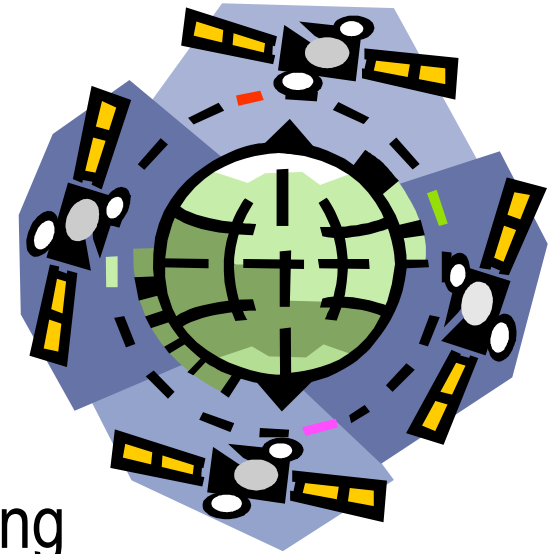


Bribery

- ✦ **What constitutes bribery?**
- ✦ **Active bribery** who give it ready to defense
- ✦ **Passive bribery** offensive commitment
- ✦ **Facilitation payments** to obtain business
- ✦ Are some bribes acceptable?

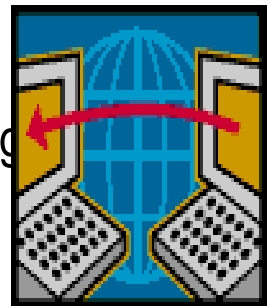
Information Technology

- ✦ There are ethical issues related to technology, the Internet or other forms of electronic communication.
- ✦ Specific issues include:
 - Monitoring of employees
 - Consumer privacy
 - Site development and online marketing
 - Legal protection of intellectual properties



Corporate Intelligence

- ✦ Trade secrets
- ✦ Hacking
 - System hacking assume that the attacker has the low level privileged user name
 - Remote hacking no special privilege
 - Physical hacking Unsecured user name and pass word to secure work
- ✦ Dumpster diving is a missy but successful for acquiring trade secrets
- ✦ Whacking is wireless hacking
- ✦ Phone eavesdropping try to listen to other calls or massages
- ✦ Social engineering tricking (deceiving) into revealing (Permit) their pass word or other information
- ✦ Password guessing finding others password
- ✦ Shoulder surfing try to look over other shoulder to see what he is typing



Discrimination

- ✦ Discrimination on the basis of race, color, religion, sex, marital status, sexual orientation,, disability, age, national origin, is illegal in the U.A.E
- ✦ Discrimination on the basis of political opinions or affiliation with a union is defined as harassment.

Discrimination

- ✦ Equal Employment Opportunity Commission (EEOC)
- ✦ The Age Discrimination in Employment Act
- ✦ Affirmative (Positive) action programs
 - Efforts to recruit, hire, train and promote qualified individuals from groups that have traditionally been discriminated against based on race, gender, or other characteristics

Sexual Harassment

- ✦ What constitutes sexual harassment?
(Verbal ,photo, written or physical)
- ✦ Hostile work environment
(unwelcome)
- ✦ Inappropriate relationships
(Dual relationship or unethical dual relationship)

To Avoid Sexual Misconduct You Need

1. A statement of policy (**Some one in the company should be responsible to stop it**)
2. A definition of sexual harassment
3. A non-retaliation policy (**protect** complaints and witnesses)
4. Specific procedures for prevention (**Laws ,procedures**)
5. Establish, enforce, and encourage **victim** to write
6. Establish a **reporting** procedure
7. Make sure that the company has **timely** reporting requirements to the proper authorities (Time to fill report and Judgments)

Fraud

✦ Any purposeful communication that **deceives**, **manipulates**, or conceals **facts** in order to create a **false impression** is fraud.

✦ Most common activities include:

- Accounting fraud

- Misrepresentation of company's financial reports

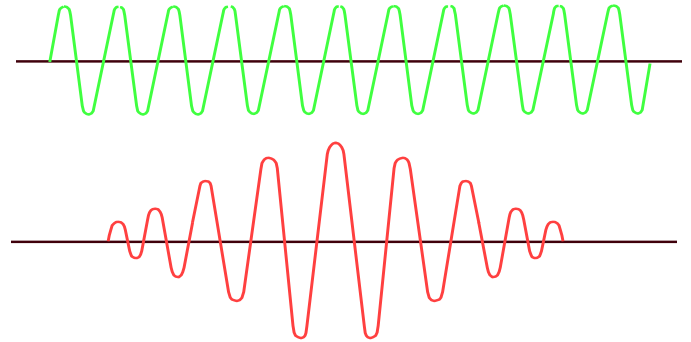
- Marketing fraud

- Fraud related to creating distributing, promoting and pricing products

- Consumer fraud

Marketing Fraud

- ✘ Lying is a major ethical issue with internal and external communications.
- ✘ False advertising relates to:
 - **Exaggerated** claims
 - **Concealed** facts and ambiguous statements
 - Lying
- ✘ Unclear or inaccurate labeling of products is also considered **fraud**.



Emerging Issues

✦ Environmental issues

- **Kyoto protocol** emission carbon dioxide Global warming (Climate treaty)
- **Water pollution** dumping raw swage or toxic materials in river
- Waste management
- Green revolution

✦ Intellectual property rights

- **DMCA digital millennium copy rights** in 1976 and **DTDC Digital theft deterrence and copy rights Acts 1999** protecting books, music, moves

✦ Privacy Issues

- Establishing policies governing the **use** of the Internet on company time
- Electronic monitoring
- Consumer privacy

How to Identify an Ethical Issue

- ✦ An activity approved by most members of the organization and customary in the industry is probably ethical.
- ✦ If the issue **withstands** open discussion between **groups** within and **outside** the organization, it is probably ethical.
- ✦ Covert (**Secret**) discussion and destroyed or documents indicate potential problems.