ETHICS ACTIVITY 1

Name ____________________ Date _____________________

Introduction to Ethics

The principles of right and wrong that guide an individual in making decisions are called ethics. In these Ethics Activities, you will have the opportunity to analyze the ethics of common business situations by using the following three-step checklist as a guide in collecting relevant information regarding an action.

1. **Is the action illegal? Does the action violate any laws?** Obeying the law is in your best interest and the best interest of a business.
2. **Does the action violate company or professional standards?** Public laws often set only minimum standards of behavior. Many businesses and professions set even higher standards of behavior. Thus, an action may be legal, yet still violate standards of the business or profession. Violating these standards may affect your job security or any professional certification you may hold.
3. **Who is affected, and how, by the action?** If an action is legal and complies with business and professional standards, you must rely on your principles of right and wrong to determine if the action is ethical. Determining how the action affects individuals and groups—including business employees and owners, customers, the local community, and society—will help you decide if an action is ethical.

In the activity presented below, you will read about a person who overstated information on a résumé. Note how the three-step checklist, described above, was used to determine whether the individual demonstrated ethical behavior in preparing the résumé. A solution to the activity is included. The solution illustrates the use of the three-step checklist. (Note that the answers for future Ethics Activities will not be provided to you.)

Situation

David Perez applied for a payroll clerk job with Search Services, a market research firm. To improve his chances in getting the job, he exaggerated his work experience on his résumé. Based on this résumé, David was hired. After one year, he received above-average ratings during his annual performance review. Shortly thereafter, his boss met David’s former supervisor and learned the truth.

Instructions

Use the three-step checklist to help determine whether or not David’s action demonstrated ethical behavior. (Suggested answers are provided here.)

1. **Is the action illegal?** No. Overstating qualifications is not illegal, but the employer could terminate your employment.
2. **Does the action violate company or professional standards?** No. David was neither an employee of the company nor a member of any profession.
3. **Who is affected, and how, by the action?** David: He obtained employment, but now he could be terminated. If retained, he could have difficulty being promoted. Other applicants: More
highly qualified applicants lost an opportunity for employment. **Search Services:** Managers may lose trust in employees.

Based on the above analysis, David’s actions were unethical.

1. When David exaggerated his experience on his résumé, do you think he believed he would be caught? What effect did this belief have on his behavior?

2. If you were David’s employer, would you fire him? Why or why not?

3. If you were another applicant for the job David applied for, would you be tempted to do the same as David? Why or why not?

4 • **Ethics Activities**
ETHICS ACTIVITY 2

Name ____________________ Date _____________________

Who Owns My Time?

Employers and employees have a unique relationship. The employee agrees to provide the employer with a fair day’s work. In return, the employer agrees to provide a fair day’s wage.

Instructions

Use the three-step checklist to determine whether or not the following situations demonstrate ethical behavior.

Situation 1

Saran Khut is a receptionist for Media Technologies. After the company installed voice mail, Saran’s workload became lighter, so her supervisor assigned additional responsibilities, including some accounting tasks. Even with these assignments, Saran is not always busy. To fill the time, she plays computer games.

1. Is the action illegal?

___________________________________________________________________________
___________________________________________________________________________
___________________________________________________________________________
___________________________________________________________________________
___________________________________________________________________________
___________________________________________________________________________

2. Does the action violate company or professional standards?

___________________________________________________________________________
___________________________________________________________________________
___________________________________________________________________________
___________________________________________________________________________
___________________________________________________________________________
___________________________________________________________________________

3. Who is affected, and how, by the action?

___________________________________________________________________________
___________________________________________________________________________
___________________________________________________________________________
___________________________________________________________________________
___________________________________________________________________________


Situation 2

At Cooks’ World, a kitchen equipment store, most employees work less than 40 hours per week. However, only employees who work a minimum of 40 hours per week are eligible for health insurance.

1. *Is the action illegal?*

2. *Does the action violate company or professional standards?*

3. *Who is affected, and how, by the action?*
ETHICS ACTIVITY 3

Name ____________________ Date _____________________

Is This Really a Business Expense?

Kate Feldman owns a computer consulting business. Each year she must report the amount of revenue and expenses involved in operating the firm. She must pay federal income tax on the amount by which revenues exceed expenses.

Instructions
Use the three-step checklist to determine whether or not the following situations demonstrate ethical behavior.

Situation 1
Ms. Feldman often makes personal long-distance phone calls from her office. She charges these calls to the business account.

1. Is the action illegal?
_________________________________________________________________________
_________________________________________________________________________
_________________________________________________________________________
_________________________________________________________________________
_________________________________________________________________________
_________________________________________________________________________

2. Does the action violate company or professional standards?
_________________________________________________________________________
_________________________________________________________________________
_________________________________________________________________________
_________________________________________________________________________
_________________________________________________________________________
_________________________________________________________________________
_________________________________________________________________________

3. Who is affected, and how, by the action?
_________________________________________________________________________
_________________________________________________________________________
_________________________________________________________________________
Situation 2

Ms. Feldman hired her teenage daughter to work after school as an office assistant. Rebecca comes in to the office every afternoon and earns $6.00 per hour. During this time, she does homework and telephones friends. Ms. Feldman knows that the business does not really need an assistant, but this is a good way for Rebecca to earn spending money.

1. *Is the action illegal?*

   __________________________________________________________
   __________________________________________________________
   __________________________________________________________
   __________________________________________________________
   __________________________________________________________

2. *Does the action violate company or professional standards?*

   __________________________________________________________
   __________________________________________________________
   __________________________________________________________
   __________________________________________________________

3. *Who is affected, and how, by the action?*

   __________________________________________________________
   __________________________________________________________
   __________________________________________________________
   __________________________________________________________
   __________________________________________________________
ETHICS ACTIVITY 5

Name ____________________ Date _____________________

Technology Temptations

Along with many benefits, technology also presents us with new temptations. Technology allows us to access information for many legitimate reasons, but it can also create ethical dilemmas. What do you think about the situations presented below?

Instructions
Use the three-step checklist to determine whether or not each of the following situations demonstrates ethical behavior.

Situation 1
Andrew Whitbeck collects overdue accounts for a large credit card company. He has access to records of all transactions for any customer. Andrew sometimes looks up the records of famous people. He checks to see where they use their credit cards and how much money they spend. He sometimes tells his friends about the buying habits of entertainers and politicians.

1. Is the action illegal?

___________________________________________________________________________
___________________________________________________________________________
___________________________________________________________________________

2. Does the action violate company or professional standards?

___________________________________________________________________________
___________________________________________________________________________
___________________________________________________________________________

3. Who is affected, and how, by the action?

___________________________________________________________________________
___________________________________________________________________________
___________________________________________________________________________

Situation 2
Julia Russell works for a not-for-profit organization. Recently, she found a list of computer passwords near a photocopier. She started using these passwords to look at other employees’ e-mail files.
1. Is the action illegal?

___________________________________________________________________________

___________________________________________________________________________

2. Does the action violate company or professional standards?

___________________________________________________________________________

___________________________________________________________________________

3. Who is affected, and how, by the action?

___________________________________________________________________________

___________________________________________________________________________

Situation 3

Chalonda Davis is in college and works as a sales clerk in a bookstore. Occasionally, the scanner in the store is unable to read a bar code on a customer’s selection, and the clerk must enter the code using the keypad. Chalonda sometimes makes mistakes when she enters the code. As long as the customer doesn’t object, Chalonda thinks it’s unnecessary to correct her mistakes.

1. Is the action illegal?

___________________________________________________________________________

___________________________________________________________________________

2. Does the action violate company or professional standards?

___________________________________________________________________________

___________________________________________________________________________

3. Who is affected, and how, by the action?

___________________________________________________________________________

___________________________________________________________________________

12 • Ethics Activities
CONFIDENTIALITY

Certified public accountants routinely see and hear confidential information while providing professional services to clients. The AICPA Rules of the Code of Professional Conduct prohibit disclosure of confidential information without the specific consent of the client.

Mitchell Moran, who recently passed the Certified Public Accountant examination, had lunch with a friend from school. While talking about their jobs, Mitchell told his friend about working on an audit of a large local company. He shared information about the salaries and bonuses of the company officers.

INSTRUCTIONS

Use the three-step checklist to determine whether or not Mitchell Moran’s action demonstrates ethical behavior.

1. Is the action illegal?

___________________________________________________________________________
___________________________________________________________________________
___________________________________________________________________________
___________________________________________________________________________
___________________________________________________________________________
___________________________________________________________________________

2. Does the action violate company or professional standards?

___________________________________________________________________________
___________________________________________________________________________
___________________________________________________________________________
___________________________________________________________________________
___________________________________________________________________________
___________________________________________________________________________

3. Who is affected, and how, by the action?

___________________________________________________________________________
___________________________________________________________________________
___________________________________________________________________________
___________________________________________________________________________
___________________________________________________________________________