

BUSINESS ETHICS NOTES/HANDOUT

Businesses have recently become aware of the severe implications of the unethical behavior of employees. In response, many businesses have begun training their employees to make ethical decisions and establishing company codes of conduct. The message from businesses today is clear—employees must be capable of making ethical decisions to protect the business from legal liability and to maximize long-term profits.

Introduction to Business Ethics

The principles of right and wrong that guide an individual in making decisions are called *ethics*. The use of personal ethics in making business decisions is called *business ethics*. In these Business 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 your 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 threestep 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 Business Ethics Activities will not be provided to you.)

Situation

Don Sutton 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, Don was hired. After one year, he received above-average ratings during his annual performance review. Shortly thereafter, his boss met Don's former supervisor and learned the truth.

Instructions

Use the three-step checklist to help determine whether or not Don'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. Don was neither an employee of the company nor a member of any profession.
3. *Who is affected, and how, by the action?* Don: 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, Don's actions were unethical.

1. When Don 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 Don's employer, would you fire him? Why or why not?

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