



Lynn Fountain
Consulting and Training

REAL WORLD ETHICS SCENARIOS

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INTRODUCTION

- Ethics continues to be a hot topic within our world whether it be business, social, personal or politics.
- In today's economic environment... ethics seems to be questioned at every turn.
- What is new in ethics training?
 - This course will ask you to stretch beyond your typical training curriculum on ethics.
 - Most ethics courses lecture on the concepts.
 - People feel they understand concepts.... the problem is actually executing them when needed.

INTRODUCTION

- Are ethical decisions easy?
- Of course not, business is complicated, life is complicated.
 - The gray areas surrounding decisions have expanded.
 - Politics are polarizing and individual values and morals impact decisions.
- Our evolving world (social media, the internet, IoT have seemed to expand the world of ethics).
 - We now have all "types" of things to consider in the ethical world....Technology, AI, Social Media, Business and Personal values....the list continues

INTRODUCTION

- Technology advances have increased our perception and evaluation of potential ethical issues.
 - Professionals find themselves trying to understand what is acceptable to post on social media.
 - AI has made that determination even tougher with all the capabilities it creates (e.g. Chat GPT)
- We will examine the psychology behind ethics and how it impacts our current workforce and practice some “real-life” ethical issues.
 - To be equipped to handle issues, we must understand concepts behind ethics and be able to interpret new and emerging issues that result from the changing corporate landscape as well as evolving technology.

AGENDA

- Ethical Issues over the years
- Types of Business Ethics Issues
 - **Scenario One – Controllers Dilemma**
 - **Scenario Two – Ageism**
 - **Scenario – Technology**
 - **Scenario - Falsified Credentials**
- Ethics Vs. Morals



AGENDA

- Factors For Evaluating Ethics
 - **Scenario** – Sexual harassment and the new job
 - Scenario – Sexual harassment and the new job
- Ethics 101 and Decision Making
 - Scenario – The Team leader
 - Scenario – Remote Work
- Profiling Ethical Culture
 - Scenario – Social Media



2000- 2010

- Unprecedented economic growth followed by financial failures.
 - Excessive risk-taking and lack of effective controls destroys high-profile firms.
- Personal data is collected and sold openly.
 - Hackers and data thieves plague businesses and government agencies.
- Acts of terror and aggression occur internationally, including 9/11 in the US.
- Workers, whose parents experienced layoffs 20 years prior, are less loyal to companies and frequently change jobs, resulting in knowledge loss and increased competition from rival firms.

ETHICS AND COMPLIANCE PROGRAM DEVELOPMENT 2000 - 2010

- Anticorruption efforts grow: OECD Convention on Bribery (1997-2000); UN Convention Against Corruption (2003); UN Global Compact adopts 10th principle against corruption (2004)
- Business regulations mandate stronger ethical safeguards (Federal Sentencing Guidelines for Organizations; SOX Act).
- Stronger emphasis on corporate social responsibility and integrity management
- Memo issued by US DOJ requires prosecutors to consider corporate ethics and compliance programs when making charging decisions.

ETHICS AND COMPLIANCE PROGRAM DEVELOPMENT 2000 - 2010

- Revised Federal Sentencing Guidelines for Organizations (2004)
- Ethics Officer Association becomes Ethics and Compliance Officer Association (ECOA).
- ERC research proves that strong ethics and compliance programs drive the development of ethical corporate cultures and the two together reduce ethics risk.
- E&C field works to articulate best practices for chief ethics and compliance officers (CECOs).

2011 - 2020

- Increasing distrust and cynicism of corporate America.
- Occupy Wall Street and growing frustration over income inequality and pay gaps between C-suite and rank-and-file workers.
- Unprecedented level of workplace diversity.
- Higher expectations for transparency from companies and corporate leaders.
- Millennials, largest work cohort in history, are savvy about and connected to technology and social networks; less tied to particular employee or career paths; more comfortable with diversity and with ethical ambiguities.

Source: Ethics.org

MAJOR ETHICS AND COMPLIANCE ISSUES 2011-2020

- Appropriate use of big data.
- Tension between increasing transparency and loss of privacy.
- Identifying common standards and values in increasingly diverse workplaces.
- Responsible use of technology and social media in the workplace.
- Facilitating productive relationships in multigenerational workplaces.
- Responsibility to shareholders and responsibility to larger society.
- Best strategies for hiring/retaining talented employees in fluid labor market.
- Extent to which business should be responsible for environmental sustainability.
- Concepts of DEI arise.

Source: Ethics.org

ETHICS

- **Professional Ethics and Ethical Dilemmas**
 - Professional ethics guide accountants in making ethical decisions and maintaining integrity.
 - Ethical dilemmas arise when accountants face conflicting obligations or pressures.
 - Corporate governance plays a crucial role in establishing ethical standards and oversight.
 - Managerial accountants have a fiduciary responsibility to act in the best interests of their organization and stakeholders.

KEY ACCOUNTING AND ETHICS LEGISLATION

Key accounting ethics legislation

- Sarbanes-Oxley Act (SOX) enacted in 2002 improves corporate governance financial reporting
 - Requires public companies to establish maintain effective internal controls over financial reporting (documentation of processes, regular testing of controls)
 - Mandates top executives certify accuracy of financial statements (CEO, CFO sign-off on reports)
 - Imposes stricter penalties for financial fraud misconduct (fines, imprisonment)

KEY ACCOUNTING AND ETHICS LEGISLATION

- FCPA prohibits bribery of foreign officials to obtain or retain business
 - Requires companies to maintain accurate books records (proper accounting of transactions, no off-book accounts)
 - Mandates implementation of internal controls to prevent detect bribery (anti-corruption policies, employee training, monitoring of high-risk transactions)
- Both SOX FCPA emphasize importance of ethical conduct in accounting financial reporting
 - Managerial accountants must ensure compliance with these laws regulations (stay informed of requirements, implement necessary controls and procedures.



TYPES OF BUSINESS ETHICS



ETHICS MEANING

- Ethics is a broad term and covers many disciplines.
- The basic meaning refers to doing the right thing.
 - Ethics is not about blindly following laws.
 - It is about weighing consequences of one action against another and choosing the best course of action.
- Being ethically correct is never the wrong thing to do but somehow it seems hard to execute.

ETHICS

- At its core, acting ethically in business means building a company around integrity and trust as well as complying with regulations.
- There are many other concepts that fall under the ethical issues in business definition. These include:
 - Empathy
 - Diversity
 - Acceptance
 - Carrying out business in accordance with company values.

ETHICS AND AI

- Management accountants must understand how to apply an ethical framework to decisions around AI.
- In a recent *Strategic Finance* article, Dan Butcher, IMA's finance editor to IMA's Committee on Ethics, talks to how ethical principles apply to AI.
 - Citing the work of the International Ethics Standards Board for Accountants, Butcher writes, "The ethics problems that accounting and finance professionals have been grappling with in classical approaches to accountancy are often exacerbated when technology is added to the equation. Regardless, universal ethical principles and standards still apply."

ARTIFICIAL INTELLIGENCE

- Professional skepticism and critical thinking are some of the most important competencies accountants have to prevent ethics breaches when using AI.
- As the technology grows more complex and sophisticated, accounting and finance professionals will need to seek out technical experts and partner with them to ensure AI accountability.

ARTIFICIAL INTELLIGENCE

- Because of the complexity of the technologies and ethical matters that accountants have to deal with, more will be forced to tap into the expertise of people who may or may not be fellow accountants but who bring the necessary specific technical knowledge about technological methods and innovations so that they can better understand the questions.
- This raises additional ethics problems related to conflicts of interest, independence, bias, and again the need for professional accountants to apply a critical mindset and all their competence in using the work of these technology experts to address the ethical problems that they may raise.

ARTIFICIAL INTELLIGENCE

- IMA has been a champion of ethics in AI, with educational courseware and publications sharing best practices on managing the integration of AI with management accounting.
 - For example, IMA has encouraged “ethics mapping” when deploying AI technology and has created a foundational course, “Ethics in the Digital Age,” with insights on how to build an ethical culture in the Digital Age.
- How AI is used depends on whether or not humans have the requisite ethical mindset to deploy it properly.
- Ethics is never an easy or straightforward topic, but IMA seeks to help its members navigate the complexities of using AI ethically for the benefit of their organizations and society.

ETHICS

Business Ethics Statistics: Key Numbers

- 52% of Americans say they have boycotted a company because of unethical business practices.
- **10.7% more profit** is generated by businesses with high ethical standards as opposed to those without.
- 56% of employees believe companies with strong ethics perform better.
- 54% would accept a lower-paying position to work for a more ethical company.
- There is a **467 percent greater** likelihood that organizations with robust cultures will have a **positive effect on their employees** than those with feeble cultures.

Sources: (Marketing Charts, Steering Point, Marquette, Ethics & Compliance Initiative, FactoHR, Ethics, Gallup, Marketingdive, Netimperative)

ETHICS

- Employees should review the privacy policy to understand how they are being monitored.
- Other questionable ethics:
 - Politics – Let's not even go there!
 - Prescribing unnecessary medical procedures.
 - Covering up car defects.
 - Designing phones so that users accidentally accept data charges.
 - Creating fake identities.
 - Ongoing cyber issues.

ETHICS

- Ethics is increasingly important to a company's reputation.
 - Public opinion can go viral in an instant.
- Ethics can be defined as going beyond what is legal and doing what is right, even when no one is looking.
 - Unethical behavior in business is about actions that don't conform to the acceptable standards of business operations, failing to do what is right in every situation.
- There are many other instances above what was previously listed where businesses may act within the law, but their actions hurt society and are generally considered to be unethical.

CHALLENGE

- Identify an ethical issue you have either been aware of or exposed to during your career.
- Would your response to the incident today be the same as it was when you first dealt or heard of it?
 - Why/why not?
- What do you see as the biggest challenge related to ethics in today's business?



SCENARIO – CONTROLLER’S DILEMMA

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SCENARIO

- You have worked for a software company for 3 years and recently was promoted to Controller.
 - The company is privately owned with 1 minority shareholder who acts as the CEO and two non-participating majority shareholders.
 - The previous director was with the company since it's inception and has retired.
- During your first few months of handling the full accounting cycle you identify that the CEO has been running significant expenses for his brother's company through your organization.
 - He runs them through as expenses and records them to your company's accounting.

SCENARIO

- Since these expenses do not benefit your company at all, the proper accounting would be to reduce the CEO's owners' equity account rather than identify it as an expense of the company.
 - You speak to the CEO about the issue and he disagrees because he has followed this practice for 27 years and no one has brought up issue up.
- Your organization is considering doing an IPO so they hire a CFO.
 - You inform the CFO upon his arrival of the issue you have found.
 - He informs you to wait and see if the external auditors find it.

SCENARIO

- The external auditors arrive for the audit but they do not select any of the CEO's expenditures for testing.
 - You decide that it is your ethical duty to at least raise the issue to the auditors.
 - You call the partner and inform him of your findings and concerns.
 - He agrees that this is an issue. (The expenditures are over \$500K per year)

POLL I

- Do you believe this is an improper issue that should have been escalated to the external auditors? (Remember, you already told the CEO and CFO)
 - Yes
 - No
 - I don't know

CONTROLLERS ISSUE

- The external auditors test all executive expenses and find the issue you have mentioned. They are now concerned about whether they will be able to opine on the financial statements because of this issue.
- The external auditors have not disclosed to management how they found this issue.
- This is a current issue so the final resolution has not been yet determined.

POLL 2

- What would you do if you were the controller?
 - Wait and see what the external auditors say
 - Inform the CFO you told the external auditors
 - Look for another job
 - I don't know



SCENARIO – AGEISM



SCENARIO

- You are a 65-year-old female professional trainer and specialize in various technical topics including cybersecurity.
 - Your resume displays your credentials related to this field.
- You are performing an on-site public training on the topic. It is an 8-hour class that seems to go well with 20 participants actively participating.
- At the end of the session, the participants are asked to fill out a survey.
 - The participants range from all generations and various nationalities.

ETHICS

- When you receive the evaluations, you briefly scan them and see all ratings are very good with 4-5's on a 5-point scale.
- You notice one note by a participant who rated the course a 4. The participant did not indicate their name on the survey. They left a comment as follows
 - *“Class was good. Instructor was knowledgeable and prepared. However, I would have had someone younger deliver the training. It may have been taken more seriously if a millennial or Gen X instructed rather than a baby boomer”.*
- Ouch!! What is your reaction?

POLL 3

- As the trainer, what would be your reaction to this comment?
 - a) Ignore it – everyone has an opinion
 - b) Person is exhibiting ageism discrimination
 - c) Stop teaching this class

POLL 4

- As the trainer, what action (if any) would you take related to the comment?
 - a) Tell the organization who contracted you to do the training about the incident.
 - b) Nothing People's opinion is their own perception.
 - c) Inform the organization that you may refuse further training requests if they do not at least address the comment.
 - d) I don't know

WHAT HAPPENED

- The trainer chose to speak to the organizers of the training.
- The organizers agreed this was an inappropriate comment and felt they knew who the person comment was.
- The organizers indicated to you they would follow up. You do not know if they actually did.
 - You have chosen not to accept engagements from this group in the future.



SCENARIO TECHNOLOGY



ARTIFICIAL INTELLIGENCE

- Artificial Intelligence has been in the news for a few years.
 - The promises are that the technology will further enhance and evolve our ways of working in manners that are more efficient or productive.
- Recently, a few concerns have arisen about how proprietary the intelligence will be with the “man behind the mirror”.
 - Someone has to initially program the technology. What if they are devious or program with their personal intentions?

ARTIFICIAL INTELLIGENCE

AI presents several ethical, including bias and discrimination, privacy concerns, transparency issues, and accountability questions.

1. Bias and Discrimination: Problem:

- AI systems, trained on data that reflects existing societal biases, can perpetuate and even amplify those biases, leading to discriminatory outcomes.
- **Examples:** Facial recognition systems failing to accurately identify people with darker skin tones, loan applications being unfairly denied based on demographic factors, or AI-powered recruitment tools overlooking qualified candidates.
- **Mitigation:** Requires careful attention to data collection and model development, including ensuring diverse and representative datasets, and implementing bias detection and mitigation techniques.

ARTIFICIAL INTELLIGENCE

2. Privacy: **Problem:** AI systems often require access to large amounts of personal data, raising concerns about data collection, storage, and use, as well as the potential for misuse and breaches of privacy.
- **Examples:** Facial recognition technology used for mass surveillance, AI-powered marketing targeting individuals based on sensitive personal information, or AI-based predictive policing systems that could lead to profiling and discrimination.
 - **Mitigation:** Requires robust privacy regulations, data anonymization techniques, and user consent mechanisms, as well as ongoing efforts to ensure responsible data handling practices.

ARTIFICIAL INTELLIGENCE

3. Transparency and Accountability: **Problem** - Many AI algorithms, especially complex ones like deep learning models, are often seen as "black boxes," making it difficult to understand how they make decisions, leading to concerns about transparency and accountability.
- **Examples:** AI-powered medical diagnoses that cannot be easily explained, AI-driven legal judgments that lack transparency, or AI-powered autonomous weapons systems that operate with limited human oversight.
 - **Mitigation:** Requires developing more explainable AI (XAI) techniques, providing users with access to information about how AI systems make decisions, and establishing clear lines of accountability for AI-related decisions and actions.

ARTIFICIAL INTELLIGENCE

4. Autonomy and Control: **Problem:** As AI systems become more autonomous, there are concerns about the potential loss of human control and the ability to intervene in situations where AI systems make errors or cause harm.
- **Examples:** Autonomous vehicles making critical decisions on the road, AI-powered financial trading systems making large-scale market fluctuations, or AI-powered robots deployed in dangerous or unpredictable environments.
 - **Mitigation:** Requires careful design and development of AI systems that prioritize human safety and control, as well as establishing clear guidelines and regulations for the use of autonomous AI systems.

ARTIFICIAL INTELLIGENCE

5. Job Displacement and Economic Inequality:

Problem: Automation through AI can lead to job displacement and exacerbate economic inequality, as AI systems can perform tasks previously done by humans.

Examples: AI-powered customer service chatbots replacing human customer service representatives, AI-powered robotic arms replacing human factory workers, or AI-powered algorithms automating tasks that were previously done by human professionals.

Mitigation: Requires proactive measures to address the potential for job displacement, such as investing in retraining and education programs, as well as exploring new economic models that can accommodate the changing nature of work.

ARTIFICIAL INTELLIGENCE

6. Security and Misuse:

Problem: AI can be used for malicious purposes, such as cyberattacks, deepfake creation, and surveillance, raising concerns about security and the potential for misuse.

Examples: AI-powered malware that can evade detection, AI-generated deepfakes that can spread misinformation, or AI-powered surveillance systems that can be used to track and monitor individuals.

Mitigation: Requires developing robust AI security measures, as well as establishing clear ethical guidelines and regulations for the use of AI in security-sensitive applications.

POLL 5

- What are your personal ethical concerns around artificial intelligence?
 - a) I have none
 - b) Some but not extreme
 - c) Vary concerning

POLL 6

- What do you believe should be done to ensure the ethical concepts when using artificial technology?
 - a) Establish sound internal controls around programming and monitoring.
 - b) Train, train, train
 - c) Create awareness in the organization about the purpose and uses of artificial technology
 - d) All the above



SCENARIO – FALSIFIED CREDENTIALS

FALSIFIED CREDENTIALS

- You have a long-time (20 year old) best friend who you have helped significantly both financially, emotionally and mentally over the past years.
- You allowed the couple to live in your house for 3 years due to the husband's illness, you helped the wife find a job when she lost hers, you started a Go Fund Me account when the husband passed away, you helped the couples 28 year old son get a job at your husband's company, you found lawyer to help the women when she was released from her firm due to ageism, you identified a lawyer to help the women get out of paying \$15,000 of her husbands medical bills....the list goes on.

FALSIFIED CREDENTIALS

- One day you receive a letter in the mail that does not have a return address and the name on the letter is the woman's son (who never long-time resided at your house) and it has been 7 years since they lived with you.
- Without thinking, you opened the letter and noticed it was addressed to the son (who has the same first name as your son).
- You begin scanning the letter and realize the letter is meant for the woman's son but notice the letter is telling the person that their bio on their company's website is inaccurate.
- The bio says the son graduated from a university and also has a degree along with working for several financial companies (which you know is not true).

FALSIFIED CREDENTIALS

- A wave of concern runs over you but you decide you do not want to deal with this issue so you destroy the letter.
- A few hours later, your business sense gets the better of you and you decided to google the son's name to see if you can determine if the letter was accurate.
 - The results indicate that indeed the bio (for a financial services company) indicates the person did have a degree in XXX and also worked for several financial companies.
- Now what do you do?
 - You do not have the contact number of the son.
- In the past it has been typical for you and the wife to confide these things in each other.

POLL 7

- What would you do
 - Call the wife and inform her of the letter and advise the son be proactive and talk to his boss.
 - Nothing, let the issue go
 - I don't know

SCENARIO

- Since this person has been your best friend for more than 20 years and you have provided significant support, you decide to call her and inform her of the letter.
- You call her and tell her what the letter said.
 - There was no return address and it was not signed.
- She initially does not believe you and says the son never had a mailing address associated with your address.
 - A later google search shows that the son's name is associated with your address.
- You continue to speak to her and tell her it would be wise for him to be proactive and just get the bio changed.

SCENARIO

- The wife indicates to you she calls the son and he told his boss and they said they would take care of it.
- 8 days later you receive an irate call from the wife saying the issue had been reported through an email (or contact form) and they are sure that you reported the issue.
 - She indicates the IP address traces to your address (note – the IP address is not something that can be traced).
 - Your guess is that since the son is an assistant in the small firm, he received the email and destroyed it.

SCENARIO

- Even though you repeat the scenario and exactly what you did and didn't do, she is beyond irate and starts threatening your family.
- It's been 4 weeks, the son's employer has not changed their bio and you have not heard from the wife.
- What would you do?

POLL 8

- Remember, this has been your best friend for 20+ years and you have probably saved the family over \$500K. What would you do?
 - Try to again contact the wife and speak to her.
 - Let the issue go and assume you have lost a friend.
 - I don't know



ETHICS VS. MORALS



ETHICS VS MORALS

- While often used interchangeably, "moral" and "ethical" have distinct meanings: morals are personal beliefs about right and wrong, while ethics are societal or professional guidelines for conduct.
- **Morals: Definition:** Morals are an individual's personal beliefs about what is right and wrong, good and bad, shaped by upbringing, culture, and personal values.
- **Scope:** Morals are subjective and vary from person to person.
- **Examples:** Personal beliefs about honesty, kindness, loyalty, and fairness.
- **Focus:** Morality is concerned with an individual's internal compass of right and wrong.

ETHICS VS MORALS

Ethics: **Definition:** Ethics are the principles of right conduct, often established by a society, profession, or group, that guide behavior and decision-making.

- **Scope:** Ethics are generally objective and apply to specific contexts or professions.
- **Examples:** Professional codes of conduct (e.g., for doctors, lawyers, journalists), societal norms, and legal frameworks.
- **Focus:** Ethics are concerned with upholding standards of conduct within a specific community or profession.

KEY DIFFERENCES

- **Source:** Morals are internal, while ethics are often external.
- **Scope:** Morals are personal, while ethics are often broader, applying to specific groups or professions.
- **Flexibility:** Morals can vary, while ethics are often more fixed or codified.

IN SUMMARY

- A person can be moral (have strong personal beliefs about right and wrong) but not ethical (not following the ethical standards of a specific profession or community).
- Conversely, a person can act ethically (following the rules and guidelines of a profession or community) but not morally (if their personal beliefs differ from the ethical standards).
- Both morals and ethics are important for a well-functioning society, as they guide both individual behavior and collective actions.

Comparison chart

	Ethics	Morals
What are they?	The rules of conduct recognized in respect to a particular class of human actions or a particular group or culture.	Principles or habits with respect to right or wrong conduct. While morals also prescribe dos and don'ts, morality is ultimately a personal compass of right and wrong.
Where do they come from?	Social system - External	Individual - Internal
Why we do it?	Because society says it is the right thing to do.	Because we believe in something being right or wrong.
Flexibility	Ethics are dependent on others for definition. They tend to be consistent within a certain context, but can vary between contexts.	Usually consistent, although can change if an individual's beliefs change.
The "Gray"	A person strictly following Ethical Principles may not have any Morals at all. Likewise, one could violate Ethical Principles within a given system of rules in order to maintain Moral integrity.	A Moral Person although perhaps bound by a higher covenant, may choose to follow a code of ethics as it would apply to a system. "Make it fit"

Origin	Greek word "ethos" meaning "character"	Latin word "mos" meaning "custom"
Acceptability	Ethics are governed by professional and legal guidelines within a particular time and place	Morality transcends cultural norms

ETHICS

- Deciding how to best resolve difficult moral and ethical dilemmas is never easy.
 - This is especially true when a choice violates the societal and ethical standards by which we have been taught to govern our lives.
- As we go through the various scenarios that you will vote on, decide which moral theory you are invoking.





FACTORS FOR EVALUATING ETHICS

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FACTORS

- Do leaders exhibit the same work principle required of employees?
- Are employees encouraged to share thoughts without fear of retribution?
 - Do employees believe they can do this?
- Are all areas of the business held to the same expectations?
- Are identified policy violations treated equally, regardless of who is involved?
- How are improvement opportunities relayed to professionals?
 - Is there a perceived expectation of behavior when in the presence of certain management?

FACTORS

- What is the “perception” on communication of ethical incidents within your organization?
 - Is it only a topic for Legal or HR?
 - Are employees “counseled” to keep issues confidential? Are employees encouraged to report issues and do they believe they can do this without retribution?
- What has occurred in the past when professionals have highlighted ethical issues.
 - Does the company make it easy and accessible for employees to report issues?
 - Do professionals see this process as having integrity?
- Ensure your employees know the appropriate methods for reporting issues.

FACTORS

- Ethical dilemmas are situations in which there is a difficult choice to be made between two or more options, neither of which resolves the situation in a manner consistent with accepted ethical guidelines.
- When faced with an ethical dilemma, a person is faced with having to select an option that doesn't align with an established code of ethics or societal norms.
 - Example - codes of law and religious teachings, or with their internal moral perceptions of right and wrong.
- Let's explore ethical dilemma examples to see how you might handle these difficult situations.



SCENARIO – SEXUAL HARASSMENT AND THE NEW JOB

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SCENARIO

- Assume you are a professional women in your late 50's.
- Your first employer, in the mid to later 1980's (out of college) was a Big 4 public accounting firm.
 - This was a time when this field was dominated by males and sexual harassment was often overlooked.
- During your employment with this company, you faced several instances of sexual harassment while you were assigned on out-of-town jobs.
 - The other individuals on the teams were five men varying in age.

SCENARIO

- Knowing this was a difficult topic at this point in time, and you were just beginning your career, you chose not to speak up about the issue to superiors.
 - However, you made it known to the abusers that their actions were unacceptable.
 - You left the firm after 2 ½ years of employment.
- Now you are in your late career and have chosen to find a position that will better challenge your skills.
- You are able to secure an interview with a well-known consulting firm for a position as a senior leader over a specific division

SCENARIO

- You complete all of the preliminary HR and personality test interviews as well as you own due diligence and research on the job and the company.
 - The company is known to have a more predominate male workforce but we are in the year 2023!
- You are granted an onsite interview and told you will interview with five individuals:
 - The CEO, CFO, COO, VP of a specific division, HR

SCENARIO

- Your interviews with the first three individuals go well and you are excited about the opportunity.
- You are taken to interview with the VP of a specific division and upon entering his office you are formally introduced.
 - You recognize the person as an individual who had harassed you at your first job.
- You are greeted by the gentleman “Hello Jane, I remember you when we worked at XYZ company.”
- The HR person then shuts the door and leaves you to the interview

SCENARIO

- Immediately, the gentleman begins going down memory lane and reminiscing about the previous job. He says:
 - “I remember you as a young pretty little thing. We had some good times didn’t we?”
- You are taken back because this is one of the people that (at the time), you specifically told him his actions were unacceptable. Not knowing quite what to do, you try to steer the conversation towards the interview.
 - You will not be directly supervised by this person however they are a member of the senior leadership team and you will engage with them frequently on projects.
- What would you do?

POLL 9

- What action would you now take in the interview?
 - a) Ignore the past experience, that was 30 + years ago.
 - b) Inquire about what type of work you would be involved with him on.
 - c) Remind the person of your recollection of the past experience and let them know that is not acceptable now.
 - d) Nothing. Try to just continue the interview.

POLL 10

- After leaving the interview, what would you do?
 - a) Speak to HR about your past experience and inform them you are uncomfortable with this person.
 - b) Nothing, you want the job and feel you can now handle any situation.
 - c) Choose not to pursue the job. (People don't change their stripes).
 - d) I don't know

THE RESULT

- The person who interviewed did further research on the consulting company and the manner in which they staff their jobs.
 - You determine there is a strong possibility you could be working with the person frequently.
- You are given an offer by the firm.
 - You do not say anything to the hiring firm but choose not to take the interview further.



ETHICS 101 AND ETHICAL DECISION MAKING



ETHICS 101

- Ethics, known as moral philosophy, addresses questions about:
 - Morality
 - Concepts such as good and evil
 - Right and wrong/virtue and vice
- To establish sound corporate ethics, we must understand psychological aspects on culture.
- Organizations must recognize the variables at play in their cultures.
 - Ethical requirements must not be blindly dictated.
 - Guidelines must apply to **everyone**.
 - Communications methods may need to be adapted to meet cultural differences.

BUSINESS ETHICS

- Individual personalities, dynamics, pressures.
 - Multi--cultural beliefs/values
 - Generational variances
 - Organizational culture/history
 - Organizational morals/values
 - Economic pressures
 - Corporate earnings/budget
 - Organizational response to past issues
 - Federal and state changing regulations

ETHICS SIMPLISTIC FRAMEWORK

- **Stop and think** - Recognize the issue.
 - Avoid making a rash decision.
- **Clarify goals** - Understanding both LT/ST goals can help determine desired or expected outcomes.
- **Determine facts** - Consider if source of the information is credible.
- **Develop options** - Brainstorm possibilities.
 - Begin to think about the ethical frameworks that could apply.

ETHICS SIMPLISTIC FRAMEWORK

- **Consider consequences** - Who and what will be affected by the choice.
 - What harm or good will occur.
 - Consider the ethical frameworks that could apply.
- **Choose, monitor, modify** - Make your choice, step back and then consider if it is the right one.
 - How do you feel about your choice?
 - What might you do different the next time?



SCENARIO TEAM LEADER



TEAM LEADERS

- An important characteristics of an effective leader is treating people equitably.
 - Involves fairness and consistency (apply rules to everyone equally).
- What should a team leader do when a few superstar team members are perceived as difficult to work with and often tease or harass other workers (in what they believe is an innocent way)? Consider this scenario.
- You are the team leader for an accounting group at your organization and have successfully held this position for three years.
 - Your supervisor is the manager of the area.

TEAM LEADER

- When there are workforce openings, you are always involved in the interview process but at the end of the day, the final hiring decision is up to your manager.
- Your department had an opening six months ago in which you participated in the interviews.
 - At the time, you did not identify any alarming behaviors and you agreed the person would make a good fit for the job.
- In the succeeding months after hire, you begin to see troubling behavior with the individual. The behavior includes speaking “down” to other staff, handing off work, buddying up to the manager etc.
 - You chose to speak to the manager and express your concerns.

TEAM LEADER

- The manager knows you well and listens to your comments. Because of the individual's background and "minority" status, the manager is a bit cautious about moving to disciplinary measures too soon.
 - You are counseled to speak to the employee in a formal review process, include HR and discuss the issues you are seeing.
- You do as the manager suggests however after another six months, the person's behavior has not changed.
 - You call the worker in to speak to him again and he "threatens" to file a discrimination and harassment suit if the company lets him go.

TEAM LEADER

- You report back to your manager.
 - Due to the difficult economic times and the perceived risk of letting the employee go, the manager requests you “put up with the behavior” to the extent reasonable and not take any action.
- This response concerns you because it is not only impacting your everyday work and job satisfaction but that of other teammates.
- What would you do?

POLL 11

- What would you do?
 - a) Tell the manager the actions are against the company ethics and something must be done.
 - b) Ask for a transfer to another department.
 - c) Quit your job
 - d) I don't know

TEAM LEADER

- Assume you decide that you will not win any debate about the “difficult person”, so you decide it is best to ask for a transfer (for yourself) to another department.
 - The manager denies your request for transfer and reprimands you for not just accepting the situation.
- What would you do?

POLL 12

- What would you do?
 - a) Go to HR
 - b) Leave a message on the company hotline
 - c) Quit
 - d) I don't know

POLL 13

- Do you believe this situation was appropriately handled?
 - a) Yes
 - b) No
 - c) Not sure

THE RESULT

- The team leader was so frustrated with the situation, they elected to ask their manager for a transfer to another team.
 - When the transfer was requested, the manager indicated they would like to first look into the issue themselves.
- After further review by the manager, the employee was formally reprimanded and put on a very short time-frame improvement plan.
 - Ultimately the person was let go for their behavior.



PROFILING ETHICAL CULTURE

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PROFILING

- **How does the organization define right from wrong?**
 - Do employees understand the definition?
 - How are moral judgments supported/ defended in the organization?
- **How do professionals know if something is right or wrong?**
- **What guidelines have personnel been given to adequately discern an incident?**
 - Would past practices in the organizations support the company's "stated morale code"?
- Consider establishing a values-based culture with the following steps:
- **Encourage employees to seek ethical guidance from within the company.**

CREATING A VALUES BASED CULTURE

- **Encourage the establishment of a values-based code built on trust between management /employees.**
 - Create simple, clearly worded codes.
 - Place responsibility for effectiveness in employees' hands.
 - Encourage rewarding of ethical conduct.
 - Ensure consistency between policy /organizational practice.
- **Ensure whistleblowers are protected.**
 - Send a clear message that employees will be fully protected and even rewarded.

VALUES BASED CULTURE

- **Recruit for ethical qualities**

- Give equal weight to a candidate's sense of values/enthusiasm for working in an ethical climate.
- Give HR a role in the ongoing oversight and monitoring of departmental goals.
 - Pressure to perform, unrealistic goals, stress-inducing deadlines and overly competitive work environments are root causes of unethical behavior.
- HR should be able to assist in monitoring goals.

ADAPT COMPANY POLICIES

- **Examine the company's own web presence.**
 - Rules of engagement are evolving.
 - Companies who don't engage in open dialogue about their products/ services – or that don't back up their claims– will may be exposed as outsiders on a variety of web-enabled communication formats.
- **Monitor employees openly and discretely.**
 - Be forthright - only rely on monitoring policies when legally required or if company interests are compromised.

ADAPT POLICIES

- **Don't invade employee privacy or surprise employees with monitoring techniques not clearly spelled out.**
- **Ensure employees know policies on using company email and accessing the Internet.**
 - Use customer information with respect and permission.
 - Harness technology to support ethics.
- **Supplement ongoing ethics training with computer programs and web-enabled technology learning devices.**
- **Engage in social responsibility auditing.**
 - Human resources, environmental impacts, quality control, community relations.

CONTINUAL IMPROVEMENT

- **Create an ethics risk profile**
 - Know your cultural make-up and how it impacts ethics.
 - Identify/prioritize risks, understanding of relevant laws/ regulatory requirements and insights into the cultural factors.
 - Determine employee perception of company's ethics programs.
 - Obtain qualitative data on perception of ethical culture through surveys, focus groups, interviews and employee input.

MEASURE

- **Measure ethics performance**
 - Perform assessments on how well the company corrects and punishes wrongdoing, educates employees, and consistency of enforcement of ethics and compliance violations
 - Improve the qualitative process by surveying employees to establish benchmark perceptions of progress toward goals.



SCENARIO HYBRID WORK

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HYBRID WORK

- Assume your company has a hybrid work environment that allows all workers to work from home Monday – Wednesday and come into the office on Thursday and Friday.
- No exceptions are to be made to this policy because the company deals with customers on Thursday's and Friday's and it is important for individuals to be in the office.
- For the first 8 months, the hybrid work policy seems to be going well. People abide by the rules.
- As background, when the remote policy was put in place there was no formal document and no employee signed an agreement. It was a gentleman's/ladies agreement.

HYBRID WORK

- After eight months, the company begins to have some financial issues as well as workforce manning issues. As a result, they change the policy to only working Monday and Tuesday at home but requiring workers to come in Wednesday through Friday each week.
- This new hybrid model has caused issues with individuals especially working parents.
 - The company begins to see personnel “breaking” the rules and managers are not addressing the issue.
- You are a manager at this organization and although you understand the need for change you personally believe there should be exceptions made.

POLL 14

- What is your perception of this issue? Is it ok for individual managers to make individual decisions on hybrid work even though the company has made it clear that there should be no exceptions?
 - a) Yes
 - b) No
 - c) I don't know

HYBRID WORK

- Assume you are the CEO of this company and you have recognized that managers are allowing their employees to break the rules.
 - You address the issue with managers and firmly explain it is company policy and there is no room for exceptions.
 - However, after thirty days, the issues seems to have worsened rather than gotten better.
- As the CEO, what would you do?

POLL 15

- As the CEO, what would you do?
 - a) Have a town hall meeting and address the employees directly.
 - b) Tell managers they must enforce the rules or they will be fired.
 - c) Start tracking all violators and fire them.
 - d) I don't know.

THE RESULT

- The CEO chose to have a town hall meeting to explain to employees the reason for the change.
 - The CEO also wrote a formal e-mail to all employees outlining the same information.
 - He explained that there could be no deviations from this policy (unless for emergency issues).
- Violators were tracked and given one warning. If the issue continued, they were released.

SUMMARY

- In the end, ethical decisions are not always black and white.
- Everyone is accountable and silence should not be accepted.
- Personnel need to understand there are avenues to express their concerns.
- If the organization displays repercussions when employees raise concerns – RED FLAG!
- You must be accountable.





APPENDIX SCENARIO – SOCIAL MEDIA

SOCIAL MEDIA

- The reliance on digital communication in the business world has created ethical dilemmas involving information access and privacy.
 - This issue not only involves our work lives but also our private lives.
- In today's world, you can look up almost anyone and find background information on the internet.
- Assume it is your company's policy when hiring new staff to perform an actual background check but to also screen their person's social media to identify any troubling behavior.

SOCIAL MEDIA

- Assume you are an HR representative responsible for assisting the accounting function with their hiring.
 - They have identified a candidate who recently completed their degree and who has the relevant background and experience and who has interviewed well.
 - You perform the technical background check and nothing appears to be an issue.
 - You formally offer the person the job (however, you still need to do the social media check).
- The person is scheduled to start in one week and this is when you begin doing the social media check.

SOCIAL MEDIA

- When searching LinkedIn, Facebook, Instagram and other sites, you observe that the person can be quite opinionated on certain aspects of religion, politics and ethnicities.
 - You inform the accounting team who has made the offer and they are concerned enough that they tell you to retract the offer but do not inform the person why. Just tell them the company has had some changes and are moving in a different direction.
- You call the candidate and inform them of the decision. They inquire why the offer was retracted and you simply state what you were told to.

POLL 16

- What action would you take if you were the person who received the offer?
 - a) Call the hiring manager and inquire about the issue.
 - b) Call the company's HR hotline.
 - c) Nothing, I wouldn't want to work for that company.
 - d) I don't know.

SOCIAL MEDIA

- Assume you have a close friend who works for this organization and you reach out to them to see if they have any insight as to why the offer was retracted.
 - The friend confirms that the company is financially stable at the accounting group is still searching for staff.
 - The friend has connections with someone in HR and reaches out to them. HR does not know that this person and the candidate are acquaintances.
 - Through a normal discussion, the HR representative tells you about his recent “dilemma” with social media and the background search.
 - Turns out the “troubling” behavior was very dated and the person would have been in high school at the time.
 - No recent posts identified any issues.

POLL 17

- Your friend informs you of what they were told. What would you do?
 - a) Immediately close all my social media accounts.
 - b) Call HR and explain that what they found was posts made as a teenager.
 - c) Report the company for discrimination.
 - d) I don't know.

POLL 18

- Do you think the company handled this situation appropriately?
 - a) Yes
 - b) No
 - c) I don't know

THE RESULT

- The candidate did have their friend try to identify the reason for the retracted offer and they confirmed it was because of old Facebook posts that the company felt did not meet their culture.
- The candidate chose not to take the issue any further.