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Business Ethic
Midterm Exam

1.Your first position after graduating from college is at the branch of a major investment house in a diverse, urban community with a good amount of ethnic tension. In two years, you advance to the position of assistant manager in charge of operations. Your company's major business objective this year is to aggressively sell investment vehicles that give higher yields than traditional bank savings accounts. One of the ways the company does this is by partnering with a local mutual fund firm to have one of their employees work as a full-time investment counselor on the company's premises. This investment counselor will work by referrals from brokers and other officers at the branch. The mutual fund company sent one of its new hires, Muhammad Shamoun, to fill this position. He is a young Iraqi male with an MBA from a local state university. You find him trustworthy, well-spoken, and extremely knowledgeable about mutual fund investments.

Over a three-month period, his sales are average. You hear several customers whispering to each other that they do not trust him with their investments because of his ethnic background. Your supervisor, the branch manager, calls you into his office and asks you to call the vice-president of the mutual fund company to have this investment counselor replaced with someone who "appears" more trustworthy to the customers. He remarks that several customers have lodged anonymous complaints with him and says, "After all, we don't run a charity around here. If our customers don't trust him because they don't trust Muslims, that's not our fault! It's a post 911 world." He adds, "I'm not prejudiced but it's not our job to correct society's shortcomings. I'm just trying to do a job here, which is to serve our customers and maximize profit for our shareholders, not to engage in social change!"

What is the primary ethical issue in this case? Given the facts in the case, are you morally justified in making the call? If not, describe a morally justifiable action that you believe can be taken at this point. *(33 points)*

The primary ethical issue in this case is discrimination based on ethnic background and the violation of equal opportunity and fairness principles. The branch manager is suggesting replacing Muhammad Shamoun solely because of customer prejudices and stereotypes related to his Muslim background. This action is not only discriminatory but also undermines the principles of fairness, equality, and diversity.

No, you are not morally justified in making the call to have Muhammad Shamoun replaced based on the customers' prejudices. As an assistant manager, you have a responsibility to uphold

ethical values and principles in your workplace. Discriminating against an employee based on their ethnicity goes against the principles of equality and fairness. Making such a call would perpetuate discrimination and contribute to an unjust work environment.

A morally justifiable action in this situation would be to address the underlying issue of customer prejudice and educate them about the importance of judging individuals based on their qualifications, skills, and character rather than their ethnic background or religion. This could be achieved through various means such as:

Training and education: Conduct diversity and inclusion training programs for both employees and customers to promote understanding, empathy, and acceptance of different cultures and backgrounds. These programs can help dispel stereotypes and biases.

Employee support: Provide support to Muhammad Shamoun by openly acknowledging and appreciating his expertise, professionalism, and contributions to the company. Foster a supportive and inclusive work environment where employees are valued for their skills and qualifications.

Addressing customer concerns: Engage with customers who have lodged anonymous complaints and address their concerns directly. Explain the qualifications and expertise of Muhammad Shamoun, emphasizing that the company values diversity and is committed to providing the best investment advice to all clients.

Communicate company values: Clearly communicate the company's commitment to diversity, equality, and non-discrimination through internal and external channels. This can include updating the company's mission statement, code of conduct, and public statements to reflect these values.

By taking these morally justified actions, it will help toward fostering an inclusive work environment, challenging prejudice, and promoting equality and fairness in the workplace.

2.

In 2008, Brian Pietrylo, a bartender at Houston's in Hackensack, New Jersey, created a Facebook user group called "Spec-Tator" for the purpose of current and former employees to "vent" about their experience while working at the restaurant. Allegedly, the user group was created on personal time, and invitations were distributed on personal time. According to Pietrylo, the forum was a "nice place to vent".

After Houston's management learned that Pietrylo, along with server Doreen Marino, had set up the invite-only Facebook group as a venting forum for dissatisfied Houston employees, the bosses demanded that a hostess and member of the group, Karen St. Jean, give up the password. She did. The managers did not like the vulgar and unflattering descriptions of themselves that they read, and proceeded to fire Pietrylo and Marino for failure to exhibit a positive mental attitude."

Pietrylo and Marino think that firing them violated their freedom of speech, and their common law right to privacy. Houston's managers, on the other hand, believe that surveillance of employee exchanges about the restaurant is necessary in order to protect its reputation.

Analyze the actions of both the management and the employees from an ethics perspective. What advice would you give to the employees and the employer going forward?

Analyzing the actions of both the management and the employees from an ethics perspective involves considering various ethical principles and values at play. Here's an analysis and advice for both parties:

Employees' Actions:

a. Freedom of Speech: The employees created a private Facebook group to express their grievances and vent about their work experience. They may argue that their freedom of speech was violated when they were terminated for their negative comments. However, it is important to note that freedom of speech typically protects individuals from government censorship, not necessarily from consequences imposed by private employers.

b. Right to Privacy: The employees may argue that their common law right to privacy was violated when their private conversations were monitored by management. While employees have a reasonable expectation of privacy in certain contexts, such as personal communications outside of work, the use of company resources and platforms may diminish this expectation.

Advice to Employees:

Consider the Platform: When using company resources or platforms for communication, employees should be mindful that their conversations may not be entirely private or protected. It is advisable to assume that employers may have access to such communications.

Exercise Discretion: Even in private forums, it is essential to exercise caution and avoid posting derogatory or defamatory content about employers or colleagues. Engaging in constructive dialogue and providing feedback can be more effective and ethical in addressing workplace concerns.

Seek Alternative Channels: Instead of relying solely on private online groups, employees should explore other avenues within the organization to address their concerns, such as open dialogue with management, HR, or established grievance procedures.

Management's Actions:

a. Protecting Reputation: Houston's managers claim that surveillance of employee exchanges was necessary to safeguard the restaurant's reputation. While organizations have a legitimate interest in protecting their reputation, the extent of monitoring and the subsequent termination of employees should be proportionate and ethical considerations.

b. Trust and Transparency: Monitoring private employee conversations without clear policies or communication can erode trust between employees and management. A more transparent approach to addressing concerns and fostering open dialogue could have been more ethical.

Advice to Employers:

Develop Clear Policies: Establish clear guidelines on the acceptable use of company resources and platforms, including social media, and communicate them to employees. This can help manage expectations, provide clarity on privacy rights, and avoid misunderstandings.

Foster Open Communication: Encourage an open and inclusive work environment where employees feel comfortable expressing their concerns directly to management. Establish channels for feedback, such as regular meetings, suggestion boxes, or anonymous surveys.

Balance Reputation and Employee Rights: Consider alternative approaches to addressing negative feedback, such as addressing underlying issues, improving work conditions, and actively responding to employee concerns. Balancing the organization's reputation with employee rights and well-being is crucial.

In conclusion, employees should be mindful of their actions when using company resources and platforms, exercising discretion and seeking appropriate channels for feedback. Employers should establish clear policies, foster open communication, and balance reputation management with ethical considerations and employee rights.

3. John Michael Gravitt was hired in 2012 at the General Electric jet engine plant as a machinist for \$29.69 per hour. A young, single Iraq War veteran, Gravitt was pleased to be among the eighteen thousand people working at GE's mile-long plant in Cincinnati, Ohio. The plant, which produces engines for both military and commercial aircraft, was noted historically for manufacturing the engine for the U.S. military's B-1 bomber.

Gravitt had an excellent performance record. After eleven weeks as a machinist, he was promoted to the supervisory position of foreman. As a foreman, he was in a position to see workers' time records. Gravity discovered that workers' training and idle time were being charged to defense jobs. He also noticed that time records were being altered so that work on

projects that had overrun their budgets was being charged to other projects. To help them make the changes, the foremen received, in their emails, "hot lists" consisting of the projects that were in cost overruns.

Gravitt himself was encouraged to alter his workers' time records, and during his first year as foreman, he did as he was told, charging his machinists' time to specified contracts. (For example, he was told to charge the workers' nonproductive time to expensive contracts.) After the first year, however, he began to question the practice. Sometimes overruns were charged to projects that weren't even in the plant yet. Gravitt complained to his unit manager, who sent him to a plant supervisor, who gave Gravitt a "this-happens-everywhere-in-the-real-world" speech. Concerned because GE was dealing with the federal government, Gravitt went to a private attorney. The attorney also gave him the "real world" speech. He also told him that employees in similar situations have disclosed business practices of the type Gravitt was describing to federal government officials and brought suit against their employers under the False Claims Act 1863. The act now allows private citizens to bring suit against profiteers and recover part of the bounty that results from the suit. Gravitt told his attorney that he thought the fines would have an impact on future conduct at GE and at other businesses: "It's the only way people will know they can do something to correct what isn't right." The attorney replied that others he knows have argued that the False Claims Act encourages employees not to talk first with employers about problems they spot. Gravitt left his attorney's office contemplating his next decision regarding this matter. From: DesJardins, J. (2006). *An Introduction to Business Ethics*. New York: McGraw-Hill Irwin. What should Gravitt do at this point? Examine the action of "blowing the whistle" to Congress. Include in your response points Gravitt should consider coming to a morally justifiable decision. (33 points)

When considering whether to blow the whistle to Congress, John Michael Gravitt should carefully evaluate the following points to arrive at a morally justifiable decision:

Ethical Responsibility: Gravitt should recognize his ethical responsibility to report the fraudulent practices he has observed at the General Electric (GE) plant. As an employee, he has a duty to

uphold ethical standards and protect the interests of the public, especially when dealing with government contracts.

Impact on Public Interest: Gravitt should consider the potential harm caused by the fraudulent practices at GE. By reporting to Congress, he can help protect taxpayers' money, ensure the integrity of government contracts, and prevent further misuse of funds.

Exhausting Internal Channels: Gravitt has already approached his unit manager and a plant supervisor with his concerns, but they failed to address the issue adequately. The False Claims Act encourages employees to disclose such practices to government officials when internal channels have been exhausted.

Legal Protection: The attorney has informed Gravitt about the protection and incentives provided by the False Claims Act. This law enables private citizens to bring lawsuits against companies engaging in fraudulent practices and potentially receive a portion of the recovered funds.

Impact on Future Conduct: Gravitt believes that exposing the fraudulent practices through legal action can help correct the wrongdoing and discourage similar actions in the future. He recognizes the importance of creating a culture of accountability and integrity within GE and other businesses.

Possible Retaliation: Gravitt should carefully consider the potential consequences of blowing the whistle. Whistleblowers often face retaliation, such as termination or negative professional consequences. Gravitt should assess the potential risks to his personal and professional life and be prepared for the challenges that may arise.

Public Perception and Trust: Reporting fraudulent practices can help restore public trust in organizations and industries. By acting as a whistleblower, Gravitt can contribute to a more transparent and accountable business environment.

Personal Integrity: Gravitt should reflect on his own values and integrity. He must determine whether he can live with the knowledge of fraudulent practices and the potential harm caused by remaining silent. Taking action aligned with his personal ethics may lead to a morally justifiable decision.

Alternative Solutions: Gravitt could explore alternative methods to address the issue within GE, such as reaching out to higher-level executives or seeking support from external regulatory bodies. However, if these options have been exhausted or proved ineffective, blowing the whistle to Congress may be the most appropriate course of action.

Professional Guidance: Gravitt may seek advice from other professionals, such as ethics experts, attorneys specializing in whistleblower cases, or individuals who have previously blown the whistle, to gain a broader perspective and make an informed decision.

By carefully considering these points, Gravitt can make a morally justifiable decision about whether to blow the whistle to Congress. Ultimately, he should prioritize the public interest, ethical responsibility, and his own personal values in making this important choice