

Current ethical problem assignment

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The importance of having ground rules in an organization is critical for the well being of the organization on for it client. The ground rules allow the organization to build its reputation among other competitor companies. These ground rules also leads to prioritize the organization ethical behavior and this will also lead the organization to have a strong reputation that will set the organization to be one of the most reliable organization among other competitors.

Is evident that some organizations have strong ethical values than others; in this paper the author will briefly summarize an unethical issue of today's organization. The author will also identify the ground rules manifested in the situation and as well as the ethical issues. In the article the president Obama rebuked banker from Wall Street who receive bonus last year, this bonus were valued in millions of dollars.

The president Obama called this payout "shameful (Shear, 2009)" and blamed executives for the lack of responsibility during this economy crisis the nation is currently facing. The reaction of the president was based on a report by the New York Times where stated that "Wall Street executives who had given themselves almost \$2-0 billion in bonuses in 2008...the report done by the New York state comptroller's office that said last year's total of Wall street bonuses was the sixth-highest ever, despite the poor economic performance of the firms (Shear, 2009).. The president reject such as behavior from the executives. The president felt frustrated and puzzled by the unethical decision taken by the Wall Street high executives. The frustration of the president was more than evident based on some declaration he made after he find out this shameful situation. "There will be <https://assignbuster.com/current-ethical-problem-assignment/>

time for them to make profits, and there will be time for them to get bonuses...We shouldn't have to that, because they should know better...We will continue to send that message loud and clear (Shear, 2009). The main trigger of the issues is after a report from New York Times where stated the Wall Street executives gave themselves bonuses valued in almost \$20 billion in year 2008. The amount was the same amount the Wall Street executives received during 2004 in order to inject stimulus to the economy. This money was supposed to bail out the economy crisis that Wall Street was facing at the time. But Wall Street executives used that money to enrich themselves instead using that money to come out of the crisis (Shear, 2009).

The ethical conflict that this situation brought up is that this people receive money from tax payers, and the main purpose of this loan was to ensure that this money is use toward helping middle class individual to relieve from finance collapse, but instead they use for the own well being showing any remorse for those individuals who are struggling and even in the edge of living on the street with their entire family. The ethical change is that these executive became greedy and they saw a big opportunity to secure their selves interest by given themselves higher bonuses comparing to last years. Mack received no cash bonus a year ago but received stock and options worth an estimated \$40. 2 million, well above his \$800, 000 base pay. Cayne received a bonus of \$33. 6 million in 2006 and base pay of \$250, 000 (Bonuses on Wall Street surge 14 percent, 2007. " " Goldman Sachs CEO Lloyd Blankfein reportedly is in line for a bonus of up to \$70 million this year, as the nation's largest investment bank has largely navigated past any mortgage-related losses. Lehman Brothers' CEO Richard Fuld was granted a

\$35 million stock bonus for 2007, up 4 percent from last year (Bonuses on Wall Street surge 14 percent, 2007). It seems that the deficiency is more than evident in this situation, the examples show clearly that Wall Street executives had an evident lack in performing ethical decisions, and let just imagine that executives took unethical decisions during precarious time, then more unethical decisions were taken when the crisis was no so evident, and this decision were unnoticed by the public and the government. " Part of what led our economy to this perilous moment was a sense of irresponsibility that prevailed from Wall Street to Washington... That's why I called for a new era of responsibility in my inaugural address last week. Obama said after the closed-door meeting (Shear, 2009). Honesty, is the main ground rule for ethical decision, and in the article shows that the rule was broken by Wall Street executives and president Obama clearly point this out..." part of what we are going to need is for folks on Wall Street, who are asking for help, to show some restraint and show some discipline and show some sense of responsibility... There will be time for them to make profits, and there will be time for them to get bonuses...now's not that time. And that's a message that I intend to send directly to them (Shear, 2009). Organization leadership did not come into play in this situation. This situation only shows that lack of organizational leadership, because the top leaders of this organization were the ones that took the unethical decision to give millionaires bonus. Another sign of lack of organizational leadership was performed by the Citigroup whose executive purchased a \$50 million personal jet (Shear, 2009). The best way to resolve this issue is by re-structuring the entire organization. This includes working from scratched, creating a new mission statement, and prioritize the organization service.

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The entire executives' structure should also be re-structure and setting some limits to what they can do. Perhaps creating an internal department that oversees the executives' decisions and make sure that are ethical right and accordance the ethical standard of the organization for well health of the organization and for the clients. In conclusion the author briefly summarized an unethical issue faced in today's organization. The author identified the ground rules of the organization manifested in the situation discussed and as well as the ethical issues.

As president Obama said is shameful to hear this type of new, and that the executives should know better not to take this type of decision while the nation is facing such as economic crisis. Reference Bonuses on Wall Street surge 14 percent (2007, December 21). Retrieved February 23, 2009, from <http://www.msnbc.msn.com/id/22356359/> Shear, M. D. (2009, January 30). President Decries ' Shameful' Bonuses For Wall St. CEOs . Washington Post. Retrieved February 23, 2009, from [http://bulletin.aarp.org/yourworld/politics/articles/president_decries_shameful_bonuses_for_wall_st_ceos.html?](http://bulletin.aarp.org/yourworld/politics/articles/president_decries_shameful_bonuses_for_wall_st_ceos.html?CMP=KNC-360I-MSN-BULL&HBX_OU=52&HBX_PK=obama_wall_street)

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Due to the large volume of communications we receive, we regret that we cannot answer or acknowledge all correspondence. RELATED • Text of Bush's Tuesday statement • Lobbyists Swarm the Treasury for a Helping of the Bailout Pie • Obama Picks Volcker to Head New Economic Panel • Obama Puts the Heat on Republicans [pic] • See all our coverage. Economy Watch: What's Next? [pic] Trying to keep up with the latest economic news? Visit our Economy Watch page. More>> President Obama yesterday scolded Wall Street bankers who received millions of dollars in bonuses last year, calling the payouts "shameful" and chiding the executives for a lack of personal responsibility at a precarious time for the nation's economy. "There will be time for them to make profits, and there will be time for them to get bonuses," the clearly irritated president said. "Now's not that time. And that's a message that I intend to send directly to them." Obama's comments came on the same day that the Democratic chairman of the Senate Banking <https://assignbuster.com/current-ethical-problem-assignment/>

Committee threatened to bring before his committee any Wall Street executives who take big bonuses after their firms are propped up with public money. Whether it was used directly or indirectly, this infuriates the American people and rightly so," said Sen. Christopher J. Dodd (D-Conn.). " So I say to anyone else who does it: If you do it, I'm going to bring you before the committee. " The president said he was reacting to a New York Times report about Wall Street executives who had given themselves almost \$20 billion in bonuses in 2008, the same amount they received collectively during the much more bullish 2004.

The article was based on a report by the New York state comptroller's office that said last year's total of Wall Street bonuses was the sixth-highest ever, despite the poor economic performance of the firms. " Part of what we are going to need is for folks on Wall Street, who are asking for help, to show some restraint and show some discipline and show some sense of responsibility," Obama said as he ended a private meeting with Treasury Secretary Timothy F. Geithner. " The American people understand that we've got a big hole that we've got to dig ourselves out of," Obama said. But they don't like that people are digging a bigger hole even as they are being asked to fill it up. " Obama had already been critical of executives who take big bonuses and companies that make big purchases. Last week, he directed Geithner to call Citigroup to express the administration's displeasure at the struggling company's impending purchase of a \$50 million jet. " We shouldn't have to do that, because they should know better," Obama said, sounding more like a frustrated schoolmarm than a president. " We will continue to send that message loud and clear. "

A day earlier, however, Obama passed up a chance to send that message publicly. The president stood with 13 CEOs in the East Room of the White House on Wednesday to push for congressional passage of his \$816 billion stimulus package. He talked broadly about personal responsibility but did not specifically refer to excessive pay, even though several of the executives have made many millions of dollars a year. Samuel J. Palmisano, chief executive of International Business Machines, made \$24.35 million in 2007, the last year for which numbers were compiled by Forbes.

That included \$5.8 million in bonuses. David M. Cote, the CEO of Honeywell International, earned \$6.23 million, including \$4.2 million in bonuses. "Part of what led our economy to this perilous moment was a sense of irresponsibility that prevailed from Wall Street to Washington," Obama said after the closed-door meeting. "That's why I called for a new era of responsibility in my inaugural address last week." Participants in the meeting described it as a round-robin discussion in which the president asked all of the CEOs to describe their sense of the economy and to explain how their own businesses might be helped by the stimulus package. Michael R. Splinter, chief executive of Applied Materials, a Silicon Valley company best known for building machinery that makes computer chips, said in an interview after the meeting that the president did not raise his concerns about executive compensation. "We really didn't get off into any side things about car-company guys taking jets or stuff like that," Splinter said. "I mean, because he knows that, you know, we're all working hard to improve our companies, and if we improve our companies it will be a big part of the economy improving."

A lot of the GDP was represented in the room today. " Obama " didn't raise his frustration, and we really stayed focused," Splinter added. " Once the press left, we really got down to business very fast. " Instead, Splinter described the meeting as a " candid" exchange about the struggles that some of the country's biggest businesses face. The core businesses for Applied Materials " have slowed down dramatically," Splinter said he told Obama, citing lower demand, lack of confidence and the tight credit market.

Obama aides said the president did mention the Citigroup jet purchase to the group and talked about the need for corporate responsibility. " The president doesn't meet with CEOs where he doesn't talk about responsibility," press secretary Robert Gibbs said in his daily briefing with reporters. " They specifically talked about the jet purchase. " Staff researcher Madonna Lebling contributed to this report. [pic] • Comment • E-mail • Print • Bookmark • Share Share • DIGG • DELICIOUS • LINKEDIN • [pic][pic]yahoo! buzz • FACEBOOK [pic] Community Commentary [pic]Please log in to leave a comment. Log In | Sign Up