

Business policy 9168



**ASSIGN
BUSTER**

There are several ethical issues surrounding the case titled Phantom Expenses . The most obvious of which is the dishonesty that appears to be rampant, among employees within the appliance manufacturing company. However, at first I will deal with an ethical issue that is most likely to be overlooked. An issue that management itself may be the root of. The case points out that the practice of inflating reimbursable expenses is so unchecked that one employee s honesty may blow the whistle for the entire company. It is probably safe to assume that sometime in the near future, management will find out about the dishonesty of its employees. At which time the real ethical issue will need to be dealt with. Management will be faced with the fact their compensation methods have caused their own employees to be deceitful. While the employees may be lying, it is not reasonable to assume that the company would lay-off its entire East Coast sales force. Management will face the dilemma of censuring their sales force while having to deal with the fact they their own policies were flawed. They will walk the thin line of possibly being perceived as the bad guy . Employees who hold themselves to a higher ethical standard are frequently faced with peer pressures associated with the workplace. On one hand, if Jane decides to take the moral high ground, her associates will shun her. On the other hand, if she gives into to the pressure, she will have to deal with both the guilt and the possible repercussions of a the whistle being blown in the future. Honesty is the not only the best policy, it is the only policy. When it comes to truthfulness one must be selfish. Jane should fill out her expenses in the same manner as the rest of the salespeople. However, she should confidentially alert management of the widespread dishonesty amongst its employees. Management will commend her for her honesty, and they will

understand the pressures that necessitated her temporary deceitfulness. 1. What are the ethical issues in this case? + Does peer pressure allow for dishonesty? + Does the fact that management improperly reimburses allow employees to pad their expenses? + How does senior management reprimand itself while censuring its employees? 2. Given all the factors, what should Jane have done? + Jane should confidentially alert management of the widespread dishonesty amongst its employees. Management will commend her for her honesty, and they will understand the pressures that necessitated her temporary deceitfulness. 3. What would have been the consequences for Jane and the company if she had accurately reported her expenses? What would the consequences have been if she had inflated her expense account as Ann had urged her to do? + A. The whistle would have been blown on the entire east cost sales force. Chances are that management would not have fired its entire sales force. This would have left Jane in a very hostile environment. + B. If Jane gives into to the pressure, she will have to deal with both the guilt and the possible repercussions of a the whistle being blown in the future. 4. What ethical principles would be useful here? + Honesty is the not only the best policy, it is the only policy. When it comes to truthfulness one must be selfish.