

TBIL – Handout #1

Novelist Robert B. Parker once wrote, "Most people don't have much trouble seeing what's right or wrong. Doing it is sometimes complicated, but knowing the right thing is usually not so hard."

Suggesting, of course, that in order to be ethical people, we need to have both a conscience and a backbone. Knowing right from wrong is fairly simple. Behaving ethically is a bit more complicated.

Coupe, Kevin. "Ethics 101: Conscience & Backbone," *Chain Store Age*, 82, no. 6, (2006): 36-37.

Murphy: Ethics deals with general principles, or guidelines, of behavior. It also has to do with character development.

Navran: I refer to ethics as those behaviors that reflect our values. So, if we act in ways that are consistent with what we say we believe in-our principles and our values-that is ethical behavior. Acting in ways that contradict what we say we believe in is unethical behavior.

Dubinsky: I look at business ethics as the application of moral rights and wrongs in an organizational setting. It describes what we ought to be doing, but it also allows for intense disagreement, because these concepts don't give you absolute right or wrong answers. Business ethics gives us the framework within which to talk about those differences.

Chonko: I have always viewed ethics as guidelines that were interfered with by human judgment. Sometimes human judgment steps outside the value of those guidelines.

Excerpt from Mahoney, Ann, I. "Talking about ethics," *Association Management*, 51, no. 3, (1999): 45-53.

WHEN CODES WORK

Noonan: One of the tools is a code of ethics, but do codes work?

Petry: Today, nearly 100 percent of large organizations have a code of ethics, but if that's all they have, it won't work. A code of ethics works when employees have some say in drafting or revising it; it is a living document and actually governs the way work is done; the principles embodied in it also show up on performance appraisals and in the compensation system; people are disciplined, hired, fired, and promoted based on that code; and an ethics officer or someone in the organization has the job of communicating ethical principles to employees and communicating employee concerns to management.

Navran: There is a phenomenon with codes of ethics that I call the three P's: print, post, and pray, which is where some organizations fall down. They print it, they post it to all, and then they pray for change. This not only doesn't work, it backfires because it creates cynicism.

I think there are two critical issues that don't get talked about enough. One is employees' perceptions of senior executives' agendas. Why are we doing this? What is the motive? Is it to protect the executives? Is it to create a facade? Is it a whitewash? Or is it something that is sincerely believed?

The second issue concerns critical events. What happens when the organization has to either put up or shut up about what it says it believes in? What happens in the situation where the organization succeeds because of bad business in the short term? Does the organization bite the bullet short-term for the longterm good to be consistent with what it says it believes in, or does it cave?

Hoffman: You have to have a code that states the values of the organization. You also have to provide some rules indicating how employees should behave so that if they behave outside of that framework, they understand they ought to go elsewhere and the organization will see that they do.

Dubinsky: In each organization, you figure out how you're going to use the code-for instance, how it fits in with employee performance evaluations and the organization's business ethics training.

The Link Between Workplace Pressure and Unethical Behavior

In a study examining the extent of pressure experienced by American workers in the workplace, a 1997 nationwide survey jointly sponsored by the American Society of Chartered Life Underwriters and Chartered Financial Consultants and the Ethics Officer Association provides a definitive link between workplace pressure and illegal or unethical behavior by employees.

Workplace pressure has increased significantly from five years ago and from one year ago. Today, 57 percent of the respondents feel more pressure than five years ago, and 40 percent feel pressure has increased since last year.

The majority of workers (60 percent) feel a substantial amount of pressure on the job, and more than one out of four (27 percent) feel a "great deal" of pressure.

Most workers (56 percent) feel some pressure to act unethically or illegally on the job.

Half of the respondents (48 percent) reported that, due to pressure, they had engaged in one or more unethical or illegal actions during the last year. The top five actions are:

16 percent Cut corners on quality control

14 percent Covered up incidents

11 percent Abused or lied about sick days

9 percent Lied to or deceived customers

7 percent Put inappropriate pressure on others

When asked if they believed that "ethical dilemmas are an unavoidable consequence of business and cannot be reduced," only 15 percent agreed. Consistent with previous responses that pinpointed poor communication and leadership as sources of pressure, workers cite "better communication/open dialogue" (73 percent) and "serious commitment by management to address issue" (71 percent) as the best solutions to the problem.

TBIL Business Ethics & Intellectual Property – Handout #2

Intellectual Property Case Study: Part A

G & H Corp, headquartered in Germany, creates a novelty item that is popular with both children and adults. The toy contains several unique design elements that G & H Corp patent to protect the design. The novelty is fairly successful in Germany and throughout Western Europe for several years, as either a toy for children or an adult gag gift.

After several years pass, an American woman, named Ruth, while on a trip through Europe finds this novelty item and brings it back to the United States for her daughter. She happens to work for a major manufacturing company, M Corp, and believes that this novelty item could be successful in America. She has her company contract a supplier to create a similar type of toy. M Corp proceeds to manufacture a toy that closely resembles the G & H Corp toy. It becomes wildly successful for M Corp in the United States providing significant amounts of revenue.

Several more years pass, and the creator of the toy at G & H Corp discovers the copycat product in a store in Europe. G & H Corp protests that the M Corp design is a copy of their product and in violation of their intellectual property rights. As this became a court battle, offers were made from 3rd parties to G & H Corp for the rights to their product. G & H Corp began to sell these rights as a whole instead of selling the rights to use the ideas but maintaining their actual ownership (licensing).

The 3rd parties buying up the rights to G & H Corp's product was, in fact secretly, companies working for and owned by M Corp. M Corp also made a direct offer for one of the key patents, convincing G & H Corp to turn over complete control instead of a licensing arrangement.

Questions for discussion:

1. Should G & H Corp have won the intellectual property court battles?
2. Did they make a mistake selling the complete rights?
3. Was M Corp practicing unethical behavior?

****** DO NOT TURN OVER UNTIL INSTRUCTED TO DO SO ******

****** DO NOT READ THIS SIDE UNTIL YOU ARE INSTRUCTED TO DO SO ******

Intellectual Property Case Study: Part B

M Corp continues to produce its very successful version of the product for many years. An employee of M Corp while consulting for another company MGA, helps create a similar product that begins to take away market share from M Corp's Product. MGA produces the product, along with several variations for the next several years.

M Corp's response is twofold. First, they create a similar product to MGA's; second, M Corp takes MGA to court claiming that the rights to the product belong to M Corp because it was created by one of their employees; a breach of contract for that employee. MGA countersues claiming that M Corp's new product is a copy of their (MGA's) product.

Discussion Questions:

1. Who's right?
2. Does MGA's product belong to M Corp because it was created by one of their employees?
Every variation of the product or just the original version?
3. Does MGA have a right to countersue that M Corp's 'New' product is actually just a copy of the MGA product?
4. Was there unethical behavior anywhere?

And now the bonus question...

NOT for discussion with your team.

– What products are these really?

Keep your answer to yourself until this question is asked out loud.