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Chapter 6

Employee's Ethics: Getting a Job, Getting a Promotion, Leaving

Chapter Overview

Chapter 6 "Employee's Ethics: Getting a Job, Getting a Promotion, Leaving" examines some ethical decisions facing employees. It considers the values that underlie and guide choices about how you go about getting a job, how you maneuver for a better one, and what the right moment is for leaving.

6.1 The Résumé Introduction

LEARNING OBJECTIVES

1. Define ways job seekers may misrepresent themselves on a résumé.
2. Construct an ethical framework for managing the dilemmas of crafting a résumé.

Robert Irvine's Stretched Résumé

For many job seekers the first—and maybe the only—chance they get to impress a potential employer is a résumé. What are the ethics of presenting your qualifications on a sheet of paper?

Robert Irvine is a muscled chef from England who you may have seen hosting the Food Network's popular *Dinner: Impossible*. It's a good job. The TV show generates free publicity for his cookbook *Mission: Cook!* and affords him the kitchen credibility to open his own restaurants. That was the idea he brought to St. Petersburg, Florida, in 2008. His concept for south Florida, actually, was two restaurants: Ooze and Schmooze. Ooze was going to be the accessible, entry-level place and Schmooze the highbrow complement. His biography—the summary of his professional life and experiences that he presented to potential investors—was impressive. According to the *St. Petersburg Times*, he advertised his résumé as including:

- A bachelor's of science degree in food and nutrition from the University of Leeds.
- Royal experience working on the wedding cake for Prince Charles and Princess Diana.
- He was a knight, as in *Sir Robert Irvine*, Knight Commander of the Royal Victorian Order, handpicked by the Queen.
- For several consecutive years, he'd received the Five Star Diamond Award from the American Academy of Hospitality Sciences.
- He'd served as a White House chef. Ben Montgomery, "TV Chef Spiced Up His Past Exploits," *St. Petersburg Times*, February 17, 2008, accessed May 17, 2011, http://www.sptimes.com/2008/02/17/Southpinellas/TV_chef_spiced_up_his.shtml.

Everything came to an end, though, at least temporarily, when Food Network fired him for résumé lies. Here's the truth about the listed items:

- The claimed BS degree? According to a press officer at the University of Leeds, “We cannot find any connection in our records between Robert and the university.”
- The royal wedding cake? Well, he did help pick some of the fruit that went into it.
- The knighthood? No.
- The Five Star Diamond Award? True, but it’s not the AAA’s prestigious Five Diamond Award or Mobil’s five stars. The American Academy of Hospitality Sciences is actually a guy’s apartment in New York, and the award is granted to anyone who pays a fee.
- White House chef? Kind of. But he didn’t prepare sophisticated dishes for the president or anything like that; he cooked food for the cafeteria line, serving military workers at the White House.

Certainly, Robert Irvine isn’t the first guy to stretch his résumé, but he does an excellent job of exploring the many ways people *can* misrepresent themselves when trying to get a job. Generally, there are two kinds of résumé abuses. **Positive résumé misrepresentations**¹ are those items on a résumé that simply aren’t true. Examples include:

- **False credentials.** These are certificates of accomplishment that don’t exist. Irvine said he had a BS degree. He didn’t. This kind of misrepresentation is especially tempting for job seekers who didn’t quite finish their degree. One of the obvious practical problems is that claims like this can be verified or disproven by human resource departments. (Or, as in Irvine’s case, by enquiring newspaper reporters.)
- **False experience.** Untruthfully claiming to have participated in projects. Irvine asserted that he’d been a White House chef, meaning he’d planned sophisticated menus and prepared dishes for dignitaries. He didn’t. He cooked assembly-line food in the cafeteria for White House staff workers.
- **Embellished experience.** This is the easiest kind of résumé misrepresentation. Irvine really did work on the royal wedding cake, but only picking fruit, not actually making it. His claim, therefore, isn’t directly false, but incredibly misleading. The same could be said about the Five Star Diamond Award. While technically true, it’s not the meaningful award that people imagine it to be.
- **False chronology.** Anyone who’s suffered long periods of unemployment—or just been fired from a job and taken a while to find another one—has surely been tempted to adjust the dates on their résumé to make it seem as though they went smoothly from one post to another.

1. Invented items inserted into a résumé.

- **False references.** Listing someone to vouch for your experience who really won't or can't. Irvine said he'd been selected by the Queen of England for a knighthood. It never got to the point where someone actually called her to ask, but if they would've, she would've drawn a blank. Of course people don't normally list royalty as a reference, but in everyday life, it's easy to commit the same misrepresentation. One fraternity brother could list another as a former boss. A woman could list a brother-in-law.

Negative résumé misrepresentations² are those items that would appear on a *complete* résumé, one listing all your working experience, but that conveniently get left out of the one you submit to a potential employer. If you were fired from your first job at McDonald's years ago because you kept forgetting to take the fries out of the oil pit, no one's going to object when you drop those months off your work history. On the other hand, if, up until two months ago, you were in charge of the vehicle fleet for a hotel, and you were fired for taking your girlfriend out in the company limo after hours, leaving that off your résumé is misleading new prospective employers.

In the case of Irvine, things worked out for him in the end. After he publicly recognized the truth and cleaned up the most outrageous resume claims, he got his TV show back.

The Ethics of Stretching the Résumé

It's hard to define all the ethical lines dividing what should and shouldn't be included in a job applicant's résumé, but steps can be taken to control the situation. If you're sitting at your desk trying to figure out whether there should be any deleting, fudging, or exaggerating, two questions can help get a hold of the situation:

1. Who will be affected by my decision?
2. Does it matter what everyone else is doing?

The first person affected by your decision is you, and everyone's closest ethical responsibility is the one they hold to themselves, the responsibility to respect their own dignity and abilities. One way of taking that responsibility seriously is to look back at the jobs you've held and ask what kinds of tasks they entailed and how those experiences and the skills taken from them might be stated in a broad and appealing way. Probably, Irvine went overboard when he translated the fact that he'd chosen fruit included in a royal wedding cake into the claim that he participated in assembling and cooking it. But it also seems like it'd be a mistake to

2. Parts of one's professional experience deleted from the résumé.

say that he'd been a simple "fruit picker" on a wedding cake job. In the culinary world, his was important fruit picking. Irvine's mistake, in other words, wasn't that he tried to make himself look good, it's that he couldn't find a way to do it without essentially lying about his experience.

The duty to present yourself positively to potential employers may also justify the decision to leave certain, let's say, unfortunate aspects of your professional life off the résumé. Irvine doesn't talk much about how his endeavor to create restaurants in St. Petersburg fell apart in a sorry mess. If tomorrow he goes out and tries to stir up investors for a new pair of restaurants somewhere else, he has an obligation to be honest with them about what happened last time. But if he's looking for a job as a TV cook, or just as a cook in a restaurant, then he may be able to justify leaving that bad episode unmentioned. The reasoning? The fact that he's bad at mounting restaurants doesn't mean he's a bad TV personality or an error-prone cook. The one job has little in common with the others. So if he's applying to be a cook, he could possibly leave the negative information about his other business ventures out based on the idea that it's simply not applicable to the employment being sought.

The duty to yourself, finally, points toward a résumé presentation that sets your accomplishments and skills in boldface while not dwelling on extraneous shortcomings.

Another person affected by your résumé decisions—the choice about how much truth to tell and hide—is the person doing the hiring. If you claim experience you don't really have and skills you don't possess, the supervisor who oversaw your contracting won't just be disappointed and angry as he watches you stumble and trip over tasks that should be easy. The botched hiring will also reflect negatively on him when superiors evaluate *his* performance and make decisions about pay raises and promotions. He's going to suffer because you lied. There is, in other words, a loser when you scam to get a job that you're not really qualified for. More, that harm accrues to the company as a whole. Maybe costs will increase because more training than expected will be necessary. Maybe an account will be lost when you fumble an assignment that should be automatic.

Your potential future workmates also have a stake in your application for a job. If you claim, as Irvine did, to have worked on the Charles and Diana wedding cake, it seems fair for your boss to assume you'll be able to manage producing first-rate cakes for ordinary people. If you can't, if you have no idea how to serve up even a simple layer cake, someone else on the team is going to have to step in and do your work for you. They probably won't get your paycheck at the end of the month, however.

Other applicants for a job also have a stake in your own application. It's a competitive world, and while you're the one who can best make the case for your ability, making false claims doesn't just give you an opportunity you may not otherwise receive: it takes an opportunity away from someone else.

What's Everyone Else Doing?

The first step in getting control of your résumé's relation with the hard truth is working through how any particular decision affects those involved. The second step is *determining whether it matters what everyone else is doing*. The question is important because applying for jobs doesn't happen in a vacuum. If *everyone* stretches their qualifications to the extent Irvine demonstrated, then obviously you may want to consider whether you need to do the same just to get a fair shake.

A web page with a very truthful URL, [Fakesummary.com](http://fakesummary.com), takes up the question about how much fibbing is going on out there. Under the heading "The UGLY Truth About How People Are Outsmarting You!" they assert,

Over 53% of job seekers lie on their résumés. Over 70% of college graduates admit to lying on their résumés to get hired. Can you afford not to know the techniques, tricks and methods they use? [Fakesummary.com](http://fakesummary.com), accessed May 17, 2011, <http://fakesummary.com>.

Fair question. Of course no one knows exactly how much cheating goes on, but as Irvine attests, there's definitely some out there. So should you get in on it? The argument in favor roughly corresponds with the web page's pitch. If *everyone's* doing it—if exaggeration is expected—then employing the same misrepresentations that guide everyone else isn't really lying. Like driving sixty down a fifty-five-miles-per-hour highway when all the other cars are going that fast too, your exaggerations are following the rules as everyone seems to understand them. From this point of view, you may even have a duty to exaggerate because *not* doing so, as the web page claims, isn't being an ethical hero, it's just being outsmarted. And in a competitive environment, you at least have the moral obligation to not let yourself be snookered.

On the other side, where do these percentages—53 percent, over 70 percent—come from? The web page doesn't say, and if they're not true, then doesn't the whole argument—do it because everyone else is doing it—reduce to an excuse to lie?

In the case of [Fakesummary.com](http://fakesummary.com), it couldn't be more obvious what's going on. The site is offering you a way to not tell the truth and not feel bad about it. Instead of

offering moral guidance, it's inventing a way for you to justify taking the easy path, to justify padding the résumé without having to consider whether that's the right thing to do.

Conclusion. In the midst of résumé-stretching dilemmas, what other people are doing matters. Hiring is relative; there's hardly anyone who's perfect for any job, recruiters take the applicant who's best suited. Your obligation—to yourself and to the recruiter—is to show why you may be the best suited of the applicants. That may mean (using the language of Fakeresume.com) using the résumé-enhancing techniques commonly employed. It doesn't mean, however, just imagining that everyone else is lying their pants off and then using that as an excuse to lie yourself.

Résumé Verification and the Law

One problem Robert Irvine faced was his very public personality. To stir up interest in the restaurants he planned for St. Petersburg, he had to stir up interest in himself. All the commotion drew the attention of a local newspaper reporter who ended up blowing the whistle on the résumé exaggerations and concoctions.

More ordinarily, job applicants don't need to worry about reporters prying into their claims. Most medium and larger companies do, however, pass résumés through human resources departments and they typically confirm the significant, objective claims of job seekers. Items like degrees obtained can typically be verified. So too dates of previous employment and job titles. Every company will follow its own internal guidelines, of course, so it's impossible to make a table listing the misrepresentations that will and won't slip through, but it's certain that objectively false information may come to light sooner or later.

If false information does come to light, are there *legal* complications? Probably not. Because résumés aren't binding, signed agreements between the applicant and employer, they're generally protected by free-speech guidelines. In the case of Irvine, if he claimed he was Superman, there's nothing the police could do about it. That said, efforts have been made to take some action against the most extreme cases of résumé misrepresentations. A number of legislative measures have been proposed to punish those who lie about a military record and honors received. Also, in Washington State in 2006, legislation was advanced to fine and briefly imprison applicants found guilty of claiming advanced degrees they didn't actually earn. The measure ultimately failed. Candace Heckman, "Lying on Résumé Could Land You in Jail," *SeattlePI*, March 3, 2006, accessed May 17, 2011, http://www.seattlepi.com/local/261747_diplomamill04.html.

Conclusion. Most résumé misrepresentations don't cross into illegality. This is one of those areas in the business world where legal right and wrong diverges clearly from ethical right and wrong.

Ethical Egoism and Résumé Misrepresentations

Ethical egoism means your moral responsibility is to act in your own interest no matter what that may require. This provides a license for outright résumé invention (a false BS degree and imaginary knighthood for Irvine). But, as is always the case with egoism, the question must be asked whether job seekers *really* serve their own interests when they claim things that may later be revealed to be false or when they land jobs they later won't be able to perform because their qualifications were fake.

One specific warning for the egoist comes from the admissions department at the Massachusetts Institute of Technology. One of the world's elite universities, the task of selecting each year's freshman class is as daunting as it is important for a school dedicated to preserving its reputation. The head of that office in 2007 was Marilee Jones. One of her central skills was the ability to distinguish high schoolers who'd truly excelled from those who got great grades by taking easy classes. Her widely admired skill, in other words, was filtering out grade sheets (which are students' résumés) that misleadingly stretched the students' classroom accomplishments. She went on using that skill until it was discovered that twenty-eight years earlier, when she'd first applied to work at the school, she'd invented a few degrees for herself. She was fired on the spot. Marcella Bombardieri and Andrew Ryan, "MIT Dean of Admissions Resigns for Falsifying Resume," *Boston Globe*, April 26, 2007, accessed May 17, 2011, http://www.boston.com/news/globe/city_region/breaking_news/2007/04/mit_dean_of_adm.html.

KEY TAKEAWAYS

- There are multiple kinds of positive résumé misrepresentations and negative résumé misrepresentations.
- Managing the dilemmas of crafting a résumé requires accounting for obligations to all those who will be affected by the résumé.
- Circumstances involving the specific post being sought, along with commonly accepted practice, may determine the extent to which misrepresentations are ethically objectionable.

REVIEW QUESTIONS

1. Who are the people affected by résumé truth decisions?
2. What are five distinct ways you may choose to misrepresent yourself on your résumé?
3. What's the difference between legal and ethical approaches to the question about padding the résumé?
4. Why might a job seeker have a duty to blur parts of his or her work history?
5. Why might an egoist lie on the résumé, and why not?

6.2 What Am I Worth?

LEARNING OBJECTIVES

1. Distinguish the free market from other methods for determining a just salary.
2. Consider the justification of wage demands.

Bogus Job Offer Converted into a Real Raise?

In her blog *FemaleScienceProfessor*, the author considers a problem. She's got a lab research assistant whom she calls *postdoc*, which presumably means he got his PhD, but he's still hanging around the university and working for low pay. She wants to give him a raise. The higher-ups, however, won't approve it. So she writes,

I'm pretty sure I could get a colleague at another institution to send my postdoc an e-mail expressing an interest in hiring him away from my institution (but without any real intention of doing so). With such a letter in hand, there's a good chance I could get the raise approved. Ethical? No. Should I do it anyway? "Proposed Ethical Lapse," *FemaleScienceProfessor* (blog), July 1, 2009, accessed May 17, 2011, <http://science-professor.blogspot.com/2009/07/proposed-ethical-lapse.html>.

Actually, the ploy may be considered ethical within a purely market-driven framework for setting salaries. Cutting the details and reducing to the situation's essence, the worker is in effect threatening to not show up for work anymore unless there's a larger paycheck. That means the employer is being forced to determine if the employee is worth the extra money. The answer will follow from a survey of available workers in the market, and an answer to the question as to whether another can be found to perform the same duties equally well without demanding more pay. If not, then the increase will probably be granted. If a replacement *can* be found, then things will get awkward as the lab assistant tries to walk back his threat. The walking back is an etiquette problem, though, not an ethical one. From this perspective, in terms of ethics, all that happened is the worker tried to get a raise and didn't.

Obviously there's a loose end here; there's the question about whether the *lying* is ethical. It depends. Placing the question in the context of organized labor, is it ethical for a union organization to bluff, to say they'll go on strike while knowing they really won't? What about less direct lies? An employee that's actually satisfied

with her salary may feign unhappiness in order to squeeze out a little extra. Further, almost all hard-nosed business negotiation entails a bit of posturing. Not many cars have been sold without the seller at least initially insisting, "Well, I can't possibly go below x price for this fine automobile." And then, after a visit with the manager or some other contrived breakthrough, the seller decides, "Well, in this special case, maybe I can do a little better."

In one form or another, a pure market economy occasionally (or maybe frequently) reduces to both sides insisting that they can't pay more or give less, and in the end, both sides meet somewhere in the middle. As for the previous claims about other jobs or threats to go on strike or insisting that the price can't possibly come down or whatever, all that washes away when hands finally shake.

The ethical foundation undergirding and justifying participating in business this way is libertarian in nature. It starts with the premise that we're all independent actors out in the business world trying to accrue the most for ourselves, and others are out to do the same thing. We all know the rules, we're all adults. When we negotiate a pay raise, we may exaggerate circumstances or say some things that aren't true. But at the end of the day, no one forces the employer to pay more; it's the employer's choice. As for the employee, the empty threat to leave may be presented at the bargaining table, but it's not so much a lie as a commonly used negotiating technique, just a way of upping the pressure. It is, therefore, ethically acceptable to invent another job offer but only within the confines of business negotiating and only because everyone knows the give-and-take happens that way.

There is another side to this, however. If you don't accept that negotiating in business is a kind of special-rules game where posturing and exaggerating are customary, then you may want to argue that talking about salaries isn't any different from any other kind of conversation. If it's not, then the ethical argument against leveraging an imaginary job offer to force a pay raise finds a solid foundation on the bedrock duty not to lie regardless of the circumstances. For anyone who begins from the ethical foundation that any morally acceptable act must not breach certain ironclad principles—*don't lie*, *don't steal*, and similar—it becomes impossible to justify making up a nonexistent job offer, even if that's the way the game of business is being played by others.

The Role of the Larger Community in Determining Wages

There are two broad ways to get a fix on your own economic worth. One operates within the open market: economic free agents meet and sessions of no-holds-barred negotiations result in an answer. The other broad approach to setting wages places the issue within the context of a larger community. Here, it's not so much that

we're bargaining individuals dealing to get the best possible result; instead, we're part of a business organization and a larger society, and wages get distributed across it in accordance with guidelines and norms. There are multiple kinds of guidelines. They include

- my value to the organization,
- the ability of the organization to pay,
- the community wage level,
- the wages paid to other employees in the organization,
- my experience and seniority relative to others in the organization,
- the future jobs a post may prepare me for.

Trying to determine what a fair salary would be for postdoc in terms of his **value to the organization**³ requires determining how much of the organization's profit he actually produces. A researcher in a science lab may, under this system, labor for years without any pay at all if his investigative work fails to produce a marketable product. On the other hand, if after years of labor his research finally yields a breakthrough, his wages conceivably shoot to astronomical levels.

Needless to say, this wage-determining structure won't work very well for lab researchers or for any kind of job that requires years of labor before any return may be anticipated. It does function, however, for businesses like American Apparel. They pay their clothing sewers a small base wage, and then a large secondary amount that rises or falls depending on their output, on the number of garments they add to the inventory. In essence, each week workers bring home a paycheck corresponding with the value they've added to the company. That means the relation between the sewers and American Apparel is fundamentally *cooperative*; it's not a worker negotiating against the organization but the two laboring together and splitting the fruits of the efforts. Nick Schou, "The Low Cost of High Wages," American Apparel, *OC Weekly*, December 28, 2005, accessed May 17, 2011, <http://www.americanapparel.net/presscenter/articles/20051228ocweekly.html>.

Another broad context into which the wage question may be fitted is the **organization's ability to pay**. A lab assistant may choose, for example, to accept a pay cut to help the firm weather a period when no one seems able to invent anything that can be sold. The hope would be that, later on, when someone finally gets that breakthrough and profits zoom, everyone's wages will shoot up too.

3. A measure of an employee's worth in terms of how much of the company's value and profit the employee generates.

4. The standard range of wages paid at a location, usually across a city or a region.

A third context for setting wages is the **community wage level**⁴. Going back to American Apparel, their Los Angeles factory pays workers more than twice the US minimum wage, plus benefits. That's not a lot of money for California, but it's ten times more than what sewers in countries including China make for similar work,

which doesn't mean, within this context, that those overseas workers are being abused, only that salaries should be comparable with what others in the immediate area make. Two employees may receive, therefore, radically different paychecks for the same work, but that's ethically appropriate if the wage levels are initially set to correspond with local costs of living and standard practices.

Organizational wage level⁵ is another way of standardizing employee pay. In this case, a lab researcher would base demands for a raise on the argument that others working in the same lab are being paid more than he is. It doesn't matter, it follows, how much researchers are being paid at other, competing locations. They may receive more, or possibly less. Regardless, the standard is set within that single organization, and people with comparable experience doing comparable work should receive similar checks.

Seniority⁶ **relative to others in the organization** also provides a salary framework. Here, the emphasis doesn't rest so much on abilities or contribution to the organization, it's the amount of time an employee has been doing it that counts most. In a research lab like the one *FemaleScienceProfessor* is blogging about, her assistant's demand for a raise would be based on the idea that he should be getting more than those hired after him, and less than those who've been employed longer. There's a comforting sense of fairness here as the wages get aligned with factors that aren't subjective; it's much easier to tally an employee's time working than to determine how much he might get paid elsewhere or measure his exact contribution to the organization. One drawback to this approach is that it allows little room for rewarding exceptional ability or effort. Potentially, the only reward an employee receives for working more efficiently than others is that he gets more work to do.

5. The salary range a company sets for its employees, independent of the community wage level and wages as set by other, competing companies.

6. The measure of how long an employee has been laboring in an organization. With respect to salary, this measure converts to a place on the wage scale.

7. In the area of wages, a structure for determining salary increases that encourages work that is less effective, less efficient, or both.

This particular drawback to a seniority system for determining wages is called a **perverse incentive**⁷; it's a system of rewards that actually encourages workers to perform poorly or inefficiently. Take the case of American Apparel's sewers and imagine that wages were determined *solely* based on the length of their employment. Sewers would have little reason to produce more garments than their workmates. They may even feel like their main task at work each day is to find as many ways as possible to rest and not do anything. Why not? Their wages won't be affected. Obviously, in most private enterprises, slackers like these find themselves out of a job. But in sectors where firing individuals is extremely difficult—government jobs being a prime example—a seniority system for setting wage levels threatens to incentivize glum, nonresponsive employees.

Finally, pay may be calibrated by the **future prospects the post creates**. Here, the lab assistant may complain about low pay, but the response may be that the

particular lab where he's working is quite prestigious, and gaining experience there will allow an advantage against other candidates when he goes out to find employment elsewhere later on. The wages lost now, the reasoning goes, will be more than recouped in the future.

An extreme form of this future-prospects salary structure is an **internship**⁸. This is a short-term job with little pay and few benefits. Sometimes, there's no pay at all. The upside is the experience. When it's added to the résumé, it should make a job seeker more attractive to employers. If everything works, the time may be a good investment, a good way to get into a line of work, or get in at a higher level. The ethical problem, however, lies in the possibility of abuse that's unavoidable when someone is working essentially for nothing. Here's a snippet from an entry on Craigslist:

I agree that calling work for no pay an 'internship' is just a fancy spin for disrespecting the talents and the person being 'used'. Unfortunately, in this society...many people think it's ok to offer no pay for legitimate work. Craigslist San Diego, "Comments RE: internship posts& low pay," January 5, 2010.

He might be right. This complaint is definitely right if the organization offering the internship knows beforehand that the worker's prospects in the market won't really be improved by the experience acquired. In that case, it seems like an internship really is just a "fancy spin for disrespecting the talents and the person being used."

There are two kinds of questions to ask about a worker who's laboring for low (or no) wages with the idea that the experience will pay off in the long run. The first involves employers implying there'll be improved job prospects while knowing there probably won't be. The other is more prudential: assuming the employer is acting in good faith, the worker still needs to ask, "Is it worth it?" It's impossible to know the answer beforehand, but by making the best judgment possible you can get a grip on the question about whether a higher wage ought to be demanded.

Conclusion. For employees trying to measure their worth in business—how much they ought to be paid for their work—the guiding question is, "What are the criteria used to measure whether a paycheck is too fat or too lean?" Are wages set by the market, or is it my value to the organization or something else that determines the pay scale?

8. Low-paying post workers accept to gain valuable experience.

KEY TAKEAWAY

- An appropriate salary level may simply be the result of the hardest negotiating possible, or it may be determined by broader guidelines.

REVIEW QUESTIONS

1. How can an employee ethically justify inventing a job offer in order to pressure the boss into granting a raise?
2. From the employee's perspective, in what line of work might *value to the organization* function not very well as a gauge for setting salary levels?
3. How could a company justify paying accountants in its St. Louis office less than accountants in the New York City office?
4. From the employee's perspective, in what line of work might *experience and seniority* function well as a gauge for setting salary levels?
5. Does an employer have an ethical responsibility to offer an intern a job at full pay once the internship is successfully completed? Why or why not?

6.3 Plotting a Promotion

LEARNING OBJECTIVES

1. Distinguish two job promotion tracks.
2. Define ethical responsibilities of those seeking a job promotion.

Two Kinds of Job Promotions

Two major promotion tracks run through many organizations: one based on accomplishment, the other on competition. **Accomplishment promotions**⁹ are those scheduled for workers attaining specific, predetermined goals. For example, in an office of stockbrokers those who achieve a certain number of clients or reach a level of total investment money under their direction may automatically be elevated. An *account executive* could become a *vice president of accounts* after she's gathered more than ninety-nine clients or has garnered accounts valued at more than a million dollars. Along with the new title, there may come a pay raise and additional benefits.

The ethical questions rising around this system are fairly straightforward and tend to involve transparency—that is, a clear explanation of the rules and rewards from the beginning. Does it count, for instance, if a broker games the system by signing up one hundred clients who each invest only piddling amounts? That could lead to a system where a vice president oversees one hundred clients but only \$500 of assets, while a lowly account executive labors with ninety clients and \$900,000 in assets.

Every industry and organization will have its quirks and ways of twisting the numbers to make things appear better (or worse) than they really are. Keeping those angles under control is a manager's concern, however. Establishing a level playing field, that's the kind of thing managers are paid to take care of, and the dilemmas surrounding this subject will be considered from their perspective in later chapters. From the employee's perspective, there aren't many problems: if the goals are set, then you have every right to try to meet them as best as you can to get the step up.

The stickier ethical territory comes with **competitive promotions**¹⁰. These are situations where workers within a group aren't only teammates laboring to reach the organization's goals but also competitors vying for that one slot that comes

9. Elevations scheduled for workers attaining specific, predetermined goals.

10. Elevations won when a worker is selected from among peers to receive a higher post.

open on the hierarchy's next level up. In this situation, what are the ethics of trying to get the promotion?

Dirty Tricks

Colin Gautrey has written a book with a captivating title: *21 Dirty Tricks at Work*. In a short article, he summarizes two of the most commonly used by stealthy promotion seekers to either inflate themselves or sabotage their coworker competitors.

- **The creative magpie.** This time-honored strategy of self-service is exaggerating involvement in successful ideas—or flat out stealing credit for them—while steadfastly forgetting to mention others' contributions.
- **E-mail to the gods.** A contemporary and clever scheme for ruining your colleagues' advancement chances, it entails writing an e-mail incidentally detailing a colleague's work-related failure and “accidentally” copying the message to supervisors and clients. Colin Gautrey, “Dirty Tricks at Work—Five Ways to Protect Yourself,” *EzineArticles.com*, accessed May 17, 2011, <http://ezinearticles.com/?Dirty-Tricks-at-Work---Five-Ways-to-Protect-Yourself&id=2703788>.

The business of getting a promotion, if Gautrey's tricks are any indication, can get pretty rough. One way to determine what you're willing to do is by separating and looking at each one of the ambitious worker's ethical responsibilities with respect to self-advancement. In broad strokes, those seeking promotion at the cost of others in their work group are located at the center of four responsibilities: those to

- themselves,
- their coworkers,
- their managers,
- the organization in general.

The Four Responsibilities

What do ambitious employees owe themselves? Most ethical theories encourage those who desire to advance at work to go after the success. Duty-based ethical structures, for example, include the responsibility all of us should have to respect our own skills and dignity, and if professional excellence is among them, then there's a responsibility to excel, to do well at work. So if getting the promotion requires acting to be sure superiors know when you've done a good job—and in competitive environments it does—then there's a moral imperative there to act, to

ensure that credit is received. There's no shame, in other words, in at least discreetly blowing your own horn. Of course there'll always be people in the workplace, perhaps this is even the majority, whose ambitions for their lives aren't about professional success so much as having a fulfilling family life or pursuing an after-five interest. For these individuals, just avoiding the whole career advancement race—even if it means getting less money at the end of the month than others—makes perfect sense.

What do ambitious employees owe their workmates? To begin, the same ethical framework of duties requiring individuals to respect their own ability and dignity also demands that much for others. So while it may be that singing your own praises and advertising your accomplishments as the creative magpie does is respectable, it's harder to justify obscuring the accomplishments of others. Further, if the respect for yourself is balanced by the same respect for others, it seems like there's an obligation to actively ensure that superiors are aware of not only your own contributions but also those made by another. There is, in essence, a good sportsmanship rule in effect. (And certainly, any ethics functioning from a base of respect for ourselves and others will prohibit the outright stealing of others' ideas and accomplishments.) On the other hand, an ethical egoist—someone insisting that individuals are free agents and the world will work out for the best if everyone steadfastly pursues their own interests—will see things somewhat differently. From this point of view, the responsibility to trumpet the accomplishments of others falls to those others. If they want to claim credit for a job well done, they may, but if they don't, it's no one else's responsibility to do it for them. Finally, what's important to see is that there are different intermediate points between trumpeting your own accomplishments and claiming the accomplishments of others as your own. Acting ethically requires determining which point you're at and justifying the stance.

The responsibilities workers hold to their superiors start with honesty. The basic problem with the creative magpie strategy on this ethical front is that it means passing on to managers misleading or false information about who contributed how much to a project. This affects managers negatively—potentially *very* negatively—because next time something needs to get done urgently and at the highest possible level, they may not aim the assignment at those employees most apt to produce the best results. Their performance as a manager, it follows, will be adversely affected when the work performed under their direction comes in at a quality level below expectations. The career prospects of a manager, finally, will be hindered when a subordinate sacrifices honesty in the attempt to advance his or her own career.

The last responsibility that employees looking to be promoted ought to consider is their obligation to the organization in general. Here, both the magpie strategy and

the e-mail to the gods trick raise serious questions. The worker's central obligation to the organization is to help it flourish: they're being paid to help the enterprise reach its goals. The problem with the magpie strategy on this front is the same as the problem experienced by managers. When workers who do the best work see the credit stolen by others, the organization loses some of its ability to produce at the highest possible level. Moving on to the e-mail to the gods strategy (the appending of harmful information about other workers to e-mails and then seeing that clients receive the information), this is especially damaging. Even if the information is true, and should perhaps be shared with managers *inside* the organization, it's nearly impossible to see how any organization can benefit when clients find out the work being done is substandard.

Conclusion. For ambitious employees looking to advance quickly in a situation where they're competing against their own coworkers, the recipe for success is obvious: get credit for doing better work than the others. One way to accomplish that is to actually *do* better work and make sure superiors know about it. There are other ways too. Navigating the ethics of those ways requires workers to carefully evaluate their obligations to themselves, their coworkers, their managers, and their organization.

KEY TAKEAWAYS

- Accomplishment promotions and competitive promotions are distinct and occur on different ethical terrains.
- Those pursuing competitive promotions ought to consider their responsibilities to themselves, their coworkers, their managers, and their organization.

REVIEW QUESTIONS

1. Who is hurt by the creative magpie strategy and in what specific ways?
2. You're working on a project with another worker and he's not doing well. His contributions need constant correction. Does your obligation to the organization's well-being provide ethical justification for informing superiors about the shortcomings? Does the ethical situation change if you're also competing with that workmate for a promotion? If it changes, how and why? If not, why not?

6.4 Looking for a Better Job Outside the Company

LEARNING OBJECTIVE

1. Consider ethical dilemmas confronting employees as they move from one organization to a competitor.

Ethical Issues along the Way to a New Job

Most people who leave one job for another make the transition smoothly; they learn of a new position, apply, interview, and win the post. Notice is provided to the current employer. The split is amicable. Everyone goes forward. On some occasions, however, ethical turbulence occurs because obligations to the *current* employer are broken along the way out. These are some of the most commonly encountered flashpoints:

- **Time abuse.** The use of company time to seek another job.
- **Equipment-use abuse.** Using the firm's equipment as part of the effort to find a job elsewhere.
- **Skill theft.** Taking specific, job-related abilities acquired at one company to another.
- **Client adoption.** Moving to a new company and helping it appropriate part of the former company's client base.
- **Market adoption.** Moving to a new company and helping it appropriate part of the former company's market.
- **Idea appropriation.** Taking ideas belonging to the old company to the new one.

Musical Chair Stockbrokers

Successful stockbrokers share some basic skills. One is the ability to manage reams of information about diverse investments. The options they need to organize run from humdrum treasury bills, which are safe investments but don't earn very much, to stock in companies like Google, which first went on sale in 2004 at a price of \$85. By 2007, that same share cost more than \$600. Other start-up companies also began selling shares in 2004, but it's harder to remember their names since they went broke. Now it's not the stockbrokers' job to determine which investments are reliable and which more explosive; that's handled by specialized analysts. What

stockbrokers do is arrange the possibilities into clear groups of more and less speculative investments, then they provide options to their clients.

Talking and helping clients choose good options is another key stockbroking skill. To do that, brokers need to understand clients' situations and aspirations. If you're a young client with some extra cash, you may want to take a risk. But if you're nearing retirement, you may figure it's best to play it safe. Regardless, the stockbroker-client relationship tends to be fairly sticky once it's fully established because they've spent real time talking seriously: to help their broker work, clients need to open up about themselves, their current reality, and their hopes for the future. After that, it's difficult to just switch out of the relationship.

How do stockbrokers make money? They get a small percentage of every investment they oversee, and the larger brokerage firm, say, Smith Barney, gets a cut too. At least that's the way it works on a day-to-day basis. There is, however, another option for brokers, at least for ones who've accumulated a good, trusting client list. They can switch firms for money. For *a lot* of money because brokerage houses fall over themselves rushing to offer large signing bonuses to those employees who can bring a long client list with them.

After a deal to jump to another brokerage house has been struck, the stealth begins. One way or another, the broker needs to get his or her client files. It's a delicate operation; computers in most brokerages don't have USB drives, so you can't just pull the information off the hard drive. You've got to print it all out or find some way to access the mainframe with a thumb drive. Regardless, brokers need to get those files because they hold each client's investment history and notes brokers use to remember their clients' stories, their family members, and all the little things that make the personal relationship work.

With the client information in hand, the broker prepares for the nail-biting day of the actual switch. A letter is written to clients (though not yet sent) reporting the broker's move to the new firm, and explaining why it's a good change—or just not bad—for the clients' interests. Instructions and the necessary forms are included for clients to transfer their accounts easily and fast. The day before the change, the letters are delivered to the central post office. The next morning, the broker resigns and hurries out of the office. With the first step outside, she hits the call button on her cell phone. A long and frantic day has begun: starting with the largest investor and running down the list, she telephones to explain what's happening, and to ask each client to stick with her through the switch.

Back at the old office, intense damage control begins. The manager rushes to divide up the ex-worker's client list among the remaining brokers, and they start phoning, pleading with the clients to stay with the old, reliable firm.

Usually, most clients go.

For the moment, that's the end of it. But the switching will fire up again because a brokerage house that's lost a rainmaker may go after one of the major brokers at another house. More, a broker who's jumped ship once for money might be tempted to do it again. Eventually, the wheel may get going so fast that no one can keep straight who's working where.

Facing the possibility that the whole thing could spin out of control, the poaching brokerage houses mutually disarmed in 2004 by drawing up a protocol for broker recruiting. The legally binding agreement—which all employees were asked to sign—allowed brokers to take their clients' names and contact information when changing jobs, but nothing else, none of the investment history. That made the switch *much* more difficult since office-jumping brokers would need to rebuild their client relationships almost from scratch.

Neither Bernadette Holland nor Amy Villani wanted to do the rebuilding when they jumped from the Smith Barney brokerage house in Bethlehem, Pennsylvania, to Janney Montgomery Scott LLC of Philadelphia in late 2008, so they took their client files with them. At least that's what Smith Barney maintained when they filed a lawsuit against the two women. Their complaint alleged, "The brokers took with them customer files and information, despite their written assurances that they had complied with the protocol for broker recruiting, which expressly prohibits them from taking such files." Bruce Kelly, "Smith Barney Seeks Restraining Orders against Four Ex-Reps," investmentnews.com, accessed May 17, 2011.
<http://www.investmentnews.com/article/20090224/REG/902249971>.

Time Abuse

Time abuse¹¹ is the use of company time to seek another job. On the surface, it's unethical. We need to be careful here, however, to distinguish exactly what "company time" means. Many jobs and work contracts are task related instead of time defined. That is, workers are hired to accomplish certain goals. In the construction business, a roofer may be signed up to get shingling done on a building before a certain deadline. In a case like that, there is no such thing as company time. The roofer's free to work whenever and consequently to *not* work whenever. As long as the job gets done by the deadline, the obligation is fulfilled. So if he

11. The use of company time for activities unrelated to work, including looking for a job elsewhere.

wants to sit up on the roof and field calls for new jobs, it's hard to see ethical problems.

Problems do rise when workers are paid for their time. Most stockbrokers receive a base salary, a benefits package, or both as part of their work agreement. In exchange, they're supposed to use the working day to pursue the brokerage's interests, which means finding new clients and serving those already held. If Holland and Villani sat in the office talking with competing brokerage houses, they were breaking their obligation of fidelity—that is, their duty to honor their professional agreements. Of course they could respond that *all* workers take breaks. They eat a snack, sneak out for a cigarette, extend lunch. All those things are true. It's also true, however, that the case can be made that those departures actually *help* employees do their job by providing the refreshment that comes with the occasional break from work. In the cases of Holland and Villani, it seems almost impossible for them to find a way to fold conversations with competing brokerages into the obligation to their current one.

Could those conversations be justified even while recognizing that they breach the duty to fidelity? Yes. The brokers could argue that another obligation simply outweighs their responsibility to maintain their working agreement with Smith Barney. Scratching the surface a bit on the Smith Barney situation provides an example. According to a story detailing the case in the *Investment News*,

Recruiters and executives from rival firms said the Smith Barney reps and advisers are continuing to leave the firm this year as it prepares to take the minority stake in a joint venture with Morgan Stanley, also of New York. Citigroup will exchange Smith Barney for a 49% stake in the new firm, dubbed Morgan Stanley Smith Barney, and a \$2.7 billion cash payment. Bruce Kelly, "Smith Barney Seeks Restraining Orders against Four Ex-Reps," *investmentnews.com*, accessed May 17, 2011. <http://www.investmentnews.com/article/20090224/REG/902249971>.

Smith Barney, this means, was being taken over by Morgan Stanley, and Smith Barney brokers were fleeing in droves.

Of course every ship-jumping broker will have unique reasons for leaving, but it does seem plausible that at least some brokers believed this new management wouldn't serve their interests well, and, by extension, their clients' interests. On this foundation, Holland and Villani could build an argument. Once it became clear that the kind of service they'd been offering their clients would be impossible under the new management, they could conclude that their service responsibility to clients outweighed their responsibility to honor a commitment to Smith Barney.

From there, the case may be made for the two to use company time to pursue the possibility of working for another brokerage.

Finally, it's easier from an ethical perspective if the two could just isolate any discussions with potential future brokerage houses to nonbusiness hours, to lunch breaks, and after 5:00 p.m. If that's not possible, however, then the decision to impose on the working day will have to find an ethical justification.

Equipment-use abuse¹² is occupying an employer's computers, telephones, and similar as part of the effort to find a job elsewhere. In the case of the two Smith Barney brokers, just as they may have used hours, so too they may have used Smith Barney's equipment to negotiate their moving to another firm. This isn't a strong form of theft (assuming Holland and Villani didn't carry the machines out the door), but it's a betrayal of the obligation they received when they accepted the equipment—the obligation to use it to serve Smith Barney's interests. Or to at least to not subvert Smith Barney. Visiting Facebook once in a while, in other words, is OK, but sending e-mails to competitors, not so much.

Skill Theft

Skill theft¹³ is taking specific, job-related abilities acquired at one company to another. Stockbroking—like many posts—requires extensive, job-specific training, and it can't be picked up along the way: legally, you can't work in the field until you've completed the required courses and passed subsequent exams. Typically, the company pays for the learning. The larger houses organize their own stockbroking universities: new recruits are gathered and privately hired teachers lead them through the materials. What's learned? Beyond the Wall Street knowledge about stocks and bonds, there are guidelines to master about providing recommendations and specific rules to follow that ensure clients understand the risks involved in creating a portfolio, especially on the more speculative side of the investment spectrum. Stockbroking is also a job in sales: brokers need to learn the delicate art of touting their own services without making promises about returns that can't necessarily be kept. Finally, there's quite a bit of technical knowledge that needs to be acquired so brokers can adeptly manage job-related and sometimes complicated software programs. All of this is expensive. When a company hires, they're making a major commitment and incurring a real cost.

What obligations does the cost create? The answer divides onto a legal side and an ethical one. With respect to the law, many hiring organizations incurring significant training costs write clauses into job contracts protecting against the loss if a fresh employee comes aboard for the training and then tries to leave and work elsewhere. Called a **repayment clause**¹⁴, it stipulates that departing workers may

12. The use of an organization's equipment for activities unrelated to work, including looking for a job elsewhere.

13. Taking specific, job-related abilities acquired at one organization to another—especially a competitor.

14. Contractual stipulation that departing employees may be billed for their training if the departure occurs before the employer has recouped the cost of the training.

be billed for their training. In a typical clause, the cost must be repaid completely if the employee leaves immediately, and then a declining percentage is repaid if the departure occurs after three, six, nine months, and so on. (Here's an Internet board where workers discuss the clause and ways of getting out of it: http://www.i-resign.com/uk/discussion/new_topic.asp?t=648. "Repayment of Course Fees," I-resign.com, accessed May 17, 2011, http://www.i-resign.com/uk/discussion/new_topic.asp?t=648.)

Frequently, ethics and the law fail to overlap. In this case, however, an ethical solution to the problem of leaving an organization and taking your training with you may correspond with the strictly legal one. To the extent it's possible to monetize the investment an employer makes in an employee, returning the money could satisfy several fundamental moral duties. The *duty to not harm others* is satisfied because the recouped funds may be applied by the organization to hire and train another employee. The *duty of fidelity*—keeping obligations—is satisfied insofar as the contract's clauses are honored. Finally, the *duty to reparation*—to repay others when we harm them—is explicitly satisfied. The conclusion is that a stockbroker who takes a firm's training and leaves may justifiably claim that the action was ethically acceptable because the contractual obligation was honored.

What if the contractual obligation *isn't* honored? Is there any way for an employee to build an ethical case against repaying the company for training received? On the discussion board just mentioned, two routes are indicated. The first works from a utilitarian ethics, from the idea that the right action is the one bringing the greatest good to the greatest number. A contributor called *there_are_many_questions* writes,

I recently took a promotion at my current job and part of this was to study a level 4 course they had chosen. I had also applied to university, and due to the competitiveness of the course I wasn't sure that I would get in. Hence the reason I agreed to go for the promotion. As it happens I have been accepted into university and I begin my course shortly. I knew that I would be required to pay back the cost of the course fees but it turns out, that they were more than I was originally told. To add, because I am becoming a full time student I am unlikely to have a permanent income. *there_are_many_questions*, April 4, 2009 (4:26 p.m.), "Repayment of Course Fees," I-resign.com, accessed May 17, 2011, http://www.i-resign.com/uk/discussion/new_topic.asp?t=648.

So this person applied to a competitive university and wasn't sure about getting in. Faced with the uncertainty, he or she took a promotion at the current company, which required company-provided training. In the end, as it turned out, *there_are_many_questions* got into the university and so left the company. Now the

company wants the course fees back. As the writer notes, it's probable that he or she won't be able to pay them while enrolled as a student.

Looking at this situation, there's no doubt here that the abandoned company has a strong ethical case. "Why is there_are_many_questions paying a university for classes when he or she already owes us for classes taken?" Good question. Here's a utilitarian response: when *everyone's* interests are fully taken into account, the decision to go to university and shaft the company does, in fact, serve the greater good. The abandoned company is damaged, no doubt, but really, unless it's a small company on the brink of bankruptcy, it seems likely that they'll absorb the loss and move on. Further, there_are_many_questions had just been *promoted* by the company, so, obviously, he or she had been doing good work for them; it's not as though the entire professional relationship will be a pure loss. The jilted company, finally, will suffer the employee's abandonment, but probably get over it without suffering lasting damage. There_are_many_questions, on the other hand, has a singular opportunity. The university is competitive—so much so that there was real uncertainty about gaining admission. To leave that opportunity behind simply to honor the clause of a contract seems like a choice causing real unhappiness, one that will continue over the long term. There'll always be that feeling of "what if?," as in "What if I'd just walked and gone to the university to learn to do what I really wanted?" In sum, when you weigh on one side the damage caused to the company by a departing employee who doesn't refund training costs, and on the other side you weigh the damage done to there_are_many_questions if the university course is abandoned to repay the company's training, it feels like there's an imbalance. When viewed dispassionately from outside the situation, the greater good really is served by walking away from the debt and going to the university. No one is saying that walking away from debts is ethical, but it would be more *unethical* to let the university opportunity pass.

Another justification for walking away from the debt to the company could emerge along the lines of ethical egoism indicated by a contribution coming from Suze. She says the employee should hand over a bit of money and then "tell them to whistle for the rest, or else you will see them in court. I doubt they will pursue it." Suze, January 6, 2005 (5:42 p.m.), comment to bradley, "Repayment of Course Fees," I-resign.com, accessed May 17, 2011, http://www.i-resign.com/uk/discussion/new_topic.asp?t=648.

Solid ethical egoism. The right thing to do is the right thing for you, and that's it. If you can get away with not paying, Suze says, then go for it. The reasoning is the company "probably won't pursue it." If they do, well then you might have to come up with the money. Until that happens, though, her advice is to protect your own interests, let the company take care of theirs, and see where things end up.

Client Adoption

Client adoption¹⁵ is moving to a new company and helping it appropriate part of the former company's client base. Holland and Villani are perpetrators. In fact, this is the central idea behind their move: to transfer clients along with them.

With respect to the law, Holland and Villani are completely free to take their clients. It's a black-and-white legal situation. All that's in dispute is how much client information they can carry to their new office. And the ethics? The situation here seems fairly clear also, at least with respect to the brokers and the brokerage. There's no doubt that both Holland and Villani on one side, and the Smith Barney brokerage house on the other, have a certain claim on the clients. While it's true that the brokers did most of the work, the brokerage provided the infrastructure and opportunity. One way to adjudicate these competing claims when the broker and brokerage split is to check whether any prior agreements regulate the separation. In this case, an agreement does exist: the protocol for broker recruiting. The fact that the agreement is there indicates that all parties involved accept that brokers transferring and taking clients is part of the way things normally work: it's fair. What needs to be settled, and what the protocol does presumably settle, are the rules for the process.

One difference, however, between ethics and the law in this situation is that ethical considerations open a broader scope onto the situation: the stakeholders increase. Where the law is concerned only with the brokerage house and the brokers, an ethical evaluation incorporates the clients as important since they're tangibly affected by any decision. So what are the clients' rights? How are they exposed by shifting brokers? Their first clear right is to say "no." They're under no obligation to follow when a broker changes firms, and there's good reason to stay put. The paperwork involved in moving is significant. More, not all houses offer the same investments instruments, so there may actually be a cost involved as items in the portfolio are sold on one side so that a comparable product may be purchased from the new brokerage. This means the client really loses when they move along with a broker.

The clients are in a tough spot, though. Typically, they've invested a good bit of their own energy and time in fostering a broker-client trust and mutual understanding. There's no guarantee—and this is especially true for longtime clients—that another broker would easily understand how the current portfolio fits together with the client's life. If that's right, then any client choosing to remain with the old firm will more or less have to start over by rebuilding their investments in consultation with whichever new stockbroker gets assigned to their case. More complications could be added, but the point is, the clients aren't just

15. An employee moving to a new organization and helping it appropriate the former organization's client base.

bystanders. The brokers' decision to change houses is going to affect them, and they may end up losing either way.

How do the clients' interests—and the ethical responsibility to consider them—fit into the stockbrokers' job switching? One way to begin reasoning toward an answer comes from Immanuel Kant's categorical imperative, specifically the idea that we are to treat others as ends and never as means. Kant's proposal is that we're obligated, regardless of circumstances, to not treat others as tools or instruments; treating another as a "means" is just using them to get something else. So the question here for brokers when considering whether they hold an ethical license to do all they can to carry clients to a new firm becomes relatively simple. It would *not* be ethically recommendable if the change failed to serve the *clients'* interests. If it doesn't, if it turns out that the only people who come out ahead in all this are the brokers because they get a nice bonus from the new brokerage house for bringing over a busload of new investors, then what's happening is the clients are reducing to mere means. They're the tools the brokers use to get a payoff for themselves.

On the other hand, if the change *does* serve the clients' interests, then Holland and Villani can say that they aren't reducing the clients to nothing more than a payday, they're actually treating the clients the way they themselves would want to be treated in that situation. In Kant's language, the clients become "ends," they're no longer tools, and their interests can be considered a *reason* for Holland and Villani to make the switch. Now, we know from the case that Smith Barney was in the process of being engulfed by Morgan Stanley when Holland and Villani were making their move. If the brokers really believed that the services they could provide would be harmed by the change in corporate structure as Smith Barney became Morgan Stanley, and if they really believed their client services could be bettered by shifting over to the new brokerage house, then there's space for claiming that bringing the clients along is morally right.

Market Adoption

Market adoption¹⁶ occurs when an employee moves from one company to another and helps the new employer appropriate part of the former company's market. On the surface, this resembles client adoption. A firm's market—the people to whom they deliver goods or services—is a collection of clients, a set of people who pay for the company's efforts. Even so, there are important differences between a market and a client, and they result in radical changes to the ethical atmosphere.

16. An employee moving to a new organization and helping it appropriate the former organization's market segment.

The fundamental difference between a client and a market is that clients have names and markets have definitions. Clients are individuals with whom a company has cultivated a relationship; markets are aggregates of people at whom companies

aim their products. When Holland and Villani changed brokerage houses, they tried to take clients with them because they were people they'd really talked to; they knew their phone numbers and life stories. A market, on the other hand, is composed of people you don't know; it's just anyone who shares a set of characteristics. For example, a brokerage house may want more business from middle-aged adults starting to think about retirement. So what do they do? They put up TV ads showing a fiftyish husband and wife at the dinner table talking about something they'd like to do together, say, visit China for a month. They can't go now. They're both working full time scraping money to pay for the kids' college and making mortgage payments. When they *retire*, though, they'll have the time; the kids will be done with school, the house will be paid for. What they need to do now is plan the financial landscape. They have a question: what kind of investments guarantees their trip? The commercial ends with a tagline: "Smith Barney: For the Journey of Your Life." That's a bad commercial, but it shows what a market is. Smith Barney doesn't care who shows up at their branch offices the next day. They don't care if it's Sam Smith or Jane Jones; they just want fifty-year-olds with some money to invest.

Many companies are constantly trying to convert markets into clients, trying to replace purely economic relationships with personal ones because people tend to stick with their brands. Markets, by contrast, shift easily; whichever company has the best TV commercial or the lowest prices, that's the one that gets the largest chunk.

Our economy is built on the idea of competition for markets: the premise that they're open and may be pursued by any organization is the basis for business activity. Obviously, there are islands of exception, things like trash collection performed by the city government. But for the most part, it's nearly impossible to form an ethical argument against employees leaving one company and going to another and then chasing the same market. To be against it isn't to be against one action or another on the part of an employee; it's to be against the entire economic structure in which we live. (It's possible to be against that structure, but that's a different debate.)

Idea Appropriation

Idea appropriation¹⁷ occurs when an idea belonging to the old company is given over to the new one. If a chemist at Coca-Cola accepts a job at Pepsi and promptly reveals Coke's secret formula, that's idea theft. In the brokerage business at the level Holland and Villani worked, there probably weren't too many secrets to steal. Clients yes, but no shadowy formulas for stock picking or anything like that.

17. Taking ideas belonging to an organization and using them for your own benefit.

Higher up in Smith Barney, however, it's perfectly possible that analysts responsible for selecting stock winners (and weeding out losers) had developed an algorithm, a kind of recipe of numbers to produce answers. In the finance industry, those who rely on numbers—share price, a company's annual earnings, and so on—to make stock predictions are called *quants*, which is short for quantitative data analyst. They take these numbers, stick them into a secret mathematical formula, and out pops another number presumably showing whether the stock is a good buy or not. These formulas are a brokerage's concealed idea and, presumably at least, a key to their success: clients are going to flock to those brokerages consistently providing good stock-buying tips. Now if you happen to be a quant at Smith Barney, and you're offered a similar position at a competing firm, can you take the formula with you?

This is a knotted question, both legally and ethically. Starting with the law, a company's ideas are broadly divided into two categories: trade secrets and patented or copyrighted information. **Trade secrets**¹⁸ consist of nonpublic information that

- concerns a company's own activities and that if known by competitors would negatively affect the company's ability to compete against them;
- is owned by the company (though it may not be copyrighted or patented) because it was developed by the company or purchased from another company;
- is meant to remain secret as is made clear by explicit directives, security measures, or contractual agreements with employees. Manuel Velasquez, *Business Ethics: Concepts and Cases 6th Edition* (Upper Saddle River, NJ: Pearson, 2006), 357. List adapted for this text.

Trade secrets (which are sometimes called proprietary data) are ideas a company develops and uses, and that they don't want anyone to know about. In the case of the quants at Smith Barney, a formula for picking stock winners kept under lock and key would be a trade secret.

The other broad category of ideas belonging to companies is **patented or copyrighted information**¹⁹. This is more or less a trade secret but without the secret. It's an idea a company develops that helps it compete, but the strategy for protecting the idea from competitors is different. Instead of pretending like the idea doesn't exist, or doing everything possible to make sure the details don't leak, what the company does is make the idea public by registering it with the government, claiming thereafter the sole right to use the idea. After registration, the idea's no longer a secret, but that doesn't matter since anyone else who tries to use it is vulnerable to being sued.

18. Ideas, technologies, and business strategies owned and maintained in secret by an organization. Typically they provide a competitive advantage.

19. An idea or information belonging to a company and protected from use by others by being publicly registered.

So the recipe for Coke is a trade secret but not patented. If you can figure out what it is, you're free to use it. The word *Coke*, on the other hand, is copyrighted. Everyone knows what it is, but you're not allowed to use it, or at least not use it to label your own soft drink. The result of all this for an employee switching companies is that the legal questions involving stolen ideas tend to involve trade secrets. You can't steal an idea that's copyrighted because everyone knows that idea already. But a trade secret—the recipe for Coke, the formula an investment house like Smith Barney uses to pick stocks—that definitely *can* be stolen; it can be revealed to the new company.

The Economic Espionage Act of 1996 makes the theft of trade secrets a federal crime. The law is clear on the issue. The problem is it's hard to *prove* that a trade secret is stolen. If you steal the recipe for Coke, you might disguise the theft by adding a tad more sugar to the version you make. Or, if you steal one of Smith Barney's quantitative stock-picking formulas, maybe you adjust the numbers slightly: not so much that it effects the predictions, but enough to make the formula different. In these cases it's going to be hard to absolutely prove the formula is stolen. In broad strokes, finally, the law of intellectual property is clear. When you get down into specific cases, however, things rapidly get twisted.

What are the ethics? If you're a quant at Smith Barney and you get a call from your broker friends—Holland and Villani—saying that they're taking their clients to a new firm and they'd like you to come along, bringing Smith Barney's secret formula for stock picking as well, what kind of ethical responses are possible?

The “no” response is easily justified on moral grounds. The trade secret is company property, really no different from a computer or a desk, and taking it—even if you're taking it by memorizing it and carrying it out in your mind—is theft just like stealing objects. Further support for the no answer comes from the responsibility to fidelity, the responsibility to maintain agreements. Almost all companies that work with trade secrets write a clause into employment contracts stipulating confidentiality on sensitive matters. So the ethical obligations not to steal, and to keep our word, make a good case for declining the request to steal an idea.

Going the other way, some situations allow a reasonable argument to be mounted in favor of leaving with the trade secret or proprietary data. One justification is authorship. Someone who provides a company with an invention can fairly expect to be rewarded by the company. Inventing an idea is labor like any other, and in any field people who do exemplary work can expect promotions and rewards from the larger organization. If, unfortunately, an inventor feels as though the company isn't providing a reward—a promotion, a healthy bonus, or similar—then he or she may feel justified in leaving with his or her work, just as a good accountant may feel

the need to look for employment elsewhere after being repeatedly passed over for promotion. The basic argument here is one of fairness. If a quant at Smith Barney invents an algorithm for stock picking that produces excellent results and then sits by and watches others who've contributed less receive larger year-end bonuses, the conclusion may be reached that for balance to be restored, it's necessary to take the algorithm to another firm where a reward will be guaranteed.

Another ethical argument could be located in the difficulty that may exist in separating the *skills* an employee gains on the job from an idea or a certain kind of knowledge developed on the job. A quant who figures out a good algorithm may be able to claim that, as a skilled manipulator of numbers as they relate to economic markets, his ability as an analyst allows him to take the strategy with him. Stated differently, because of the unique skills possessed, when the quant is hired for a new brokerage, he would be able to just reinvent the algorithm. That's possible because of the rare analytic talents the quant possesses, not because the old algorithm is being stolen. In general, it can be very difficult to separate skills as they relate to ideas from the ideas themselves. And in this case, it may be that the quant's skills provide a license to regenerate the stock-picking algorithm for whatever firm is paying the salary.

Finally, an ethical case for the revelation of a trade secret may be made on humanitarian grounds. It's difficult to envision a good example of this is in the world of stock picking, but in the no-less-lucrative field of medical research, a humanitarian context for taking an idea easily comes into focus. If a cure for cancer were invented by a private company, the stock value would blow through the roof, but only if they kept the drug formula secret and sold the serum at a fairly high price. In this case, a worker in the company may feel justified in taking a job with an international health nonprofit, and then revealing the serum's formula and the technique for its production so that it could be made and distributed at a low cost to all those in need throughout the world. A theft would be committed and a wrong done, but an obligation to the greater good, to the health benefits the theft would allow, may justify a departing worker's carrying a company's secret out the door.

KEY TAKEAWAYS

- Using time and equipment paid for by a current employer to look for a new job is ethically problematic.
- Job skills provided by employers may create employee obligations.
- Employees transferring from one company to another—and asking established clients to follow—face a broad range of ethical concerns.
- Ideas belonging to an organization may not be taken to another without raising ethical concerns.

REVIEW QUESTIONS

1. Ethically, is there a difference between a worker sitting at her desk during office hours and working on her Facebook page and one who's trolling Monster, looking to find a new job somewhere else? If not, why not? If so, what's the difference?
2. If a company pays for your job training, is there a way to calculate how long you need to work there to satisfy the obligation to use the training for the company's benefit?
3. In business terms, what's the difference between trying to steal clients from your old employer and trying to steal market share? In ethical terms, what's the difference?
4. What's the difference between a trade secret and a patented idea?

6.5 Take This Job and...

LEARNING OBJECTIVE

1. Define and consider ethical issues surrounding the decision to quit.

The Ethics of Quitting

There's a difference between giving a few weeks' **notice**²⁰ that you've decided to leave your job in cold Minneapolis to try your luck in Florida, and suddenly walking out three days before the year's most important presentation, the one your team was responsible for creating. The first scenario won't cause many objections, but the second raises this question: what do departing workers owe employers?

If the answer is sought through a prism of fairness—through the idea that justice in the workplace requires equal treatment all around—the answer might be “not very much.” Since most work contracts offer employment only at will, employers are typically positioned to let workers go at any time for any reason that's convenient. And they do.

When Ameritech was letting people go they would call them into a conference room and say their services were no longer needed. They would then show them to the door. Any coats or personal effects left at their desk would be shipped to them. James Carlini, “Ready to Leave? Why You Shouldn't Give Two Weeks' Notice,” *WTN News*, April 27, 2005, accessed May 17, 2011, <http://wistechnology.com/articles/1757>.

Especially in larger organizations where layoffs can come massively, the employee's pleading, “You shouldn't fire me because we just bought a house and had our first child,” isn't going to persuade too many CEOs. If it doesn't, it's going to be difficult to justify the demand that employees, no matter how vital they may be to the company, come in to work when they plainly don't want to.

It's also true, however, that many employers extend benefits going beyond contractual obligations, and yes, some bend over backward to keep their workers on, even when it doesn't make strict business sense. When Malden Mills burned to the ground, owner Aaron Feuerstein spent millions keeping all three thousand employees on the payroll with full benefits for months. Some asked whether he was

20. Informing an employer of plans to resign.

a fool. "Malden Mills: A Study in Leadership," Organizational Productivity Institute, Inc., *Quality Monitor Newsletter*, October 1996, accessed May 17, 2011, <http://www.opi-inc.com/malden.htm>. Maybe he was, but he proves that every situation is different: some employers are cutthroats, others doggedly loyal when it comes to the people doing the work.

This is the important point for anyone thinking about leaving their organization in a lurch. If the ethical justification for splitting is built on the idea of fairness—which in this case reduces to the principle that the employee owes the organization the same loyalty that the organization displays for the employee—then it's the worker's responsibility to ask how the organization responds to employees' needs.

It should be underlined that this ethical attitude isn't quite a form of *turnabout is fair play*: the argument isn't so much that if a company has screwed (or not) people in the past, then they should get screwed (or not) now. The argument from fairness is simply that the weight of self-interest when set against the interests on the other side should be more or less balanced.

A different framework for considering the question of walking out on a job virtually without warning comes from the utilitarian perspective, from the idea that in any situation the morally right act is the one increasing happiness for all those involved. Looking at the question this way, workers considering leaving need to weigh their benefit from walking out against the suffering incurred by everyone else.

The "everyone else" includes the worker's fellow employees. If a presentation really does need to be done and given in three days and you disappear, there's just not going to be time to hire someone else and get them up to speed; those who are already there and on the project are going to have to do your share. It's worth noting here that the concern about whether the company has previously demonstrated loyalty to its workers doesn't arise within this perspective. What matters is a calculation of what serves everyone's best interest now and going forward. So even if you feel no loyalty to the company—and even if the company demonstrates no loyalty to its employees—you may still decide to stay on until a more convenient separation time can be found just so that you don't wrong those who work with you.

!\$%^&^*#!

Everyone who's ever worked anywhere has felt the temptation at one point or another to not just quit but to go out in flames: march into the boss's office, let loose an avalanche of !\$%^&^*#!, and storm out. It would feel good. But should it

leave you feeling guilty afterward? Within a utilitarian scheme, the answer is “maybe not.” If ethical justification is based on the idea that the right path is the one bringing the greatest good to the greatest number, then it might just be that the release and clean break the outburst allows is worth the scene and the discomfort (or maybe the private joy) others feel about the whole thing. Of course, by the same reasoning, anyone standing outside that door and taking one last breath before storming through better consider their own long-term happiness. Probably, bawling out the boss isn't going to help your future job-seeking prospects.

KEY TAKEAWAYS

- Most ethical issues surrounding the quitting of a job gather around those cases where the leaving is abrupt.
- The ethics of leaving a job involves a range of people and their interests.

REVIEW QUESTIONS

1. If you feel as though you've been mistreated at work, can an ethical justification be formed for walking away at a moment of maximum pain for the company? Explain.
2. Can you think of a kind of job or line of work where any employee could walk off at any time without ethical qualms? What characteristics of the job allow that freedom?

6.6 Case Studies

Cooking a Résumé



Source: Photo courtesy of
cloudsoup,
<http://www.flickr.com/photos/cloudsoup/2762796137/>.

Chef Robert Irvine's résumé was impressive. According to the *St. Petersburg Times*, he advertised his experience as including:

- A bachelor's of science degree in food and nutrition from the University of Leeds.
- Royal experience working on the wedding cake for Prince Charles and Princess Diana.
- He was a knight, as in *Sir Robert Irvine*, Knight Commander of the Royal Victorian Order, handpicked by the Queen.
- For several consecutive years, he'd received the Five Star Diamond Award from the American Academy of Hospitality Sciences.
- He'd served as a White House chef.

The truth—when the newspaper revealed it on a splashy front-page article—wasn't quite so overpowering:

- The claimed BS degree? According to a press officer at the University of Leeds, "We cannot find any connection in our records between Robert and the university."
- The royal wedding cake? Well, he did help pick some of the fruit that went into it.
- The knighthood? No.
- The Five Star Diamond Award? True, but it's not the AAA's prestigious Five Diamond Award or Mobil's five stars. The

American Academy of Hospitality Sciences is actually a guy's apartment in New York, and the award is granted to anyone who pays a fee.

- White House chef? Kind of. But he didn't prepare sophisticated dishes for the president or anything like that; he cooked food for the cafeteria line, serving military workers at the White House. Ben Montgomery, "TV Chef Spiced Up His Past Exploits," *St. Petersburg Times*, February 17, 2008, accessed May 17, 2011, http://www.sptimes.com/2008/02/17/Southpinellas/TV_chef_spiced_up_his.shtml.

After the truth came out, Chef Irvine was fired from his popular TV show on the Food Network, *Dinner: Impossible*. A few months later, however, after the scandal blew over and he'd corrected his résumé, he reapplied for his old job, was rehired, and he's on TV today.

QUESTIONS

1. When Irvine first applied for the job as TV show chef, he had to consider whether he should “embellish” his résumé, and if so, how far he should go. What ethical responsibilities should he have considered? To whom?
2. The five types of positive résumé misrepresentations are
 - false credentials,
 - false experience,
 - false chronology,
 - embellished experience,
 - false references.

Negative résumé misrepresentations have also been discussed. Looking back at Irvine's résumé adventure, can you label each of his transgressions?

3. Are some of the lies worse than others in the sense that they relate directly to his ability to be a successful TV chef? Are others less objectionable because they don't relate to the job he was applying for? Why or why not?
4. *It's better to seek forgiveness than ask permission.* In a sense, that's what Irvine did. He lied on his résumé, got the job, did well, got caught having lied on the résumé, got fired, sought forgiveness, got it, and got back a TV show job he might never have received had he not lied in the first place. Ethically, how could you go about justifying his course of action?
5. The Internet site [Fakesummary.com](http://fakesummary.com) includes the following advice for job seekers: “Hiring Managers Think You're Lying Anyway!! Yep that's right, the majority of human resources managers assume that EVERYONE embellishes, exaggerates, puffs up and basically lies to some extent on your résumé. So if you're being totally honest you're being penalized because they're going to assume that you embellished your résumé to a certain extent!” [Fakesummary.com](http://fakesummary.com), accessed May 17, 2011, <http://fakesummary.com>.

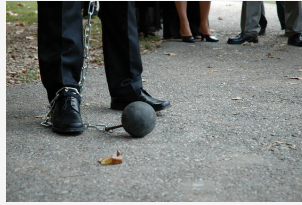
Assume you believe this is true, can you make the ethical case for being honest on your résumé regardless of what hiring managers think?

6. Assume [Fakesummary.com](http://fakesummary.com) is right. *Everyone* “embellishes, exaggerates, puffs up and basically lies to some extent on their résumé.” On the basis

of the obligations you hold to others (hiring managers, coworkers, other applicants) and to yourself, could you form the argument that you have an ethical responsibility to lie?

7. You have a friend you like and respect. You've spent a lot of time with him over the years in school and you know he's very responsible, a hard worker, and smart. He'd be good at almost any entry-level type job; you're sure of it. He comes to you and asks you to fake having been his boss for a pizza delivery business. "I just want," he says, "someone out there who I can count on to say I'm the good, responsible type. You know, someone who's always on time for work, that kind of thing." Would you do it? Justify your answer.

Inmate Wages



Source: Photo courtesy of Tomáš Obšívač, <http://www.flickr.com/photos/toob/38893762/>.

An Internet posting carries a simple Q&A thread: someone's searching for a good upholstery shop in Maryland. An unexpected answer comes back from Fenny L: criminals. A local jail has a job-training program for their inmates and they contract the men at \$1.50 per hour. Fenny L., April 7, 2009, "Searching for good upholstery shop in MD," accessed May 17, 2011, <http://www.yelp.com/topic/gaithersburg-searching-for-good-upholstery-shop-in-md>.

The responses to the suggestion are intense and all over the place, but many circle around the ethics of the numbingly low wage, leading Fenny L to introduce a new thread. Here are the three main points she makes.

- While I object to slave labor...at the same time, I don't see this as slave labor. If I wished to become a professional uhhh...upholsterer (what do they call themselves?!?) I would need to spend money on the classes and etc. The Dept of Corrections doesn't charge the inmates for these classes—thusly, I don't see a problem with only paying the inmates \$1.50 for their work.
- Also, we use free/cheap labor ALL the time...in the form of Interns. Interns are often paid nothing, or extremely little—because they want the job experience...that is their compensation. In turn, I feel that the inmates are getting job experience so that they can earn an honest living once they get out.
- Finally, I think that the Dept. of Corrections has to make the wages obscenely low—because let's be honest...how many people would feel comfortable with having a convict in their home to do work? The only way they can be competitive and offer the inmates this opportunity, is to make it worth the consumer to utilize them—by

having obscenely low wages.Fenny L., April 17, 2009, "Ethics of Inmate Wages," accessed May 17, 2011, <http://www.yelp.com/topic/washington-ethics-of-inmate-wages>.

QUESTIONS

1. Suppose you made a mistake and ended up in jail for a few months. While there, you participated in this program. Now you're out and seeking an upholstering job.
 - You're considering leaving the jail part of this episode off your résumé. Whose interests should you consider before going ahead? What ethical case could you make for leaving it off your résumé?
 - Given the kind of work you'd be doing—going into peoples' homes and upholstering—does the nature of your “mistake” (drunk driving versus shoplifting, for example) influence the ethical consideration of whether you ought to acknowledge this part of your life on your résumé? How?
 - Maybe for the first several years you should leave your prison training on your résumé, but is there a kind of statute of limitations, a certain amount of time that, once passed, gives you an ethical license to leave something negative off your résumé? How would you calculate the amount of time, and based on what factors?
2. Sometimes a split opens between a community-wage level (what people in general in a certain place are paid for certain labor) and an organizational-wage level (what people at a specific organization are paid for the same labor). The split clearly opens here; the prisoners are paid much less than other upholsterers in the larger community.
 - Fenny L believes this split is justified by the ethics of a market economy. She makes the point that most people really don't want crooks wandering around their house, so in order to get business, the prison needs to make its offer attractive by cutting labor prices. She's probably right in terms of economics, but in terms of ethics, do you find this reasoning convincing? Why or why not?
 - Can you form an ethical argument in favor of the prisoners demanding a pay raise to make their salary comparable with other upholsterers?
3. If you were an upholsterer and your company had a practice of hiring ex-convicts because they'd work for lower wages, could you make the

ethical argument that you deserve a higher wage than those other workers with similar experience and skills because you'd never had trouble with the law? What would your argument look like?

4. If you were an upholsterer looking to wiggle a pay hike, would you ask a friend to pose as the boss from a competing outfit and offer you the same job at a higher salary? In considering the question, what are the specific ethical obligations tugging one way or the other, and to whom do you have the obligations?
5. Fenny L. believes the workers are receiving a fair wage because they're getting valuable training and experience that will improve their future job prospects. That's probably true, but the fact remains that the workers are being paid much less money, for the same work, than others.
 - Is an internship—or any post where you receive less than the community-wage level for a certain kind of work—a humiliation? Why or why not?
 - Is there an ethical objection to allowing yourself to be humiliated? Explain.
6. Many jobs require company-sponsored training, and frequently employees enrolling in corporate training programs sign repayment clauses, promising to repay the training's cost if they leave before a certain amount of time has passed, say, one year. Is there an ethical argument here for the idea that repayment clauses are a form of prison and therefore unethical? Why or why not?
7. Upholstering is not a job where experience counts very much. Yes you need some initial training and practice, but once you've got that, ten years more experience isn't going to make you a significantly better upholsterer of common items. Accepting that reality, if you were the upholsterer who'd been with the company the longest, could you still translate your seniority into an ethical argument that you deserve a higher wage than others who've been around less time? Explain.

Dirty Tricks



Source: Photo courtesy of Henk de Vries, <http://www.flickr.com/photos/henkdevries/2662269430/>.

In his book *21 Dirty Tricks at Work*, author Colin Gautrey gives his readers a taste of how intense life at the office can get. Here are two of his favorite tricks. “21 Dirty Tricks,” The Gautrey Group, accessed May 17, 2011, <http://www.siccg.com/fre/DirtyTricks.php>.

QUESTIONS

1. **The exposure trick.** Coercing a coworker by threatening to make public a professional or personal problem

If you're angling for a raise, and you know something damaging about your supervisor, you may be tempted by the tactic of exposure. Imagine you know that your supervisor has a prescription drug habit and it's getting worse. Her performance at the office has been imbalanced but not so erratic as to raise suspicions. You plan to confront her and say you'll spill the beans unless she gets you a raise. Whose interests are involved here? What responsibilities do you have to each of them? What ethical justification could you draw up to justify your threat?

2. **The bystander trick.** Knowing that someone is in trouble but standing on the sidelines and doing nothing even when intervention is clearly appropriate and would be helpful to the business

At an upholstering company you're in competition for a promotion with a guy who learned the craft in jail, through the Department of Corrections' job-training course. He hadn't revealed that fact to anyone, but now the truth has come to light. You've worked with him on a lot of assignments and seen that he's had a chance to make off with some decent jewelry but hasn't taken anything. You could speak up to defend him, but you're tempted to use the bystander trick to increase the odds that you'll win the duel. What ethical argument could you draw up to convince yourself that you shouldn't stand there and watch, but instead you should help your adversary out of the jam?

The End of Destiny's Child



Source: Photo courtesy of Alex Johnson, <http://www.flickr.com/photos/89934978@N00/2997961865/>.

The R&B group Destiny's Child was composed of Beyoncé Knowles, Kelly Rowland, and Michelle Williams. They started slow in 1990 (Beyoncé was nine), giving miniconcerts in crumbling dance halls around Houston, and then kept at it through small-time talent shows, promised record deals that never materialized, and the disintegration of Rowland's family (Beyoncé's parents took her into their home). They finally got a crummy but real record deal in 1998 and made the most of it.

By 2002 they'd become a successful singing and dance act. But soon after, they broke up under the pressure of Beyoncé's solo career, which seemed to be speeding even faster than the group effort.

In 2004 they reunited for a new album, *Destiny Fulfilled*, which went triple platinum. On the European leg of the subsequent world tour, Beyoncé quit more definitively. She took the fan base with her and began evolving into the hugely successful Beyoncé we know now: pop music juggernaut, movie celebrity, clothing design star....The other two members of the original group? Today they appear on B-list talk shows (when they can get booked) and are presented to viewers as Kelly Rowland, formerly of Destiny's Child, and Michelle Williams, formerly of Destiny's Child.

According to the *New York Times* it shouldn't be surprising that things ended up this way: "It's been a long-held belief in the music industry that Destiny's Child was little more than a launching pad for Beyoncé Knowles's inevitable solo career." Lola Ogunnaike, "Beyoncé's Second Date with Destiny's Child," *New York Times*, November 14, 2004, accessed May 17, 2011, <http://www.nytimes.com/2004/11/14/arts/music/14ogun.html? r=1>.

Which leads to this question: Why did she go back in 2004 and do the *Destiny Fulfilled* album with her old partners? Here's what the *New York Times* reported: "Margeaux Watson, arts and entertainment editor at *Suede*, a fashion magazine, suggests that the star does not want to appear disloyal to her former partners, and called Beyoncé's decision to return to the group a charitable one." But "from Day 1, it's always been about Beyoncé," Ms. Watson said. "She's the one you can't take your eyes off of; no one really cares about the other girls. I think Beyoncé will eventually realize that these girls are throwing dust on her shine." Lola Ogunnaike, "Beyoncé's Second Date with Destiny's Child," *New York Times*, November 14, 2004, accessed May 17, 2011, <http://www.nytimes.com/2004/11/14/arts/music/14ogun.html? r=1>.

QUESTIONS

1. Destiny's Child rolled money in, and it needed to be divided up. Assume the three singers always split money equally, going way back to 1990 when it wasn't the profits they were dividing but the costs of gasoline and hotel rooms, which added up to more than they got paid for performing. About the money that finally started coming in faster than it was going out, here are two common theories for justifying the payment of salaries within an organization: *Money is apportioned according to the worker's value to the organization*, and *money is apportioned according to the experience and seniority relative to others in the organization*.
 - How would these two distinct ways of divvying up the revenue change the salary assigned to the three singers?
 - When success came, how could Beyoncé ethically justify demanding a greater share of the pie?
 - How could you justify experience and seniority as the ethically preferable route to follow when paying the three singers making up Destiny's Child?
2. There are a lot of rhythm and blues groups out there, singing as hard as they can most nights on grimy stages for almost no audience, which means the organizational-wage level of Destiny's Child was way, way above the wage level of other organizations in the same line of work.
 - When the members of Destiny's Child cash their paychecks, should they feel guilty about getting so much more than others in their profession who work just as hard as they do, but in different organizations where the pay is less? Why or why not?
 - Cashiers at Whole Foods Market get paid more than cashiers at Walmart. Should the Whole Foods cashiers feel guilty? Why or why not?
3. Beyoncé didn't break clean from Destiny's Child. She rejoined the organization because, according to Watson, "she didn't want to appear disloyal to her former partners." Beyoncé felt an ethical responsibility to mind the interests of Kelly Rowland and Michelle Williams. As she thought about leaving the group more definitively, what other people (if any) do you suppose she should have considered in order to feel

ethically justified in finally and permanently taking off on her own? What are the obligations she holds to Rowland, Williams, and any others you have added to the list?

4. Destiny's Child was a pop group; their hits included "Say My Name," which isn't too different from Beyoncé's smash "Single Ladies (Put a Ring on It)." The videos are pretty close, too: nearly identical mixes of rhythm, dancing, fun, and sexy provocation. After comparing the video of "Say My Name" "Destiny's Child—Say My Name," YouTube video, 4:00, posted by "DestinysChildVEVO," October 25, 2009, <http://www.youtube.com/watch?v=sQgd6MccwZc>. with "Single Ladies," "Beyoncé—Single Ladies (Put A Ring On It)," YouTube video, 3:19, posted by "beyonceVEVO," October 2, 2009, <http://www.youtube.com/watch?v=4m1EFMoRFvY>, it's hard to deny that Beyoncé benefited from her time in Destiny's Child. Very possibly, she feels as though she owes Rowland and Williams part of her success, and that's why she did the reunion record and tour. Now, if you were Rowland or Williams, could you form an ethical argument that Beyoncé owes you more than that based on the following:

- **Client appropriation.** When Beyoncé left, she benefited from a group of devoted listeners constructed by Destiny's Child. Do you suppose these would be clients, a market, or some mix? How do you imagine Beyoncé benefited from them and what should she do to repay the obligation?
- **Skill theft.** When Beyoncé left, Destiny's Child still had gas in its engine: the group was selling CDs and touring successfully. It could do that because of the skills the three members learned years earlier through tireless rehearsals and small-time concerts. During all those years they were training for musical success, but when they got it, Beyoncé quickly left the organization. She went out on her own and kept doing what she'd learned to do with Rowland and Williams. Given that, use an ethical theory to make the case that Beyoncé is significantly obligated to the other two. What is her obligation? Is there some point—either after a certain amount of time has passed or an amount of money has been paid or something else—where the obligation will have been satisfied? Explain.

Stolen Intel



Source: Photo courtesy of ctitze, <http://www.flickr.com/photos/ctitze/329928527/>.

Biswamohan Pani, a low-level engineer at Intel, apparently stole trade secrets worth a billion dollars from the company.

His plot was simple. According to a *Businessweek* article, he scheduled his resignation from Intel for June 11, 2008. He'd accumulated vacation time, however, so he wasn't actually in the office during June, even though he officially remained an employee. That employee status allowed him access to Intel's computer network and sensitive information about next-generation microprocessor prototypes. He downloaded the files, and he did it from his new desk at Advanced Micro Devices (AMD), which is Intel's chief rival. Pani had simply arranged to begin his new AMD job while officially on vacation from Intel.

Why did he do it? The article speculates that "Pani obtained Intel's trade secrets to benefit himself in his work at AMD without AMD's knowledge that he was doing so, which is a fairly frequent impulse among employees changing jobs: to take a bit of work product from their old job with them." Michael Orey, "Lessons from Intel's Trade-Secret Case," *Bloomberg Businessweek*, November 18, 2008, accessed May 17, 2011, http://www.businessweek.com/print/technology/content/nov2008/tc20081118_067329.htm.

According to Nick Akerman, a New York lawyer who specializes in trade secret cases, "It's amazing how poorly most companies [protect their trade secrets]." Michael Orey, "Lessons from Intel's Trade-Secret Case," *Bloomberg Businessweek*, November 18, 2008, accessed May 17, 2011,

http://www.businessweek.com/print/technology/content/nov2008/tc20081118_067329.htm.

After being caught, Pani faced charges in federal court for trade secret theft, with a possible prison term of ten years. He pleaded innocent, maintaining that he downloaded the material for his wife to use. She was an Intel employee at the time and had no plans to leave.

QUESTIONS

1. Can the fact that Pani got the information so easily be used to build an ethical case that what he did wasn't wrong? If not, why not? If so, what does the case look like?
2. Ethically, does it matter whether Pani was a key author of the taken documents? Why or why not?
3. According to the article, a lot of people do what Pani did. Is that a justification for his action? Explain.
4. Did Pani have a responsibility to formally end his employment status with Intel before joining AMD, or is it OK for him to be vacationing from Intel while working at AMD? Whose interests need to be considered to answer this question thoroughly?
5. As James Carlini, a professor at Northwestern University, points out in an essay, James Carlini, "Ready to Leave? Why You Shouldn't Give Two Weeks' Notice," *WTN News*, April 27, 2005, accessed May 17, 2011, <http://wistechnology.com/articles/1757>. It is accepted wisdom in the world of business ethics that employees leaving a company ought to provide two-weeks' notice to employers. Use the Pani case to make the argument that employees should notify employers that they're leaving only at the last moment.
6. Pani left Intel after receiving a poor job review. Probably he was mad about that. From a utilitarian perspective—one that defines the ethical good as the greatest good for the greatest number over the long haul—would Pani have acted more ethically had he stormed into his boss's office and screamed at the guy and quit instead of biting his tongue, getting a job elsewhere, and doing what he did? Explain.