



Course Learning Outcomes for Unit VII

Upon completion of this unit, students should be able to:

4. Explain the significance of ethics-based decision making on the business environment.
7. Evaluate the need for ethical standards, codes of ethics, and practices in business.

Reading Assignment

In order to access the following resource(s), click the link(s) below:

- Evans, T. R. (2015). What does it mean to be an ethical CPA? *Pennsylvania CPA Journal*, 86(3), 66.
Retrieved from
<https://libraryresources.columbiasouthern.edu/login?url=http://search.proquest.com/libraryresources.columbiasouthern.edu/docview/1715918037?accountid=33337>
- Withers, B., & Ebrahimpour, M. (2013). The effects of codes of ethics on the supply chain: A comparison of LEs and SMEs. *The Journal of Business and Economic Studies*, 19(1), 24-40,118-119. Retrieved from
<https://libraryresources.columbiasouthern.edu/login?url=http://search.proquest.com/libraryresources.columbiasouthern.edu/docview/1373193018?accountid=33337>

Unit Lesson

This unit recognizes the intersection of ethics, legal regulations, and laws through the famous *The Andy Griffith Show* television series, which aired from 1960-1968 in the fictional town of Mayberry, North Carolina. Andy Griffith is a widowed sheriff of this small town, and he continuously protects his well-meaning deputy, Barney Fife. A series of ethical situations develops around the somewhat dim-witted but well-meaning Barney that come close to breaking the law.

In one episode, Barney withdraws his entire nest-egg and buys his first car, unknowingly sold to him by a crook. Through a series of adventures, Barney realizes the crook sold him a lemon and ultimately confronts the crook. The story concludes with the crook offering Barney a highly attractive bribe to not impose legal action. Barney waives in his response as he considers the personal advantages associated with accepting this bribe.

Bribery and concealing evidence are situations that often confront companies. For instance, in 2002, the justice department found Arthur Anderson, a well-known accounting firm, guilty of obstruction of justice for shredding audit documents of its client, Enron. The motivation here was related to distancing its association with the Enron scandal. Arthur Anderson officials decided that protecting company interests was more important than ethical and legal public reporting. Arthur Anderson met its demise as a result of this incident. Interestingly, the Enron scandal is a case where both companies had sophisticated corporate cultures and detailed standards that should have prevented this type of occurrence.

In spite of this example, government puts laws and regulations into place to protect the ethical stance of companies.

- Antitrust and competition laws restrict employees from taking unfair advantage of customers, suppliers, or competitors through manipulation.
- Environmental laws ensure that companies conduct their business in an environmentally sound fashion. Industry-specific laws protect the specific interests of each industry. For instance, the

medical industry would regulate pharmaceutical companies with an emphasis on the manufacturing and distribution of drugs.

- Employment and labor laws generate another area in which government asks companies to treat their employees with respect. These laws involve issues related to working hours, compensation, human rights, working conditions, freedom from harassment or discrimination, and equal advancement opportunities.
- Legislation also mandates adherence to corruption violations, such as bribery and other acts of deception.

Andy Griffith appreciated the relationship between ethical behavior and the law, and he continuously influenced Barney to realize this as well.

In 1982, Johnson & Johnson experienced this relationship through the Tylenol incident. Seven people died after taking Tylenol capsules laced with cyanide by a Chicago man who was seeking \$1 million in extortion money from the city. After this incident, Tylenol officials needed to decide whether they would take the FBI's recommendation to take no action (FBI stated they considered this issue a remote incident). Alternatively, the FBI could have required the company to withdraw the drug from the market, which would have inevitably cost the company millions of dollars.

Tylenol decided to take it off the market, which ultimately cost the company more than \$150 million. Unfortunately, the ethical position, in many cases, is also the most costly alternative. Contrary to the results of the Arthur Anderson incident, Tylenol is still in business today and has returned to prominence as one of the leaders in the pharmaceutical market. Additionally, Johnson & Johnson regained its brand identity as consumers regard it as one of the most ethical companies in history.

Click [here](#) to view an interactive presentation that covers the key concepts covered in Unit VII.

Click [here](#) to access the Unit VII Presentation transcript.

Suggested Reading

A code of ethics or code of conduct is a way of sharing the values and principles of an organization with employees and the public. The resources below share how a code of ethics can be used.

Alphabet code of conduct. (2015). Retrieved from <https://abc.xyz/investor/other/code-of-conduct.html>

Dell's code of conduct. (2015). Retrieved from <http://www.dell.com/learn/us/en/uscorp1/corporate~corp-comm~en/documents~dell-code-of-conduct-external.pdf?c=us&l=en&s=corp>

Irexdc (2013, April). *Creating code of ethics* [Video file]. Retrieved from <https://www.youtube.com/watch?v=sGEZcPQ8eAM>