

Teaching Tools:

Ethics Activity Masters

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SUGGESTIONS FOR TEACHING ETHICS

Businesses have recently become aware of the severe implications of the unethical behavior of employees. In response, many businesses have begun training their employees to make ethical decisions and establishing company codes of conduct. The message from businesses today is clear—employees must be capable of making ethical decisions to protect the business from legal liability and to maximize long-term profits.

Most students' principles of right and wrong are well established prior to their attending high school. Thus, the presentation of ethics does not involve the teaching of right and wrong. Instead, students need to learn how to apply their principles of right and wrong to business situations.

There are ten Ethics Activity masters in this text to give instructors an opportunity to teach ethics in the classroom.

Causes of Unethical Behavior

Activity 1 provides an introduction to ethics. The major causes of unethical behavior are presented to assist students in recognizing the forces that can cause unethical behavior. Recognizing the causes of unethical behavior is the first step in making business decisions that prevent employees from being placed in compromising situations.

Steps for Analyzing Ethical Situations

A three-step checklist is presented to help students analyze the ethics of an action. This approach encourages students to collect pertinent information that will provide a basis for their decision. Ultimately, students' decisions are based on their personal ethics applied to the facts of the situation.

Assessment

Correct solutions are generally obvious if the action is either illegal or violates a business or professional standard. For example, most students will agree that it is unethical to dispose of hazardous waste into the water supply. However, students may challenge compliance with other laws and standards. A class discussion of whether the truck drivers of a business should be required to drive the speed limit and wear safety belts may demonstrate many students' willingness to disregard selected laws.

Many of the cases in the Ethics Activities present situations where the line between right and wrong is unclear. As a result, students will likely differ in their decisions as to whether the action is ethical. Assessment of Ethics Activities should be based on the students' analysis of the facts and the objective support for their decisions. The students' decisions about whether a case demonstrates ethical behavior should not be assessed. Therefore, no conclusions are provided with the Teacher's Solutions supplied in this booklet.

Activity Presentation

Teachers can adopt several strategies to cover an Ethics Activity. The activity can be presented initially as a classroom discussion. Alternately, the activity can be assigned as an individual project or a small-group cooperative learning project. Whichever method is used, students should be given the opportunity to discuss the case in class. This exchange of ideas enables students to observe how other individuals make and support their decisions. When asking questions and making observations, the teacher should be careful not to reveal her or his personal bias.

The Ethics Activities stimulate critical thinking and decision making. If you wish to integrate word processing in your course, you may direct students to word process their answers. If you wish to include the creation of tables, direct students to format their responses to resemble the ethical decision-making grid in a three-column table.

Communication Skills

The Ethics Activities provide an opportunity for students to practice communication skills. You may assign students to assume the roles of the parties in the ethical dilemma. Students can prepare the appropriate message to respond to the situation. Using this approach, students should identify the correct method of communication.

ETHICS ACTIVITY 1

Name _____

Date _____

Introduction to Ethics

The principles of right and wrong that guide an individual in making decisions are called *ethics*. In these Ethics Activities, you will have the opportunity to analyze the ethics of common business situations by using the following three-step checklist as a guide in collecting relevant information regarding an action.

1. *Is the action illegal? Does the action violate any laws?* Obeying the law is in your best interest and the best interest of a business.
2. *Does the action violate company or professional standards?* Public laws often set only minimum standards of behavior. Many businesses and professions set even higher standards of behavior. Thus, an action may be legal, yet still violate standards of the business or profession. Violating these standards may affect your job security or any professional certification you may hold.
3. *Who is affected, and how, by the action?* If an action is legal and complies with business and professional standards, you must rely on your principles of right and wrong to determine if the action is ethical. Determining how the action affects individuals and groups—including business employees and owners, customers, the local community, and society—will help you decide if an action is ethical.

In the activity presented below, you will read about a person who overstated information on a résumé. Note how the three-step checklist, described above, was used to determine whether the individual demonstrated ethical behavior in preparing the résumé. A solution to the activity is included. The solution illustrates the use of the three-step checklist. (Note that the answers for future Ethics Activities will not be provided to you.)

Situation

David Perez applied for a payroll clerk job with Search Services, a market research firm. To improve his chances in getting the job, he exaggerated his work experience on his résumé. Based on this résumé, David was hired. After one year, he received above-average ratings during his annual performance review. Shortly thereafter, his boss met David's former supervisor and learned the truth.

Instructions

Use the three-step checklist to help determine whether or not David's action demonstrated ethical behavior. (Suggested answers are provided here.)

1. *Is the action illegal?* No. Overstating qualifications is not illegal, but the employer could terminate your employment.
2. *Does the action violate company or professional standards?* No. David was neither an employee of the company nor a member of any profession.
3. *Who is affected, and how, by the action?* David: He obtained employment, but now he could be terminated. If retained, he could have difficulty being promoted. Other applicants: More

highly qualified applicants lost an opportunity for employment. Search Services: Managers may lose trust in employees.

Based on the above analysis, David's actions were unethical.

1. When David exaggerated his experience on his résumé, do you think he believed he would be caught? What effect did this belief have on his behavior?

2. If you were David's employer, would you fire him? Why or why not?

3. If you were another applicant for the job David applied for, would you be tempted to do the same as David? Why or why not?

ETHICS ACTIVITY 2

Name _____

Date _____

Who Owns My Time?

Employers and employees have a unique relationship. The employee agrees to provide the employer with a fair day's work. In return, the employer agrees to provide a fair day's wage.

Instructions

Use the three-step checklist to determine whether or not the following situations demonstrate ethical behavior.

Situation 1

Saran Khut is a receptionist for Media Technologies. After the company installed voice mail, Saran's workload became lighter, so her supervisor assigned additional responsibilities, including some accounting tasks. Even with these assignments, Saran is not always busy. To fill the time, she plays computer games.

1. *Is the action illegal?*

2. *Does the action violate company or professional standards?*

3. *Who is affected, and how, by the action?*

Situation 2

At Cooks' World, a kitchen equipment store, most employees work less than 40 hours per week. However, only employees who work a minimum of 40 hours per week are eligible for health insurance.

1. *Is the action illegal?*

2. *Does the action violate company or professional standards?*

3. *Who is affected, and how, by the action?*

ETHICS ACTIVITY 3

Name _____

Date _____

Is This Really a Business Expense?

Kate Feldman owns a computer consulting business. Each year she must report the amount of revenue and expenses involved in operating the firm. She must pay federal income tax on the amount by which revenues exceed expenses.

Instructions

Use the three-step checklist to determine whether or not the following situations demonstrate ethical behavior.

Situation 1

Ms. Feldman often makes personal long-distance phone calls from her office. She charges these calls to the business account.

1. *Is the action illegal?*

2. *Does the action violate company or professional standards?*

3. *Who is affected, and how, by the action?*

Situation 2

Ms. Feldman hired her teenage daughter to work after school as an office assistant. Rebecca comes in to the office every afternoon and earns \$6.00 per hour. During this time, she does homework and telephones friends. Ms. Feldman knows that the business does not really need an assistant, but this is a good way for Rebecca to earn spending money.

1. *Is the action illegal?*

2. *Does the action violate company or professional standards?*

3. *Who is affected, and how, by the action?*

ETHICS ACTIVITY 4

Name _____

Date _____

Is It Discrimination or Poor Judgment?

Info Tech provides market research for companies that sell products and services on the Internet. Your group at Info Tech has an opening for a research analyst. You are on the search committee to pick candidates to be interviewed. Committee members give the following reasons for wanting to eliminate various candidates.

- Candidate A: “He graduated from college before I was born. He can’t possibly know anything about our business.”
- Candidate B: “The ad said two to five years of experience, but we really need someone with more than two years of experience.”
- Candidate C: “This woman went to the same college I did. Let’s give her a shot.”

Instructions

Use the three-step checklist to determine whether or not the action demonstrates ethical behavior.

1. *Is the action illegal?*

2. *Does the action violate company or professional standards?*

3. *Who is affected, and how, by the action?*

ETHICS ACTIVITY 5

Name _____

Date _____

Technology Temptations

Along with many benefits, technology also presents us with new temptations. Technology allows us to access information for many legitimate reasons, but it can also create ethical dilemmas. What do you think about the situations presented below?

Instructions

Use the three-step checklist to determine whether or not each of the following situations demonstrates ethical behavior.

Situation 1

Andrew Whitbeck collects overdue accounts for a large credit card company. He has access to records of all transactions for any customer. Andrew sometimes looks up the records of famous people. He checks to see where they use their credit cards and how much money they spend. He sometimes tells his friends about the buying habits of entertainers and politicians.

1. *Is the action illegal?*

2. *Does the action violate company or professional standards?*

3. *Who is affected, and how, by the action?*

Situation 2

Julia Russell works for a not-for-profit organization. Recently, she found a list of computer passwords near a photocopier. She started using these passwords to look at other employees' e-mail files.

1. *Is the action illegal?*

2. *Does the action violate company or professional standards?*

3. *Who is affected, and how, by the action?*

Situation 3

Chalonda Davis is in college and works as a sales clerk in a bookstore. Occasionally, the scanner in the store is unable to read a bar code on a customer's selection, and the clerk must enter the code using the keypad. Chalonda sometimes makes mistakes when she enters the code. As long as the customer doesn't object, Chalonda thinks it's unnecessary to correct her mistakes.

1. *Is the action illegal?*

2. *Does the action violate company or professional standards?*

3. *Who is affected, and how, by the action?*

ETHICS ACTIVITY 6

Name _____

Date _____

Is Anyone Listening?

The Berger Company enjoys a reputation as a good place to work. The company strives to provide quality services for clients.

Instructions

Use the three-step checklist to determine whether or not each of the following situations demonstrates ethical behavior.

Situation 1

Yuri Rostov likes to be the first to know what's going on in the office. One of the reasons he is so well informed is that he looks through the papers on other employees' desks.

1. *Is the action illegal?*

2. *Does the action violate company or professional standards?*

3. *Who is affected, and how, by the action?*

Situation 2

To improve customer service quality, employees' telephone calls are monitored. Monitoring is random and employees do not know when a quality manager is listening to a call. Customer service representative Emilio Alvarez made a personal phone call while Monique Burton was monitoring the line. During the call, Emilio made plans for his weekend activities.

1. *Is the action illegal?*

2. *Does the action violate company or professional standards?*

3. *Who is affected, and how, by the action?*

Situation 3

Lu Chang used his office computer to prepare his résumé and some cover letters. Lu worked on these documents after hours and provided his own paper for printing. He later learned that his supervisor knew about his job search. The supervisor, Lori Shoaf, found the computer files while looking for a report that Lu had prepared.

1. *Is Anna's action illegal?*

2. *Does the action violate company or professional standards?*

3. *Who is affected, and how, by the action?*

ETHICS ACTIVITY 7

Name _____

Date _____

Community Involvement

LeBron Neale, a certified public accountant, is a member of the Elmwood Heights zoning board. The board is reviewing a request to rezone a large section of property on the outskirts of town. The zone change would permit Great Stuff, a national discount retailer, to build a store. Great Stuff would feature clothing and shoes, housewares and linens, appliances and electronics, lumber and hardware, health and beauty products, and lawn and garden supplies. The plans also include a pharmacy and a vision care center.

Developers believe that Great Stuff would improve the community and offer citizens quality merchandise at significantly lower prices than they are now paying. Local land owners are worried about their ability to sell the property unless it is rezoned; this is the only large piece of undeveloped land in Elmwood Heights. However, local retail store owners have expressed fears that a giant retailer will force them out of business. Other business owners have pointed out that the closing of retail stores in the central business district will have a negative impact on other businesses and the community at large.

LeBron knows most of the people who have presented their side of this issue; some of them are clients of his. Understanding the possible negative impact the new store could have on many of his firm's small retail clients, LeBron has decided to vote against the rezoning. In a three-to-two vote, the zoning board denies the rezoning request.

Instructions

Use the three-step checklist to determine whether or not LeBron's vote against the zoning change demonstrated ethical behavior.

1. *Is the action illegal?*

2. *Does the action violate company or professional standards?*

3. *Who is affected, and how, by the action?*

ETHICS ACTIVITY 8

Name _____

Date _____

At What Price Safety?

Safe Automotive assembles a safety system for passenger automobiles. This system substantially reduces severe injuries to drivers involved in accidents. In an effort to increase profits, Safe Automotive recently took steps to cut costs and increase production. The company has begun using some less expensive components. These components increase the system's estimated failure rate from 12 to 15 failures per 10,000 accidents. Despite this increase, the company continues to meet the government's safety standard of 20 failures per 10,000 accidents.

Instructions

Use the three-step checklist to determine whether or not the action by Safe Automotive demonstrates ethical behavior.

1. *Is the action illegal?*

2. *Does the action violate company or professional standards?*

3. *Who is affected, and how, by the action?*

ETHICS ACTIVITY 9

Name _____

Date _____

Confidentiality

Certified public accountants routinely see and hear confidential information while providing professional services to clients. The AICPA Rules of the Code of Professional Conduct prohibit disclosure of confidential information without the specific consent of the client.

Mitchell Moran, who recently passed the Certified Public Accountant examination, had lunch with a friend from school. While talking about their jobs, Mitchell told his friend about working on an audit of a large local company. He shared information about the salaries and bonuses of the company officers.

Instructions

Use the three-step checklist to determine whether or not Mitchell Moran's action demonstrates ethical behavior.

1. *Is the action illegal?*

2. *Does the action violate company or professional standards?*

3. *Who is affected, and how, by the action?*

ETHICS ACTIVITY 10

Name _____

Date _____

Caught in the Middle

As an employee, you sometimes find yourself in situations where you must decide whether to do what you are told by your employer or do what you think is right. There are many situations where you can end up “caught in the middle.”

Lydia Velez is the bookkeeper for the Brighton Inn. Last month, cash was tight, so the owner told Lydia to write out the checks to pay suppliers but not to mail them until there was enough money in the checking account to cover the checks.

Instructions

Use the three-step checklist to determine whether or not the action demonstrates ethical behavior.

1. *Is the action illegal?*

2. *Does the action violate company or professional standards?*

3. *Who is affected, and how, by the action?*

SOLUTIONS TO ETHICS ACTIVITIES

ACTIVITY 1: INTRODUCTION TO ETHICS

This activity presents the framework for analyzing ethical behavior that will be applied in subsequent Ethics Activities. The solution given illustrates the use of the three-step checklist; however, the remaining Activities will not provide solutions to the students. The Activity also allows students to place themselves in the job applicant's position to decide whether they would follow his actions.

ACTIVITY 2: WHO OWNS MY TIME?

Situation 1:

Step 1. *Is the action illegal?* No. The receptionist has no legal obligation to perform tasks not specifically assigned.

Step 2. *Does the action violate company or professional standards?* No. Unless the company has a policy that prohibits employees from using idle time for personal activities, no company standard has been violated.

Step 3. *Who is affected, and how, by the action?* (See Table 1.)

Table 1

| People Affected | Negative | Positive |
|--------------------|---|--------------------|
| Saran Khut | Failure to spend time improving skills may lead to termination. May be resented by other employees. | Enjoys recreation. |
| Other Employees | May resent Saran Khut's light workload. | |
| Media Technologies | Fails to fully utilize employee. Customers who observe receptionist might question the quality of company's management. | |

Situation 2:

Step 1. *Is the action illegal?* No. Laws generally do not require businesses to provide employees with a minimum number of hours or health care benefits.

Step 2. *Does the action violate company or professional standards?* No. Company and professional standards do not apply.

Step 3. *Who is affected, and how, by the action?* (See Table 2.)

Table 2

| People Affected | Negative | Positive |
|---------------------|---|---|
| Customers | | Reduced benefit costs may reduce the cost of merchandise. |
| Part-Time Employees | Part-time employees must buy their own health insurance policy. | Reducing total employee expenses provides more employment opportunities for |

| | | |
|---------------------|---|---|
| | | typical part-time employees, such as students. |
| Full-Time Employees | | Benefits may be better than would be available if all employees were insured. Company can spend its benefit dollars to buy better coverage for fewer employees. |
| Cooks' World | Employee morale and commitment to the firm may be low, resulting in poor production. Employee turnover may be high, resulting in higher training costs. | Reduces total employee expenses. |
| Local Community | | Provides a good source of employment for traditional part-time employees. |

ACTIVITY 3: IS THIS REALLY A BUSINESS EXPENSE?

Situation 1:

Step 1. *Is the action illegal?* Yes. The government allows expenses to include only those items necessary to conduct business. Unless Ms. Feldman could prove a business purpose for the phone calls, reporting the cost of the personal calls on the tax return would be illegal.
Steps 2 and 3. Because the action is illegal, no evaluation of these questions is necessary.

Situation 2:

Step 1. *Is the action illegal?* Yes. The government allows expenses to include only those items necessary to conduct business. Unless Ms. Feldman could prove a business purpose for hiring Rebecca, reporting the costs of paying Rebecca on the tax return would be illegal.
Steps 2 and 3. Because the action is illegal, no evaluation of these questions is necessary.

ACTIVITY 4: IS IT DISCRIMINATION OR POOR JUDGMENT?

Step 1. *Is the action illegal?* No. The committee members have not done anything illegal by expressing their opinions. However, denying a candidate employment based solely on his or her age constitutes discrimination, and age discrimination in employment is illegal.
Step 2. *Does the action violate company or professional standards?* No.
Step 3. *Who is affected, and how, by the action?* (See Table 3.)

Table 3

| People Affected | Negative | Positive |
|-----------------|---|--|
| Candidate A | This person may be denied employment because of his age. | This candidate may be happier working at a different company where age and experience are welcome. |
| Candidate B | A candidate who met the stated qualifications may be denied employment. | If the position does require more than two years' experience, this candidate |

| | | |
|-------------|---|---|
| | | might be unsuccessful in the position if hired. |
| Candidate C | Other candidates might not get proper consideration if they have no connections. | This person may get the job because of her connections. |
| Info Tech | The company may miss hiring the best candidate in the case of Candidates A and B. If Candidate C is hired based on connections rather than qualifications, she may not be a useful resource to the company. | |

ACTIVITY 5: TECHNOLOGY TEMPTATIONS

Situation 1:

Step 1. *Is the action illegal?* No.

Step 2. *Does the action violate company or professional standards?* Yes. Most credit card companies have company standards related to information about customers. Accessing information for fun is probably a violation of company policy.

Step 3. *Who is affected, and how, by the action?* (See Table 4.)

Table 4

| People Affected | Negative | Positive |
|-----------------|--|--|
| Customers | Unable to protect information about their financial transaction. | |
| Andrew Whitbeck | Could be fired for violating company standards. | Increased popularity with his friends. |
| The Company | Could be sued if a customer discovered the privacy invasion. | |

Situation 2:

Step 1. *Is the action illegal?* No.

Step 2. *Does the action violate company or professional standards?* No.

Step 3. *Who is affected, and how, by the action?* (See Table 5.)

Table 5

| People Affected | Negative | Positive |
|-----------------|-------------------------------|----------|
| Other employees | Unable to protect mail files. | |

Situation 3:

Step 1. *Is the action illegal?* No.

Step 2. *Does the action violate company or professional standards?* No.

Step 3. *Who is affected, and how, by the action?* (See Table 6.)

Table 6

| People Affected | Negative | Positive |
|-----------------|---------------------------------------|-----------------------------|
| Customers | Are sometimes overcharged. | Are sometimes undercharged. |
| The Company | Will not have accurate sales figures. | |

ACTIVITY 6: IS ANYONE LISTENING?

Situation 1:

Step 1. *Is the action illegal?* No. Yuri Rostov is not violating any laws.

Step 2. *Does the action violate company or professional standards?* No. Company or professional standards do not apply.

Step 3. *Who is affected, and how, by the action?* (See Table 7.)

Table 7

| People Affected | Negative | Positive |
|-----------------|--|--|
| Yuri Rostov | Is seen as a gossip by some co-workers and management. | Enjoys the popularity that comes with being “in the know.” |
| Co-Workers | Cannot assume that their workspace is private. | Enjoy learning the information that Yuri provides. |

Situation 2:

Step 1. *Is the action illegal?* No. Emilio Alvarez did nothing illegal.

Step 2. *Does the action violate company or professional standards?* No. Company or professional standards do not apply.

Step 3. *Who is affected, and how, by the action?* (See Table 8.)

Table 8

| People Affected | Negative | Positive |
|--------------------|---|-------------------------------|
| Emilio Alvarez | May receive poor ratings because he completes less work than expected. | Enjoys a break from his work. |
| Other Employees | Might have to answer more calls because Emilio is not doing his job. | |
| Customers | Might not get prompt service because telephone lines are busy or customers are put on hold. | |
| The Berger Company | Might lose sales because customer calls are not answered promptly. | |

Situation 3:

Step 1. *Is the action illegal?* No. Lori Shoaf did nothing illegal when she looked through Lu Chang’s computer files.

Step 2. *Does the action violate company or professional standards?* No.

Step 3. *Who is affected, and how, by the action?* (See Table 9.)

Table 9

| People Affected | Negative | Positive |
|-----------------|--|----------|
| Lu Chang | Might feel repercussions since his supervisor knows he is job hunting. | |

ACTIVITY 7: COMMUNITY INVOLVEMENT

Step 1. *Is the action illegal?* No. Based on the information presented, the action is not illegal. In some cases, government bodies have rules that address conflicts of interest and when a board member must abstain from voting.

Step 2. *Does the action violate company or professional standards?* No. LeBron faced a conflict between the interests of the community as a member of the zoning board and the interests of the business owners who are his clients. However, the CPA is not involved in providing professional services to a client in his role as a member of the zoning board.

Step 3. *Who is affected, and how, by the action?* (See Table 10.)

Table 10

| People Affected | Negative | Positive |
|---------------------------|--|---|
| LeBron Neale | Might cause LeBron to lose current clients who disagree with his vote. Might cause potential clients to choose a different accountant. | Protects the income LeBron earns from providing professional services to current clients. |
| CPA's Clients | | Protects LeBron's clients from competition. |
| Elmwood Heights Residents | Prevents residents from having access to lower-cost merchandise. Limits tax revenues and employment opportunities. | Protects interests of current businesses and their employees. |
| Great Stuff | Prohibits Great Stuff from entering market and increasing sales/profits. | |
| Landowners | Prevents landowners from earning a profit from the sale of their land. | |

ACTIVITY 8: AT WHAT PRICE SAFETY?

Step 1. *Is the action illegal?* No. The system using the new components still exceeds government quality standards.

Step 2. *Does the action violate company or professional standards?* No. No company or professional standards apply.

Step 3. *Who is affected, and how, by the action?* (See Table 11.)

Table 11

| People Affected | Negative | Positive |
|-------------------|---|----------------|
| Safe Automotive | Increases the risk of potential litigation. | Reduces costs. |
| Car Manufacturers | Increases the risk of potential litigation. | |
| Car Owners | Slightly increases the risk of a serious injury if involved in an accident. | |

ACTIVITY 9: CONFIDENTIALITY

Step 1. *Is the action illegal?* No.

Step 2. *Does the action violate company or professional standards?* Yes. The client-accountant relationship is confidential.

Step 3. *Who is affected, and how, by the action?* (See Table 12.)

Table 12

| People Affected | Negative | Positive |
|----------------------|--|--------------------------------|
| Mitchell Moran | Might be fired. Might lose the respect of clients, peers, and friends. | Gets attention from friends. |
| Client | Confidentiality was broken. | |
| Accountant's Friends | | Learn interesting information. |

ACTIVITY 10: CAUGHT IN THE MIDDLE

Step 1. *Is the action illegal?* No. It is not illegal because the checks have not been sent to the suppliers. It is illegal to give a check to someone when you know that the bank will not honor the check.

Step 2. *Does the action violate company or professional standards?* No. This kind of small business probably would not have a company policy related to this. However, this is not a good business practice.

Step 3. *Who is affected, and how, by the action?* (See Table 13.)

Table 13

| People Affected | Negative | Positive |
|---------------------------|---|----------|
| Lydia Velez | Must keep track of the check. | |
| Owner of the Brighton Inn | Is not following good business practices. | |
| Suppliers | Are not getting paid promptly. | |