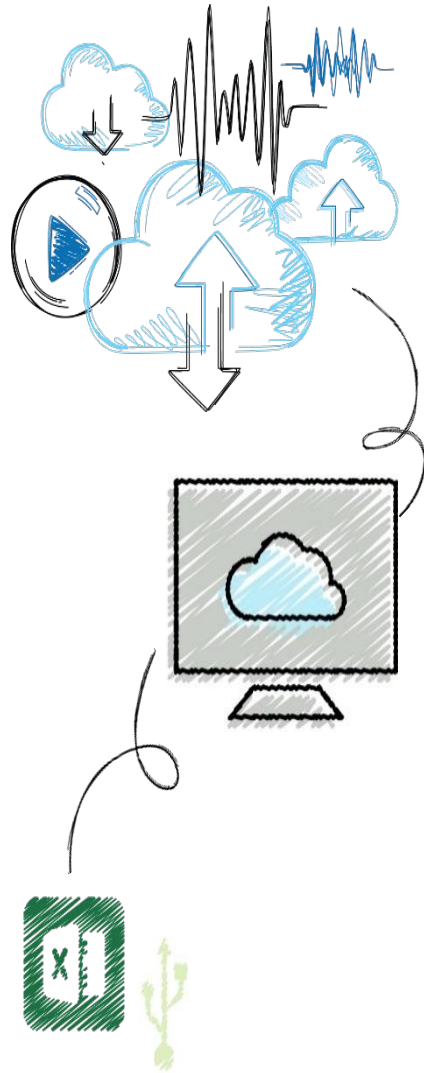# Ethics in Information Technology

Chapter 1

## An Overview of Ethics

George W. Reynolds

Learning Objectives, Part 1

- What is ethics?

- What trends have increased the likelihood of unethical behavior?

- What is corporate social responsibility, and why is fostering good business ethics important?

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Learning Objectives, Part 2

- What measures can organizations take to improve their business ethics?

- How can you include ethical considerations in your decision making?

- What trends have increased the risk that information technology will be used in an unethical manner?
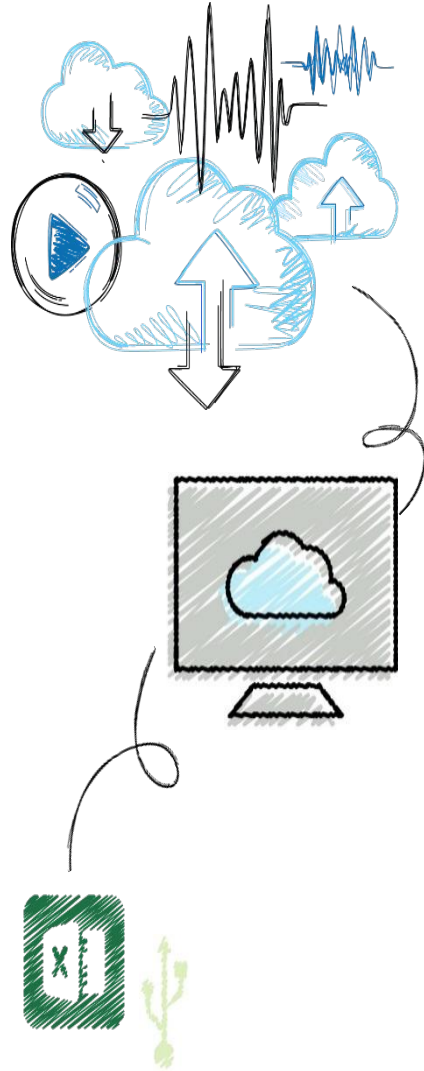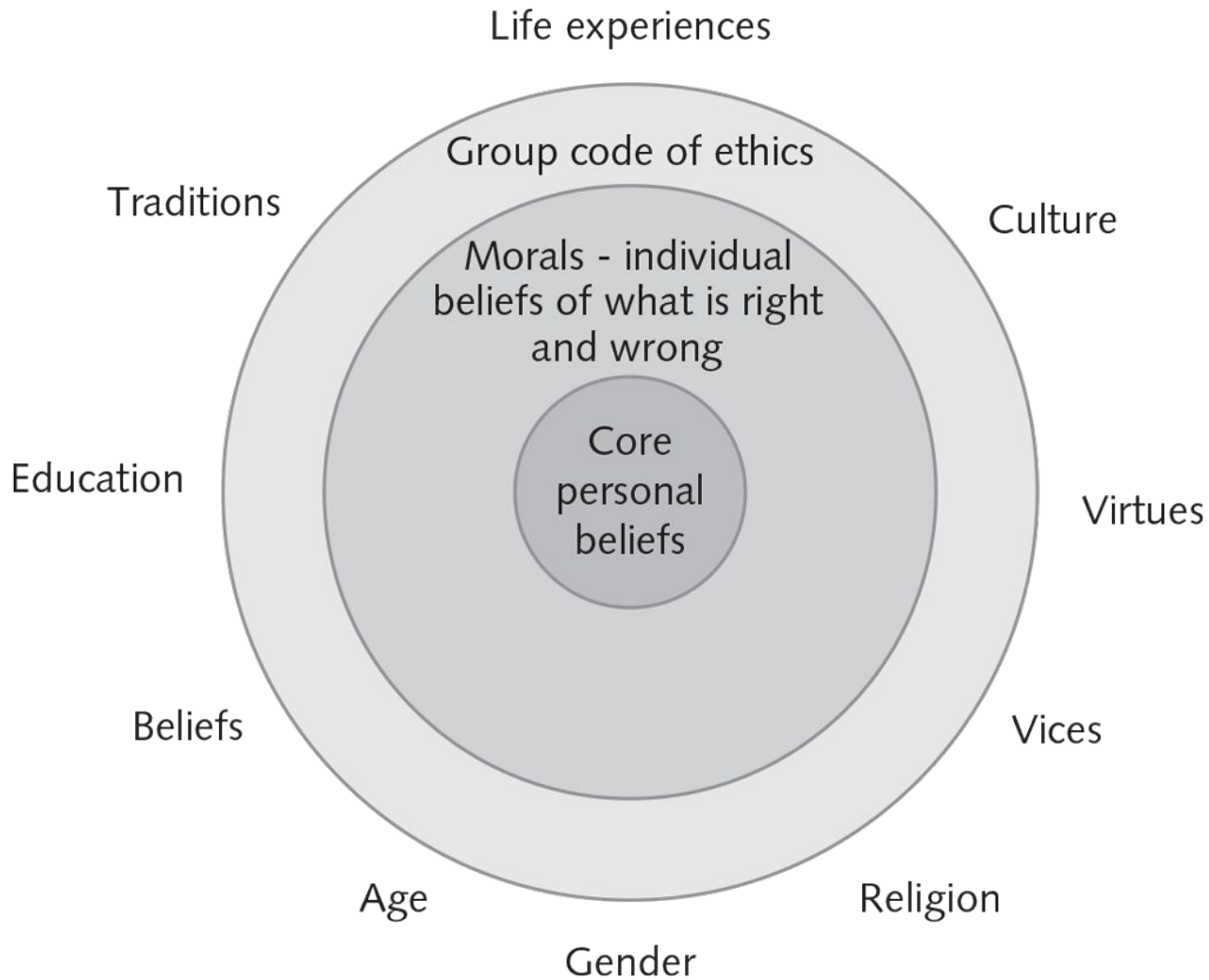
What is Ethics?

- **Ethics:** A code of behavior defined by the group to which an individual belongs

- **Morals:** Personal principles upon which an individual bases his or her decisions about what is right and what is wrong

- **Virtue:** A habit that inclines people to do what is acceptable

- **Vice**: A habit of unacceptable behavior

The Relationship Between Ethics and Morals

Life experiences

Group code of ethics

Traditions

Culture

Morals - individual beliefs of what is right and wrong

Education

Core personal beliefs

Virtues

Beliefs

Vices

Age

Religion

Gender

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Integrity

- Acting in accordance with a personal code of principles

- Extending the same respect and consideration that one expects to receive from others

- Applying the same moral codes in all situations

- Consistency can be difficult to achieve in situations that conflict with one's moral standards.

- Inconsistency also occurs if one applies moral standards differently depending on the situation or people involved.
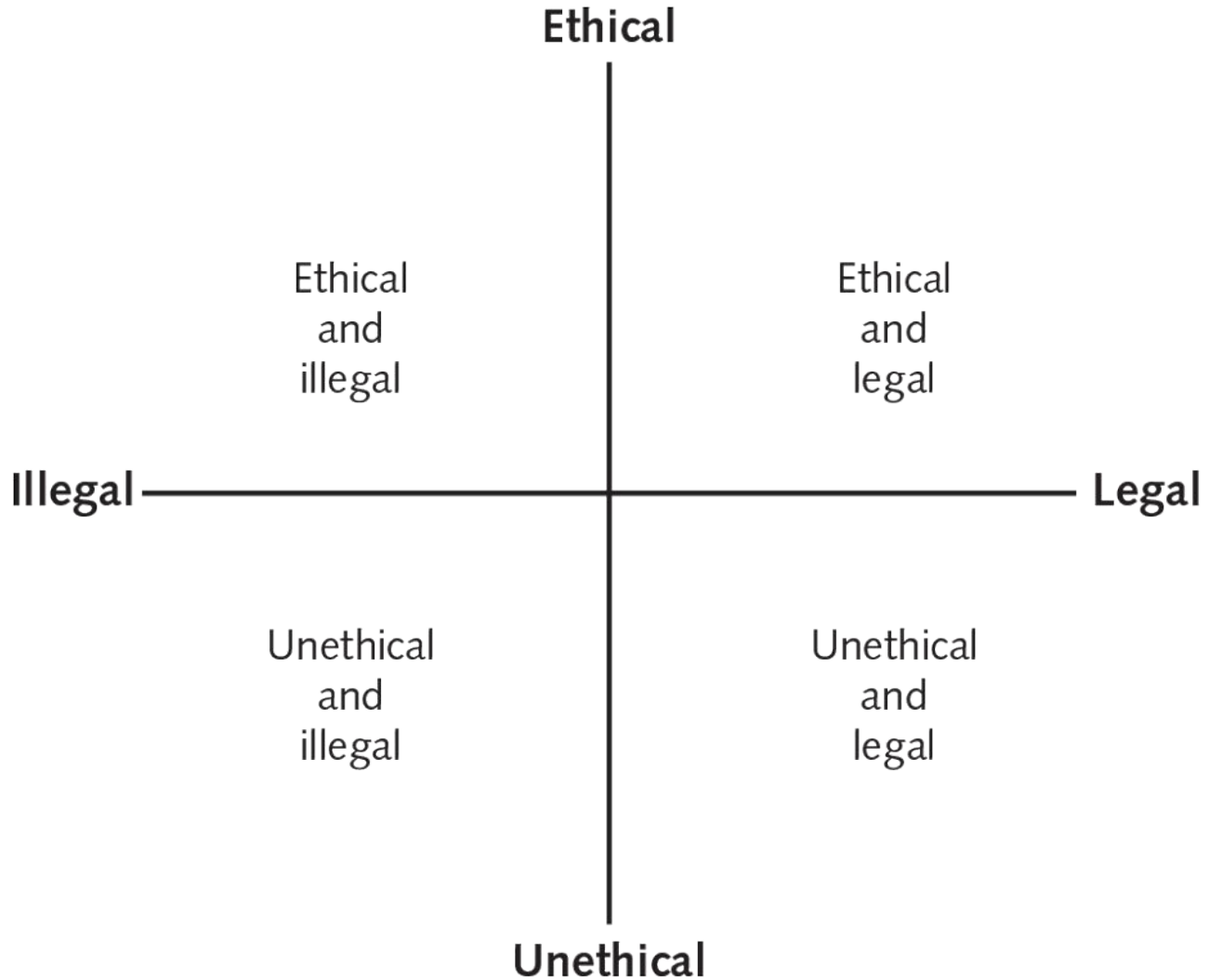
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Difference Between Morals, Ethics, and Laws

Morals	Ethics	Law
• Personal principles an individual uses to determine what is right and what is wrong • Moral acts conform to what an individual believes to be the right thing to do	• Code of behavior that is defined by the group to which an individual belongs	• System of rules, enforced by a set of institutions, that tells us what we can and cannot do • Legal acts are acts that conform to the law

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Legal versus Ethical

Ethical

Ethical and illegal	Ethical and legal

Illegal ————————————————— **Legal**

Unethical and illegal	Unethical and legal

Unethical

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Ethics in the Business World

- Trends that have increased the risk of unethical behavior:

  - More complex work environments spanning diverse cultures make it more difficult to apply principles and codes of ethics consistently.

  - Today's challenging economic climate has increased the pressure on organizations to maintain revenue and profits.

- Heightened vigilance by employees, shareholders, and regulatory agencies has increased the risk of financial loss and lawsuits for businesses that act unethically.

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Bathsheba Syndrome

- Term used to describe the moral corruption of those in power

- Refers to the biblical story of King David, who became corrupted by his power and success

- Moral corruption of people in power is often facilitated by a tendency for people to look the other way when their leaders behave inappropriately

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Who Is Responsible for Instances of Misconduct?

First-Line manager
17%

Non-managers
40%

Middle manager
19%

Senior manager
24%
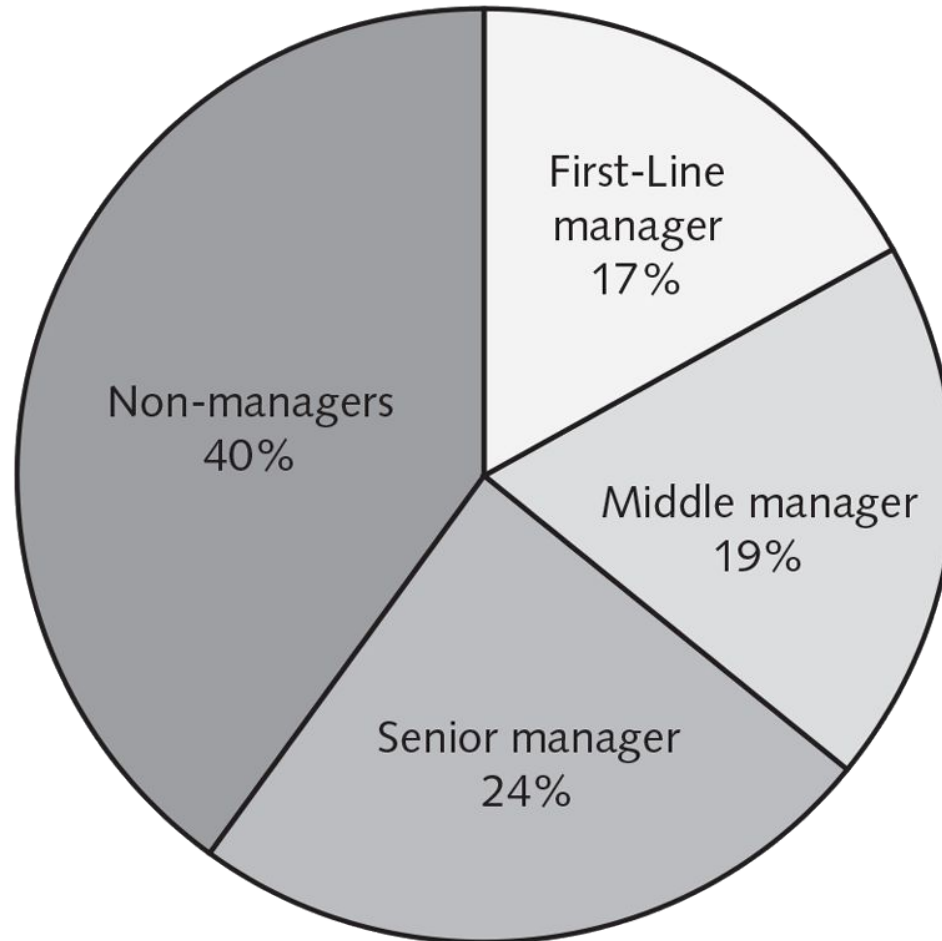
Corporate Social Responsibility (CSR)

- Organization takes responsibility for the impact of its actions on:
  - Shareholders
  - Consumers
  - Employees
  - Community
  - Environment
  - Suppliers

- **Supply chain sustainability**: A component of CSR focused on developing and maintaining a supply chain that meets the needs of the present without compromising the ability of future generations to meet their needs
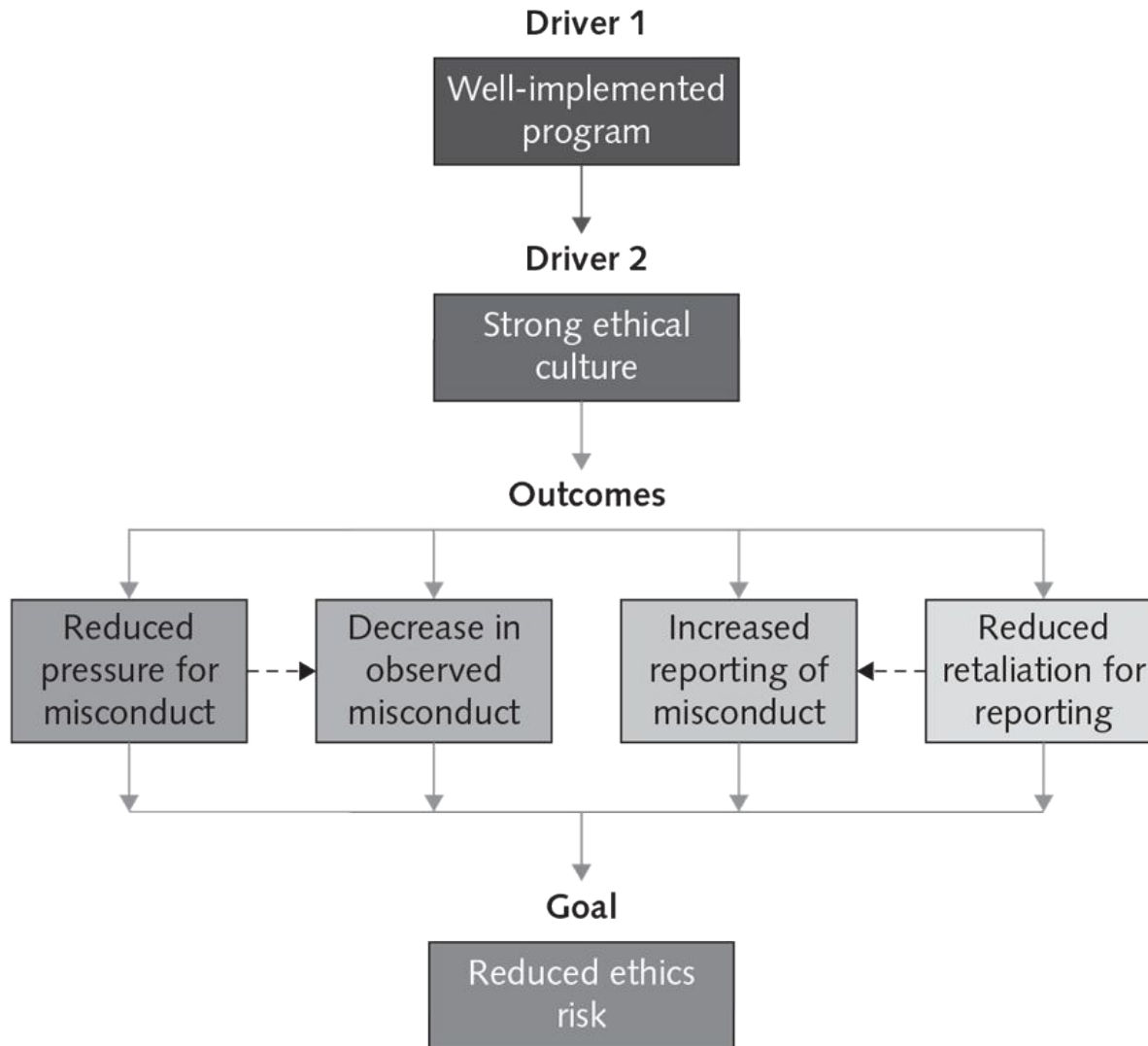
Reasons to Foster Corporate Social Responsibility and Good Business Ethics

- Gain the goodwill of the community

- Create an organization that operates consistently

- Foster good business practices

- Protect the organization and its employees from legal action

- Avoid unfavorable publicity

Reducing the Risk of Unethical Behavior

Driver 1
Well-implemented program

Driver 2
Strong ethical culture

Outcomes

Reduced pressure for misconduct

Decrease in observed misconduct

Increased reporting of misconduct

Reduced retaliation for reporting

Goal
Reduced ethics risk

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Characteristics of a Successful Ethics Program

- Employees are willing to seek advice about ethics-related issues.

- Employees feel prepared to handle situations that could lead to misconduct.

- Employees are rewarded for ethical behavior.

- The organization does not reward success obtained through questionable means.

- Employees feel positively about their company.

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Corporate Ethics Officer

- Also called a **corporate compliance officer**

- Provides an organization with vision and leadership in the area of business conduct

- Ideally a senior-level manager who reports directly to the CEO

- Responsibilities:

  - Ensuring compliance with ethical procedures

  - Creating and maintaining the ethics culture envisioned by the highest level of corporate authority

  - Serving as the key contact person for ethics issues

Ethical Standards Set by Board of Directors

- Conduct themselves according to the highest standards of personal and professional integrity

- Set the standard for company-wide ethical conduct

- Ensure compliance with laws and regulations

- Create an environment in which employees can:

  - Seek advice about business conduct

  - Raise issues

  - Report misconduct

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Corporate Code of Ethics

- A **code of ethics**:
  - Highlights an organization's key ethical issues
  - Identifies the overarching values and principles important to the organization and its decision making

- Organizational code of ethics should:
  - Apply to directors, officers, and employees
  - Focus employees on areas of ethical risk
  - Offer guidance to help employees recognize and deal with ethical issues
  - Provide mechanisms for reporting unethical conduct
  - Foster a culture of honesty and accountability

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Social Audit

- Organization reviews its ethical and social responsibility goals, and communicates its goals for the upcoming year.

- Information is shared with:
  - Employees
  - Investors
  - Market analysts
  - Customers
  - Suppliers
  - Government agencies
  - Community

Ethics Training for Employees

- A comprehensive ethics education program:
  - Encourages employees to act ethically
  - Shows employees examples of how to apply the code of ethics in real life

- Goals of ethics training:
  - Encourage employees to report any misconduct
  - Show employees effective ways of reporting incidents
  - Reassure employees that such feedback will be acted on and that they will not be subjected to retaliation

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Ethical Criteria in Employee Appraisals

- Treating others fairly and with respect

- Operating effectively in a multicultural environment

- Accepting personal accountability for meeting business needs

- Continually developing others and themselves

- Operating openly and honestly with suppliers, customers, and other employees

Manager's Checklist for Establishing an Ethical Work Environment

QUESTION	YES	NO
• Does your organization have a code of ethics?		
• Do employees know how and to whom to report any infractions of the code of ethics?		
• Do employees feel that they can report violations of the code of ethics safely and without fear of retaliation?		
• Do employees feel that action will be taken against those who violate the code of ethics?		
• Do senior managers set an example by communicating the code of ethics and using it in their own decision making?		
• Do managers evaluate and provide feedback to employees on how they operate with respect to the values and principles in the code of ethics?		
• Are employees aware of sanctions for breaching the code of ethics?		
• Do employees use the code of ethics in their decision making?		

Five-Step Ethical Decision-Making Process

1. Develop a problem statement
    - A clear, concise description of the issue
    - Don't make assumptions; verify "facts"

2. Identify alternatives
    - Enlist help of others

3. Choose alternative
    - Defensible and consistent; consider impact on others

4. Implement decision
    - Transition plan

5. Evaluate results
    - Poor alternative?
    - Bad implementation?

Concerns About the Ethical Use of Information Technology

- Surveillance of citizens by governments

- Email and Internet access monitoring at work

- Music and movies downloaded in violation of copyright laws

- Unsolicited email and text messages

- Identify theft by hackers

- Plagiarism by students

- Cookies and spyware used to track users' online purchases and activities

Summary, Part 1

- **What is ethics?**

  - Ethics: A code of behavior defined by the group to which one belongs

  - Morals: Personal principles upon which an individual bases decisions about right and wrong

  - A person who acts with integrity acts in accordance with a personal code of principles.

  - Law: A system of rules that tells us what we can and cannot do

  - Code of ethics: States the principles and core values essential to one's work

  - An activity may be legal but still not be ethical.

Summary, Part 2

- **What trends have increased the likelihood of unethical behavior?**

  - More complex work environments make it more difficult to apply principles and codes of ethics consistently.

  - Organizations may resort to unethical behavior to maintain profits in an uncertain economic climate.

  - Highly successful individuals may fail to act in morally appropriate ways.

Summary, Part 3

- **What is corporate social responsibility (CSR), and why is fostering good business ethics important?**
  - CSR: An organization takes responsibility for the impact of its actions
  - Supply chain sustainability: Meets current needs without compromising the ability of future generations to meet their needs
  - Reasons to foster CSR and good business ethics:
    - Gain the goodwill of the community
    - Create an organization that operates consistently
    - Foster good business practices
    - Protect the organization and employees from legal action
    - Avoid unfavorable publicity

Summary, Part 4

- **What measures can organizations take to improve their business ethics?**

  - Appoint a corporate ethics officer.

  - Require the board of directors to set and model high ethical standards.

  - Establish a corporate code of ethics.

  - Conduct social audits.

  - Require employees to take ethics training.

  - Include ethical criteria in employee appraisals.

  - Create and ethical work environment.

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Summary, Part 5

- **How can you include ethical considerations in your decision making?**
  - Use a five-step model for decision making:
    1. Define the problem
    2. Identify alternatives
    3. Choose an alternative
    4. Implement the decision
    5. Monitor the results
  - Incorporate ethical considerations into decision making:
    -Weigh laws, guidelines, and principals.
    -Consider the impact of the decision.

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Summary, Part 6

- **What trends have increased the risk that information technology will be used in an unethical manner?**

  - The growth of the Internet and social networks
  - The ability to capture, store, and analyze vast amounts of personal data
  - A greater reliance on information systems in all aspects of life
  - The importance of ethics and human values has been underemphasized