

**NACM - CREDIT AND FINANCIAL DEVELOPMENT DIVISION**

**ETHICS**

**“It’s A Matter Of Choice”**

# Participant Handout

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**Ethics – It’s A Matter Of Choice**

Definitions

Ethics –

Moral –

### What are Ethics?

Sources of Ethical Values

Ethical Doctrines

##### Rule-Bound

Utilitarian

Loyalist

###### Prudent

#### Virtuous

### Intuitive

Empathetic

##### Darwinian

Business Expected to Exhibit Ethics

Ethics Built on Four Values

How Ethics Affect Business Operations

Results Of Ethics In Business

How Does It Work

Keys to Ethical Action

Government Regulations

Areas of Risk

Making It Work

Excellence

Ethical Problem Solving

How To Define An Ethical Issue

How To Create An Ethical Solution

# Ethical Dilemma Quiz

Discussion Questions

**Ethical Company Performance**

I have found that my company is involved in a situation that is illegal and unethical. Would I:

 \_\_\_\_\_\_\_\_\_\_ Go to my immediate supervisor

 \_\_\_\_\_\_\_\_\_\_ Go to the department head

 \_\_\_\_\_\_\_\_\_\_ Go to the president of the company

 \_\_\_\_\_\_\_\_\_\_ Go to the government regulatory agency

 \_\_\_\_\_\_\_\_\_\_ Go to the Press

 \_\_\_\_\_\_\_\_\_\_ Quit

 \_\_\_\_\_\_\_\_\_\_ Ignore the situation

 \_\_\_\_\_\_\_\_\_\_ Take advantage of the situation

What talents do I have that could be used in dealing with the situation?

 \_\_\_\_\_\_\_\_\_\_ Speaking

 \_\_\_\_\_\_\_\_\_\_ Writing

 \_\_\_\_\_\_\_\_\_\_ Loyalty

 \_\_\_\_\_\_\_\_\_\_ Mediation Training

 \_\_\_\_\_\_\_\_\_\_ Negotiation Training

 \_\_\_\_\_\_\_\_\_\_ Power

This is a confidential quiz. Please fill out the form, fold it, and pass it to the center of the aisle. DO NOT PUT YOUR NAME OR COMPANY NAME ON THE PAPER.

**Federal Sentencing Guidelines**

Below is the exact language of sections 8A1.2 and 8C2.5. The guidelines can be found at 56 Fed.Reg. 22762 (May 16, 1991).

1. The organization must have established compliance standards and procedures to be followed by its employees and other agents that are reasonably capable of reducing the prospect of criminal conduct.

2. Specific individual(s) within high-level personnel of the organization must have been assigned overall responsibility to oversee compliance with such standards and procedures.

 The organization must have used due care not to delegate substantial discretionary authority to individuals whom the organization knew, or should have known through the exercise of due diligence, had a propensity to engage in illegal activities.

3. The organization must have taken steps to communicate effectively its standards and procedures to all employees and other agents, e.g., by requiring participation in training programs or by disseminating publications that explain in a practical manner what is required.

4. The organization must have taken reasonable steps to achieve compliance with its standards, e.g., by utilizing monitoring and auditing systems reasonably designed to detect criminal conduct by its employees and other agents and by having in place and publicizing a reporting system whereby employees and other agents could report criminal conduct by others within the organization without fear of retribution.

5. The standards must be consistently enforced through appropriate disciplinary mechanisms, including, as appropriate, discipline of individuals responsible for the failure to detect an offense. Adequate discipline of individuals responsible for an offense is a necessary component of enforcement; however, the form of discipline that will be appropriate will be case specific.

6. After an offense has been detected, the organization must have taken all reasonable steps to respond appropriately to the offense and to prevent further similar offenses – including any necessary modification to its program to prevent and detect violations of law.

7. The precise actions necessary for an effective program to prevent and detect violations of law will depend upon a number of factors. Among the relevant factors are:

 Size of the organization – The requisite degree of formality of a program to prevent and detect violations of law will vary with the size of the organization: the larger the organization, the more formal the program typically should have established written policies defining the standards and procedures to be followed by its employees and other agents.

8. Likelihood that certain offenses my occur because of the nature of its business – If because of the nature of an organization’s business there is a substantial risk that certain types of offenses may occur, management must have taken steps to prevent and detect those types of offenses. For example, if an organization handles toxic substances, it must have established standards and procedures designed to ensure that those substances are properly handled at all times. (Guidelines provide additional examples.)

9. Prior history of the organization – An organizations prior history may indicate types of offenses that it should have taken actions to prevent. Recurrence of misconduct similar to that which an organization has previously committed casts doubt on whether it took all reasonable steps to prevent such misconduct.

 An organization’s failure to incorporate and follow applicable industry practice or the standards called for by any applicable governmental regulation weighs against a finding of an effective program to prevent and detect violations of law.

10. If the organization (a) prior to an imminent threat of disclosure or governmental investigation and (b) within a reasonable prompt time after becoming aware of the offense, reported the offense to the appropriate governmental authorities, fully cooperated in the investigation, and clearly demonstrated recognition and affirmative acceptance of responsibility for its criminal conduct, subtract 5 points (from culpability score).