

## Damage Expense Teaching Notes

### *What Are the Relevant Facts?*

1. Chris has been with the company for a month. The job shows all signs of being exactly the type of position he worked over a year to find. It is unlikely he'll find a similar opportunity without considerable time and effort.
2. Bob grew up in this rural town and only left town to get his undergraduate and MBA degrees. He has worked for the company his entire career.
3. The company is organized functionally and has clearly delineated chains of command.
4. To date Bob has been Chris's main guide in becoming accustomed to the company culture and familiar with company policies.

### *What Is the Ethical Issue?*

Should Chris rely on Bob's solution to the problem even though he disagrees with it?

### *Who Are the Primary Stakeholders?*

- The moving company
- The candy company
- Chris
- Bob

### *What Are the Possible Alternatives?*

1. Chris could pad his account.
2. Chris could take legal action against the moving company on his own.
3. Chris could do some research on his own to discover someone in the corporate office who awards relocation contracts to moving companies or deals with complaints about moving companies.
4. Chris could drop the issue and absorb the cost of replacing the item.
5. Chris could "blow the whistle" on Bob.
6. Chris could do nothing.

### *What Are the Ethics of the Alternatives?*

1. Ask questions based on a "utilitarian" perspective (costs and benefits). For example:
2. Which possible alternative would provide the greatest benefit to the greatest number?

3. How would costs be measured in this vignette? How much value should be placed on (a) the need to follow corporate policy and use expense accounts as they were intended and on (b) the need to resolve small issues expediently?
4. Do the benefits of being true to corporate guidelines and controls for resolving these types of issues outweigh the need to resolve small problems with as little cost to the corporation in staff time and energy as possible?

- Ask questions based on a "rights" perspective. For example:
  1. What does each stakeholder have the right to expect?
  2. Which alternatives would you not want imposed on you if you were Chris? Bob? The moving company? The candy manufacturer?
- Ask questions based on a "justice" perspective (benefits and burdens). For example:
  1. Which alternative distributes the benefits and burdens most fairly among the stakeholders?
  2. Which stakeholders carry the greatest burden if Chris pads his account?

### *What Are the Practical Constraints?*

1. If Chris has to replace the furniture himself, it will be no small cost to him.
2. Chris is new to the job and is still learning the corporate culture. Perhaps circumventing controls is more the norm than the exception in this large company. There is a clear chain of command; if Bob finds that Chris has gone around him on this, it may not sit well with him.
3. Chris does not know anyone at the corporate office. All of his interviews and contacts have been with plant personnel.

### *What Actions Should Be Taken?*

1. What actions should Chris take?
2. Which alternative would you choose if you were in his position? Why would you make that choice?

3. Which ethical theories (utilitarian, rights, justice) make the most sense to you as they relate to this situation?