

## ZZ Cinema Teaching Notes

### *What Are the Relevant Facts?*

1. Diana is new on the job.
2. Diana suspects William of siphoning off the extra sales revenue.
3. She has no proof to back up her suspicions.
4. William has been consuming conspicuously.
5. John may not suspect William of wrongdoing.
6. Poor internal control and a lack of segregation of duties exist.
7. Evidently, franchise owners are not aware of the problem or trust John, who is their agent.

### *What Are the Ethical Issues?*

1. Does Diana have an obligation to protect the interests of the franchise owners?
2. What effects will her blowing the whistle without any valid proof have on William, John, and herself?
3. To what extent is Diana responsible for correcting the existing poor internal control situation?
4. Should Diana discuss the problem with John?
5. Should Diana collect more evidence against William?

### *Who Are the Primary Stakeholders?*

- Owners of the franchise
- John
- William
- Diana

### *What Are the Possible Alternatives?*

1. Confront William with her suspicions.
2. Talk to John about her suspicions.
3. Talk to the owners about her suspicions about William.
4. Collect more proof.
5. Do nothing.

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

- Utilitarian approach:

1. What are the benefits to the owners, John and Diana, if William is fired?
2. What are the costs to the owners if William continues?
3. What are the costs to the owners if William is fired even though he is innocent?
4. What are the costs to Diana if she is wrong?
5. What are the costs if Diana does nothing?

- Rights approach:

1. Do the owners have a right to expect Diana to blow the whistle on William?
2. Are William's rights violated if Diana reports and he is innocent?
3. Are the owner's rights violated if Diana does not report and William is guilty?
4. Are Diana's rights violated if she is fired if the owners do not believe her for a lack of sufficient proof?

- Justice approach:

1. Who are the parties that benefit if Diana does nothing?
2. Is Diana justified in reporting William without valid proof of his wrong doing?
3. Who has most to lose if Diana does nothing?

### *What Are the Practical Constraints?*

1. Diana may be fired if she is wrong.
2. Diana may find it difficult to conduct an investigation without tipping off William about her suspicions and/or antagonizing him.
3. Diana is new on her job and knows very little about William's relationship with John and the owner's trust in John.
4. William may end up suing Diana for defamation of character if she cannot back up her accusations with proof.
5. Obtaining proof seems to be a difficult job.

### *What Actions Should Be Taken?*

1. Should Diana report?
2. Should she do nothing?

3. Should she recommend remedial steps for poor internal control, etc., even though she has no specific responsibility to do so?
4. What ethical theory is most applicable to this situation? (utilitarian, rights, justice)