

Robbing Peter to Pay . . . Peter Teaching Notes

What Are the Relevant Facts?

1. Paul is the best manager in the division.
2. Paul is almost certainly skimming money from the register.
3. Paul does not appear to be using the money for personal benefit.

What Are the Ethical Issues?

1. Does superior performance justify low-level theft?
2. Does Paul “deserve” the money?
3. Does Paul’s crew “deserve” the money?
4. Since the money is being used for the benefit of the store, can Paul’s actions be considered simply an unauthorized redistribution of the store’s cash flows?
5. Are the manager’s actions serious enough to warrant disciplinary action? Termination? Theft charges?

Who Are the Primary Stakeholders?

- Maryanne
- Paul
- Other managers within the division
- The company and its shareholders

What Are the Possible Alternatives?

1. Have Paul arrested for theft.
2. Fire Paul for theft.
3. Discipline Paul for theft (short of termination).
4. Confront Paul, but do it unofficially.
5. Do nothing.
6. Reprimand Paul, but initiate plans to change company policy to work out this kind of incentive program for restaurant employees.

What Are the Ethics of the Alternatives?

- Utilitarian:
 1. What are the costs of Paul’s actions to the company? What are the benefits?
 2. What costs might there be if other managers become aware of Paul’s actions?

3. What costs will accrue if Maryanne stops Paul’s skimming? Will his crew continue to do the same job?
4. Will he, or a replacement, be able to run this store “by the rules?”

- Rights:

1. Does Paul have a right to accomplish the performance levels the company wants, regardless of the means? If he was really doing something wrong, wouldn’t the activities be apparent in his sales figures and his controls?
2. Does the company have a right to establish broad-based procedural rules in order to ensure that all stores are run in a similar manner? Can such an organization afford to give this amount of discretion to individual managers?
3. Other managers in the division “compete” with Paul in terms of performance. Do the other managers (and Paul’s future subordinates) have a right to expect Paul to follow the same rules in seeking this promotion?

- Justice:

1. Which alternative best achieves the goals of the company? In Paul’s store? In Maryanne’s division?
2. Which alternative best achieves “social” justice?

What Are the Practical Constraints?

1. Theft is very difficult to prove, and Maryanne must be prepared to prove theft in court.
2. The skimmed money is being collected without sales tax or income tax paid to the government. This leaves the company wide open for a tax liability action by the IRS. Maryanne should probably take this into account.

What Actions Should Be Taken?

1. What actions should Maryanne take?
2. How severe should her action be?
3. What action would you take?

4. How public should Maryanne be with her eventual decision?
5. Which ethical theory seems to fit the situation best?