

**Ethics exercise: Read the following case and respond to the questions that follow, using analysis sheet for your response.**

## **Reporting Inflated Numbers**

**By Jessica Silliman**

Barbara King graduated from Santa Clara University at the perfect time. It was the peak of the dot-com boom and businesses were competing for recent graduates. Barbara had no problem getting her first job in the high-tech industry as a corporate communications specialist.

Many of her friends struggled when entering the corporate world, but Barbara didn't have any problems. The workplace had a casual atmosphere, she enjoyed a salary far above that of her friends, she received perks regularly and she enjoyed Mai-Tai Fridays at the office every week.

She was at the job for less than two months when the company released the quarterly numbers. As the internal communications representative, Barbara was responsible for reporting the numbers to all the employees within the company. Because the company was not publicly traded, only those within the organization were privy to the information.

"I was aware something wasn't quite right with the numbers," said Barbara. "But I was so young and naive-I never thought they could be wrong." She knew the company was doing well, but Barbara had been tracking the high-tech industry and was conscious of the usual financial targets. She also knew that the industry was getting out of control and each company was willing to do anything to get ahead. After asking her coworkers, she realized that they all knew the numbers were intentionally inflated every quarter. Barbara took the hints from her coworkers and passed the numbers on without question.

"We were a young company and we needed our stock price to rise so that we could stay competitive in the booming industry," said Barbara. "Everyone questioned the numbers, but, because of the hip work culture that everyone enjoyed and the potential for riches, there was an underlying pressure to be loyal."

The inflated numbers became another part of the culture. Barbara observed coworkers laughing when they picked up the paper and read the headlines about their company's booming quarter.

"Everyone was just enjoying the ride and didn't want it to end," said Barbara. "Venture capitalists were practically throwing money at our company and we were spending it faster than we thought possible."

"I was new at the company, was making great money and had great benefits-why would I jeopardize all of that?" said Barbara.

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**Discussion Questions:**

- Describe the ethical dilemma that Barbara faces.
- List other ways that the situation might have been handled and the likely outcomes of those approaches.

**Comment [d1]:** Using ethical theories

What are Barbara's possible choices to make in this situation? Which of these would be good or right choices, according to ethical theories you have studied?

- For each alternative approach, who are the stakeholders? Who benefits (gains) and loses (is harmed) as a result?

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