

AN ETHICAL DILEMMA*

Sophie just completed a sales training course with one of the firm's most productive sales representatives, Emma. At the end of the first week, Sophie and Emma sat in a motel room filling out their expense vouchers for the week. Sophie casually remarked to Emma that the training course stressed the importance of accurately filling out expense vouchers.

Emma replied, "I'm glad you brought that up, Sophie. The company expense vouchers don't list the categories we need. I tried many times to explain to the accountants that there are more expenses than they have boxes for. The biggest complaint we, the salespeople, have is that there is no place to enter expenses for tipping waitresses, waiters, cab drivers, bell hops, airport baggage handlers, and the like. Even the government assumes tipping and taxes them as if they were getting an 18 percent tip. That's how service people actually survive on the lousy pay they get from their bosses. I tell you, it is embarrassing not to tip. One time I was at the airport and the skycap took my bags from me so I didn't have the hassle of checking them. He did all the paper work and after he was through, I said thank you. He looked at me in disbelief because he knew I was in sales. It took me a week to get that bag back."

"After that incident I went to the accounting department, and every week for five months I told them they needed to change the forms. I showed them the approximate amount the average salesperson pays in tips per week. Some of them were shocked at the amount. But would they change it or at least talk to the supervisor? No! So I went directly to him, and do you know what he said to me?"

"No, what?" asked Sophie.

"He told me that this is the way it has always been done, and it would stay that way. He also told me if I tried to go above him on this, I'd be looking for another job. I can't chance that now, especially in this economy. Then he had the nerve to tell me that salespeople are paid too much, and that's why we could eat the added expenses. We're the only ones who actually generate revenue and he tells me that I'm overpaid!"

"So what did you do?" inquired Sophie.

"I do what my supervisor told me years ago. I pad my account each week. For me, I tip 20 percent, so I make sure I write down when I tip and add that to my overall expense report."

"But that goes against company policy. Besides, how do you do it?" asked Sophie.

"It's easy. Every cab driver will give you blank receipts for cab fares. I usually put the added expenses there. We all do it," said Emma. "As long as everyone cooperates, the Vice President of Sales doesn't question the expense vouchers. I imagine she even did it when she was a lowly salesperson."

"What if people don't go along with this arrangement?" asked Sophie.

"In the past, we have had some who reported it like corporate wants us to. I remember there was a person who didn't report the same amounts as the co-worker traveling with her. Several months went by and the accountants came in, and she and all the salespeople that traveled together were investigated. After several months the one who ratted out the others was fired or quit, I can't remember. I do know she never worked in our industry again. Things like that get around. It's a small world for good salespeople, and everyone knows everyone."

"What happened to the other salespeople who were investigated?" Sophie asked.

"There were a lot of memos and even a 30-minute video as to the proper way to record expenses. All of them had conversations with the vice president, but no one was fired."

"No one was fired even though it went against policy?" Sophie asked Emma.

"At the time, my conversation with the VP went basically this way. She told me that corporate was not going to change the forms, and she acknowledged it was not fair or equitable to the salespeople. She hated the head accountant because he didn't want to accept the reality of a salesperson's life in the field. That was it. I left the office and as I walked past the Troll's office—that's what we call the head accountant—he just smiled at me."

This was Sophie's first real job out of school and Emma was her mentor. What should Sophie report on her expense report?

QUESTIONS | EXERCISES

1. Identify the issues Sophie has to resolve.
2. Discuss the alternatives for Sophie.
3. What should Sophie do if company policy appears to conflict with the firm's corporate culture?

*This case is strictly hypothetical; any resemblance to real persons, companies, or situations is coincidental.